

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

California

City of Escondido





CITY OF ESCONDIDO - CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019



Paul McNamara
Mayor



Consuelo Martinez
Deputy Mayor
District 1



John Masson
Council Member
District 2



Olga Diaz
Council Member
District 3



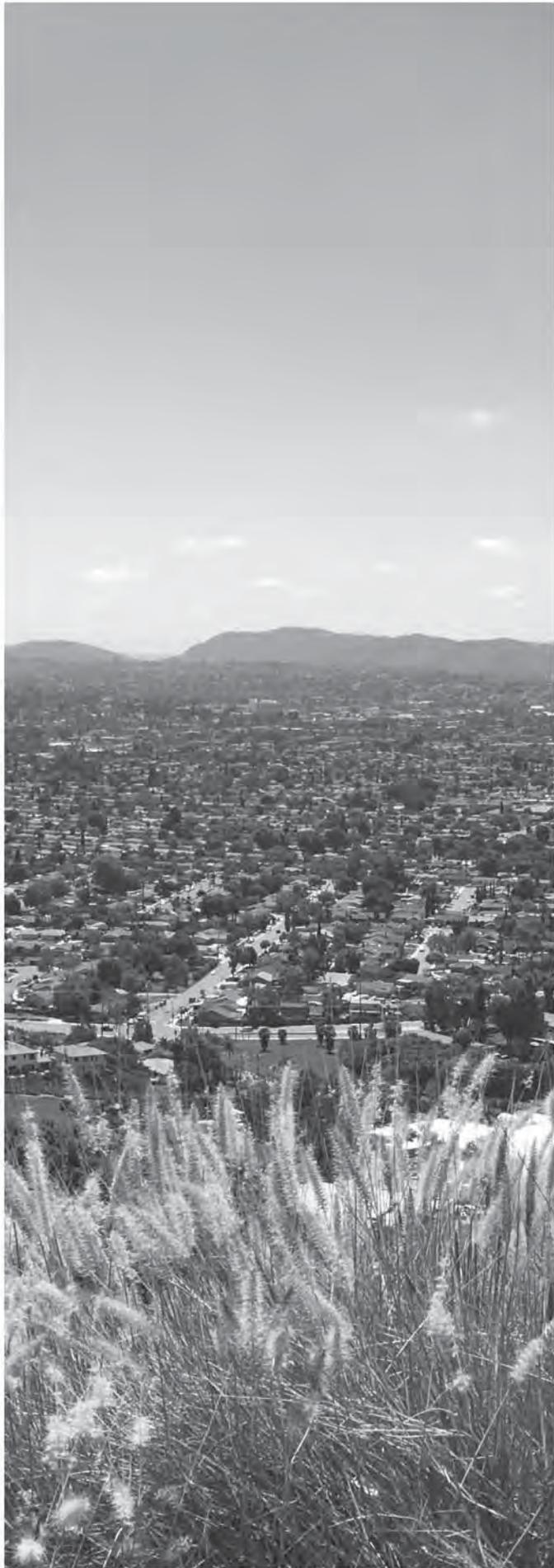
Michael Morasco
Council Member
District 4

CITY MANAGER
Jeffrey R. Epp

ASSISTANT CITY MANAGER
Jay Petrek

DEPUTY CITY MANAGER
William Wolfe

DEPUTY CITY MANAGER
Sheryl Bennett



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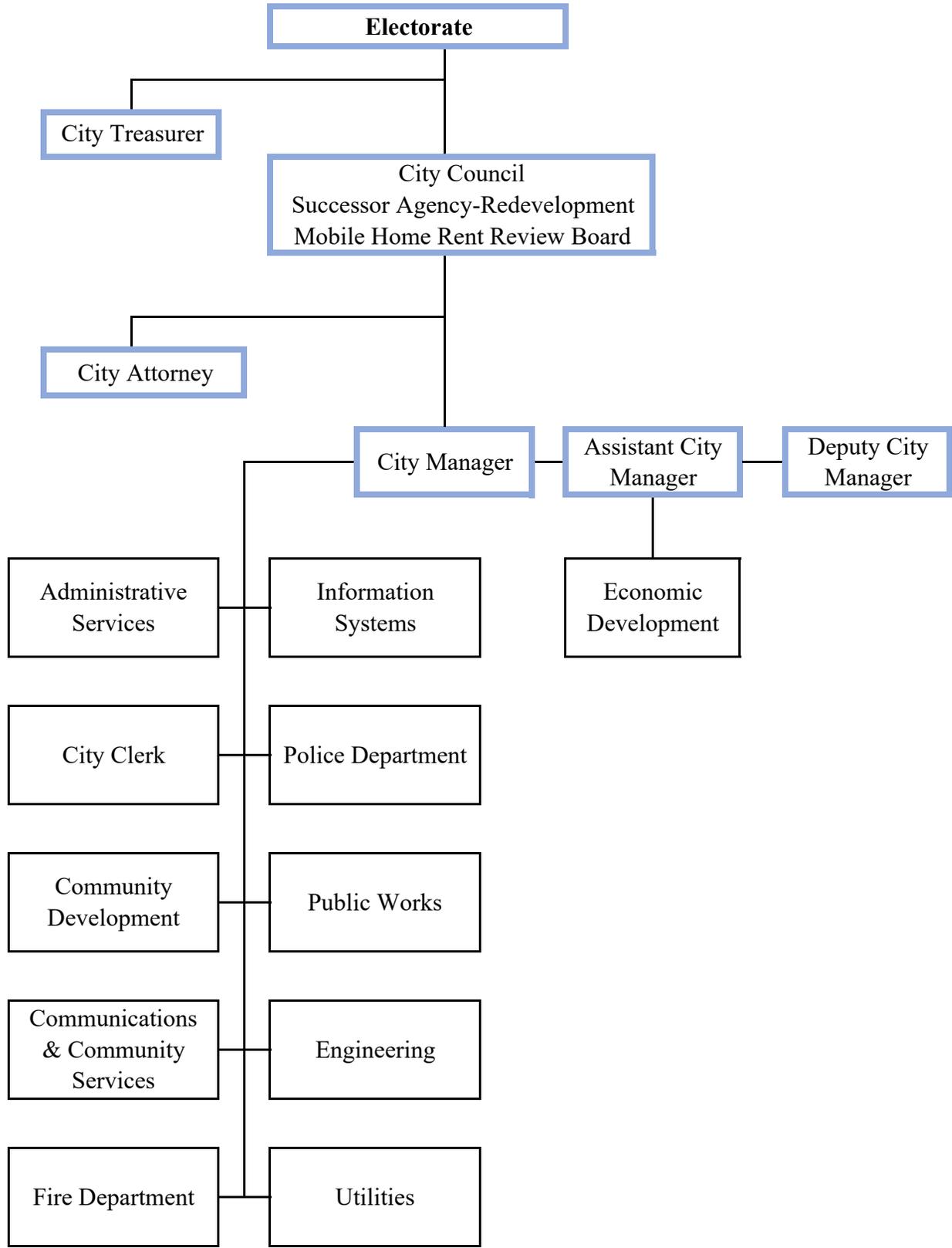
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CITY OF ESCONDIDO
Organization Chart
June 30, 2019





December 13, 2019

Honorable Mayor, Members of the City Council,
and Residents of the City of Escondido, California:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Escondido for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the City of Escondido. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Escondido has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Escondido's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Escondido's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Escondido's financial statements have been audited by The Pun Group, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Escondido for the fiscal year ended June 30, 2019, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Escondido's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

In addition, The Pun Group audited the City's major program expenditures of federal funds for compliance with the Federal Single Audit Act Amendments of 1996, the Office of Management and Budget Uniform Guidance regulating Single Audits, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The report of the Single Audit is published separately from this CAFR and may be obtained upon request from the City's Finance Department.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Escondido's MD&A can be found immediately following the Independent Auditors' Report.

CITY OF ESCONDIDO PROFILE

The City of Escondido is located in north San Diego County, approximately 30 miles north of the City of San Diego, California. Escondido is an established community incorporated on October 8, 1888 under the general laws of the State of California. The City's current population is estimated to be 152,213. Within the 37 square miles that comprise the City, there are many residential communities; the largest enclosed regional mall in San Diego County; 1 regional hospital; 15 hotels; an auto center; many office, industrial, and commercial centers; and civic, cultural, and recreational facilities.

CITY OF ESCONDIDO

Letter of Transmittal

The City operates under a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four-member Council. The City Council is elected by districts on a staggered basis for a term of four years. The Mayor is directly elected at large for a four-year term. The City Treasurer is also elected to a four-year term. The City Council appoints the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing heads of departments. The operating departments include Administrative Services, City Clerk, Community Development, Community Services, Fire, Information Systems, Police, Public Works, and Utilities.

The City of Escondido is a full service City providing the following services to its residents and visitors: police and fire protection, building safety regulation and inspection, circulation and public facility capital improvement construction, street and park maintenance, planning and zoning, a full range of recreational programs for citizen participation, a senior center, a library, and water and wastewater services. Escondido continues to establish itself as the “City of Choice” for businesses, developments, and families who are seeking a quality environment in which to live, work and play.

The City is financially accountable for two legally separate entities that are included as an integral part of the City's financial statements. These component units include the Vehicle Parking District, established for the purpose of acquiring and improving parking lots in Escondido, and the Escondido Joint Powers Financing Authority, an entity created to issue debt to finance City projects.

Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City and to differentiate their financial position, results of operations and cash flows from those of the City. The California Center for the Arts, Escondido Foundation is a discretely presented component unit.

A key element of the City's financial management process is the development and approval of an annual budget. The City Manager is required to prepare and submit to the City Council an annual proposed budget. Budget hearings are held and a final budget is adopted before July 1, which is the start of the new fiscal year. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within a fund. The budget is regularly monitored and the City Council receives quarterly financial updates. Budget-to-actual comparisons are provided in this report for each major governmental fund for which an annual budget has been adopted.

ECONOMIC CONDITION AND OUTLOOK

Escondido's economy is one of the most diversified in North San Diego County. Industries such as healthcare, specialty food and beverage manufacturing, agriculture, professional services and precision manufacturing all call Escondido home. Retail sales are among the highest in San Diego County due to the presence of the Escondido Auto Park and Westfield North County. Palomar Medical Center, which opened its doors in the Escondido Research and Technology Center in 2012, is the centerpiece of the region's health care system and is recognized as one of the most technologically advanced hospitals in the world. Escondido is home to dozens of innovative companies and entrepreneurs, with one of the highest numbers of recorded patents per capita in the nation.

In the immediate future, Escondido's economy remains healthy. The City adopted a balanced budget for fiscal year 2019-20 with the assumption of moderate growth in the City's three major General Fund revenue categories of sales tax, property taxes, and franchise fees. Sales tax revenue is projected to grow by 2% due to positive leading economic indicators in San Diego County including low unemployment, high consumer confidence, and a high total number of persons employed. Property tax revenue is also projected to grow by 3% due to an increase in the assessed value of taxable property within the City. Due to the restructuring of the City's contract with Escondido Disposal, franchise fees are projected to increase. The combined total of sales tax, property tax, and franchise fee revenue make up 71% of total General Fund operating revenue.

CITY OF ESCONDIDO Letter of Transmittal

Approximately 84% of the City's budget is devoted to employee related costs because the City of Escondido serves its citizens primarily by services. Public safety represents the bulk of the City's core services with Police, Fire, and Public Works. These three essential services make up approximately 76% of the General Fund Budget. Rising labor and retirements costs present future budget challenges for the City. It is projected that CalPERS pension contributions will total \$21.4 million in 2019-20. Actuarial estimates show that the required contribution will grow to \$35.1 million in ten years. City staff are actively pursuing new revenue opportunities to offset these costs. Without new sources of revenue, the impact will be to reduce the number of dollars available for other services, including the core services.

FINANCIAL INFORMATION

The City has adopted budgetary and financial policies over various program and activities for many benefits, some of which are the safeguarding of resources and providing guidance for the development and administration of the operating budget and long-term financial plan.

Investment Policy. The City utilizes a pooled investments approach in investing excess funds in accordance with the investment strategies and standards set forth in the Escondido Investment Policy. This policy is reviewed and approved by the City Council on an annual basis, and defines the prioritized objectives of investment selection as safety of principal and sufficiency of liquidity. To meet these objectives, the City attempts to obtain the highest yield on its investments consistent with the preservation of principal and liquidity. Quarterly investment reports are submitted to the City Manager and City Council that provide summary information on the status of the portfolio, including the par, book, and market values of each security by investment type, detail of major portfolio transactions occurring during the period and investment yield information.

Debt Management Policy. The City Council has adopted a debt management policy in compliance with Senate Bill 1029 to improve public debt financial transparency. The objective of the debt policy is to achieve sound administration of City debt by minimizing debt service and issuance costs, maintaining the highest reasonable credit rating, and ensuring complete financial disclosure and compliance with tax code, securities regulations, and State and Federal laws.

Fund Balance Policy. The City has implemented a Fund Balance Policy that allows the City Council to commit General Fund Balance for specific purposes by taking formal action, these committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same formal action to establish the commitment. In addition, the City Council established a target General Fund Reserve balance of 25 percent of General Fund operating revenues in order to maintain adequate levels of fund balance to mitigate current and future risks and adequately provide for cash flow requirements and contingencies for unseen operating or capital needs of the City.

Other Financial Policies. Additional policies adopted by City Council can be found within the City's current year adopted budget located on the City website at: <https://www.escondido.org/city-financial-policies.aspx>.

SUBSEQUENT EVENTS

In November 2019, Standard and Poor's Ratings Services assigned its 'AA-' long-term rating to the Escondido Joint Powers Authority series 2019A and 2019B (taxable) water system revenue refunding bonds and affirmed its 'AA-' long-term rating and underlying rating on the water system's outstanding obligations. The stable outlook reflects Standard & Poor's opinion that the enterprise and financial risk profile for the Escondido Water System remains strong.

CITY OF ESCONDIDO
Letter of Transmittal

AWARDS AND ACKNOWLEDGMENTS

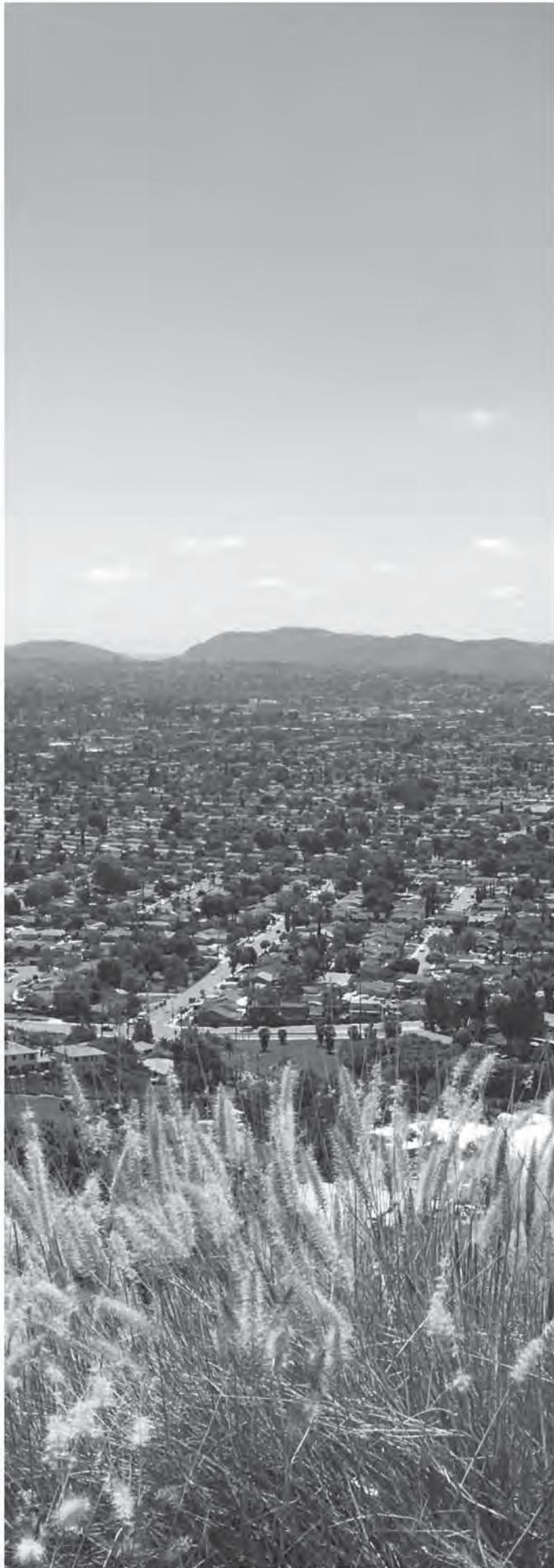
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Escondido for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We would like to extend our appreciation to the Mayor, City Council, City Manager, and each City department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully submitted,



Joan Ryan
Director of Finance





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Escondido
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Escondido, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of California Center for the Arts, Escondido Foundation (the "Foundation"), which represent 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

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

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

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

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www.punsgroup.com

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules of Changes in Net Pension Liability and Related Ratios, and Schedules of Plan Contributions on pages 19 through 30 and 102 through 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Escondido
Escondido, California
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

San Diego, California
December 13, 2019

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CITY OF ESCONDIDO

Management's Discussion and Analysis

As management of the City of Escondido (City), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information furnished in our Letter of Transmittal at the front of this report and the accompanying Basic Financial Statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains other supplementary information.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on the City's assets, deferred outflow of resources, and liabilities plus deferred inflows of resources, with the difference between the two reported as *net position* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

The government-wide financial statements distinguish governmental functions of the City, which are mainly supported by taxes and intergovernmental revenues, from the business-type functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, community services, public works, and community development. The business-type activities of the City include Water and Wastewater services.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate component units: the Escondido Vehicle Parking District and the Escondido Joint Powers Financing Authority. The component units have been "blended" into the City's financial statements because the governing board (although legally separate from the City) is substantially the same as the City's.

As of February 1, 2012, a Successor Agency was created to replace the Escondido Community Development Commission (CDC). The Successor Agency is considered a separate legal entity under Assembly Bill (AB) 1484 for financial statement presentation purposes and is reported as a Private Purpose Trust Fund.

Also presented in the government-wide financial statements is a discretely presented component unit, the California for the Arts, Escondido Foundation (Foundation). It is included as a discretely presented component unit because the Foundation is fiscally dependent on the City; the City has assumed the obligation to provide financial support to the organization including the Center's management fee, facility, and additional funding as needed based on annual operations. The City issued bonds in 1992 for the construction of the facility and was obligated for those payments. In addition, all land and buildings used by the Foundation is legally owned by the City. Financial information for this component unit is reported separately from the financial information presented for the primary government in a separate column on the government-wide financial statements as well as throughout the notes to the financial statements.

CITY OF ESCONDIDO

Management's Discussion and Analysis

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year by using an accounting method called *modified accrual accounting* which measures cash and all other financial assets that can readily be converted to cash. Such information may be useful in evaluating a government'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 *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 this comparison between *governmental funds* and *governmental activities*.

The City maintains 18 individual governmental funds. 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 the Successor Agency Housing Special Revenue Fund, which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget which reflects its priorities and informs the public how the City's funds are being spent. Budgetary comparison schedules for the General Fund and the Successor Agency Housing Special Revenue Fund have been provided in the required supplementary information of this report. These demonstrate compliance with the budget, and also reflect in what areas actual results deviated from expected budgetary estimates. Budgetary combining schedules for the other nonmajor governmental funds are provided after the combining statements.

Proprietary funds. The City maintains two different types of proprietary funds, the Enterprise and the Internal Service Funds. The *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The enterprise funds are used to account for its Water and Wastewater Funds. The *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Building Maintenance, Vehicle and Equipment Maintenance, Central Services, Network and Systems Administration, Workers' Compensation, General Liability, and Insurance Funds. Since these services predominantly 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 detailed information for the Water and Wastewater Funds, both of which are considered to be major funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

CITY OF ESCONDIDO
Management's Discussion and Analysis

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees as well as budgetary comparison statements for major governmental funds. The combining statements referred to earlier, in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Financial Analysis of Government-Wide Financial Statements

This section focuses on the City's net position and changes in net position of its governmental and business-type activities for the fiscal year ending June 30, 2019. At the close of the most recent fiscal year, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$427,422,070, an increase of \$7.1 million or 1.7 percent.

City of Escondido's Summary of Net Position

As of June 30, 2019 and 2018

(Amounts expressed in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 196,049	\$ 184,634	\$ 78,280	\$ 82,967	\$ 274,329	\$ 267,601
Capital assets	292,307	295,303	307,522	302,296	599,829	597,599
Total Assets	<u>488,356</u>	<u>479,937</u>	<u>385,802</u>	<u>385,263</u>	<u>874,158</u>	<u>865,200</u>
Deferred outflows of resources	35,924	52,977	8,052	11,940	43,976	64,917
Long-term liabilities outstanding	299,300	300,486	163,704	164,036	463,004	464,522
Other liabilities	13,599	19,683	12,169	24,164	25,768	43,847
Total Liabilities	<u>312,899</u>	<u>320,169</u>	<u>175,873</u>	<u>188,200</u>	<u>488,772</u>	<u>508,369</u>
Deferred inflows of resources	1,440	1,093	499	302	1,939	1,395
Net position:						
Net investment in capital assets	218,871	218,992	195,706	183,765	414,577	402,757
Restricted	115,517	104,852	1,096	3,642	116,613	108,494
Unrestricted	(124,447)	(112,192)	20,680	21,294	(103,767)	(90,898)
Total net position	<u>\$ 209,941</u>	<u>\$ 211,652</u>	<u>\$ 217,482</u>	<u>\$ 208,701</u>	<u>\$ 427,423</u>	<u>\$ 420,353</u>

The largest portion of the City's net position (96.9 percent or \$414.5 million) is its net investment in capital assets such as land, buildings, infrastructure, and vehicles, less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's net position (27.3 percent or \$116.6 million) represent resources that are subject to external restrictions on how they may be used.

CITY OF ESCONDIDO
Management's Discussion and Analysis

Unrestricted net position can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. At June 30, 2019, unrestricted net position was a deficit of (\$103.8) million primarily due to the recording of the net pension liability as part of the implementation of Government Accounting Standards Board (GASB) No. 68 and 71 in fiscal year ending June 30, 2015.

The City's net pension liability at June 30, 2019, is \$243.2 million, compared to \$251.9 million at June 30, 2018, a decrease of \$8.7 million. Changes in the various components associated with the pension pronouncement affected current year expenses, deferred outflows and inflows, as well as the pension liability for the year for both governmental and business type activities.

The City has entered into a Section 115 Trust to help address the City's pension obligations by accumulating assets to reduce the net pension liability. Although the assets held in the Section 115 Trust are not considered to have the present service capacity as pension plan assets, these assets will be considered pension plan assets at the time they are transferred out of the Trust and into the pension plan. At June 30, 2019, the Section 115 Trust balance amounted to approximately \$7.0 million held in restricted cash and investments in the General Fund.

In the current fiscal year, the City is able to report positive balances in all categories of net position as a whole except for unrestricted net position. Components of the \$7.1 million increase in total net position are discussed in the following sections for governmental activities and business-type activities.

Analysis of Changes in Net Position – Governmental activities

The following analysis focuses on the net position and changes in net position of the City's Governmental Activities, presented in the Government-wide Statement of Net Position and Statement of Activities.

Governmental activities decreased the City's net position by \$1,711,635 and is predominantly attributed to the net pension liability and related deferred inflows and outflows recorded during the fiscal year discussed above. Restricted net position of the governmental activities was increased by the additional \$5.0 million transferred to the Section 115 Pension Trust Fund.

Governmental Activities			
Net Position at June 30			
(Amounts expressed in thousands)			
	2019	2018	Increase / (Decrease)
Current and other assets	\$ 196,049	\$ 184,634	\$ 11,415
Capital assets	292,307	295,303	(2,996)
Total Assets	488,356	479,937	8,419
Deferred outflows of resources	35,924	52,977	(17,053)
Long-term liabilities outstanding	299,300	300,486	(1,186)
Other liabilities	13,599	19,683	(6,084)
Total Liabilities	312,899	320,169	(7,270)
Deferred inflows of resources	1,440	1,093	347
Net position:			
Net investment in capital assets	218,871	218,992	(121)
Restricted	115,517	104,852	10,665
Unrestricted	(124,447)	(112,192)	(12,255)
Total net position	\$ 209,941	\$ 211,652	\$ (1,711)

CITY OF ESCONDIDO
Management's Discussion and Analysis

Governmental activities – Revenues

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Total governmental revenues increased by \$8,788,757 or 6.7 percent during the current fiscal year resulting in total revenues of \$140.5 million.

Governmental Activities - Revenues

For the Year Ended June 30

(Amounts expressed in thousands)

<u>Revenues by Source</u>	<u>2019</u>	<u>2018</u>	<u>Increase / (Decrease)</u>
Program revenues:			
Charges for services	\$ 19,848	\$ 19,009	\$ 839
Operating grants and contributions	15,009	9,980	5,029
Capital grants and contributions	7,654	9,565	(1,911)
Total program revenues	<u>42,511</u>	<u>38,554</u>	<u>3,957</u>
General revenues:			
Sales tax	44,602	42,100	2,502
Property taxes	34,572	33,109	1,463
Other taxes	10,536	11,024	(488)
Other	8,268	6,913	1,355
Total general revenues	<u>97,978</u>	<u>93,146</u>	<u>4,832</u>
Total Revenues	<u>\$ 140,489</u>	<u>\$ 131,700</u>	<u>\$ 8,789</u>

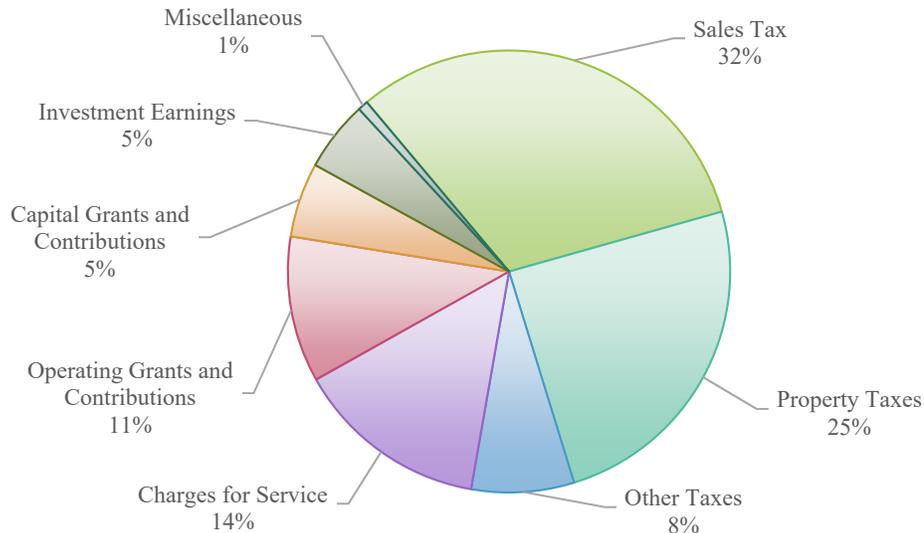
Key elements of this change are discussed below.

- Overall sales tax revenue increased by \$2.5 million, or 5.9 percent, compared to the prior year. General Fund sales tax revenues were \$1.3 million higher than the previous year, or up about 3.5%. This was in line with Fiscal Year 2018/19 projected sales tax growth. This increase over the prior year is mainly due to growth in sales tax collected on building materials wholesale and service stations. These gains were offset by declines in sales tax collected from new auto sales and general retail.
- Property tax revenue increased by \$1,462,930 over the prior fiscal year or 4.4 percent. The assessed value growth for Escondido was up about 5.0 percent compared to the prior year.
- Other tax revenue is composed of franchise, transient occupancy, business license, transfer station, and refuse taxes. All categories contributed to an overall decrease in other tax revenue by \$487,800, or 4.4 percent. The majority of this decrease is from the franchise in lieu payment we receive from SDG&E. This revenue has declined by about \$550,000 compared to the prior year due to less natural gas being used at the power plant. This decrease was offset by business license fee increases of \$121,000.
- Overall charges for services increased by \$839,000 or 4.4 percent. Public safety charges for services increased by \$511,000 due to a decrease in the number of Medicare and Medi-Cal transports resulting in less contractual write-offs of paramedic transport fees. Public Works and Engineering fees are up about \$365,000 compared to the prior year due to increased residential construction projects.
- Operating grants and contributions increased by \$5.0 million, or 50.3 percent. This is due to a \$1.9 million increase in Road Maintenance and Rehabilitation (SB1) funds, a gas tax increase that went into effect November 1, 2017, and new vehicle registration fees that began on January 1, 2018. In addition, the City received \$1.2 million in State Grant funding for the Housing and Community Development projects.
- Capital grants and contributions decreased by \$1.9 million, or 20.0 percent, compared to the prior year, due to a decrease in park development fees and capital contributions from developers.

CITY OF ESCONDIDO
Management's Discussion and Analysis

Governmental activities – Revenues by Source

The chart below presents revenues by source for Governmental Activities. Sales tax, Property tax and other various taxes make up a combined 65% of the total sources of revenue for the City. Other categories of revenue include charges for services, intergovernmental revenue for both operating and capital purposes, fines and forfeitures, permit and license fees, as well as income from interest and property.



Governmental activities – Expenses

The table below presents a comparison of fiscal year 2019 and fiscal year 2018 expenses by function, along with interest and other expenses.

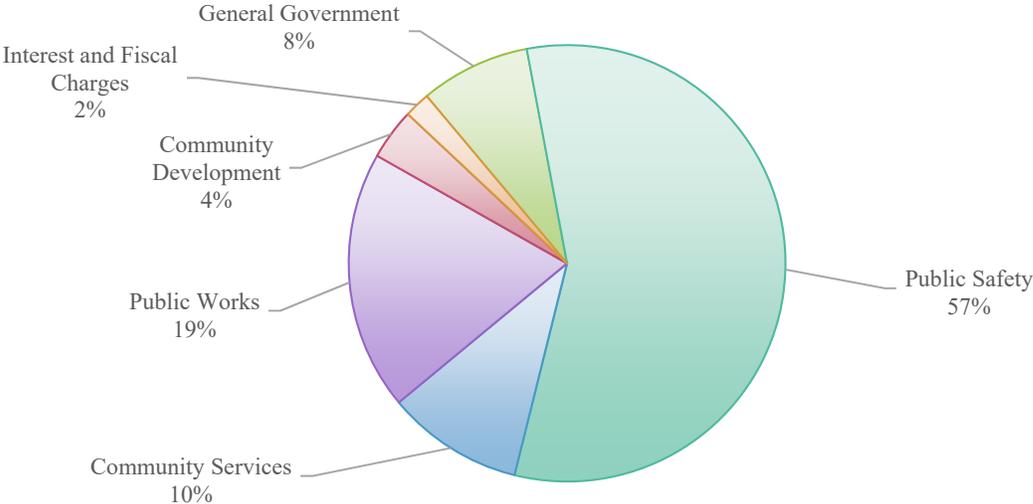
Governmental Activities
Expenses and Change in Net Position for the Year Ended June 30
(Amounts expressed in thousands)

	2019	2018	Increase / (Decrease)
Expenses:			
General government	\$ 11,594	\$ 11,320	\$ 274
Public safety	80,834	80,848	(14)
Community services	14,394	13,453	941
Public works	27,320	25,876	1,444
Community development	5,388	5,516	(128)
Interest and fiscal charges	2,695	2,850	(155)
Total expenses	<u>142,225</u>	<u>139,863</u>	<u>2,362</u>
Increase (decrease) in net position before transfers	(1,736)	(8,163)	6,427
Transfers	<u>25</u>	<u>50</u>	<u>(25)</u>
Increase (decrease) in net position after transfers	(1,711)	(8,113)	6,402
Net position – July 1	<u>211,652</u>	<u>219,765</u>	<u>(8,113)</u>
Net position – June 30	<u>\$ 209,941</u>	<u>\$ 211,652</u>	<u>\$ (1,711)</u>

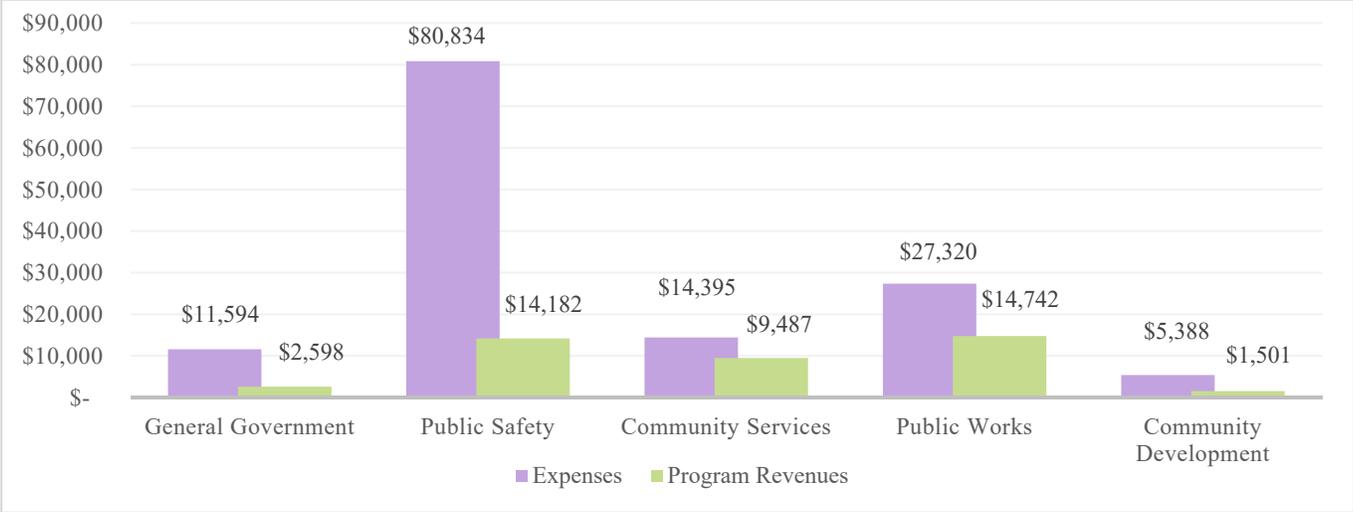
CITY OF ESCONDIDO
Management’s Discussion and Analysis

Governmental activities expenses increased by \$2.3 million, or 1.7 percent, in fiscal year 2018/19. This is primarily attributable to increases to salaries, CalPERS contributions, and software costs. Capital projects expenditures for the Community Services and Public Works departments also increased from the prior year by \$940,000 and \$1.4 million, respectively.

The chart below presents current year expenses by function for Governmental Activities. Capital outlays are not included as those are added to the City’s capital assets.



The City’s programs include General Government, Public Safety (Fire and Police), Community Services, Public Works, and Community Development. Each program’s net cost (total cost less revenues generated by the activities) is presented in the Statement of Activities. The table below compares program expenses to program revenues depicting the extent to which these programs generate revenue from fees and grants.



CITY OF ESCONDIDO
Management's Discussion and Analysis

Analysis of Changes in Net Position – Business-type activities

The following analysis focuses on the net position and changes in net position of the City's Business-type Activities presented in the Government-wide Statement of Net Position and Statement of Activities. The table below presents the revenues and expenses for each of the City's Business-type Activities or Enterprise Funds. Business-type activities increased the City's net position by \$8,780,698.

Business-type Activities - Change in Net Position

For the Year Ended June 30

(Amounts expressed in thousands)

	<u>2019</u>	<u>2018</u>	<u>Increase / (Decrease)</u>
Program revenues:			
Charges for services	\$ 93,276	\$ 96,015	\$ (2,739)
Operating grants and contributions	152	143	9
Capital grants and contributions	4,860	8,229	(3,369)
Other general revenues	<u>4,474</u>	<u>1,526</u>	<u>2,948</u>
Total revenues	<u>102,762</u>	<u>105,913</u>	<u>(3,151)</u>
Expenses:			
Water	60,286	62,431	\$ (2,145)
Wastewater	<u>33,670</u>	<u>32,843</u>	<u>827</u>
Total expenses	<u>93,956</u>	<u>95,274</u>	<u>(1,318)</u>
Increase (decrease) in net position before transfers	8,806	10,639	(1,833)
Transfers	<u>(25)</u>	<u>(50)</u>	<u>25</u>
Increase (decrease) in net position after transfers	8,781	10,589	(1,808)
Net position – July 1	<u>208,701</u>	<u>198,111</u>	<u>10,590</u>
Net position – June 30	<u><u>\$217,482</u></u>	<u><u>\$208,700</u></u>	<u><u>\$ 8,782</u></u>

The Water Fund ended the year with a change in net position of \$930,000, about the same amount as the prior year. This was the result of a decrease in water charges for services of \$4.1 million compared to the prior year mainly due to decreased water consumption as a result of a wet winter. This amount was offset by decreased total water operating expenses of \$2.1 million mainly due to decreased purchased water costs that were offset by increased salaries, pension costs, and utilities.

The Wastewater Fund ended the year with a change in net position of \$8.1 million. This was the result of an increase in total wastewater operating costs of about \$825,000 due to increases in salaries, pension costs, professional services, and utilities. Wastewater charges for services increased by \$1.3 million due to increased sewer service charges. Total investment income also increased by \$2.7 million due to interest earnings on the fund's cash balance.

CITY OF ESCONDIDO

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

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

Governmental funds. 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$125,340,291, an increase of \$3,821,485 in comparison with the prior year. Of this amount, 4.3 percent or \$5,469,597 represents non-spendable assets, advances and loans receivable, which are not expected to be converted to cash until future periods.

Approximately 77.8 percent of this total amount or \$97,545,500 is not available for new spending because it is legally restricted by external third parties. In addition, \$20,486,444 or 16.3 percent of ending fund balance has either been committed by the City Council to be spent for specific purposes or has been assigned by the City Manager to meet specific expenditures in subsequent years.

The remaining fund balance of \$1,838,750 is comprised of unassigned funds in the General Fund of \$1,888,896 and deficit fund balances in non-major special revenue funds of \$50,146. The unassigned General Fund balance, which is unrestricted in use, is anticipated to be designated by City Council for specific purposes at a future City Council meeting. Non-major special revenue fund deficits are due to the timing of grants and reimbursements from outside agencies where funds are spent in advance and reimbursed at a later date.

General Fund Financial Highlights. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, committed fund balance of the General Fund includes \$17,392,319 in Reserves available to fund one-time unanticipated expenditures while total fund balance is \$33,779,102. As a measure of the General Fund's liquidity, it may be useful to compare the Reserve fund balance and total fund balance to total fund expenditures. The Reserve fund balance represents 17.1 percent of total General Fund expenditures, while total fund balance represents 33.1 percent of that same amount.

The restricted portion of the fund balance of the General Fund of \$7,013,035 is the total value of assets held in the Section 115 Pension Trust Fund discussed above.

During the current fiscal year, the fund balance of the City's General Fund decreased by \$204,698, or 0.6 percent, compared to the prior year. This decrease is primarily due to certain operating revenues not meeting budgeted expectations. Other taxes are down \$469,000 compared to the prior year. The majority of this decrease is from the franchise in lieu payment receive from SDG&E which has declined by about \$550,000 compared to the prior year due to less natural gas being used at the power plant.

General Fund Budgetary Highlights

The original General Fund operating budget approved by Council was balanced with no use of reserves or significant one time transfers in from other funds. This was achieved with estimated revenues and transfers in of \$106.9 million and estimated expenditures and transfers out of \$106.9 million.

Management monitors revenues during the year and updates estimated revenue figures when new information is received by the City. General Fund revenue estimates were modified moderately during the year as compared to the originally budgeted estimates. A comparison of the original general fund budgeted operating revenue of \$101 million to the final general fund budgeted revenue of \$102.8 million results in a net increase in budgeted revenue of \$1.8 million.

The primary reason for the increase to budgeted revenue is due to a \$1.2 million increase in fire department reimbursements received for assisting with fire events outside the city limits. Charge for services for engineering were also increased by about \$728,000. The remaining budget adjustments were due to various operating grants received during the fiscal year.

CITY OF ESCONDIDO
Management's Discussion and Analysis

Comparison of the fiscal year original general fund budgeted expenditures of \$102.7 million to the final General Fund budgeted expenditures of \$104.5 million results in a net increase in budgeted expenditures of \$1.8 million. A \$1.4 million budget adjustment was allocated to the fire department to cover costs for strike team incidents and grant funded training. Funding for these increases was provided from fire mutual aid and the Urban Area Security Initiative training grant.

Actual General Fund revenues were \$657,000 greater than final budgeted amounts and expenditures were \$2.5 million less than final budgeted amounts. Year-end actual expenditures were less than the budgeted amounts due to salary and benefit savings from empty positions that were not filled during the fiscal year.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the current fiscal year, the unrestricted net position of the Water and Wastewater Fund amounted to \$4,433,056, and \$17,942,900 respectively. Both the Water and Wastewater funds have set up an Operating, Debt, and Capital Reserve that will be used to ensure that both funds have adequate cash reserves to meet operating, capital and debt service requirements. The monies in this reserve can be used to meet emergency cash flow requirements, fund future capital projects, and provide protection from default on annual debt service payments.

Factors concerning the finances of these two funds have been addressed in the discussion of the City's business-type activities above.

Capital Asset and Debt Administration

Capital assets. As of June 30, 2019, the City's investments in capital assets for its governmental and business-type activities are \$599,829,600, (net of accumulated depreciation). This investment in capital assets includes land, buildings, land improvements, machinery and equipment, motorized vehicles, park facilities, roads, bridges, water and wastewater systems, and a golf course. The total increase in the City's investment in capital assets for the current fiscal year is 0.3 percent; this represents a 1.4 percent decrease for governmental activities and a 1.7 percent increase for business-type activities.

City of Escondido's Capital Assets

(net of depreciation / in thousands)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 52,704	\$ 52,704	\$ 3,138	\$ 2,979	\$ 55,842	\$ 55,683
Buildings and systems	97,003	102,096	10,820	10,874	107,823	112,970
Improvements other than buildings	13,963	13,339	756	728	14,719	14,067
Machinery and equipment	14,018	14,731	2,543	2,395	16,561	17,126
Infrastructure	101,825	94,915	259,681	219,740	361,506	314,655
Construction in progress	12,794	17,519	30,584	65,580	43,378	83,099
Total	\$ 292,307	\$ 295,304	\$ 307,522	\$ 302,296	\$ 599,829	\$ 597,600

CITY OF ESCONDIDO

Management's Discussion and Analysis

Governmental Activities. Major capital asset events for governmental activities during the current fiscal year included the following:

Construction in progress decreased by a net \$4.7 million due to current year additions of \$7,508,253 and transfers of construction in progress of \$12,233,430. Current year additions include several street projects; continued work on the El Norte Parkway project which adds a second bridge over Escondido Creek to allow widening of the roadway to its classified major road width, continued Tulip Street Improvements and continued work on the Citracado Parkway expansion project. The City is in process of upgrading the Phone System throughout the City.

Current year transfers of construction in progress included several completed projects. The major projects include completion of the East Valley Parkway project near Valley Center Road, which expanded a two-lane road to four-lanes. Also completed was the Escondido Creek Bikeway Missing Link project which connected the bikeway along the creek from North Broadway to Center City Pkwy. Several improvements were also made to Washington Park through a Housing Related Parks Program.

Machinery and equipment decreased by a net \$256,353. The City entered into a new contract with a vendor to surplus vehicles and equipment in fiscal year 2018-19, no auctioning was done in fiscal year 2017-18 so a large amount of disposals took place this fiscal year. The Police and Fire Headquarters dispatch center equipment was upgraded this fiscal year from an Urban Area Security Initiative grant. There were also several servers purchased by Central Services.

Motorized vehicles decreased by a net \$704,258 due to current year additions, deletions, and contributions between funds. The City has a vehicle replacement schedule that predetermines vehicles that will need replacement in the near future. Several vehicles were auctioned this fiscal year, since none were auctioned in the prior year. Some of the significant purchases during the fiscal year were a Freightliner asphalt truck, an Isuzu flatbed Crane truck, two Medix ambulances, twenty Ford trucks and fifteen Chevy trucks.

Additions and transfers to infrastructure totaled \$11.5 million. These additions were streets, signalized lights, and storm drain contributed by developers and the completed infrastructure from the East Valley Parkway and Missing Link project.

Business-type Activities. Major capital asset events for business-type activities during the current fiscal year included the following:

Construction in progress decreased by a net \$35 million due to current year additions of \$13,429,401 and transfers of construction in progress of \$48,425,920. Current year major additions to CIP include the Brine Line project, Recycled Water Easterly Main tank and pump station project, and pipeline replacement projects.

Current year transfers of construction in progress included several completed projects. The Water department completed the Onsite Chlorine Generation project at the Water Treatment Plant and they completed the Vista Verde Reservoir replacement project. The Wastewater department completed upgrades at the Hale Avenue Resource Recovery Facility.

Land increased by \$159,000 due to purchases for the San Pasqual Undergrounding project and the Habitat Remediation project at Spruce. Machinery and equipment increased by a net \$881,047 due to the purchase of various pumps and actuators, along with other equipment. A Bobcat Skid Steer Loader and a Chevy Silverado were purchased in the amount of \$106,154, but were contributed to the Fleet Department to maintain.

Net additions to the water system totaled \$29.7 million with transfers from CIP. Contributions of \$193,436 are the water lines that were installed as part of the East Valley Parkway project and additions of \$515,509 are water lines contributed by developers. Net additions to the sewer system totaled \$18.7 million with transfers from CIP. Contributions of \$5,373 are the sewer lines that were installed as part of the East Valley Parkway project and additions of \$86,237 are sewer lines contributed by developers.

CITY OF ESCONDIDO
Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City has total long-term debt outstanding of \$451 million, a decrease of \$14 million. Changes to the City's outstanding debt during the current fiscal year are due to routine principal payments on amounts outstanding and changes in the pension liability for the year for both governmental and business type activities discussed earlier.

City of Escondido's Outstanding Debt

(Amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	6,854	6,535	1,318	1,288	8,172	7,823
Net pension liability	202,553	209,418	40,686	42,507	243,239	251,925
Claims payable	17,614	16,823	-	-	17,614	16,823
Loans payable	2,675	3,086	11,306	11,840	13,981	14,926
Capital leases	1,893	2,348	-	-	1,893	2,348
Connection rights payable	-	-	12,988	13,156	12,988	13,156
Certificates of participation	-	-	24,615	25,255	24,615	25,255
Revenue Bonds	-	-	68,445	70,635	68,445	70,635
Lease Revenue Bonds	3,515	3,750	-	-	3,515	3,750
General Obligation Bonds	56,810	58,680	-	-	56,810	58,680
	<u>\$291,914</u>	<u>\$300,640</u>	<u>\$159,358</u>	<u>\$ 164,681</u>	<u>\$451,272</u>	<u>\$465,321</u>

Factors Affecting Next Year's Budget

The fiscal year 2019-20 General Fund operating budget has been balanced without relying on the use of reserves for the ninth year in a row. Available General Fund resources are anticipated to be \$110.2 million. The proposed fiscal year 2019-20 General Fund revenue estimate is \$105.4 million. This represents an increase of \$2.5 million or 2.4 percent over the fiscal year 2018-19 amended revenue projection. The remaining balance of funding is comprised of \$2.1 million in transfers from other funds, amounts on deposit from PEG fees and the Joslyn Trust and \$2.7 million from the advance payback from the Successor Agency – Redevelopment Fund. Additional information regarding the economic outlook for the City is discussed in the accompanying Transmittal Letter.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances and 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 financial information should be addressed to the City of Escondido, Finance Department, 201 North Broadway, Escondido, CA 92025, or online at www.escondido.org.



Basic Financial Statements

CITY OF ESCONDIDO

Statement of Net Position

June 30, 2019

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		California Center for the Arts, Escondido Foundation
ASSETS				
Cash and investments	\$ 85,515,711	\$ 65,632,911	\$ 151,148,622	\$ 1,994,769
Receivables, net of allowances	27,374,862	11,418,096	38,792,958	116,672
Loans receivable	53,801,099	431,837	54,232,936	-
Due from Successor Agency	14,441,939	-	14,441,939	-
Internal balances	600,522	(600,522)	-	-
Due from other governments	4,390,030	200,611	4,590,641	-
Inventory, at cost	550,076	6,769	556,845	33,329
Deposits	379,873	-	379,873	-
Prepaid expenses	12,357	-	12,357	251,199
Prepaid bond insurance	-	94,028	94,028	-
Land held for resale	1,969,237	-	1,969,237	-
Assets held in charitable remainder trust	-	-	-	94,643
Restricted assets:				
Investment in Section 115 Trust	7,013,035	-	7,013,035	-
Cash and investments with fiscal agent	15	1,095,891	1,095,906	-
Capital assets:				
Not being depreciated	75,030,088	33,722,329	108,752,417	-
Being depreciated, net	217,277,034	273,800,149	491,077,183	418,211
Total Assets	488,355,878	385,802,099	874,157,977	2,908,823
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	35,885,688	6,194,486	42,080,174	-
Deferred loss on refundings	38,273	1,857,469	1,895,742	-
Total Deferred Outflows of Resources	35,923,961	8,051,955	43,975,916	-

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Net Position (Continued)
June 30, 2019

	Primary Government			Component Unit
	Governmental	Business-type	Total	California Center for the Arts, Escondido Foundation
	Activities	Activities		
LIABILITIES				
Accounts payable	4,839,423	4,310,987	9,150,410	237,599
Retentions payable	831,069	5,111,405	5,942,474	-
Accrued interest payable	1,051,787	1,459,721	2,511,508	-
Deposits payable	3,592,266	759,119	4,351,385	-
Accrued expenses	2,935,968	526,657	3,462,625	249,346
Unearned revenue	348,746	-	348,746	858,486
Long-term debt:				
Due within one year	8,302,593	5,463,080	13,765,673	100,597
Due in more than one year:				
Aggregate net pension liability	202,553,525	40,686,640	243,240,165	-
Other long-term debt	88,444,081	117,555,627	205,999,708	283,279
Total Liabilities	312,899,458	175,873,236	488,772,694	1,729,307
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	1,075,205	499,216	1,574,421	-
Deferred gain on refundings	364,705	-	364,705	-
Total Deferred Inflows of Resources	1,439,910	499,216	1,939,126	-
NET POSITION				
Net investment in capital assets	218,870,698	195,706,168	414,576,866	193,806
Restricted for:				
General government	7,555,580	-	7,555,580	-
Low and moderate income housing	77,545,628	-	77,545,628	-
Community services	4,490,571	-	4,490,571	-
Debt service	3,279,495	1,095,891	4,375,386	-
Capital projects	2,921,062	-	2,921,062	-
Public safety	403,946	-	403,946	-
Public works	12,307,978	-	12,307,978	-
Investment in Section 115 Trust	7,013,035	-	7,013,035	-
Total restricted net position	115,517,295	1,095,891	116,613,186	-
Unrestricted (deficit)	(124,447,522)	20,679,543	(103,767,979)	985,710
Total net position	\$ 209,940,471	\$ 217,481,602	\$ 427,422,073	\$ 1,179,516

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 11,594,163	\$ 700,526	\$ 635,202	\$ 1,262,651
Public safety	80,834,482	11,701,922	2,479,144	-
Community services	14,394,666	3,668,178	5,119,521	700,408
Public works	27,320,553	2,276,458	6,774,865	5,691,211
Community development	5,388,553	1,501,441	-	-
Interest and fiscal charges	2,695,321	-	-	-
Total Governmental Activities	142,227,738	19,848,525	15,008,732	7,654,270
Business-type activities:				
Water	60,286,760	57,495,553	-	862,402
Wastewater	33,669,077	35,780,554	152,007	3,997,128
Total Business-type Activities	93,955,837	93,276,107	152,007	4,859,530
Total Primary Government	\$ 236,183,575	\$ 113,124,632	\$ 15,160,739	\$ 12,513,800
Component Unit:				
California Center for the Arts, Escondido Foundation	\$ 12,284,957	\$ 5,211,156	\$ 6,523,332	\$ -

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Activities (Continued)
For the Year Ended June 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			California Center for the Arts, Escondido Foundation
	Governmental Activities	Business-type Activities	Total	
Primary Government:				
Governmental Activities:				
General government	\$ (8,995,784)	\$ -	\$ (8,995,784)	\$ -
Public safety	(66,653,416)	-	(66,653,416)	-
Community services	(4,906,559)	-	(4,906,559)	-
Public works	(12,578,019)	-	(12,578,019)	-
Community development	(3,887,112)	-	(3,887,112)	-
Interest and fiscal charges	(2,695,321)	-	(2,695,321)	-
Total Governmental Activities	<u>(99,716,211)</u>	<u>-</u>	<u>(99,716,211)</u>	<u>-</u>
Business-type activities:				
Water	-	(1,928,805)	(1,928,805)	-
Wastewater	-	6,260,612	6,260,612	-
Total Business-type Activities	<u>-</u>	<u>4,331,807</u>	<u>4,331,807</u>	<u>-</u>
Total Primary Government	<u>(99,716,211)</u>	<u>4,331,807</u>	<u>(95,384,404)</u>	<u>-</u>
Component Unit:				
California Center for the Arts, Escondido Foundation	-	-	-	(550,469)
General Revenues:				
Sales tax	44,601,539	-	44,601,539	-
Property tax	34,572,128	-	34,572,128	-
Franchise tax	6,083,566	-	6,083,566	-
Transient occupancy tax	1,749,516	-	1,749,516	-
Business license tax	1,948,935	-	1,948,935	-
Transfer station tax	666,839	-	666,839	-
Refuse collection tax	89,144	-	89,144	-
Investment earnings	7,221,048	4,078,342	11,299,390	68,414
Gain on sale of capital assets	465,008	-	465,008	-
Miscellaneous	581,853	395,549	977,402	211,679
Total general revenues	<u>97,979,576</u>	<u>4,473,891</u>	<u>102,453,467</u>	<u>280,093</u>
Transfers	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>98,004,576</u>	<u>4,448,891</u>	<u>102,453,467</u>	<u>280,093</u>
Change in net position	(1,711,635)	8,780,698	7,069,063	(270,376)
Net position:				
Beginning of year	211,652,106	208,700,904	420,353,010	1,449,892
End of year	<u>\$ 209,940,471</u>	<u>\$ 217,481,602</u>	<u>\$ 427,422,073</u>	<u>\$ 1,179,516</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO

Balance Sheet Governmental Funds June 30, 2019

ASSETS	Major Funds			Total Governmental Funds
	General	Successor Agency Housing	Nonmajor Governmental Funds	
Cash and investments	\$ 16,478,557	\$ 6,645,440	\$ 33,137,254	\$ 56,261,251
Receivables (net):				
Accounts	3,615,059	-	495,942	4,111,001
Interest	133,320	9,381,485	5,547,301	15,062,106
Taxes	7,954,905	-	42,068	7,996,973
Loans	200,000	35,711,236	17,889,863	53,801,099
Due from other governments	707,612	-	3,682,418	4,390,030
Due from Successor Agency	13,487,986	-	953,953	14,441,939
Inventory, at cost	-	-	20,793	20,793
Prepaid expenditures	-	-	12,358	12,358
Deposits	-	-	67,273	67,273
Land held for resale	-	1,969,237	-	1,969,237
Advances to other funds	-	-	245,000	245,000
Restricted assets:				
Cash and investments	7,013,035	-	-	7,013,035
Cash and investments with fiscal agent	-	-	15	15
Total Assets	\$ 49,590,474	\$ 53,707,398	\$ 62,094,238	\$ 165,392,110
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,387,614	\$ 42,776	\$ 2,456,968	\$ 3,887,358
Deposits payable	1,211,681	7,500	2,373,085	3,592,266
Retentions payable	-	-	831,069	831,069
Accrued expenditures	2,661,057	8,350	106,816	2,776,223
Unearned revenue	-	-	348,746	348,746
Advances from other funds	245,000	-	-	245,000
Total Liabilities	5,505,352	58,626	6,116,684	11,680,662
Deferred Inflows of Resources:				
Unavailable revenue	10,306,020	9,347,296	8,717,841	28,371,157
Total Deferred Inflows of Resources	10,306,020	9,347,296	8,717,841	28,371,157
Fund Balances:				
Nonspendable	5,187,424	-	282,173	5,469,597
Restricted	7,013,035	44,301,476	46,230,989	97,545,500
Committed	17,392,319	-	796,697	18,189,016
Assigned	2,297,428	-	-	2,297,428
Unassigned (deficit)	1,888,896	-	(50,146)	1,838,750
Total Fund Balances	33,779,102	44,301,476	47,259,713	125,340,291
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 49,590,474	\$ 53,707,398	\$ 62,094,238	\$ 165,392,110

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Fund balances for governmental funds		\$ 125,340,291
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Amount reported in government-wide statement of net position:		
Capital assets, not being depreciated	\$ 75,030,088	
Capital assets, being depreciated, net	217,277,034	
Less: amount reported in internal services fund	<u>(8,220,572)</u>	284,086,550
A portion of the unavailable revenue is not available to pay for current-period expenditures and, therefore, is not recognized in the funds.		
		28,371,157
Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the Statement of Net Position.		
Total internal service fund net position	\$ 10,061,867	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>600,522</u>	10,662,389
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Noncurrent liabilities allocated from internal service funds are included in the internal service fund adjustment above.		
Compensated absences	\$ (6,853,951)	
Claims payable	(17,613,800)	
Loans	(2,674,999)	
Leases	(1,892,577)	
Bonds	(60,325,000)	
Bond premium	6,423	
Bond discount	(7,392,770)	
Deferred gain on refunding	(364,705)	
Deferred loss on refunding	38,273	
Less: amount reported in internal services fund	<u>18,477,723</u>	(78,595,383)
Net pension liability is not due and payable in the current period and therefore is not reported in the governmental funds. The net pension liability allocated from internal service funds are included in the internal service fund adjustment above.		
Aggregate net pension liability	(202,553,525)	
Less: amount reported in internal services fund	<u>10,253,902</u>	(192,299,623)
Deferred outflows and deferred inflows of resources related to pensions are not available for current period and, therefore, are deferred in the governmental funds or not recorded in the governmental funds		
Deferred outflows of resources related to pensions	35,885,688	
Deferred inflows of resources related to pensions	(1,075,205)	
Less: amount reported in internal services fund	<u>(1,383,606)</u>	33,426,877
Interest payable on noncurrent liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		<u>(1,051,787)</u>
Net position of governmental activities		<u><u>\$ 209,940,471</u></u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			Total Governmental Funds
	General Fund	Successor Agency Housing	Nonmajor Governmental Funds	
Revenues:				
Sales tax	\$ 38,678,931	\$ -	\$ -	\$ 38,678,931
Property taxes	27,957,109	-	4,801,714	32,758,823
Other taxes	12,362,304	-	5,922,608	18,284,912
Licenses and permits	888,019	-	-	888,019
Fines and forfeits	1,257,729	-	-	1,257,729
Intergovernmental	3,612,476	-	14,419,436	18,031,912
Charges for services	12,996,241	-	2,441,870	15,438,111
Special assessments	-	-	831,574	831,574
Lease income	3,827,550	171,379	-	3,998,929
Investment income	1,521,540	492,885	1,116,410	3,130,835
Miscellaneous	428,545	210,143	185,582	824,270
Total Revenues	103,530,444	874,407	29,719,194	134,124,045
Expenditures:				
Current:				
General government	6,325,852	-	78,280	6,404,132
Public safety	68,630,159	-	1,553,168	70,183,327
Public works	12,678,893	-	7,904,741	20,583,634
Community services	9,604,323	-	3,377,848	12,982,171
Community development	4,008,638	427,240	341,620	4,777,498
Capital outlay	91,680	-	7,515,154	7,606,834
Debt service:				
Principal retirements	528,413	-	2,174,096	2,702,509
Interest and fiscal charges	109,268	-	3,024,542	3,133,810
Total Expenditures	101,977,226	427,240	25,969,449	128,373,915
Excess (Deficiency) of Revenues Over Expenditures	1,553,218	447,167	3,749,745	5,750,130
Other Financing Sources (Uses):				
Transfers in	2,080,000	954,046	1,022,383	4,056,429
Transfers (out)	(3,837,916)	-	(2,147,158)	(5,985,074)
Total Other Financing Sources (Uses)	(1,757,916)	954,046	(1,124,775)	(1,928,645)
Net Change in Fund Balance	(204,698)	1,401,213	2,624,970	3,821,485
Fund Balances:				
Beginning of Year	33,983,800	42,900,263	44,634,743	121,518,806
End of Year	<u>\$ 33,779,102</u>	<u>\$ 44,301,476</u>	<u>\$ 47,259,713</u>	<u>\$ 125,340,291</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
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, 2019

Net change in fund balances - total governmental funds: \$ 3,821,485

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, contributed capital assets, retirements, and capital related expenditures exceeded depreciation in the current period. Capital asset activity from internal service funds are reported in the internal service activity below.

Capital outlay	\$ 7,606,834	
Depreciation, net of \$2,847,281 from Internal Service Funds	(12,442,637)	
Contributed capital assets	2,308,333	
Capital assets contributions from business-type activities, net	(92,655)	
Less: amount reported in internal services fund	(244,548)	(2,864,673)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,207,681

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The net revenue of internal service funds was reported with governmental activities.

Total internal service fund net position	\$ 2,195,545	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	205,271	\$ 2,400,816

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets.

Change in compensated absences	\$ (358,157)	
Change in pension liability	(10,089,915)	
Principal retirements	2,702,509	
Accrued interest	468,619	(7,276,944)

Change in net position of governmental activities \$ (1,711,635)

CITY OF ESCONDIDO
Statement of Net Position
Proprietary Funds
June 30, 2019

ASSETS	Major Funds			Governmental Activities
	Water	Wastewater	Total	Internal Service Funds
Current Assets:				
Cash and investments	\$ 25,861,245	\$ 39,771,666	\$ 65,632,911	\$ 29,254,460
Receivables (Net):				
Accounts	8,284,728	2,777,852	11,062,580	53,953
Interest	131,532	223,984	355,516	150,829
Loans	-	64,803	64,803	-
Due from other governments	100,013	100,598	200,611	-
Inventory	-	6,769	6,769	529,283
Deposits	-	-	-	312,600
Total Current Assets	34,377,518	42,945,672	77,323,190	30,301,125
Noncurrent Assets:				
Restricted cash and investments	375	1,095,516	1,095,891	-
Loans receivables	-	367,034	367,034	-
Prepaid bond insurance	94,028	-	94,028	-
Capital assets:				
Not being depreciated	8,855,063	24,867,266	33,722,329	698
Being depreciated, net	116,272,393	157,527,756	273,800,149	8,219,874
Total Noncurrent Assets	125,221,859	183,857,572	309,079,431	8,220,572
Total Assets	159,599,377	226,803,244	386,402,621	38,521,697
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	2,886,331	3,308,155	6,194,486	1,503,057
Deferred loss on refundings	774,633	1,082,836	1,857,469	-
Total Deferred Outflows of Resources	3,660,964	4,390,991	8,051,955	1,503,057

CITY OF ESCONDIDO
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

	Major Funds		Total	Governmental Activities
	Water	Wastewater		Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	2,086,955	2,224,032	4,310,987	952,065
Retention payable	4,686,066	425,339	5,111,405	-
Accrued expenses	267,671	258,986	526,657	159,746
Due to other funds	-	-	-	-
Accrued interest	830,002	629,719	1,459,721	-
Long-term debt, due within one year	1,643,015	3,820,065	5,463,080	3,820,307
Total Current Liabilities	<u>9,513,709</u>	<u>7,358,141</u>	<u>16,871,850</u>	<u>4,932,118</u>
Noncurrent Liabilities:				
Deposits payable	615,048	144,071	759,119	-
Aggregate net pension liabilities	18,992,085	21,694,555	40,686,640	10,253,902
Long-term debt, due in more than one year	65,019,548	52,536,079	117,555,627	14,657,416
Total Noncurrent Liabilities	<u>84,626,681</u>	<u>74,374,705</u>	<u>159,001,386</u>	<u>24,911,318</u>
Total Liabilities	<u>94,140,390</u>	<u>81,732,846</u>	<u>175,873,236</u>	<u>29,843,436</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	232,873	266,343	499,216	119,451
Total Deferred Inflows of Resources	<u>232,873</u>	<u>266,343</u>	<u>499,216</u>	<u>119,451</u>
NET POSITION				
Net investment in capital assets	64,454,022	131,252,146	195,706,168	7,550,890
Unrestricted	4,433,056	17,942,900	22,375,956	2,510,977
Total Net Position	<u>\$ 68,887,078</u>	<u>\$ 149,195,046</u>	<u>218,082,124</u>	<u>\$ 10,061,867</u>
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			<u>(600,522)</u>	
Net position of business-type activities			<u>\$ 217,481,602</u>	

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Operating Revenues:				
Charges for services	\$ 57,044,241	\$ 35,780,554	\$ 92,824,795	\$ 31,707,182
Total Operating Revenues	<u>57,044,241</u>	<u>35,780,554</u>	<u>92,824,795</u>	<u>31,707,182</u>
Operating Expenses:				
Personnel services	12,067,358	12,071,011	24,138,369	5,605,595
Purchased water	24,017,147	-	24,017,147	-
Administrative expenses	6,128,265	3,085,398	9,213,663	1,982,285
Benefit claims	-	-	-	2,180,806
Supplies	2,639,917	1,298,286	3,938,203	370,148
Repairs and maintenance	1,974,600	1,797,026	3,771,626	1,396,935
Depreciation	4,082,758	5,917,467	10,000,225	2,847,281
Utilities	3,580,720	3,149,504	6,730,224	1,389,351
Fuel	-	-	-	1,137,514
Professional services	1,182,011	2,806,974	3,988,985	3,885,238
Insurance premiums	578,240	480,240	1,058,480	11,718,889
Rent	459,440	284,745	744,185	2,825
Other	721,199	532,715	1,253,914	769,329
Total Operating Expenses	<u>57,431,655</u>	<u>31,423,366</u>	<u>88,855,021</u>	<u>33,286,196</u>
Operating Income (Loss)	<u>(387,414)</u>	<u>4,357,188</u>	<u>3,969,774</u>	<u>(1,579,014)</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Nonoperating Revenues (Expenses):				
Investment income	1,079,560	1,591,515	2,671,075	973,913
Rents and concessions	1,304,432	-	1,304,432	-
Interest and fiscal charges	(2,722,427)	(2,173,118)	(4,895,545)	(30,130)
Miscellaneous	341,737	156,648	498,385	640,182
Total Nonoperating Revenues (Expenses)	<u>3,302</u>	<u>(424,955)</u>	<u>(421,653)</u>	<u>1,583,965</u>
Income Before Transfers and Capital Contributions	<u>(384,112)</u>	<u>3,932,233</u>	<u>3,548,121</u>	<u>4,951</u>
Transfers in	-	-	-	2,173,000
Transfers (out)	-	(25,000)	(25,000)	(219,355)
Capital Contributions:				
Connection fees	451,312	1,004,415	1,455,727	-
Intergovernmental	153,456	3,053,110	3,206,566	-
Developer contributions	708,945	91,610	800,555	236,949
Total Transfers and Capital Contributions	<u>1,313,713</u>	<u>4,124,135</u>	<u>5,437,848</u>	<u>2,190,594</u>
Changes in Net Position	929,601	8,056,368	8,985,969	2,195,545
Net Position at Beginning of Year	<u>67,957,477</u>	<u>141,138,678</u>	<u>209,096,155</u>	<u>7,866,322</u>
Net Position at End of Year	<u>\$ 68,887,078</u>	<u>\$ 149,195,046</u>	<u>\$ 218,082,124</u>	<u>\$ 10,061,867</u>
Change in Net Position			\$ 8,985,969	
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			<u>(205,271)</u>	
Change in net position of business-type activities			<u>\$ 8,780,698</u>	

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 59,179,053	\$ 35,637,675	\$ 94,816,728	\$ 31,678,447
Cash paid to employees for services	(11,048,881)	(10,986,639)	(22,035,520)	(7,173,513)
Cash paid to suppliers for goods or services	(47,129,051)	(14,245,529)	(61,374,580)	(22,096,399)
Cash for rents and concessions	1,304,432	-	1,304,432	-
Cash from other sources	341,737	217,689	559,426	175,174
Net Cash Provided by Operating Activities	2,647,290	10,623,196	13,270,486	2,583,709
Cash Flows from Noncapital Financing Activities:				
Cash received from (paid to) other funds	-	(25,000)	(25,000)	1,953,645
Net Cash Provided by (Used in) Noncapital Financing Activities	-	(25,000)	(25,000)	1,953,645
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	(3,159,805)	(12,066,577)	(15,226,382)	(2,683,012)
Construction in progress reimbursement	53,443	2,952,512	3,005,955	-
Sale of capital assets	-	-	-	494,491
Payments on connection rights	304,961	982,543	1,287,504	-
Cash received for connection fees	708,945	91,610	800,555	-
Capital lease payment	-	-	-	(190,376)
Principal payments on bonds	(1,185,000)	(1,645,000)	(2,830,000)	-
Interest payments on bonds	(2,519,497)	(1,930,999)	(4,450,496)	-
Principal payments on loans	(243,395)	(440,544)	(683,939)	(94,601)
Interest payments on loans	(68,213)	(384,764)	(452,977)	(14,585)
Net Cash (Used in) Capital and Related Financing Activities	(6,108,561)	(12,441,219)	(18,549,780)	(2,488,083)
Cash Flows from Investing Activities:				
Investment income received	1,061,295	1,542,786	2,604,081	937,506
Net Cash Provided by Investing Activities	1,061,295	1,542,786	2,604,081	937,506
Net increase (decrease) in cash and cash equivalents	(2,399,976)	(300,237)	(2,700,213)	2,986,777
Cash and cash equivalents:				
Beginning of year	28,261,596	41,167,419	69,429,015	26,267,683
End of year	<u>\$ 25,861,620</u>	<u>\$ 40,867,182</u>	<u>\$ 66,728,802</u>	<u>\$ 29,254,460</u>
Reconciliation of Cash Equivalents to the Statement of Net Position:				
Cash and investments	\$ 25,861,245	\$ 39,771,666	\$ 65,632,911	\$ 29,254,460
Restricted cash and investments	375	1,095,516	1,095,891	-
Total cash and cash equivalents	<u>\$ 25,861,620</u>	<u>\$ 40,867,182</u>	<u>\$ 66,728,802</u>	<u>\$ 29,254,460</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (387,414)	\$ 4,357,188	\$ 3,969,774	\$ (1,579,014)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	4,082,758	5,917,467	10,000,225	2,847,281
Pension expense	1,004,759	1,049,518	2,054,277	464,362
Cash from rent and concessions	1,304,432	-	1,304,432	-
Cash from other sources	341,737	156,648	498,385	175,174
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	2,127,944	(142,879)	1,985,065	(28,735)
Inventories	-	(1,614)	(1,614)	(99,030)
Loans receivable	-	61,041	61,041	-
Accounts payable	(2,445,238)	(1,135,448)	(3,580,686)	52,918
Retentions payable	(3,402,274)	326,421	(3,075,853)	-
Accrued expenses	7,403	11,426	18,829	(292)
Compensated absences	6,315	23,428	29,743	(39,355)
Customer deposits	6,868	-	6,868	-
Estimated claims payable	-	-	-	790,400
Total adjustments	<u>3,034,704</u>	<u>6,266,008</u>	<u>9,300,712</u>	<u>4,162,723</u>
Net Cash Provided by Operating Activities	<u>\$ 2,647,290</u>	<u>\$ 10,623,196</u>	<u>\$ 13,270,486</u>	<u>\$ 2,583,709</u>
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ 135,456	\$ (42,801)	\$ 92,655	\$ 236,949
Bond amortization	63,445	271,731	335,176	-
Total noncash investing, capital and financing activities	<u>\$ 198,901</u>	<u>\$ 228,930</u>	<u>\$ 427,831</u>	<u>\$ 236,949</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Agency Funds	Private Purpose Trust Fund Successor Agency of the Former CDC
ASSETS		
Cash and investments	\$ 12,180,904	\$ 4,565,034
Cash and investments with fiscal agent	348,780	-
Receivables:		
Interest	5,139	9,889
Taxes	9,291	-
Loans	-	245,424
Total Assets	\$ 12,544,114	4,820,347
LIABILITIES		
Accounts payable	\$ 180,995	-
Deposits payable	10,735,861	-
Due to bondholders	1,627,258	-
Long-term liabilities:		
Due within one year	-	3,322,326
Due in more than one year	-	11,119,613
Total Liabilities	\$ 12,544,114	14,441,939
NET POSITION		
Held in trust for other purposes		(9,621,592)
Total Net Position		\$ (9,621,592)

CITY OF ESCONDIDO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	<u>Private Purpose Trust Fund Successor Agency of the Former CDC</u>
ADDITIONS:	
Taxes	\$ 6,217,805
Interest and change in fair value of investments	22,305
Total Additions	<u>6,240,110</u>
DEDUCTIONS:	
Administrative expenses	249,245
Reduction in due from other governments	469,988
Interest expense	150,447
Total Deductions	<u>869,680</u>
Changes in Net Position	5,370,430
NET POSITION:	
Beginning of year	<u>(14,992,022)</u>
End of year	<u>\$ (9,621,592)</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board (“GASB”) commonly referred to as accounting principles generally accepted in the United States of America (“U.S. GAAP”). GASB is the accepted standard-setting body for establishing government accounting and financial reporting standards.

A. Reporting Entity

The City of Escondido (City) was incorporated in 1888 and operates under a Council/Manager form of government. The Council is composed of five members. As required by U. S. GAAP, the financial statements present the government and its component units for which the government is considered financially accountable. The inclusion of an organization within the scope of the reporting entity of the City of Escondido is based on the provisions of GASB Statement No. 14 and amended with GASB Statement No. 61. The following criteria were used in the determination of the blended component units:

- The members of the City Council also act as the governing body of the Escondido Vehicle Parking District (District) and the Escondido Joint Power Financing Authority (Authority).
- The District and the Authority are managed by employees of the City.
- The District and the Authority are financially interdependent. They provide financial benefit/burden to the City.

Blended Component Units

The following blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Each blended component unit as described below has a June 30-year end.

Escondido Vehicle Parking District

The Escondido Vehicle Parking District (District) was established in 1962 for the purpose of acquiring and improving parking lots in Escondido. The City Council acts as the District's governing board and exerts significant influence over its operations. The funds of the District have been included in the governmental activities of the financial statements. Separate financial statements are not prepared for this blended component unit.

Escondido Joint Powers Financing Authority

The City and Commission formed the Escondido Joint Powers Financing Authority (Authority). The Authority was established in 1991 for the purpose of providing for the financing of public capital improvements for the Members through the issuance of bonds by the Authority and the leasing of the public capital improvements to the members and/or the acquisition of obligations pursuant to which public capital improvements are financed by or for the benefit of the members.

The City Council acts as the Authority's governing board and exerts significant influence over its operations. The funds of the Authority have been included in the governmental activities of the financial statements. Separate financial statements are not prepared for this blended component unit.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Discretely Presented Component Units

California Center for the Arts, Escondido Foundation

The California Center for the Arts, Escondido Foundation (Foundation) was established in 1988 as a nonprofit public benefit corporation to provide a variety of visual and performing arts events, to encourage other cultural activities, and to provide a venue for local events and presentations. The Foundation has a governing board elected separately from the City. It is included as a discretely presented component unit because the Foundation is fiscally dependent on the City; the City has assumed the obligation to provide financial support to the organization including the Center's management fee, facility, and additional funding as needed based on annual operations. The City issued bonds in 1992 for the construction of the facility and was obligated for those payments. In addition, all land and buildings used by the Foundation is legally owned by the City. Separate financial statements of the Foundation can be obtained at:

California Center for the Arts, Escondido Foundation
340 North Escondido Boulevard
Escondido, California 92025

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government - Wide Financial Statements

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

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Government - Wide Financial Statements (Continued)

These financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

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

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

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

Governmental Fund Financial Statements

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

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recognized as soon as they are both “measurable” and “available”. Revenues are considered to be available when they are collectible within the current period as soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The City reports the following major governmental funds:

The **General Fund** is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures not paid through other funds are paid from this fund.

The **Successor Agency Housing Special Revenue Fund** was established to account for the housing activities of the dissolved Community Development Commission. The Successor Agency provides the resources for the activities of this fund that were approved by the California Department of Finance on the Successor Agency Recognized Obligation Payment Schedules. Other resources are received through loan repayments.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for each major Proprietary Fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements. The City’s internal service funds include seven individual funds, which provide services directly to other City funds. These areas of service include Building Maintenance, Vehicle and Equipment Maintenance, Central Services, Office Automation, Workers’ Compensation, General Liability Self-Insurance, and Insurance.

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

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary Fund Financial Statements (Continued)

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

The City reports the following major proprietary funds:

The **Water Enterprise Fund** is used to account for the financial activity of the City's water utility. The costs of providing these services to the general public are financed or recovered primarily through user charges.

The **Wastewater Enterprise Fund** is used to account for the financial activity of the City's sewer utility. The costs of providing these services to the general public are financed or recovered primarily through user charges.

Fiduciary Fund Financial Statements

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

Fiduciary fund types are accounted for according to the nature of the fund.

The City's Agency funds (Hidden Trails Community Facilities District, Eureka Ranch Community Facilities District, Auto Parkway Assessment District, Rancho San Pasqual, and Deposit Trust) are used to account for money and property held by the City as trustee or custodian. These funds include refundable deposits and also account for the collection of special assessments levied on various assessment districts for the payment of debt service on no commitment debt. These funds are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

The City elected to serve as the successor agency for its former redevelopment agency, which was dissolved by state law. The successor agency activity is accounted for in a private purpose trust fund used by the City to account for assets, liabilities and activities of the Successor Agency to the former Commission and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former Commission are paid in full and assets have been liquidated.

C. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash, Cash Equivalents and Investments (Continued)

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

The statement of cash flows requires presentation of “cash and cash equivalents”. For the purposes of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such, funds are available to the various funds as needed.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

U. S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position or Balance Sheet, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

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

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

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

D. Cash and Investments with Fiscal Agents

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's investment policy.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

E. Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Due From Other Governments

The amounts recorded as a receivable due from other governments include amounts collected or provided by Federal, State and County governments and not remitted to the City at year end.

G. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Diego (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax value base no more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

H. Inventories

Inventories within the various fund types consist of fuel, supplies and equipment valued at cost, which approximates market, on the first-in, first-out basis. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

I. Land Held for Resale

Land held for resale is valued at lower of cost or net realizable value. The reported amount is classified as restricted net position in the low and moderate income housing fund and the County Transportation Street Projects Fund since the proceeds from the sale of the land held for resale will be restricted for a specific purpose. The land held for resale primarily consists of lots in two mobile home parks that the City owns and is holding until sold. It is anticipated that these lots could take several years to sell.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. Donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The City utilizes a capitalization threshold of \$5,000 - \$10,000 depending on asset type.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	5-40 years
Buildings	30-40 years
Machinery and equipment	5-30 years
Motorized vehicles	5-15 years
Infrastructure	30-50 years
Golf course	30 years
Water system	40 years
Electrical system	40 years
Sewer system	40 years
Recycled water system	40 years

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the streets, water purification and distribution system, sewer collection and treatment system, parks and recreation, lands and improvement system, storm water conveyance system, and buildings combined with the site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

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

K. Compensated Absences – Employee Leave Benefits

Depending upon length of employment, City employees earn 12 to 27 vacation days a year. Sick leave is accrued at the rate of 12 days per year except for Fire Safety which earns six twenty-four hour shifts. Employees can carry forward to subsequent two to three years' worth of earned but unused vacation leave benefits depending on employee group. Upon termination, the City is obligated to compensate employees for all earned but unused vacation days. The earned but unused sick leave benefits are not payable in the event of employee termination. These benefits are considered to be contingent liabilities subject to the continuation of the employee relationship. Such sick leave benefits are therefore not recorded as liabilities in the accompanying basic financial statements.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Compensated Absences – Employee Leave Benefits (Continued)

In government-wide financial statements and the proprietary fund financial statements, compensated absences are recorded as expenses and liabilities as incurred.

In governmental fund financial statements, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at year-end from future resources rather than currently available and expendable resources. The General Fund is typically used to liquidate compensated absences.

The California Center for the Arts, Escondido Foundation (Foundation) provides Paid Time Off (PTO) benefits to all full-time employees. The accrual begins immediately upon hire and is determined based on length of employment, employees earn approximately 10-25 days of PTO. The Foundation allows employees to carry over all accrued available PTO to the following calendar year, and upon termination, is mandated to compensate employees for all earned but unused vacation days. Part time employees accrue one hour of sick time for every 30 hours worked. The Foundation allows employees to carry over all accrued paid sick days to the following calendar year of employment. Paid sick accrues until it reaches a maximum cap of 48 hours. Upon termination, employees are not compensated for unused paid sick time.

L. Long-Term Debt

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate funds. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line method. Bonds payable are reported net of the applicable premium or discount. Issuance costs are expensed when incurred. Gains or losses on bond refunding are reported as either deferred outflows of resources or deferred inflows of resources and amortized over the term of the related debt.

Governmental Fund Financial Statements

The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service funds, which account for the City's self-insurance activities.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Unearned Revenues

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

Unearned revenue recorded in the Government-Wide Statement of Net Position for business-type activities and the proprietary fund financial statements generally consist of program fees collected from customers prior to the statement of net position date for recreation programs that begin in the next fiscal year or donations for capital or work projects, for which the related expenses have not yet been incurred.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 13). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

CalPERS:	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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

P. Net Position

In governmental-wide and proprietary fund financial statements, net position is categorized as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

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

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

P. Net Position (Continued)

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

Q. Fund Balance

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

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

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

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body and that remain binding unless removed in the same manner. Adoption of a resolution by the City Council is required to commit resources or rescind the commitment. The action that constitutes the most binding constraint (i.e. ordinance) of the City’s highest level of decision-making authority, City Council, commits fund balance for specific purposes. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The Administrative Services Director is authorized to assign amounts to a specific purpose, which was established by the governing body by resolution.

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

Included in the General Fund’s committed fund balance, the City Council has approved a reserve stabilization arrangement to be used to fund one-time unanticipated expenditure requirements, local disasters, or when actual revenue received is less than the amount budgeted resulting in an operating deficit in the General Fund. City Council action is required to add or spend the funds and, if used, the method for replenishing deficiencies including the source of funding and time period of replenishment to occur will be defined in the resolution. At June 30, 2019, the balance totaled \$17,921,319.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

R. Spending Policy

Government-Wide Financial Statements and the Proprietary Fund Financial Statements

When an expense is incurred for purposes for which both restricted and unrestricted Net Position are available, the City's policy is to apply restricted Net Position first.

Governmental Fund Financial Statements

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

S. Implementation of New GASB Pronouncements

During the fiscal year ended June 30, 2019, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO). This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. Application of this statement did not have a significant effect on the City's financial statements.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This pronouncement did not have a significant effect on the City's financial statements, except for additional disclosures relating to debt as discussed in Note 8 of the City's financial statements for the year ended June 30, 2019.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Appropriations

There was no excess of expenditures over appropriations for the year ended June 30, 2019.

B. Deficit Fund Equity

The following funds reported a deficit fund balance/net position as of June 30, 2019:

Fund	Fund Type	Amount
Unrestricted Net Position	Governmental Activities	(124,447,522)
Law Enforcement	Special Revenue Fund	(50,146)
Building Maintenance	Internal Service Fund	(1,254,273)
Network and Systems Administration	Internal Service Fund	(1,530,470)
Workers' Compensation	Internal Service Fund	(5,106,725)

At June 30, 2019, the City had an unrestricted net position deficit of \$(124,447,522) on the Government-wide Statement of Net Position that was increased due to the recording of the Net Pension Liability. The City expects to eliminate the deficit via pension contributions as required by the City's pension administrator (CalPERS).

The (\$50,146) deficit in the Law Enforcement fund is the result of unreimbursed funds and will be eliminated with future grant reimbursements.

Internal service fund deficits for the Building Maintenance, Network and Systems Administration, and Workers Compensation funds are due to the impact from recording the Net Pension Liability items. The deficits are expected to be funded by future internal service charges to other City funds.

Note 3 – Cash and Investments

Cash and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Total
Cash and investments	\$ 85,515,711	\$ 65,632,911	\$ 1,994,769	\$ 16,745,938	\$ 169,889,329
Investment in Section 115 Trust	7,013,035	-	-	-	7,013,035
Cash and investments with fiscal agent	15	1,095,891	-	348,780	1,444,686
Total	\$ 92,528,761	\$ 66,728,802	\$ 1,994,769	\$ 17,094,718	\$ 178,347,050

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

At June 30, 2019, cash and investments, including cash and investments with fiscal agent, are reported at fair value. The following table presents the fair value measurements of the investments recognized in the accompanying statement of net position and balance sheet measured at fair value on a recurring basis and the levels within GASB 72 fair value hierarchy in which fair value measurement fall at June 30, 2019:

	Fair Value	Measurement Input			
		Level 1	Level 2	Level 3	Uncategorized
Cash on hand	\$ 12,300	\$ -	\$ -	\$ -	\$ 12,300
Demand deposits	5,282,845	-	-	-	5,282,845
Investments:					
U. S. Treasury Obligations	13,597,084	-	13,597,084	-	-
U. S. Corporate Bonds	21,476,283	-	21,476,283	-	-
U. S. Municipal Bonds	7,780,897	-	7,780,897	-	-
Federal Agency Securities	43,128,527	-	43,128,527	-	-
Negotiable Certificates of Deposit	5,923,400	-	-	-	5,923,400
Placement Service Deposits	15,028,396	-	-	-	15,028,396
State Investment Pool (LAIF)	57,659,595	-	-	-	57,659,595
Subtotal	164,594,182	-	85,982,791	-	78,611,391
Held by fiscal agent:					
U.S. Treasury Obligations	366,040	-	366,040	-	-
Money Market Funds	774,645	-	774,645	-	-
State Investment Pool (LAIF)	304,000	-	-	-	304,000
Subtotal	1,444,685	-	1,140,685	-	304,000
Investment in Section 115 Trust	7,013,038	-	-	-	7,013,038
Total	\$ 178,347,050	\$ -	\$ 87,123,476	\$ -	\$ 91,223,574

A. Demand Deposits

The carrying amount of the City's cash deposits were \$5,282,845 at June 30, 2019. Bank balances before reconciling items were \$7,286,747 at that date, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

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

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

B. Investments

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee (i.e. fiscal agent) that are governed by the provisions of debt agreements of the City rather than the general provisions of the California Government Code or the City's investment policy. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC.

Investment types Authorized by State Law	Authorized by Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	30%
Municipal Securities	Yes	5 years	40%	5%
Banker's Acceptance	Yes	180 days	30%	5%
Commercial Paper	Yes	270 days	25%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Placement Service Deposits	Yes	5 years	30%	30%
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	5%
Mutual Funds	No	N/A	20%	10%
Money Market Funds	Yes	N/A	20%	20%
Mortgage Pass-Through/Asset Backed Securities	Yes	5 years	20%	5%
Local Government Investment Pools	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	\$65 million	None
Supranational Obligations	Yes	5 years	30%	30%

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

B. Investments (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	*Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	365 days	None	None
Banker's Acceptance	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	None	None	None
Investment Contracts	30 years	None	None
State or Municipal Obligations	None	None	None
State Pooled Investment Fund	None	None	None

C. Investments in Local Agency Investment Fund

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

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

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

As of June 30, 2019, the City had \$57,963,595 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The credit quality rating of LAIF is unrated as of June 30, 2019. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Remaining Maturity in Months		
		18 Months or Less	18 to 42 Months	42 to 60 Months
Investments:				
U. S. Treasury Obligations	\$ 13,597,084	\$ -	\$ 712,024	\$ 12,885,060
U. S. Corporate Bonds	21,476,283	-	12,757,755	8,718,528
U. S. Municipal Bonds	7,780,897	-	7,780,897	-
Federal Agency Securities	43,128,527	11,040,764	32,087,763	-
Negotiable Certificates of Deposit	5,923,400	4,680,226	1,243,174	-
Placement Service Deposits	15,028,396	15,028,396	-	-
State Investment Pool (LAIF)	57,659,595	57,659,595	-	-
Subtotal	164,594,182	88,408,981	54,581,613	21,603,588
Held by fiscal agent:				
U.S. Treasury Obligations	366,040	366,040	-	-
Money Market Funds	774,645	774,645	-	-
State Investment Pool (LAIF)	304,000	304,000	-	-
Subtotal	1,444,685	1,444,685	-	-
Investment in Section 115 Trust	7,013,038	7,013,038	-	-
Total	\$ 173,051,905	\$ 96,866,704	\$ 54,581,613	\$ 21,603,588

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating, by Moody's or Standards and Poor, as of yearend for each investment type.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 – Cash and Investments (Continued)

D. Risk Disclosures

Disclosures Relating to Credit Risk (Continued)

Investment Type	Fair Value	Minimum Legal Rating	Exempt from Disclosures	Rating as of Year End				
				AAA/Aaa	AA+/Aa1	AA to AA- / Aa2 to Aa3	A+ to A / A1 to A3	Not Rated
Investments:								
U. S. Treasury Obligations	\$ 13,597,084	N/A	\$ -	\$ 13,597,084	\$ -	\$ -	\$ -	\$ -
U. S. Corporate Bonds	21,476,283	A	-	1,997,040	952,404	5,021,047	11,354,366	2,151,426
U. S. Municipal Bonds	7,780,897	A	-	-	-	5,772,371	2,008,526	-
Federal Agency Securities	43,128,527	N/A	-	36,271,239	6,857,288	-	-	-
Negotiable Certificates of Deposit	5,923,400	N/A	5,923,400	-	-	-	-	-
Placement Service Deposits	15,028,396	N/A	-	-	-	-	-	15,028,396
State Investment Pool (LAIF)	57,659,595	N/A	-	-	-	-	-	57,659,595
Subtotal	164,594,182		5,923,400	51,865,363	7,809,692	10,793,418	13,362,892	74,839,417
Held by fiscal agent:								
U.S. Treasury Obligations	366,040	N/A	-	-	-	-	-	366,040
Money Market Funds	774,645	N/A	-	-	-	-	-	774,645
State Investment Pool (LAIF)	304,000	N/A	-	-	-	-	-	304,000
Subtotal	1,444,685		-	-	-	-	-	1,444,685
Investment in Section 115 Trust	7,013,038	N/A	-	-	-	-	-	7,013,038
Total	\$ 173,051,905		\$ 5,923,400	\$ 51,865,363	\$ 7,809,692	\$ 10,793,418	\$ 13,362,892	\$ 83,297,140

Disclosures Relating to Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 15,433,555
Federal Home Loan Mortgage Corp.	Federal Agency Securities	10,708,137
Federal Farm Credit Bank	Federal Agency Securities	10,698,222
U.S. Treasury	U.S. Treasury Obligations	13,597,084

Disclosures Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

For investments identified herein as held by bond trustee, the bond trustee provides the City with investment options that are authorized under the terms of the applicable trust agreement, acquires the investment as directed, and holds the investment on behalf of the reporting government.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Allowance for Uncollectible Receivables

Governmental and Business-type Activities receivables are shown net of an allowance for uncollectibles, which at June 30, 2019 is as follows:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 29,581,228	\$ 11,746,997	\$ 41,328,225
Allowance for doubtful accounts	(2,206,366)	(328,901)	(2,535,267)
Total	\$ 27,374,862	\$ 11,418,096	\$ 38,792,958

The governmental activities allowance is recorded in the General Fund for paramedic and general accounts receivable activities. The uncollectible accounts related to accounts receivable at June 30, 2019 are \$204,742 for the Water Fund and \$124,159 for the Wastewater Fund.

Note 5 – Loans Receivable

The City and Housing Successor Agency engage in programs designed to encourage construction and improvement in low-to-moderate income housing and other projects. Under these programs, loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's or Housing Successor Agency's terms.

At June 30, 2019, the loans receivable was reported in the accompanying basic financial statements as follows:

Governmental Funds	\$ 53,801,099
Proprietary Funds	431,837
Fiduciary Funds	245,424
Total	\$ 54,478,360

The loans at June 30, 2019, consisted of the following:

City of Escondido:	
HOME grant fund loans	\$ 17,433,799
National Golf Operations	200,000
CDBG notes receivable	231,659
Public Facilities	224,405
Notes receivable	431,837
Successor Agency Housing Special Revenue Funds:	
Loans given to developers and non-profits	30,834,229
Mobile home loan program	2,213,076
First-time homebuyer program	2,288,931
HOME loans	375,000
Successor Agency to the Former CDC:	
First-time homebuyer program	159,395
Mobile home loan program	86,029
Total	\$ 54,478,360

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Transfers of CIP	Contributions Between Funds	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:						
Art and historical treasures	\$ 9,532,194	\$ -	\$ -	\$ -	\$ -	\$ 9,532,194
Land	52,704,126	-	-	-	-	52,704,126
Construction in progress	17,518,945	(12,034,621)	(198,809)	7,508,253	-	12,793,768
Total capital assets, not being depreciated	79,755,265	(12,034,621)	(198,809)	7,508,253	-	75,030,088
Capital assets, being depreciated:						
Land improvements	38,779,048	1,245,808	-	21,414	-	40,046,270
Buildings	222,330,637	592,337	-	-	-	222,922,974
Machinery and equipment	31,948,665	912,484	-	260,613	(1,429,450)	31,692,312
Motorized vehicles	29,329,681	-	106,154	2,338,143	(3,148,555)	28,625,423
Infrastructure	305,218,408	9,283,992	-	2,286,919	-	316,789,319
Golf Course	4,326,835	-	-	-	-	4,326,835
Radio Rights	3,230,225	-	-	-	-	3,230,225
Total capital assets, being depreciated	635,163,499	12,034,621	106,154	4,907,089	(4,578,005)	647,633,358
Less accumulated depreciation						
Land improvements	(37,039,985)	-	-	(498,901)	-	(37,538,886)
Buildings	(120,234,982)	-	-	(5,685,376)	-	(125,920,358)
Machinery and equipment	(26,270,312)	-	-	(1,746,750)	1,413,194	(26,603,868)
Motorized vehicles	(23,184,037)	-	-	(2,392,479)	3,135,327	(22,441,189)
Infrastructure	(210,303,656)	-	-	(4,660,629)	-	(214,964,285)
Golf Course	(2,258,933)	-	-	(144,272)	-	(2,403,205)
Radio Rights	(323,022)	-	-	(161,511)	-	(484,533)
Total accumulated depreciation	(419,614,927)	-	-	(15,289,918)	4,548,521	(430,356,324)
Total capital assets, being depreciated, net	215,548,572	12,034,621	106,154	(10,382,829)	(29,484)	217,277,034
Total Governmental Activities capital assets, net	\$ 295,303,837	\$ -	\$ (92,655)	\$ (2,874,576)	\$ (29,484)	\$ 292,307,122

Depreciation expense was charged to the following functions:

General government	\$ 3,675,761
Public safety	2,856,210
Public works	5,009,515
Community services	781,053
Community development	120,098
Internal service funds	2,847,281
Total	\$ 15,289,918

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Capital Assets (Continued)

B. Business-type Activities

Summary of changes in capital assets for the business-type activities for the year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Transfers of CIP	Contributions Between Funds	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:						
Land	\$ 2,979,397	\$ 159,000	\$ -	\$ -	\$ -	\$ 3,138,397
Construction in progress	65,580,451	(48,425,920)	-	13,429,401	-	30,583,932
Total capital assets, not being depreciated	68,559,848	(48,266,920)	-	13,429,401	-	33,722,329
Capital assets, being depreciated:						
Land improvements	1,035,020	-	-	57,081	-	1,092,101
Buildings	31,285,254	420,629	-	-	-	31,705,883
Machinery and equipment	10,839,019	136,107	-	981,963	(237,023)	11,720,066
Motorized vehicles	-	-	(106,154)	106,154	-	-
Water system	136,620,201	29,035,215	193,436	515,509	-	166,364,361
Electrical system	3,609,179	-	-	-	-	3,609,179
Sewer system	189,064,623	18,674,969	5,373	86,237	-	207,831,202
Recycled water system	24,163,391	-	-	-	-	24,163,391
Total capital assets, being depreciated	396,616,687	48,266,920	92,655	1,746,944	(237,023)	446,486,183
Less accumulated depreciation						
Land improvements	(306,856)	-	-	(29,365)	-	(336,221)
Buildings	(20,411,458)	-	-	(474,368)	-	(20,885,826)
Machinery and equipment	(8,444,121)	-	-	(926,880)	194,403	(9,176,598)
Water system	(49,873,899)	-	-	(3,316,626)	-	(53,190,525)
Electrical system	(3,285,182)	-	-	(49,270)	-	(3,334,452)
Sewer system	(71,945,856)	-	-	(4,596,833)	-	(76,542,689)
Recycled water system	(8,612,840)	-	-	(606,883)	-	(9,219,723)
Total accumulated depreciation	(162,880,212)	-	-	(10,000,225)	194,403	(172,686,034)
Total capital assets, being depreciated, net	233,736,475	48,266,920	92,655	(8,253,281)	(42,620)	273,800,149
Total Business-type Activities capital assets, net	\$ 302,296,323	\$ -	\$ 92,655	\$ 5,176,120	\$ (42,620)	\$ 307,522,478

Depreciation expense was charged to the following functions:

Water	\$ 4,082,758
Wastewater	<u>5,917,467</u>
Total	<u>\$ 10,000,225</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Capital Assets (Continued)

C. Component Unit

Summary of changes in capital assets for the component unit for the year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, being depreciated:				
Leasehold improvements	\$ 119,645	\$ 49,300	\$ -	\$ 168,945
Machinery and equipment	698,579	271,082	-	969,661
Total capital assets, being depreciated	<u>818,224</u>	<u>320,382</u>	<u>-</u>	<u>1,138,606</u>
Less accumulated depreciation				
Leasehold improvements	(15,709)	(1,570)	-	(17,279)
Machinery and equipment	(656,180)	(46,936)	-	(703,116)
Total accumulated depreciation	<u>(671,889)</u>	<u>(48,506)</u>	<u>-</u>	<u>(720,395)</u>
Total capital assets, being depreciated, net	<u>146,335</u>	<u>271,876</u>	<u>-</u>	<u>418,211</u>
Total Component Unit capital assets, net	<u>\$ 146,335</u>	<u>\$ 271,876</u>	<u>\$ -</u>	<u>\$ 418,211</u>

Depreciation expense for the year ended June 30, 2019 was \$48,506.

Note 7 – Interfund Transactions

A. Due To and From Other Funds

At June 30, 2019, due from and to other funds balances are as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amounts</u>
General Fund	Successor Agency of the Former CDC - Private Purpose Trust Fund	13,487,986 (1)
Streets Special Revenue Fund - Nonmajor Governmental Funds	Successor Agency of the Former CDC - Private Purpose Trust Fund	953,953 (2)

- (1) The Former Community Development Commission had received monies from the General Fund for use in its operations and capital improvement projects. For more information, see Note 8C.
- (2) The Former Community Development Commission had received monies from the Street Special Revenue Fund for use in its capital improvement projects. For more information, see Note 8C.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 – Interfund Transactions (Continued)

B. Advances To and From Other Funds

At June 30, 2019, advances to and from other fund balances are as follows:

<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>	<u>Amounts</u>
Street Improvement Capital Projects Fund - Nonmajor Governmental Funds	General Fund	200,000 (1)
Public Facilities Capital Projects Fund - Nonmajor Governmental Funds	General Fund	45,000 (2)

The advances were used for the following:

- (1) The General Fund entered into an agreement with the Street Improvement Capital Projects fund in the amount of \$200,000 for improvements to the Vineyard Golf Course.
- (2) The General Fund entered into an agreement with the Public Facilities Capital Project Fund for an advance to reconstruct Fire Station #4. At June 30, 2019, the amount of \$45,000 remained outstanding.

C. Transfers In and Out

For the year ended June 30, 2019, interfund transfers are as follows:

<u>Transfer Out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Successor Agency Housing</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ 954,046	\$ 710,870	\$ 2,173,000	\$ 3,837,916
Nonmajor Governmental Enterprise:	2,055,000	-	92,158	-	2,147,158
Wastewater	25,000	-	-	-	25,000
Internal Service Funds	-	-	219,355	-	219,355
Total	<u>\$ 2,080,000</u>	<u>\$ 954,046</u>	<u>\$ 1,022,383</u>	<u>\$ 2,173,000</u>	<u>\$ 6,229,429</u>

Transfers are used to: (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt

A. Governmental Activities

Summary of changes in long-term liabilities for Governmental Activities as of June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
Compensated absences	\$ 6,535,150	\$ 1,645,593	\$ (1,326,792)	\$ 6,853,951	\$ 1,684,352	\$ 5,169,599
Claims payable	16,823,400	3,365,936	(2,575,536)	17,613,800	3,522,760	14,091,040
Loans payable	3,085,997	-	(410,998)	2,674,999	416,661	2,258,338
Capital leases	2,348,520	-	(455,943)	1,892,577	468,820	1,423,757
2015 Refunding General Obligation Bonds	58,680,000	-	(1,870,000)	56,810,000	1,965,000	54,845,000
Unamortized bond premium	7,823,417	-	(430,647)	7,392,770	-	7,392,770
2013A Lease Revenue Bonds	3,750,000	-	(235,000)	3,515,000	245,000	3,270,000
Unamortized bond discount	(6,969)	-	546	(6,423)	-	(6,423)
Total	\$ 99,039,515	\$ 5,011,529	\$ (7,304,370)	\$ 96,746,674	\$ 8,302,593	\$ 88,444,081

Compensated Absences - Employee Leave Benefits Payable

The City's policies relating to employee leave benefits are described in Note 1. The balance at June 30, 2019, is \$6,853,951. This liability will be paid in future years from future resources primarily from the General Fund.

Claims Payable

The balance of claims payable at June 30, 2019, is \$17,613,800. For more information, see Note 10.

Loans Payable

In 2004, the City was granted an energy conservation loan from the California Energy Commission to fund various energy conservation projects. The term of the loan is 15 years with an annual interest rate of 3.95%. The outstanding balance at June 30, 2019, is \$299,681.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 95,995	\$ 10,929	\$ 106,924
2021	99,851	7,072	106,923
2022	103,835	3,089	106,924
Total	\$ 299,681	\$ 21,090	\$ 320,771

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Loans Payable (Continued)

In 2011, the City was granted five loans from the San Diego Gas and Electric Company to fund various energy conservation projects including the City Hall, CFA 921, EVCC, and the Park Avenue Community Center (PACC). The term of the loan is 8 years of monthly installment payments with no interest. The outstanding balances at June 30, 2019, are \$22,658.

The annual debt service requirements are as follows:

Year Ended June 30,	Principals			
	City Hall	CFA 921	EVCC	Total
2020	\$ 2,262	\$ 4,225	\$ 4,752	\$ 11,239
2021	2,262	2,111	5,185	9,558
2022	566	-	1,295	1,861
Total	<u>\$ 5,090</u>	<u>\$ 6,336</u>	<u>\$ 11,232</u>	<u>\$ 22,658</u>

The City of Escondido, County of San Diego, and multiple participating agencies are involved in a Regional Communication System; the multi-year agreement expired in 2016. As a continuation of the program, the City entered into a new 20-year agreement with the County and participating agencies. The agreement obligated the City to share in the infrastructure costs with the County and to purchase radios and support devices. In 2017, the City entered into a loan agreement with the County of San Diego for the City's share of the infrastructure costs. The infrastructure is financed over a ten-year period with an annual interest rate of 2.79%. The outstanding balance at June 30, 2019, is \$2,352,660.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 308,994	\$ 65,639	\$ 374,633
2021	317,615	57,018	374,633
2022	326,477	48,156	374,633
2023	335,585	39,048	374,633
2024	344,949	29,685	374,634
2025-2027	719,040	30,230	749,270
Total	<u>\$ 2,352,660</u>	<u>\$ 269,776</u>	<u>\$ 2,622,436</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Capital Leases

In September 2014, the City entered into a lease agreement with Leasing 2, Inc. to acquire a Sutphen aerial ladder fire truck. Per the lease agreement, the annual payments of \$190,375 are due in August of each year with the final payment due in August 2020. The outstanding balance at June 30, 2019, was \$364,911. The net carrying amount of assets acquired under the capital lease totaled \$107,450 at June 30, 2019 and is classified as motorized vehicles within capital assets. The amortization of the leased assets are included as part of depreciation expense.

The future minimum lease and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 179,865	\$ 10,510	\$ 190,375
2021	185,046	5,329	190,375
Total	<u>\$ 364,911</u>	<u>\$ 15,839</u>	<u>\$ 380,750</u>

In 2018, the City entered into a lease-purchase agreement for the purchase of the mobile radios and support devices. The equipment is financed over a seven-year period with an annual interest rate of 2.79%. The outstanding balance at June 30, 2019, is \$1,527,666.

The net carrying amount of the capital assets, classified as machinery and equipment, acquired under the capital lease totaled \$2,000,582 at June 30, 2019. The amortization of the leased assets are included as part of depreciation expense.

The future minimum lease and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 288,955	\$ 42,617	\$ 331,572
2021	297,016	34,556	331,572
2022	305,302	26,271	331,573
2023	313,820	17,754	331,574
2024	322,573	8,999	331,572
Total	<u>\$ 1,527,666</u>	<u>\$ 130,197</u>	<u>\$ 1,657,863</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

2015 Refunding General Obligation Bonds

On August 1, 2006, the City issued General Obligation Bonds, election of 2004, Series A amounting to \$84,350,000 to construct, upgrade, and acquire land for City fire stations, an emergency response training center, and a combined police and fire headquarters facility. The bonds mature serially on September 1, beginning 2007 through 2036 in amounts ranging from \$1,170,000 to \$5,225,000 and pay interest at rates varying from 3.55% to 4.75%. Interest is payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2007. No reserve fund is required. The General Obligation Bonds, election of 2004, Series A were defeased with the issuance of the General Obligation Refunding Bonds, Series 2015, and the liability has been removed from the long-term debt.

On May 12, 2015, the City issued \$61,520,000 of General Obligation Refunding Bonds Series 2015. Proceeds from the Bonds were used to refund the General Obligation Bonds, election 2004, Series A, fund a debt service reserve fund and pay the costs of issuance. The Bonds bear interest ranging from 3.00% to 5.00% per annum payable on March 1 and September 1 of each year commencing March 1, 2015. The Bonds mature starting September 1, 2016 and end on September 1, 2036. At June 30, 2018, the outstanding balance of the Bonds was \$56,810,000 and unamortized bond premium was \$7,392,770.

The net proceeds of \$70.2 million of the General Obligation Bonds, Series 2015 (after a premium of \$9.1 million and payment of \$.4 million in underwriting fees, insurance, and other issuance costs) were used to refund the General Obligation Bonds, election of 2004, Series A and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded General Obligation Bonds, election of 2004, Series A. As a result, the refunded bonds are considered to be defeased and the liability of the General Obligation Bonds, election of 2004, Series A has been removed from long-term debt. The refunding decreased the total debt service payment by \$10.3 million over the next 22 years and resulted in an economic gain of \$7.4 million.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 1,965,000	\$ 2,840,500	\$ 4,805,500
2021	2,065,000	2,742,250	4,807,250
2022	2,165,000	2,639,000	4,804,000
2023	2,275,000	2,530,750	4,805,750
2024	2,390,000	2,417,000	4,807,000
2025-2029	14,085,000	10,153,750	24,238,750
2030-2034	18,360,000	6,225,000	24,585,000
2035-2037	13,505,000	1,373,750	14,878,750
Total	<u>\$ 56,810,000</u>	<u>\$ 30,922,000</u>	<u>\$ 87,732,000</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

2013A Lease Revenue Bonds

In March 2013, the City of Escondido issued \$4,830,000 in Lease Revenue Bonds to currently refund the outstanding Escondido Joint Powers Financing Authority 2001 Lease Revenue Bonds and to pay the costs incurred in connection with the issuance of the Escondido Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2013A. The principal is due annually on October 1 in amounts ranging from \$205,000 to 355,000, commencing 2013 and ending 2030. Interest is payable semi-annually on April 1 and October 1 of each year commencing October 1, 2013, at rates ranging from 2.00% to 4.00%. At June 30, 2019, the outstanding balance of these bonds was \$3,515,000 and unamortized bond discount was \$6,423.

The annual debt service requirements are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2020	\$ 245,000	\$ 118,644	\$ 363,644
2021	250,000	111,219	361,219
2022	260,000	103,568	363,568
2023	265,000	95,694	360,694
2024	275,000	87,250	362,250
2025-2029	1,525,000	282,828	1,807,828
2030-2031	695,000	27,887	722,887
Total	\$ 3,515,000	\$ 827,090	\$ 4,342,090

B. Business-Type Activities

Summary of changes in long-term liabilities for Business-type Activities as of June 30, 2019, are as follows:

	Balance			Balance	Due within	Due in More
	July 1, 2018	Additions	Deletions	June 30, 2019	One Year	Than One Year
Connection rights payable	\$ 13,155,991	\$ -	\$ (168,223)	\$ 12,987,768	\$ -	\$ 12,987,768
Compensated absences	1,288,822	280,675	(250,933)	1,318,564	329,640	988,924
Loans payable	11,839,767	1,641,349	(2,175,290)	11,305,826	2,183,440	9,122,386
2007 Water Revenue COP	25,255,000	-	(640,000)	24,615,000	670,000	23,945,000
Unamortized bond premium	158,865	-	(8,252)	150,613	-	150,613
2012 Water Revenue Bonds	28,740,000	-	(545,000)	28,195,000	565,000	27,630,000
Unamortized bond premium	1,316,028	-	(55,192)	1,260,836	-	1,260,836
2015A Wastewater Refunding Revenue Bonds	11,620,000	-	(1,045,000)	10,575,000	1,100,000	9,475,000
Unamortized bond premium	1,744,371	-	(213,597)	1,530,774	-	1,530,774
2015B Wastewater Refunding Revenue Bonds	3,765,000	-	(435,000)	3,330,000	440,000	2,890,000
Unamortized bond discount	(39,742)	-	4,866	(34,876)	-	(34,876)
2012 Wastewater Revenue Bonds	26,510,000	-	(165,000)	26,345,000	175,000	26,170,000
Unamortized bond premium	1,502,202	-	(63,000)	1,439,202	-	1,439,202
Total	\$ 137,249,799	\$ 1,922,024	\$ (5,759,621)	\$ 123,018,707	\$ 5,463,080	\$ 117,555,627

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Connection Rights Payable

In 1982, the City raised funds for water and sewer improvements by selling in advance rights to connect to the utility system. The holders of those rights could sell or transfer those rights to others. The value of the rights resulted from the ability of the holder to redeem the rights to the City in order to connect to the system. The amounts collected represent connection fees collected in advance of the connection. The amounts collected are recorded as a liability until earned at the time of connection.

The purchase price for sewer connection rights sold was \$1,500 per right. Per the contract, the rights increased in value 10% per year until May 31, 2007. As of that date, a sewer right was valued at \$21,872. The purchase price for water connection rights sold was \$900 per right. Per the contract, the rights increased in value 10% per year until July 1, 1993. At that time, each right was valued at \$3,230.

There was no limit to the number of rights purchased under a contract or the number of contracts an individual might purchase. Both contracts allowed several options to the purchaser. These options were: 1) The rights could be used by the purchaser at the time of pulling building permits, thus waiving the current fee being charged by the Building Department; 2) if the owner of the rights sold the property for which the rights were originally purchased, the rights could be transferred to the new owner; 3) the last option was to turn in the right to the City of Escondido for the purpose of resale on a "first come, first served" basis. Resales are paid based on receipts from current connection fees on building permits. Interest on connection rights represents the increase in the obligation of the City to the holders of the rights as a result of rates of increase stipulated in the City's agreement with the holders of the rights. The outstanding balance at June 30, 2019 is \$12,987,768.

Compensated Absences – Employee Leave Benefits Payable

The City's policies relating to employee leave benefits are described in Note 1 of the Notes to Basic Financial Statements. This liability will be paid in future years from future resources. The balance at June 30, 2019, is \$1,318,564.

Loans Payable

In 1999, the City entered into an agreement with the State Water Resources Control Board (State Board) for a revolving fund loan program. The fund was established with a combination of Federal Clean Water Act funds and State matching funds. The proceeds were used to construct a Tertiary Treatment Facility for local wastewater and a delivery system for recycled water to a specified number of local users.

There are two phases in the Tertiary Treatment Facility project, and the loan was set up with sub-loan amounts for each phase. The City is obligated to repay the State Board on the Federal Disbursement Amount as principal and the Local Match Amount as interest on the loan. The Federal Disbursement portion is 83.33% and the Local Match portion is 16.67% of the total loan balance.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

The first phase of the Tertiary Treatment Facility project was completed on May 25, 2001 for a total project cost of \$8,149,808. The second phase of the project was completed on April 1, 2003 and included two sub-loan amounts of \$16,461,971 and \$19,754,444. The principal and interest on the first phase loan is due annually on May 25 for \$488,990 commencing 2002 and ending 2021. The principal and interest on the second phase loan is due annually on April 1 for \$1,728,852 commencing 2004 and ending 2023. Principal and interest payments on the loans are payable from the Wastewater Fund consisting of sewer rates, fees, and charges. The outstanding balance at June 30, 2019, is \$6,577,797.

The annual debt service requirements are as follows:

Year Ended June 30,	Principals			
	Phase I	Phase II	Phase III	Total
2020	\$ 407,490	\$ 823,099	\$ 617,606	\$ 1,848,195
2021	407,490	823,099	617,606	1,848,195
2022	-	823,098	617,606	1,440,704
2023	-	823,098	617,605	1,440,703
Total	\$ 814,980	\$ 3,292,394	\$ 2,470,423	\$ 6,577,797

In 2002, the City entered into an agreement with the Department of Water Resources for a loan program. The funds were provided in part from the Federal Capitalization Grant for Drinking Water State Revolving Funds program. The proceeds were used to construct the Gravity Float Line Capital Project. Repayment of the total amount issued of \$2,048,125 began on January 1, 2005, with semi-annual payments of \$65,459 with varying interest rates from 1.94% to 3.16%. The repayment ends on July 1, 2024. Principal and interest payments on the loans are payable from the Water Fund consisting of water rates, fees, and charges. The outstanding balance at June 30, 2019, is \$611,537.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
	2020	\$ 116,276	\$ 14,643
2021	119,216	11,703	130,919
2022	122,231	8,688	130,919
2023	125,322	5,596	130,918
2024	128,492	2,427	130,919
Total	\$ 611,537	\$ 43,057	\$ 654,594

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

In 2005, the City entered into an agreement with the Department of Water Resources for a loan program. The funds were provided in part from the Federal Capitalization Grants for Clean Water State Revolving Funds program. The proceeds of \$1,572,306 were used for the HARRF Aeration Blower Replacement Project. Principal and interest is due annually on December 30 in the amount of \$98,817 commencing 2005 and ending 2025. The project was completed as of June 30, 2006. Principal and interest payments on the loans are payable from the Wastewater Fund consisting of sewer rates, fees, and charges. The outstanding balance at June 30, 2019, is \$546,119. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 85,709	\$ 13,107	\$ 98,816
2021	87,767	11,050	98,817
2022	89,873	8,943	98,816
2023	92,030	6,786	98,816
2024	94,239	4,577	98,816
2025	96,501	2,317	98,818
Total	<u>\$ 546,119</u>	<u>\$ 46,780</u>	<u>\$ 592,899</u>

In October 2009, the City entered into an agreement with the State Department of Public Health for funding of construction of the Alexander Area Phase II Water Line. The agreement provided for the loan funding, up to a maximum loan amount of \$6,500,000, under the provisions of the California Safe Drinking Water State Revolving Fund Loan Program and the American Recovery and Reinvestment Act of 2009. A total of \$5,626,469 in project costs were incurred and submitted to the State for reimbursement. As per the terms of the agreement, fifty percent of each disbursement was forgiven by the State and not added to the principal amount of the loan. Upon project completion in October 2012, final loan principal to be repaid amounted to \$2,813,324. Repayment began March 1, 2012, with semi-annual payments of principal and interest of \$89,816, including interest at the rate of 2.5017%. The repayment period ends on September 1, 2031. Principal and interest payments on the loans are payable from the Water Fund consisting of water rates, fees, and charges. The outstanding balance at June 30, 2019, is \$1,929,022. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 133,260	\$ 47,430	\$ 180,690
2021	136,614	44,075	180,689
2022	140,053	40,636	180,689
2023	143,580	37,111	180,691
2024	147,193	33,496	180,689
2025-2029	793,630	110,000	903,630
2030-2032	434,692	16,444	451,136
Total	<u>\$ 1,929,022</u>	<u>\$ 329,192</u>	<u>\$ 2,258,214</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

In October 2017, the City entered a construction installment sale agreement with the State Water Resources Control Board for funding of up to \$5 million for the construction of the Brine Line to Broadway to the Hale Avenue Resource Recovery Facility Project. This project extends the existing, 15-inch brine transmission pipeline from the Broadway crossing of Escondido Creek (near Grape Day Park) to the HARRF. In June 2019, the City's Wastewater Fund received the first disbursement. The interest rate on the loan is 1.8% and the repayment period for the loan is 30 years, beginning one year after completion of construction of the project, which is currently projected for October 2019. The outstanding balance at June 30, 2019, is \$1,491,349.

In October 2017, the City entered into a construction installment sale agreement with the State Water Resources Control Board for funding of up to \$8 million for the Recycled Water Easterly Main and Tanks Project. This project extends the existing transmission pipeline from the Broadway crossing of Escondido Creek to the Hale Avenue Resource and Recovery Facility. A portion of the principal amount, \$2,500,000, is funded by Proposition 1 – the Water Quality, Supply, and Infrastructure Improvement Act of 2014 and the Clean Water State Revolving Fund and is anticipated to be forgiven contingent on the City's performance of its obligations under the agreement. The interest rate on the loan is 1.8% and the repayment period for the loan is 30 years, beginning one year after completion of construction of the project, which is currently projected for May 2020. The loan will be funded from revenues of the Wastewater Fund. As of June 30, 2019, no funds had been disbursed to the City.

In June 2019, the City of Escondido entered into an installment sale agreement with the California Infrastructure and Economic Development Bank (IBank) for the Lindley Reservoir Tank Replacement Project. The IBank loan is provided through IBank's Infrastructure State Revolving Fund (ISRF) Loan Program. The loan amount approved is \$15 million with a term of 30 years at an annual interest rate of 3.00%. Repayment of the loan will begin in August 2020, with semi-annual payments of interest and principal of approximately \$780,000. The estimated project completion date is May 2022. The loan will be funded from revenues of the Water Fund. The outstanding balance at June 30, 2019, is \$150,000.

2007 Water Revenue Certificates of Participation

In September 2007, the City issued \$30,440,000 in Revenue Certificates of Participation to finance certain capital projects and to advance refund \$12,450,000 of outstanding Revenue Certificates of Participation, series 2000A, which were originally issued to finance the cost of construction of certain replacements to water lines and other capital improvements to the water system. The principal is due annually on September 1 in amounts ranging from \$430,000 to \$990,000, commencing 2008 and ending 2025 with interest rates varying from 3.5% to 4.375%. In addition, \$5,775,000 and \$13,325,000 term certificates are due September 1, 2030 and September 2037, respectively.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2007 Water Revenue Certificates of Participation (Continued)

The \$5,775,000 term certificates pay interest at 5.0% and the \$13,325,000 term certificates pay interest at 4.75%. Interest is payable semi-annually on March 1 and September 1 of each year, commencing on March 1, 2008. The certificates maturing on or after September 1, 2018, are subject to optional prepayment prior to their respective maturities, as a whole or in part on any date in the order of maturity as directed by the City in a Written Request provided to the Trustee at least 45 days prior to the prepayment date and by lot within each maturity in integral multiples of \$5,000, on or after September 1, 2007, from amounts prepaid by the City pursuant to the Installment Purchase Agreement at a Prepayment Price equal to 100% of the principal amount of such Certificates to be prepaid.

Additionally, the term certificates maturing on September 1, 2030 and 2037 are subject to mandatory prepayment in part (by lot) on each September 1 on and after September 1, 2026 and 2031, respectively, in integral multiple of \$5,000 at a prepayment price as described in the Certificate covenants. The outstanding balance at June 30, 2019 was \$24,615,000 and unamortized bond premium was \$150,613.

The annual debt service requirements are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2020	\$ 670,000	\$ 1,138,650	\$ 1,808,650
2021	695,000	1,111,350	1,806,350
2022	725,000	1,082,497	1,807,497
2023	755,000	1,051,972	1,806,972
2024	790,000	1,019,612	1,809,612
2025-2029	5,170,000	4,451,319	9,621,319
2030-2034	3,810,000	3,187,130	6,997,130
2035-2038	12,000,000	1,173,724	13,173,724
Total	<u>\$ 24,615,000</u>	<u>\$ 14,216,254</u>	<u>\$ 38,831,254</u>

2012 Water Revenue Bonds

In March 2012, the City issued \$31,660,000 in Revenue Water System Financing Bonds to finance certain capital projects and to refund a portion of the \$9,830,000 of outstanding Revenue Certificates of Participation, series 2000, and \$8,585,000 of outstanding Revenue Certificates of Participation, series 2002. The principal for the \$10,845,000 serial bonds is due annually on September 1 in amounts ranging from \$285,000 to \$815,000 commencing 2012 and ending 2029 with interest at rates varying from 1.0% to 4.0%. In addition, Term bonds are due in the amounts of \$2,485,000, \$4,025,000, and \$14,305,000 September 1, 2031, 2033 and 2041 respectively. Term certificates pay interest at 5.0%, and require sinking fund deposits or principal installment payments due annually on September 1 in amounts ranging from \$840,000 to \$3,840,000, commencing 2030 and ending 2041. Interest is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2012.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2012 Water Revenue Bonds (Continued)

Bonds with stated maturities on or after September 1, 2022 will be subject to optional redemption prior to their respective stated maturities, as a whole or in part, on any date as directed by the City provided at least a 30-day notice is mailed by the Trustee to bondholders, and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 2022 at a price without premium, equal to the principal amount plus accrued interest to the redemption date.

Additionally, the term certificates, maturing on September 1, 2031, 2033, and 2041 are subject to mandatory sinking fund redemption in part on each September 1, on and after September 1, 2030, 2032, and 2038 respectively, in integral multiples of \$5,000, at a redemption price without premium, equal to the principal amount plus accrued interest to the redemption date, in accordance with the schedules contained in the covenants. The rate covenant requires net revenues during each Fiscal Year to be sufficient to equal 120% of the Debt Service payable in such Fiscal Year. The outstanding balance at June 30, 2018, was \$28,195,000 and the unamortized bond premium was \$1,260,836. A reserve fund is not established.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 565,000	\$ 1,326,656	\$ 1,891,656
2021	585,000	1,303,656	1,888,656
2022	610,000	1,279,756	1,889,756
2023	635,000	1,258,031	1,893,031
2024	645,000	1,232,381	1,877,381
2025-2029	3,525,000	5,731,733	9,256,733
2030-2034	7,325,000	4,668,550	11,993,550
2035-2039	3,320,000	3,493,250	6,813,250
2040-2042	10,985,000	841,627	11,826,627
Total	<u>\$ 28,195,000</u>	<u>\$ 21,135,640</u>	<u>\$ 49,330,640</u>

2015A Wastewater Refunding Revenue Bonds

On April 29, 2015, the City issued \$14,645,000 of Refunding Revenue Bonds (Wastewater System), Series 2015A. Proceeds from the issuance were used to refund the 2004A COP Bonds and pay the costs of issuing the Bonds. The Bonds bear interest ranging from 2.00% to 5.00% per annum payable on March 1 and September 1 of each year commencing on September 1, 2015. The Bonds mature September 1, 2015 through September 1, 2026 and are limited obligations of the City payable solely from net revenues of the City's Wastewater System remaining after payment of operation and maintenance costs. At June 30, 2019, the outstanding balance of the Bonds was \$10,575,000 and unamortized bond premium was \$1,530,774.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2015A Wastewater Refunding Revenue Bonds (Continued)

The net proceeds of \$16.8 million of the Refunding Revenue Bonds (Wastewater System), Series 2015A (after a premium of \$2.4 million and payment of \$0.2 million in underwriting fees, insurance, and other issuance costs) were used to refund the Certificates of Participation, Series 2004A and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Certificates of Participation, Series 2004A. As a result, the refunded bonds are considered to be defeased and the liability of the Certificates of Participation, Series 2004A has been removed from long-term debt. The refunding decreased the total debt service payment by \$5.0 million over the next 12 years and resulted in an economic gain of \$2.4 million.

The annual debt service requirements are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2020	\$ 1,100,000	\$ 501,250	\$ 1,601,250
2021	1,160,000	444,750	1,604,750
2022	1,215,000	385,375	1,600,375
2023	1,280,000	323,000	1,603,000
2024	1,350,000	257,250	1,607,250
2025-2027	4,470,000	342,750	4,812,750
Total	<u>\$ 10,575,000</u>	<u>\$ 2,254,375</u>	<u>\$ 12,829,375</u>

2015B Wastewater Refunding Revenue Bonds

On April 29, 2015, the City issued \$5,060,000 of Refunding Revenue Bonds (Wastewater System), Series 2015B. Proceeds from the issuance were used to refund the 2004B Certificates of Participation and pay the costs of issuing the Bonds. The Bonds bear interest ranging from 0.40% to 3.25% per annum payable on March 1 and September 1 of each year commencing on September 1, 2015. The Bonds mature September 1, 2015 through September 1, 2025. The 2015 Bonds are limited obligations of the City payable solely from net revenues of the City's Wastewater System remaining after payment of operation and maintenance costs. At June 30, 2018, the outstanding balance of the Bonds was \$3,765,000 and unamortized bond discount was \$39,742.

The net proceeds of \$5.0 million of the Refunding Revenue Bonds (Wastewater System), Series 2015B were used to refund the Certificates of Participation, Series 2004B and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Certificates of Participation, Series 2004B. As a result, the refunded bonds are considered to be defeased and the liability of the Certificates of Participation, Series 2004B has been removed from long-term debt. The refunding decreased the total debt service payment by \$3.9 million over the next 11 years and resulted in an economic gain of \$1.1 million.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2015B Wastewater Refunding Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 440,000	\$ 85,525	\$ 525,525
2021	450,000	76,063	526,063
2022	460,000	65,250	525,250
2023	475,000	52,969	527,969
2024	485,000	39,162	524,162
2025-2026	1,020,000	32,681	1,052,681
Total	<u>\$ 3,330,000</u>	<u>\$ 351,650</u>	<u>\$ 3,681,650</u>

2012 Wastewater Revenue Bonds

In March 2012, the City issued \$27,390,000 in Revenue Wastewater System Financing Bonds to finance certain capital projects and to current refund a portion of the \$9,830,000 of outstanding Water Revenue Certificates of Participation, series 2000. The principal for the \$4,070,000 serial bonds is due annually on September 1 in amounts ranging from \$130,000 to \$1,410,000 commencing 2013 and ending 2031 with interest at rates varying from 1.0% to 4.0%. In addition, Term bonds are due in the amounts of \$2,375,000, \$2,615,000, \$3,000,000, \$5,075,000 and \$10,225,000 on September 1, 2028, 2030, 2033, 2036, and 2041 respectively. The term certificates pay interest at rates of 4.25% and 5.0%, and require sinking fund deposits or principal installment payments due annually on September 1 in amounts ranging from \$475,000 to \$2,255,000, commencing 2027 and ending 2041. Interest is payable semi-annually on March 1 and September 1 of each year, commencing on September 1, 2013.

Bonds with stated maturities on or after September 1, 2022 will be subject to optional redemption prior to their respective stated maturities, as a whole or in part, on any date as directed by the City provided at least a 30-day notice is mailed by the Trustee to bondholders, and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 2022 at a price without premium, equal to the principal amount plus accrued interest to the redemption date.

Additionally, the term certificates, maturing on September 1, 2028, 2030, 2033, 2036 and 2041 are subject to mandatory sinking fund redemption in part on each September 1, on and after September 1, 2027 2029, 2032, 2034, and 2034 respectively, in integral multiples of \$5,000, at a redemption price without premium, equal to the principal amount plus accrued interest to the redemption date, in accordance with the schedules contained in the covenants. The rate covenant requires net revenues during each Fiscal Year to be sufficient to equal 115% of the Debt Service payable in such Fiscal Year. The outstanding balance at June 30, 2019, was \$26,245,000 and unamortized bond premium is \$1,439,202. A reserve fund is not established.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2012 Wastewater Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 175,000	\$ 1,266,981	\$ 1,441,981
2021	185,000	1,259,781	1,444,781
2022	185,000	1,252,381	1,437,381
2023	195,000	1,244,781	1,439,781
2024	205,000	1,236,781	1,441,781
2025-2029	3,045,000	5,972,153	9,017,153
2030-2034	7,025,000	4,651,375	11,676,375
2035-2039	8,880,000	2,747,000	11,627,000
2040-2042	6,450,000	494,250	6,944,250
Total	<u>\$ 26,345,000</u>	<u>\$ 20,125,483</u>	<u>\$ 46,470,483</u>

Pledged Revenue

The City and its component units have a number of debt issuances outstanding that are collateralized by the pledging of certain revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented in the accompanying notes. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment.

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Charges for services	\$ 21,953,895	\$ 9,788,675	44.59%
Loan repayment revenue	360,844	360,844	100.00%

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Rate Covenants

Under various debt issues, the City has agreed to set charges for water and wastewater services each year at rates sufficient to produce net revenues (after paying operating and maintenance expenses, excluding depreciation and interest) of at least 1.20 and 1.15 times the debt service on the bonds for that year for the Water and Wastewater Fund, respectively.

For the year ended June 30, 2019, the City met this requirement, as follows:

	Water	Wastewater
Gross revenues, excluding intergovernmental revenue and developer contributions	\$ 60,221,282	\$ 38,533,132
Operating and maintenance expenses, excluding depreciation, interest and transfers	52,344,138	24,456,381
Net revenues	7,877,144	14,076,751
Amount required:		
Debt service payments	4,016,652	5,772,023
Coverage required	1.20	1.15
Amount required	4,819,982	6,637,826
Excess of net revenues	\$ 3,057,162	\$ 7,438,925

C. Fiduciary Funds

Summary of changes in long-term liabilities for Fiduciary Funds as of June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
Advances from the City of Escondido	\$ 18,981,545	\$ 155,622	\$ (4,695,228)	\$ 14,441,939	\$ 3,322,326	\$ 11,119,613
2007 A & B Lease Revenue Bonds	7,070,000	-	(7,070,000)	-	-	-
Unamortized bond premium	102,131	-	(102,131)	-	-	-
Total	\$ 26,153,676	\$ 155,622	\$ (11,867,359)	\$ 14,441,939	\$ 3,322,326	\$ 11,119,613

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Advances from the City of Escondido

The Community Development Commission Debt Service Fund had received monies from the General Fund and Street Special Revenue Fund for use in its operations and capital improvement projects. These advances were absorbed by the Successor Agency at February 1, 2012, and recorded on the ROPS to be an enforceable obligation. At June 30, 2019, the outstanding balance of the advance from the Street Special Revenue Fund totaled \$953,953.

In accordance with AB X1 26 which dissolves redevelopment agencies, the California State Department of Finance determined that Advances made between the General Fund and the former Community Development Commission were disallowed and not an enforceable obligation. On April 26, 2017, the Department of Finance approved the City of Escondido Successor Agency Oversight Board Resolution making a finding that city loans were for legitimate redevelopment purposes and eligible for reinstatement. As a result, \$9,832,652 of principal and accumulated interest are recorded as a Loan to the Successor Agency from the General Fund. Repayments began in the fiscal year ending June 30, 2019. At June 30, 2019, the outstanding balance of the advance from the General Fund totaled \$13,487,986.

2007 A&B Lease Revenue Bonds

In January 2007, the Escondido Joint Powers Financing Authority issued \$40,025,000 2007A Lease Revenue Refunding Bonds and \$16,525,000 2007B Taxable Lease Revenue Refunding Bonds to refund the 1995 Certificates of Participation (COP) Lease Revenue Bonds. The 2007A Lease Revenue Refunding Bonds bear interest rates between 3.6% to 4.02% payable semiannually on March 1 and September 1 of each year. The 2007A Lease Revenue Refunding Bonds mature between September 1, 2009 and September 1, 2018, in amounts ranging from \$850,000 to \$5,025,000. The 2007B Taxable Lease Revenue Refunding Bonds mature on September 1, 2018 at 5.53% rate. The 2007B bonds are subject to mandatory redemption from a sinking fund account in amounts ranging from \$930,000 to \$2,045,000 commencing September 1, 2009.

Both 2007A and 2007B bonds are subject to mandatory redemption as a whole or in part on any date without premium, from unused insurance or condemnation proceed as described in the bond covenants. The reserve for 2007A and 2007B bonds was in form of surety bond and fully funded. The final debt service payments were made in September 2018, the outstanding balance at June 30, 2019, was \$0 and unamortized bond premium was \$0.

D. Component Unit

Summary of changes in long-term liabilities for Component Unit as of June 30, 2019, are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in More Than One Year
Compensated absences	\$ 121,581	\$ 41,679	\$ (3,789)	\$ 159,471	\$ 50,000	\$ 109,471
Note Payable to the City of Escondido	-	261,500	(37,095)	224,405	50,597	173,808
Total	\$ 121,581	\$ 303,179	\$ (40,884)	\$ 383,876	\$ 100,597	\$ 283,279

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

D. Component Unit (Continued)

Compensated Absences – Employee Leave Benefits Payable

The Foundation policies relating to employee leave benefits are described in Note 1 of the Notes to Basic Financial Statements. This liability will be paid in future years from future resources. The balance at June 30, 2019, is \$159,471.

Note Payable to the City of Escondido

In October 2018, the Foundation entered into a loan agreement with the City of Escondido in the amount of \$261,500 to finance the purchase of equipment. The note bears interest at 2.598% per annum and has a maturity date of September 2023. Fixed monthly payments of \$4,652 are due on the first day of each month, beginning October 2018. The balance of the note is \$224,405 at June 30, 2019. The note is not secured by any collateral.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2020	\$ 50,597	\$ 5,230	\$ 55,827
2021	51,927	3,900	55,827
2022	53,292	2,535	55,827
2023	54,693	1,134	55,827
2024	13,896	60	13,956
Total	<u>\$ 224,405</u>	<u>\$ 12,859</u>	<u>\$ 237,264</u>

Note 9 – Debt without City’s Commitment

A. Mortgage Revenue Bonds

The City has outstanding multifamily mortgage housing revenue bonds totaling \$11,150,000. The bonds were issued to provide funds for the purchase and/or construction of multifamily housing facilities to provide low-income housing to residents. These bonds are not included in the accompanying financial statements, as these bonds are payable solely from the related mortgage loans in which the bond proceeds were invested, the City is not liable for repayment of the bonds.

B. Special Assessment Debt

In January 1998, the City issued \$4,435,000 in Limited Obligation Improvement Refunding Bonds for the Auto Parkway project. Interest payments commenced March 2, 1999 and are paid semiannually thereafter on September 2 and March 2 of each year. Principal payments are paid annually in amounts ranging from \$10,000 to \$190,000, commencing 1999 and ending 2008. In addition, \$2,505,000 of Term Bonds are due September 2, 2018. These bonds were issued to refund the Limited Obligation Bonds issued in July 1988 for Assessment District No. 86-1-R. The final debt service payments were made in September 2018, the outstanding balance at June 30, 2019, was \$0.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Debt without City’s Commitment (Continued)

B. Special Assessment Debt (Continued)

In August 1998, the City issued \$5,105,000 in Limited Obligation Refunding Bonds for Assessment District No. 98-1 (Rancho San Pasqual). Interest payments commenced March 2, 1999 and are paid semiannually thereafter on March 2 and September 2. Principal payments are paid annually in amounts ranging from \$80,000 to \$165,000 commencing September 2, 1999 and ending September 2, 2013. In addition, \$3,040,000 of Term Bonds are due September 2, 2026. These bonds were issued to refund the Limited Obligation Improvements Bonds issued in September 1995 for Rancho San Pasqual Assessment District No. 95-1. On June 30, 2019, the 98-1 Limited Obligation Refunding Bonds outstanding were \$2,125,000.

In May 2015, the City issued \$13,745,000 in Special Tax Refunding Bonds for Community Facility District No. 2006-01 (Eureka Ranch). These bonds were issued to refund the 2006 Series Special Tax Bonds for Community Facility District No. 2006-01 (Eureka Ranch). The bonds were issued to finance various public improvements needed to develop property located within Community Facilities District No. 2006-01 (Eureka Ranch). The May 2015 issuance of the Special Tax Refunding Bonds fully defeased the 2006 Special Tax Bonds. Interest payments for the Special Tax Refunding Bonds, Series 2015 commenced March 1, 2016 and are paid semiannually thereafter on September 1 and March 1 of each year. Principal is paid annually in amounts ranging from \$285,000 to \$985,000, commencing September 1, 2016 and ending September 1, 2036. In addition, \$2,965,000 and \$3,875,000 of Term Bonds are due September 1, 2036. On June 30, 2019, the 2006-01 Special Tax Bonds outstanding were \$12,545,000.

In July 2013, the City issued \$2,355,000 in Special Tax Refunding Bonds for Community Facility District No. 2000-01 (Hidden Trails). These bonds were issued to refund the 2001 Series Special Tax Bonds issued to finance various public improvements needed to develop property located within Community Facility District No. 2000-01 (Hidden Trails). The July 2013 issuance of the Special Tax Refunding Bonds fully defeased the 2001 Special Tax bonds. Interest payments for the Special Tax Refunding Bonds, Series 2013 commenced March 1, 2014, and are paid semiannually thereafter on September 1 and March 1 of each year. Principal payments are paid annually in amounts ranging from \$95,000 to \$185,000, commencing September 1, 2014 and ending September 1, 2031.

On June 30, 2019, the outstanding principal of Community Facilities District No. 2000-01 (Hidden Trails) Special Tax Refunding bonds, Series 2013 was \$1,840,000. The bonds are secured by and payable from the proceeds of annual special assessment taxes levied and collected on the property within the Districts. The bonds are not general or special obligations of the City of Escondido. The City is not obligated in any manner for the payment of debt service in the event of default by the property owners but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate. Neither the faith and credit nor taxing power of the City is pledged to the payment of these bonds. Accordingly, no liability for these bond issuances has been recorded and all debt service transactions have been recorded as an agency fund.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Self-Insurance

The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA) which provides liability coverage to its members. As a member, the City carries a self-insured retention of \$500,000 and is insured through SANDPIPA from \$500,000 to \$2,500,000. In addition, SANDPIPA has purchased excess insurance coverage above \$2,500,000 to \$44,500,000 for all of its members, including the City.

The Board of Directors elects three members (including a President and Vice President) to the Executive Committee, which has the responsibility for overseeing all operations of SANDPIPA, including preparation and submission of the annual operating budget to the Board of Directors for its approval and modification, if deemed necessary.

Annual premiums are approved by the Board of Directors and are adjusted each year based on the following criteria:

- SANDPIPA’s overall funding requirement
- Exposure base = general liability exposure – DE 6 payroll total for each member; plus automobile liability – the number of vehicles by major type for each member
- Loss experience = Each members’ share of total incurred SANDPIPA layer losses for 5 years – 100% of paid losses and 20% of reserves; all losses capped at \$750,000
- Historical contributions = each members’ historical contribution less dividends paid (percentage of total contributions of all members)

Assessments are recommended by the Underwriting Committee and approved by the Board of Directors and are determined by:

- Identifying the claims leading to the shortfall
- Amounts apportioned by the insurance year
- Each members’ percentage applied to the overall assessment
- Assessment amount determined for program year
- Administrative fees and excess insurance are not included

SANDPIPA’s pooled liability will go into run off on July 1, 2015, adding no new years of claims liabilities. SANDPIPA will continue to exist for the purpose of disposing of all claims, distribution of assets proportionate to each city’s cash contributions, and all other functions necessary to wind down the affairs of the Joint Powers Authority (JPA). Effective July 1, 2015, SANDPIPA will purchase coverage from member self-insured retentions to \$50 million with the California State Association of Counties Excess Insurance Authority (CSAC-EIA).

As of June 30, 2019, the City has recorded general self-insurance and workers' compensation liabilities of \$2,830,800 and \$14,783,000 respectively, for a total of \$17,613,800. The City is self-insured for workers' compensation up to \$500,000, but has purchased outside insurance coverage for individual claims in excess of \$500,000 up to a maximum of \$5,000,000 per claim through the CSAC Excess Insurance Authority, a risk management joint powers authority, with additional reinsurance of \$300,000,000 per occurrence. Only the probable amounts of loss as estimated by legal counsel and the City, including an estimate for incurred but not reported losses, have been recorded as liabilities in the accompanying financial statements.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Self-Insurance (Continued)

Increases and decreases in claim liabilities for changes in estimates are charged to expense in the period in which the estimates are adjusted. For the past three years, no settlements or claims payments have exceeded the amount of the applicable insurance coverage. Changes in the City's liability for claims payable for the past three fiscal years are summarized as follows:

Fiscal Year	Beginning Balance	Claims Incurred and Charges in Estimates	Less Claim Payments	Ending Balance
2016-17	15,749,700	886,500	(268,800)	16,367,400
2017-18	16,367,400	3,377,317	(2,921,317)	16,823,400
2018-19	16,823,400	3,365,936	(2,575,536)	17,613,800

Note 11 – Restricted Net Position

The restricted component of net position are assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. At June 30, 2019, restricted net position consisted of the followings:

	Governmental Activities	Business-type Activities	Total
General government	\$ 7,555,580	\$ -	\$ 7,555,580
Low and moderate income housing	77,545,628	-	77,545,628
Community services	4,490,571	-	4,490,571
Debt service	3,279,495	1,095,891	4,375,386
Capital projects	2,921,062	-	2,921,062
Public safety	403,946	-	403,946
Public works	12,307,978	-	12,307,978
Investment in Section 115 Trust	7,013,035	-	7,013,035
Total restricted net position	\$ 115,517,295	\$ 1,095,891	\$ 116,613,186

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12 – Fund Balance

A. Fund Balance Classification

At June 30, 2019, fund balances are classified as follows:

	General	Special Revenue Successor Agency Housing	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable				
Due from Successor Agency, net of unavailable revenue of \$8,300,561	\$ 5,187,424	\$ -	\$ -	\$ 5,187,424
Inventory and prepaid items	-	-	33,151	33,151
Daley Ranch Permanent Fund	-	-	249,022	249,022
Total nonspendable	5,187,424	-	282,173	5,469,597
Restricted for				
Housing & community development	-	44,301,476	18,524,816	62,826,292
Community Development Block Grant	-	-	6,614	6,614
Investment in Section 115 Trust	7,013,035	-	-	7,013,035
Debt service	-	-	4,331,282	4,331,282
Capital projects	-	-	8,901,440	8,901,440
Street maintenance	-	-	8,290,657	8,290,657
Landscape and assessment districts	-	-	1,471,310	1,471,310
Vehicle Parking District	-	-	8,140	8,140
Daley Ranch	-	-	641,413	641,413
Park development	-	-	3,413,105	3,413,105
Public art	-	-	642,212	642,212
Total restricted	7,013,035	44,301,476	46,230,989	97,545,500
Committed to				
Reserves	17,392,319	-	-	17,392,319
Capital projects	-	-	766,663	766,663
Ryan Trust	-	-	30,034	30,034
Total committed	17,392,319	-	796,697	18,189,016
Assigned to				
Carryovers	381,830	-	-	381,830
Underground waivers	1,532,076	-	-	1,532,076
Library Trust	383,522	-	-	383,522
Total assigned	2,297,428	-	-	2,297,428
Unassigned (deficit)	1,888,896	-	(50,146)	1,838,750
Total Fund Balances	\$ 33,779,102	\$ 44,301,476	\$ 47,259,713	\$ 125,340,291

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12 – Fund Balance (Continued)

B. General Fund Reserve

The General Fund Reserves portion of fund balance is committed by City Council to maintain adequate levels of fund balance to mitigate current and future risks and to provide for cash flow requirements and contingencies for unseen operating or capital needs the City. The Reserve balance is available to fund one-time unanticipated expenditure requirements, local disasters, or when actual revenue received is less than the amount budgeted resulting in an operating deficit in the General Fund. City Council action by Resolution is required to adjust the Reserve level.

Note 13 – City Employees Retirement Plan

A. CalPERS

Plan Description

The City of Escondido contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2017 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

The plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Plan		
	Tier 1 *	Tier 2 *	PEPRA (Tier 3)
Hire date	Prior to December 23, 2012	December 23, 2012 and after	January 1, 2013 and after
Benefit formula	3% @ 60	2% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 3.000%, 50 yrs - 60+ yrs, respectively	1.092% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	30.801%	30.801%	30.801%

* Plan is closed to new entrants

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Benefits Provided (continued)

	Safety Plan		
	Tier 1 *	Tier 2 *	PEPRA (Tier 3)
Hire date	Fire - prior to May 27, 2012, Police - prior to September 30, 2012	Fire - May 27, 2012 and after Police - September 30, 2012 and after	January 1, 2013 and after
Benefit formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	3.000% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	2.000% - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000%	9.000%	12.250%
Required employer contribution rates	37.787%	37.787%	37.787%

* Plan is closed to new entrants

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms of the plan:

Description	Number of members	
	Miscellaneous	Safety
Active members	548	249
Transferred members	311	69
Terminated members	378	47
Retired members and beneficiaries	689	314
Total Members	1,926	679

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change in Assumption

The CalPERS Board has approved reducing the discount rate from 7.15 percent to 7.00 percent for the City's fiscal year ending June 30, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Net Pension Liability (Continued)

Discount Rate (continued)

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Assets Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	77.00%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.70%	4.93%
Liquidity	1.00%		-0.92%

- (1) An expected inflation of 2.0% used for this period
- (2) An expected inflation of 2.92% used for this period

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
	(a)	(b)	(c)=(a)-(b)
Miscellaneous Plan			
Balance at: 6/30/2017 (Valuation Date) ⁽¹⁾	\$ 412,473,215	\$ 277,837,855	\$ 134,635,360
Changes Recognized for the Measurement Period:			
Service Cost	7,086,737	-	7,086,737
Interest on the Total Pension Liability	28,726,687	-	28,726,687
Changes of Assumptions	(2,390,700)	-	(2,390,700)
Difference between Expected and Actual Experience	(1,867,216)	-	(1,867,216)
Plan to Plan Resource Movement	-	(684)	684
Contribution from the Employer	-	11,929,230	(11,929,230)
Contributions from Employees	-	2,810,647	(2,810,647)
Net Investment Income ⁽²⁾	-	23,296,317	(23,296,317)
Benefit Payments including Refunds of Employee Contributions	(19,973,641)	(19,973,641)	-
Administrative Expense	-	(432,948)	432,948
Other Miscellaneous Income/(Expense)	-	(822,175)	822,175
Net Changes During 2017-18	11,581,867	16,806,746	(5,224,879)
Balance at: 6/30/2018 (Measurement Date) ⁽¹⁾	\$ 424,055,082	\$ 294,644,601	\$ 129,410,481
Safety Plan			
Balance at: 6/30/2017 (Valuation Date) ⁽¹⁾	\$ 385,539,591	\$ 268,250,106	\$ 117,289,485
Changes Recognized for the Measurement Period:			
Service Cost	7,860,653	-	7,860,653
Interest on the Total Pension Liability	26,945,680	-	26,945,680
Changes of Assumptions	(1,803,722)	-	(1,803,722)
Difference between Expected and Actual Experience	(1,997,161)	-	(1,997,161)
Plan to Plan Resource Movement	-	(661)	661
Contribution from the Employer	-	10,527,707	(10,527,707)
Contributions from Employees	-	2,757,287	(2,757,287)
Net Investment Income ⁽²⁾	-	22,392,729	(22,392,729)
Benefit Payments including Refunds of Employee Contributions	(17,612,750)	(17,612,750)	-
Administrative Expense	-	(418,008)	418,008
Other Miscellaneous Income/(Expense)	-	(793,803)	793,803
Net Changes During 2017-18	13,392,700	16,852,501	(3,459,801)
Balance at: 6/30/2018 (Measurement Date) ⁽¹⁾	\$ 398,932,291	\$ 285,102,607	\$ 113,829,684

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report

(2) Net of administrative expenses.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Changes in Net Pension Liability (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan	\$ 183,436,597	\$ 129,410,481	\$ 84,472,753
Safety Plan	170,085,808	113,829,684	67,860,205
Total Plans	<u>\$ 353,522,405</u>	<u>\$ 243,240,165</u>	<u>\$ 152,332,958</u>

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

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

For the measurement period ending June 30, 2018, the City incurred a pension expense of \$11,929,225 and \$10,527,706 for Miscellaneous and Safety plans, respectively.

As of measurement date of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Plan		Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after measurement date	\$ 13,300,378	\$ -	\$ 11,295,735	\$ -
Changes of Assumptions	5,322,682	-	10,230,674	-
Differences between Expected and Actual Experiences	-	(1,574,421)	91,632	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	776,638	-	1,062,435	-
	<u>\$ 19,399,698</u>	<u>\$ (1,574,421)</u>	<u>\$ 22,680,476</u>	<u>\$ -</u>

The amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

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

The expected average remaining service lifetime (“EARSL”) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan and safety plan for the 2015-16 measurement period is 3.0 and 4.7 years, which was obtained by dividing the total service years of 5,237 and 2,992 (the sum of remaining service lifetimes of the active employees) by 1,763 and 639 (the total number of participants: active, inactive, and retired), respectively.

The \$6,099,320 and \$11,384,741 reported as deferred outflows of resources related to pension resulting from the City’s contributions subsequent to the measurement date during the year ended June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
June 30:	Miscellaneous Plan	Safety Plan
2019	\$ 8,682,832	\$ 8,133,381
2020	(606,569)	5,572,729
2021	(2,814,198)	(1,141,175)
2022	(737,166)	(1,180,194)
2023	-	-
Thereafter	-	-
Total	\$ 4,524,899	\$ 11,384,741

B. Defined Contribution Plan

In accordance with the Federal Omnibus Budget Reconciliation Act of 1990, the City established pension benefits for all of its part-time employees through Public Agency Retirement Services (PARS) which is a private administrator of pension plans that administers for the City a defined contribution plan, qualifying under sections 401 and 501 of the Internal Revenue Code. PARS acts as a common investment and administrative agent for participating public entities within the State of California. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City by Council action and agreements with labor bargaining units has the authority to establish or amend the plan provisions and contribution requirements, subject to the constraints and limitations imposed by PARS as a part of the plan design options it offers to participating employers.

For the year ended June 30, 2019, the City's total covered payroll was \$2,090,762. The City made employer contributions of \$0, and employees contributed \$156,810 (7.5 percent of covered payroll). All eligible employees are covered by the plan and are fully vested. Employer liabilities are limited to the amount of current contributions. The plan covers part-time, seasonal, or temporary employees, and all employees not covered by another retirement system, subject to the requirements of Section 3121 of the Internal Revenue Code.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 14 – Developer Agreement with Palomar Pomerado Health (Hospital)

On February 8, 2006, the City entered into a developer agreement with Palomar Pomerado Health (Hospital). The Hospital made a onetime payment to the City in the amount of \$13 million (deposit) for the City to construct certain Citracado Parkway improvements (project). The deposit is to be jointly controlled by the City and the Hospital. The City is entitled to draw from the deposit so long as the funds are used exclusively on the project. At June 30, 2019, the balance is \$10,087,925.

Note 15 – Contingencies and Commitments

A. Litigation

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these matters is not presently determinable in the opinion of legal counsel, the city believes that the resolutions of these matters will not have a material adverse effect on the financial condition of the City.

B. Grants

Amounts received or receivable from granting agencies are subject to audit and adjustments by grantor agencies. While no matters of non-compliance were disclosed by the audit of the financial statements or single audit of the Federal programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have material adverse effect on the financial position of the City.

C. Construction Commitments

The City has several outstanding or planned construction projects as of June 30, 2019. These projects are evidenced by contractual commitments with contractors.

As of June 30, 2019, the City’s outstanding commitments are as follows:

Project Name	Contract Amount	Expenditures to date as of June 30, 2019	Remaining Commitments
Construction of Brine pipeline from Broadway to the HARRF	\$ 6,101,371	\$ 5,599,936	\$ 501,435
Recycled Water Easterly Main and Tanks Project	9,652,000	2,481,504	7,170,496
2018 Street Rehabilitation and Maintenance Project	5,536,819	4,895,313	641,506
Storm Drain Lining and Rehabilitation	841,310	-	841,310
Spruce Street Channel Improvement Project and Escondido Transit Center Active Transportation Connections Project	3,523,810	-	3,523,810

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 16 – Subsequent Events

2019 Water System Revenue Refunding Bonds – Series A & B

On October 23, 2019, the City Council and Joint Powers Financing Authority approved the issuance and sale of the Water System Revenue Refunding Bonds, Series 2019A, in an amount not to exceed \$26,000,000, and the Water System Revenue Refunding Taxable Bonds, Series 2019B, in an amount not to exceed \$30,000,000. The net proceeds of the Water System Refunding Revenue Bonds, Series 2019A are being used to redeem the entirety of the 2007 Water Revenue Certificates of Participation outstanding issues, pay administrative and issuance costs associated with the refunding bonds, and fund any necessary reserves. The net proceeds of the taxable Water System Refunding Revenue Bonds, Series 2019B are being used to redeem the entirety of the 2012 Revenue Water System Financing Bonds outstanding issues, pay administrative and issuance costs associated with the refunding bonds, and fund any necessary reserves. The Preliminary Offering Statement was released in November 2019 with an anticipated total net present value savings of \$7.9 million.



Required Supplementary Information

CITY OF ESCONDIDO
Required Supplementary Information
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:				
Sales tax	\$ 38,519,970	\$ 38,223,750	\$ 38,678,931	\$ 455,181
Property taxes	27,489,000	27,737,000	27,957,109	220,109
Other taxes	13,641,000	12,870,000	12,362,304	(507,696)
Licenses and permits	1,319,000	1,024,000	888,019	(135,981)
Fines and forfeits	1,151,000	1,231,000	1,257,729	26,729
Intergovernmental	3,584,000	4,199,000	3,612,476	(586,524)
Charges for services	10,879,500	12,908,715	12,996,241	87,526
Lease income	3,844,000	3,844,000	3,827,550	(16,450)
Investment income	235,000	465,000	1,521,540	1,056,540
Miscellaneous	370,000	370,000	428,545	58,545
Total revenues	101,032,470	102,872,465	103,530,444	657,979
EXPENDITURES:				
General Government				
City council	305,535	305,535	281,655	(23,880)
City manager	1,022,775	1,181,890	1,181,855	(35)
City attorney	162,080	191,355	179,004	(12,351)
City clerk	568,790	599,160	536,930	(62,230)
City treasurer	282,465	282,465	197,406	(85,059)
Finance	1,301,225	1,445,030	1,041,288	(403,742)
Human resources	613,725	623,980	526,360	(97,620)
Information systems	1,688,465	1,874,310	1,618,475	(255,835)
Other general government	1,655,910	877,245	762,879	(114,366)
Public Safety				
Police	43,022,578	43,134,683	42,975,496	(159,187)
Fire	24,294,960	25,656,755	25,654,663	(2,092)
Public Works				
Public works	12,477,834	12,831,484	12,678,893	(152,591)
Community Services				
Library	3,401,520	3,515,750	3,359,360	(156,390)
Community services	6,477,725	6,480,770	6,212,963	(267,807)
Community relations	92,170	92,170	32,000	(60,170)
Community Development				
Planning	2,338,250	2,352,160	1,817,858	(534,302)
Code enforcement	1,263,355	1,233,915	1,179,402	(54,513)
Building	1,070,870	1,074,610	1,011,378	(63,232)
Capital Outlay	91,680	91,680	91,680	-
Debt Service:				
Principal retirements	527,985	527,985	528,413	428
Interest and fiscal charges	108,690	108,690	109,268	578
Total expenditures	102,768,587	104,481,622	101,977,226	(2,504,396)

CITY OF ESCONDIDO
Required Supplementary Information
General Fund
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,736,117)	(1,609,157)	1,553,218	3,162,375
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	100,000	-	-	-
Transfers in	2,080,000	2,080,000	2,080,000	-
Transfers (out)	(4,256,805)	(3,837,916)	(3,837,916)	-
Total other financial sources (uses)	(2,076,805)	(1,757,916)	(1,757,916)	-
NET CHANGE IN FUND BALANCE	(3,812,922)	(3,367,073)	(204,698)	3,162,375
FUND BALANCE:				
Beginning of Year	33,983,800	33,983,800	33,983,800	-
End of Year	<u>\$ 30,170,878</u>	<u>\$ 30,616,727</u>	<u>\$ 33,779,102</u>	<u>\$ 3,162,375</u>

CITY OF ESCONDIDO
Required Supplementary Information
Successor Agency Housing Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:				
Lease income	\$ 184,750	\$ 184,750	\$ 171,379	\$ (13,371)
Investment income	-	-	492,885	492,885
Miscellaneous	-	-	210,143	210,143
Total revenues	<u>184,750</u>	<u>184,750</u>	<u>874,407</u>	<u>689,657</u>
EXPENDITURES:				
Current:				
Community development	480,290	480,290	427,240	(53,050)
Total expenditures	<u>480,290</u>	<u>480,290</u>	<u>427,240</u>	<u>(53,050)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(295,540)</u>	<u>(295,540)</u>	<u>447,167</u>	<u>742,707</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	954,046	954,046	954,046	-
Total other financing sources (uses)	<u>954,046</u>	<u>954,046</u>	<u>954,046</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	658,506	658,506	1,401,213	742,707
FUND BALANCE:				
Beginning of Year	42,900,263	42,900,263	42,900,263	-
End of Year	<u>\$ 43,558,769</u>	<u>\$ 43,558,769</u>	<u>\$ 44,301,476</u>	<u>\$ 742,707</u>

CITY OF ESCONDIDO
Required Supplementary Information (Unaudited)
Miscellaneous Plan - Agent Multiple-Employer Defined Benefit Plan
Schedule of Changes in Net Pension Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2017-18	2016-17	2015-16	2014-15	2013-14 ⁽¹⁾
TOTAL PENSION LIABILITY					
Service Cost	\$ 7,086,737	\$ 7,098,079	\$ 6,041,393	\$ 6,086,726	\$ 6,187,698
Interest	28,726,687	27,888,570	26,975,771	25,822,523	24,823,748
Changes of Benefits Terms	-	-	-	-	-
Changes in Assumptions	(2,390,700)	22,286,442	-	(6,078,768)	-
Difference Between expected and Actual Experience	(1,867,216)	(1,062,074)	(607,786)	(3,440,683)	-
Benefit Payments, Including Refunds of Employee Contributions	(19,973,641)	(18,028,629)	(16,660,225)	(15,747,072)	(14,003,896)
Net Change in Total Pension Liability	\$ 11,581,867	\$ 38,182,388	\$ 15,749,153	\$ 6,642,726	\$ 17,007,550
Total Pension Liability - Beginning	412,473,215	374,290,827	358,541,674	351,898,948	334,891,398
Total Pension Liability - Ending (a)	\$ 424,055,082	\$ 412,473,215	\$ 374,290,827	\$ 358,541,674	\$ 351,898,948
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 11,929,230	\$ 11,179,205	\$ 10,112,332	\$ 8,956,819	\$ 8,191,219
Contribution - Employee	2,810,647	2,789,527	2,818,117	2,702,365	2,751,097
Net Investment Income ⁽²⁾	23,296,317	28,354,307	1,306,944	5,794,332	38,132,668
Benefit Payments, Including Refunds of Employee Contributions	(19,973,641)	(18,028,629)	(16,660,225)	(15,747,072)	(14,003,896)
Plan to Plan Resource Movement	(684)	-	-	(741)	-
Administrative Expense	(432,948)	(374,893)	(156,322)	(288,739)	-
Other Miscellaneous Income/(Expense) ⁽³⁾	(822,175)	-	-	-	-
Net Change in Fiduciary Net Position	\$ 16,806,746	\$ 23,919,517	\$ (2,579,154)	\$ 1,416,964	\$ 35,071,088
Plan Fiduciary Net Position - Beginning	277,837,855	253,918,338	256,497,492	255,080,528	220,009,440
Plan Fiduciary Net Position - Ending (b)	\$ 294,644,601	\$ 277,837,855	\$ 253,918,338	\$ 256,497,492	\$ 255,080,528
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 129,410,481	\$ 134,635,360	\$ 120,372,489	\$ 102,044,182	\$ 96,818,420
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.48%	67.36%	67.84%	71.54%	72.49%
Covered-Employee Payroll	\$ 37,294,690	\$ 37,199,720	\$ 34,850,841	\$ 34,030,669	\$ 32,920,288
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	346.99%	361.93%	345.39%	299.86%	294.10%

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

⁽²⁾ Net of administrative expenses for fiscal year 2013-14.

⁽³⁾ CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF ESCONDIDO
Required Supplementary Information (Unaudited) (Continued)
Safety Plan - Agent Multiple-Employer Defined Benefit Plan
Schedule of Changes in Net Pension Liability and Related Ratios
As of June 30, for the Last Ten Fiscal Years

MEASUREMENT PERIOD	2017-18	2016-17	2015-16	2014-15	2013-14 ⁽¹⁾
TOTAL PENSION LIABILITY					
Service Cost	\$ 7,860,653	\$ 7,712,365	\$ 6,945,677	\$ 6,321,850	\$ 5,878,133
Interest	26,945,680	26,029,723	25,001,133	23,398,715	22,099,344
Changes of Benefits Terms	-	-	-	-	-
Changes in Assumptions	(1,803,722)	22,546,727	-	(5,933,256)	-
Difference Between expected and Actual Experience	(1,997,161)	(1,522,544)	5,753,055	2,817,273	-
Benefit Payments, Including Refunds of Employee Contributions	(17,612,750)	(16,796,782)	(15,432,111)	(14,245,717)	(13,505,688)
Net Change in Total Pension Liability	\$ 13,392,700	\$ 37,969,489	\$ 22,267,754	\$ 12,358,865	\$ 14,471,789
Total Pension Liability - Beginning	385,539,591	347,570,102	325,302,348	312,943,483	298,471,694
Total Pension Liability - Ending (a)	\$ 398,932,291	\$ 385,539,591	\$ 347,570,102	\$ 325,302,348	\$ 312,943,483
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 10,527,707	\$ 9,490,834	\$ 9,136,622	\$ 9,066,062	\$ 7,687,967
Contribution - Employee	2,757,287	2,397,909	2,460,227	2,322,205	2,079,491
Net Investment Income ⁽²⁾	22,392,729	27,240,685	1,283,251	5,455,063	36,944,486
Benefit Payments, Including Refunds of Employee Contributions	(17,612,750)	(16,796,782)	(15,432,111)	(14,245,717)	(13,505,688)
Plan to Plan Resource Movement	(661)	-	-	-	-
Administrative Expense	(418,008)	(363,617)	(151,743)	(280,190)	-
Other Miscellaneous Income/(Expense) ⁽³⁾	(793,803)	-	-	-	-
Net Change in Fiduciary Net Position	\$ 16,852,501	\$ 21,969,029	\$ (2,703,754)	\$ 2,317,423	\$ 33,206,256
Plan Fiduciary Net Position - Beginning	268,250,106	246,281,077	248,984,831	246,667,408	213,461,153
Plan Fiduciary Net Position - Ending (b)	\$ 285,102,607	\$ 268,250,106	\$ 246,281,077	\$ 248,984,831	\$ 246,667,409
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 113,829,684	\$ 117,289,485	\$ 101,289,025	\$ 76,317,517	\$ 66,276,074
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	69.58%	70.86%	76.54%	78.82%
Covered-Employee Payroll	\$ 25,864,216	\$ 25,070,264	\$ 25,315,004	\$ 23,096,046	\$ 20,583,139
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	440.10%	467.84%	400.11%	330.44%	321.99%

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

⁽²⁾ Net of administrative expenses for fiscal year 2013-14.

⁽³⁾ CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF ESCONDIDO
Required Supplementary Information (Unaudited) (Continued)
Miscellaneous Plan - Agent Multiple-Employer Defined Benefit Plan
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> ⁽¹⁾
Actuarially Determined Contribution	\$ 13,300,378	\$ 11,929,230	\$ 11,179,205	\$ 10,112,303	\$ 8,956,958	\$ 8,191,219
Contribution in Relation to the Actuarially Determined Contribution	<u>(13,300,378)</u>	<u>(11,929,230)</u>	<u>(11,179,205)</u>	<u>(10,112,303)</u>	<u>(8,956,958)</u>	<u>(8,191,219)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ⁽²⁾⁽³⁾	\$ 39,465,183	\$ 37,294,690	\$ 37,199,720	\$ 34,850,841	\$ 34,030,669	\$ 32,920,288
Contributions as a Percentage of Covered-Employee Payroll ⁽²⁾	33.70%	31.99%	30.05%	29.02%	26.32%	24.88%

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

⁽²⁾ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer

⁽³⁾ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17

Note to Schedule:

Valuation Date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 was from the June 30, 2015 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Assets valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF ESCONDIDO
Required Supplementary Information (Unaudited) (Continued)
Safety Plan - Agent Multiple-Employer Defined Benefit Plan
Schedule of Plan Contributions
As of June 30, for the Last Ten Fiscal Years

	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> ⁽¹⁾
Actuarially Determined Contribution	\$ 11,295,735	\$ 10,527,707	\$ 9,490,834	\$ 9,136,624	\$ 9,066,062	\$ 7,687,967
Contribution in Relation to the Actuarially Determined Contribution	<u>(11,295,735)</u>	<u>(10,527,707)</u>	<u>(9,490,834)</u>	<u>(9,136,624)</u>	<u>(9,066,062)</u>	<u>(7,687,967)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll ^{(2) (3)}	\$ 26,597,043	\$ 25,864,216	\$ 25,070,264	\$ 21,836,652	\$ 23,096,046	\$ 20,583,139
Contributions as a Percentage of Covered-Employee Payroll ⁽²⁾	42.47%	40.70%	37.86%	41.84%	39.25%	37.35%

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

⁽²⁾ Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer

⁽³⁾ Includes one year's payroll growth using 2.75 percent payroll assumption for fiscal year ended June 30, 2019; 3.00 percent payroll assumption for fiscal years ended June 30, 2014-17

Note to Schedule:

Valuation Date:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 was from the June 30, 2015 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Assets valuation method	5-year smoothed market
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Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF ESCONDIDO
Notes to Required Supplementary Information
June 30, 2019

Budgetary Information

The City adopts an annual operating budget prepared on the modified accrual basis for its general, certain special revenue, and certain debt service funds. Under Section 2-59 of the Escondido City Code, the City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after adoption. Each year, the City Manager submits a proposed budget to the City Council in May. The City Council holds budget hearings in June and the final budget is adopted by the City Council before June 30. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between the accounts of any fund; however, any revisions that alter the total appropriations of any fund must be approved by City Council.

No budgetary comparisons are presented for certain special revenue, certain debt service, capital projects, or proprietary funds as the City is not legally required to adopt an annual budget for those funds. The special revenue funds with legally adopted budgets include the: Successor Agency Housing, Street, Community Services, Community Development Block Grant, Landscape and Assessment District, Law Enforcement, HOME, Miscellaneous Funds and the Vehicle Parking District Fund.

The City holds a midyear budget review meeting at which time revenue and expenditure projections are reviewed. Any necessary changes are approved by the City Council. Prior period appropriations lapse unless they are appropriated again through the formal budget process or through the carryover process. The City controls its expenditures using encumbrance accounting.

In addition to the annual operating budget, the City adopts a Five-Year Capital improvement Program. Funds are appropriated for the first year of the plan with years two through five included for planning purposes. Funds are appropriated on a project basis and are carried over until expended or the project is closed. The legal level of budgetary control is at the project level. The City Manager is authorized to transfer budgeted amounts between projects when transfers are less than \$50,000 or 10% of the project. Transfers in excess of the budget policy amount must be approved by the City Council.



Supplementary Information

CITY OF ESCONDIDO
Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

STREET FUND

This fund was established to account for transactions related to:

- Gasoline taxes received under Sections 2103, 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code. These funds are utilized solely for street-related purposes such as new construction, rehabilitation, or maintenance.
- Revenues allocated to the City based on section 2031 of the Streets & Highway Code and the Road Repair and Accountability Act of 2017 (SB1 Beall). These revenues come from an additional 12 cent per gallon increase to the gasoline excise tax and additional 20 cent per gallon increase to the diesel fuel excise tax effective November 1, 2017. In addition, a "Transportation Improvement Fee" was added to vehicle registrations beginning January 1, 2018.
- Traffic impact fees which are collected from developers. These fees are used exclusively for street improvements that are required as the result of growth and development.

COMMUNITY SERVICES FUND

This fund was established to account for transactions related to:

- Transactions related to the After School Education & Safety Grant which provides funds to provide safe and educationally enriching alternatives for children and youths during non-school hours
- The purchase and development of parks with funding received from park development fees collected from developers.
- The revenue received from the sale of mitigation credits. The funds will be used to provide fund restoration projects at Daley Ranch.
- The operating activities of the Reidy Creek Golf Course

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

This fund was created to account for transactions related to the Community Development Block Grant provided by the Federal Government. The resources are expended for community development and housing assistance.

LANDSCAPE AND ASSESSMENT DISTRICT FUND

This fund was created to account for transactions related to the maintenance of landscaping in various subdivision areas throughout the City. There are currently 38 active assessment districts.

LAW ENFORCEMENT FUND

This fund was established to account for transactions related to:

- Revenue received by the Police Department through the asset forfeiture program. The funds must be used to supplement and enhance existing law enforcement budgets.
- Transactions related to the law enforcement grants received from the Federal and State Government. These funds are used to provide front line law enforcement services and must supplement existing services.

CITY OF ESCONDIDO
Non-Major Governmental Funds

SPECIAL REVENUE FUNDS (continued)

HOME FUND

This fund was created to account for transactions related to the HOME grant provided by the Department of Housing and Urban Development (HUD). The resources are expended for affordable housing programs.

MISCELLANEOUS FUND

This fund was established to account for transactions related to:

- Public art fees, which are assessed when development occurs. The funds will be used to provide public art throughout the city.
- General reimbursable grants received and restricted by outside sources including federal, state, county, and local agencies.
- Monies received from the Frances B. Ryan Trust. The Trust was established to create the Pioneer Room, a historical perspective of Escondido, and to provide financing for its ongoing operation.

VEHICLE PARKING DISTRICT FUND

This fund was established to account for transactions related to the maintenance and operation of the City-owned public parking lots. Funding was historically provided by parking permit revenues and is currently supported by transfers from the General Fund.

DEBT SERVICE FUNDS

GENERAL OBLIGATION DEBT SERVICE FUND

This fund was created to account for transactions related to debt issued for the construction of new public safety facilities. On November 2, 2004, Escondido voters approved Proposition P, which authorized the sale of up to \$84,350,000 in municipal bonds. Funding is provided through special assessments on the property tax rolls.

GOLF COURSE DEBT SERVICE FUND

This fund was created to account for transactions related to debt issued for the development of two Municipal Golf Courses. Funding is provided by repayment of a loan to American Golf Corporation and a General Fund transfer.

CITY OF ESCONDIDO
Non-Major Governmental Funds

CAPITAL PROJECT FUNDS

STREET IMPROVEMENT FUND

This fund was created to account for projects related to street improvements such as street-related construction, improvements, and right-of-way acquisitions. Funding is provided from a variety of sources, which include transfers from Gas Tax and Traffic Impact Funds as well as grant funding received from the Department of Transportation.

STORM DRAIN FUND

This fund was created to account for funds collected from developers when projects create a need for improvements to the City's storm drain basin system. Funds are held until collections for a specific basin make an improvement.

GENERAL CAPITAL PROJECTS FUND

This fund was created to account for transactions related to general capital projects. These projects are typically funded through transfers from General, Public Facilities, and Water and Sewer funds. Project balances may include other funding sources that are restricted in how they can be used.

COUNTY TRANSPORTATION STREET PROJECTS FUND

This fund was established to account for transactions related to the San Diego Transportation Improvement Program Ordinance and Expenditure Plan administered by the San Diego Association of Governments (SANDAG). Allocations are funded by a one-half of one percent Transaction and Use Tax, which was established in 1987 under Proposition-A and extended by voters in November 2004. All resources are legally restricted to expenditures for street, pedestrian, and bicycle transportation programs.

PUBLIC FACILITIES FUND

This fund was created to account for developer fees to ensure public facility standards, established by the City, are met with respect to additional needs that are created as the result of growth and development in the City. The funds collected are restricted in how they can be spent; they cannot be used for operation, maintenance, repair, alteration, or replacement of capital facilities.

PERMANENT FUNDS

DALEY RANCH FUND

This fund was created to fund the City's long-term management and maintenance efforts of Daley Ranch as stated in an agreement with the Wildlife Agencies entered into with the California Department of Fish and Game and the U.S. Fish and Wildlife Services in 1997. Funds are deposited into the Daley Ranch Fund when conservation credits are sold by the City. Interest earned on the funds is available for the management and maintenance of the Conservation Bank in accordance with the Agreement.

CITY OF ESCONDIDO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue			
	Street	Community Services	Community Development Block Grant	Landscape and Assessment District
ASSETS				
Cash and investments	\$ 7,411,186	\$ 4,067,623	\$ 14,457	\$ 1,471,566
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	495,761	181	-	-
Interest	43,821	24,652	-	7,497
Taxes	-	-	-	5,576
Loans	-	-	231,659	-
Due from other governments	-	311,064	448,401	-
Due from Successor Agency	953,953	-	-	-
Inventory	-	20,793	-	-
Prepaid items	-	12,358	-	-
Deposits	-	67,273	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 8,904,721	\$ 4,503,944	\$ 694,517	\$ 1,484,639
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 167,572	\$ 137,250	\$ 405,437	\$ 13,329
Deposits payable	-	-	-	-
Retention payable	30,264	-	43,354	-
Accrued expenditures	-	66,500	7,453	-
Unearned revenues	-	-	-	-
Total liabilities	197,836	203,750	456,244	13,329
Deferred inflows of resources:				
Unavailable revenue	855,721	311,064	231,659	-
Total deferred inflows of resources	855,721	311,064	231,659	-
Fund balances:				
Nonspendable	-	33,151	-	-
Restricted	7,851,164	3,955,979	6,614	1,471,310
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	7,851,164	3,989,130	6,614	1,471,310
Total liabilities, deferred inflows of resources and fund balances	\$ 8,904,721	\$ 4,503,944	\$ 694,517	\$ 1,484,639

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous	Vehicle Parking District
ASSETS				
Cash and investments	\$ 80,382	\$ 1,085,266	\$ 721,622	\$ 8,398
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	-	-	-
Interest	3,130	5,377,795	4,022	150
Taxes	-	-	-	-
Loans	-	17,433,799	-	-
Due from other governments	552,388	-	32,450	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 635,900	\$ 23,896,860	\$ 758,094	\$ 8,548
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 20,441	\$ -	\$ 53,397	\$ 408
Deposits payable	-	-	-	-
Retention payable	-	-	-	-
Accrued expenditures	32,863	-	-	-
Unearned revenues	348,746	-	-	-
Total liabilities	402,050	-	53,397	408
Deferred inflows of resources:				
Unavailable revenue	283,996	5,372,044	32,450	-
Total deferred inflows of resources	283,996	5,372,044	32,450	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	18,524,816	642,213	8,140
Committed	-	-	30,034	-
Unassigned (deficit)	(50,146)	-	-	-
Total fund balances	(50,146)	18,524,816	672,247	8,140
Total liabilities, deferred inflows of resources and fund balances	\$ 635,900	\$ 23,896,860	\$ 758,094	\$ 8,548

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Debt Service		Capital Projects	
	General Obligation	Golf Course	Street Improvement	Storm Drain
ASSETS				
Cash and investments	\$ 4,250,278	\$ 27,210	\$ 2,763,276	\$ 698,946
Cash and investments with fiscal agent	-	15	-	-
Receivable:				
Accounts	-	-	-	-
Interest	17,775	262	15,457	3,731
Taxes	36,492	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	2,252,983	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	200,000	-
Total assets	\$ 4,304,545	\$ 27,487	\$ 5,231,716	\$ 702,677
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 750	\$ -	\$ 754,439	\$ 13,673
Deposits payable	-	-	2,363,512	9,573
Retention payable	-	-	100,907	-
Accrued expenditures	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	750	-	3,218,858	23,246
Deferred inflows of resources:				
Unavailable revenue	-	-	1,573,364	-
Total deferred inflows of resources	-	-	1,573,364	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	4,303,795	27,487	439,494	679,431
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	4,303,795	27,487	439,494	679,431
Total liabilities, deferred inflows of resources and fund balances	\$ 4,304,545	\$ 27,487	\$ 5,231,716	\$ 702,677

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Capital Projects			Permanent
	General Capital Projects	County Transportation Street Projects	Public Facilities	Daley Ranch
ASSETS				
Cash and investments	\$ 1,292,865	\$ 1,599,600	\$ 7,298,878	\$ 345,701
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	-	-	-
Interest	6,285	1,593	39,271	1,860
Taxes	-	-	-	-
Loans	-	-	224,405	-
Due from other governments	-	85,132	-	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	45,000	-
Total assets	\$ 1,299,150	\$ 1,686,325	\$ 7,607,554	\$ 347,561
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,637	\$ 815,661	\$ 51,974	\$ -
Deposits payable	-	-	-	-
Retention payable	-	656,544	-	-
Accrued expenditures	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	22,637	1,472,205	51,974	-
Deferred inflows of resources:				
Unavailable revenue	-	57,543	-	-
Total deferred inflows of resources	-	57,543	-	-
Fund balances:				
Nonspendable	-	-	-	249,022
Restricted	509,850	156,577	7,555,580	98,539
Committed	766,663	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	1,276,513	156,577	7,555,580	347,561
Total liabilities, deferred inflows of resources and fund balances	\$ 1,299,150	\$ 1,686,325	\$ 7,607,554	\$ 347,561

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

		Total Nonmajor Governmental Funds
ASSETS		
Cash and investments	\$	33,137,254
Cash and investments with fiscal agent		15
Receivable:		
Accounts		495,942
Interest		5,547,301
Taxes		42,068
Loans		17,889,863
Due from other governments		3,682,418
Due from Successor Agency		953,953
Inventory		20,793
Prepaid items		12,358
Deposits		67,273
Advances to other funds		245,000
Total assets	\$	62,094,238
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$	2,456,968
Deposits payable		2,373,085
Retention payable		831,069
Accrued expenditures		106,816
Unearned revenues		348,746
Total liabilities		6,116,684
Deferred inflows of resources:		
Unavailable revenue		8,717,841
Total deferred inflows of resources		8,717,841
Fund balances:		
Nonspendable		282,173
Restricted		46,230,989
Committed		796,697
Unassigned (deficit)		(50,146)
Total fund balances		47,259,713
Total liabilities, deferred inflows of resources and fund balances	\$	62,094,238

CITY OF ESCONDIDO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue			
	Street	Community Services	Community Development Block Grant	Landscape and Assessment District
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	5,730,222	690,850	1,904,989	-
Charges for services	702,241	590,786	-	-
Special assessments	-	-	-	831,574
Investment income	237,278	166,613	-	24,241
Miscellaneous	170,822	-	1,250	8,430
Total revenues	<u>6,840,563</u>	<u>1,448,249</u>	<u>1,906,239</u>	<u>864,245</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,809,483	-	-	817,274
Community services	-	1,711,863	949,148	-
Community development	-	-	-	-
Capital outlay	670,598	164,533	968,247	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>3,480,081</u>	<u>1,876,396</u>	<u>1,917,395</u>	<u>817,274</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,360,482</u>	<u>(428,147)</u>	<u>(11,156)</u>	<u>46,971</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	118,210	-	-
Transfers out	(2,055,000)	-	-	-
Total other financing sources (uses)	<u>(2,055,000)</u>	<u>118,210</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,305,482	(309,937)	(11,156)	46,971
FUND BALANCES:				
Beginning of year	6,545,682	4,299,067	17,770	1,424,339
End of year	<u>\$ 7,851,164</u>	<u>\$ 3,989,130</u>	<u>\$ 6,614</u>	<u>\$ 1,471,310</u>

CITY OF ESCONDIDO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds

For the Year Ended June 30, 2019

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous	Vehicle Parking District
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,385,755	26,530	1,469,219	469,988
Charges for services	-	-	113,134	-
Special assessments	-	-	-	-
Investment income	10,540	96,420	2,832	229
Miscellaneous	-	525	4,555	-
Total revenues	2,396,295	123,475	1,589,740	470,217
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	1,553,168	-	-	-
Public works	-	-	-	95,492
Community services	-	-	467,830	-
Community development	-	62,005	65,769	-
Capital outlay	674,888	-	899,950	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	2,228,056	62,005	1,433,549	95,492
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	168,239	61,470	156,191	374,725
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	257,475
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	257,475
NET CHANGE IN FUND BALANCES	168,239	61,470	156,191	632,200
FUND BALANCES:				
Beginning of year	(218,385)	18,463,346	516,056	(624,060)
End of year	\$ (50,146)	\$ 18,524,816	\$ 672,247	\$ 8,140

CITY OF ESCONDIDO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds For the Year Ended June 30, 2019

	Debt Service		Capital Projects	
	General Obligation	Golf Course	Street Improvement	Storm Drain
REVENUES:				
Property taxes	\$ 4,801,714	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	-	-	1,435,448	-
Charges for services	-	-	-	135,032
Special assessments	-	-	-	-
Investment income	131,776	291	115,900	12,863
Miscellaneous	-	-	-	-
Total revenues	4,933,490	291	1,551,348	147,895
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	156,536	45,298
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	2,308,071	97,592
Debt services:				
Principal retirements	1,870,000	235,000	-	-
Interest and fiscal charges	2,879,775	127,752	-	-
Total expenditures	4,749,775	362,752	2,464,607	142,890
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	183,715	(362,461)	(913,259)	5,005
OTHER FINANCING SOURCES (USES)				
Transfers in	-	366,795	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	366,795	-	-
NET CHANGE IN FUND BALANCES	183,715	4,334	(913,259)	5,005
FUND BALANCES:				
Beginning of year	4,120,080	23,153	1,352,753	674,426
End of year	\$ 4,303,795	\$ 27,487	\$ 439,494	\$ 679,431

CITY OF ESCONDIDO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds For the Year Ended June 30, 2019

	Capital Projects			Permanent
	General Capital Projects	County Transportation Street Projects	Public Facilities	Daley Ranch
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	5,922,608	-	-
Intergovernmental	246,484	59,951	-	-
Charges for services	12,323	-	887,554	800
Special assessments	-	-	-	-
Investment income	24,139	4,990	281,974	6,324
Miscellaneous	-	-	-	-
Total revenues	282,946	5,987,549	1,169,528	7,124
EXPENDITURES:				
Current:				
General government	78,280	-	-	-
Public safety	-	-	-	-
Public works	43,935	3,936,723	-	-
Community services	555	-	248,452	-
Community development	213,846	-	-	-
Capital outlay	174,130	1,388,755	168,390	-
Debt services:				
Principal retirements	-	-	69,096	-
Interest and fiscal charges	-	-	17,015	-
Total expenditures	510,746	5,325,478	502,953	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(227,800)	662,071	666,575	7,124
OTHER FINANCING SOURCES (USES)				
Transfers in	219,355	-	60,548	-
Transfers out	(92,158)	-	-	-
Total other financing sources (uses)	127,197	-	60,548	-
NET CHANGE IN FUND BALANCES	(100,603)	662,071	727,123	7,124
FUND BALANCES:				
Beginning of year	1,377,116	(505,494)	6,828,457	340,437
End of year	\$ 1,276,513	\$ 156,577	\$ 7,555,580	\$ 347,561

CITY OF ESCONDIDO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Nonmajor Governmental Funds For the Year Ended June 30, 2019

	Total Nonmajor Governmental Funds
REVENUES:	
Property taxes	\$ 4,801,714
Other taxes	5,922,608
Intergovernmental	14,419,436
Charges for services	2,441,870
Special assessments	831,574
Investment income	1,116,410
Miscellaneous	185,582
Total revenues	<u>29,719,194</u>
EXPENDITURES:	
Current:	
General government	78,280
Public safety	1,553,168
Public works	7,904,741
Community services	3,377,848
Community development	341,620
Capital outlay	7,515,154
Debt services:	
Principal retirements	2,174,096
Interest and fiscal charges	3,024,542
Total expenditures	<u>25,969,449</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,749,745</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	1,022,383
Transfers out	(2,147,158)
Total other financing sources (uses)	<u>(1,124,775)</u>
NET CHANGE IN FUND BALANCES	2,624,970
FUND BALANCES:	
Beginning of year	<u>44,634,743</u>
End of year	<u>\$ 47,259,713</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Street Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 5,665,740	\$ 5,730,222	\$ 64,482
Charges for services	2,180,220	702,241	(1,477,979)
Investment income	32,895	237,278	204,383
Miscellaneous	-	170,822	170,822
Total revenues	<u>7,878,855</u>	<u>6,840,563</u>	<u>(1,038,292)</u>
EXPENDITURES:			
Current:			
Public works	3,812,590	2,809,483	(1,003,107)
Community development	592,372	-	(592,372)
Capital outlay	7,438,788	670,598	(6,768,190)
Total expenditures	<u>11,843,750</u>	<u>3,480,081</u>	<u>(8,363,669)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,964,895)</u>	<u>3,360,482</u>	<u>(7,325,377)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(2,055,000)	(2,055,000)	-
Total other financing sources (uses)	<u>(2,055,000)</u>	<u>(2,055,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(6,019,895)	1,305,482	(7,325,377)
FUND BALANCE:			
Beginning of year	6,545,682	6,545,682	-
End of year	<u>\$ 525,787</u>	<u>\$ 7,851,164</u>	<u>\$ (7,325,377)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Services Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 931,295	\$ 690,850	\$ (240,445)
Charges for services	2,241,650	590,786	(1,650,864)
Investment income	25,895	166,613	140,718
Total revenues	<u>3,198,840</u>	<u>1,448,249</u>	<u>(1,750,591)</u>
EXPENDITURES:			
Current:			
Community services	2,118,045	1,711,863	(406,182)
Capital outlay	4,765,763	164,533	(4,601,230)
Total expenditures	<u>6,883,808</u>	<u>1,876,396</u>	<u>(5,007,412)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,684,968)</u>	<u>(428,147)</u>	<u>(3,256,821)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	118,210	118,210	-
Total other financing sources (uses)	<u>118,210</u>	<u>118,210</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,566,758)	(309,937)	(3,256,821)
FUND BALANCE:			
Beginning of year	4,299,067	4,299,067	-
End of year	<u>\$ 732,309</u>	<u>\$ 3,989,130</u>	<u>\$ (3,256,821)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 1,791,465	\$ 1,904,989	\$ 113,524
Miscellaneous	-	1,250	1,250
Total revenues	<u>1,791,465</u>	<u>1,906,239</u>	<u>114,774</u>
EXPENDITURES:			
Current:			
Community services	1,302,386	949,148	(353,238)
Community development	95,000	-	(95,000)
Capital outlay	<u>2,471,664</u>	<u>968,247</u>	<u>(1,503,417)</u>
Total expenditures	<u>3,869,050</u>	<u>1,917,395</u>	<u>(1,951,655)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,077,585)</u>	<u>(11,156)</u>	<u>(2,066,429)</u>
NET CHANGE IN FUND BALANCE	(2,077,585)	(11,156)	(2,066,429)
FUND BALANCE:			
Beginning of year	<u>17,770</u>	<u>17,770</u>	<u>-</u>
End of year	<u>\$ (2,059,815)</u>	<u>\$ 6,614</u>	<u>\$ (2,066,429)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Landscape and Assessment District Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Special assessments	\$ 837,380	\$ 831,574	\$ (5,806)
Investment income	-	24,241	24,241
Miscellaneous	8,430	8,430	-
Total revenues	<u>845,810</u>	<u>864,245</u>	<u>18,435</u>
EXPENDITURES:			
Current:			
Public works	1,211,685	817,274	(394,411)
Total expenditures	<u>1,211,685</u>	<u>817,274</u>	<u>(394,411)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(365,875)</u>	<u>46,971</u>	<u>(412,846)</u>
NET CHANGE IN FUND BALANCE	(365,875)	46,971	(412,846)
FUND BALANCE:			
Beginning of year	1,424,339	1,424,339	-
End of year	<u>\$ 1,058,464</u>	<u>\$ 1,471,310</u>	<u>\$ (412,846)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Law Enforcement Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 2,645,580	\$ 2,385,755	\$ (259,825)
Investment income	-	10,540	10,540
Total revenues	<u>2,645,580</u>	<u>2,396,295</u>	<u>(249,285)</u>
EXPENDITURES:			
Current:			
Public safety	4,513,805	1,553,168	(2,960,637)
Capital outlay	674,888	674,888	-
Total expenditures	<u>5,188,693</u>	<u>2,228,056</u>	<u>(2,960,637)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,543,113)</u>	<u>168,239</u>	<u>(3,209,922)</u>
NET CHANGE IN FUND BALANCE	(2,543,113)	168,239	(3,209,922)
FUND BALANCE:			
Beginning of year	(218,385)	(218,385)	-
End of year	<u>\$ (2,761,498)</u>	<u>\$ (50,146)</u>	<u>\$ (3,209,922)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
HOME Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 648,965	\$ 26,530	\$ (622,435)
Investment income	-	96,420	96,420
Miscellaneous	-	525	525
Total revenues	<u>648,965</u>	<u>123,475</u>	<u>(525,490)</u>
EXPENDITURES:			
Current:			
Community development	87,970	62,005	(25,965)
Total expenditures	<u>87,970</u>	<u>62,005</u>	<u>(25,965)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>560,995</u>	<u>61,470</u>	<u>(551,455)</u>
NET CHANGE IN FUND BALANCE	560,995	61,470	(551,455)
FUND BALANCE:			
Beginning of year	18,463,346	18,463,346	-
End of year	<u>\$ 19,024,341</u>	<u>\$ 18,524,816</u>	<u>\$ (551,455)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Miscellaneous Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 148,015	\$ 1,469,219	\$ 1,321,204
Charges for services	295,000	113,134	(181,866)
Investment income	3,400	2,832	(568)
Miscellaneous	-	4,555	4,555
Total revenues	<u>446,415</u>	<u>1,589,740</u>	<u>1,143,325</u>
EXPENDITURES:			
Current:			
Community services	481,254	467,830	(13,424)
Community development	497,513	65,769	(431,744)
Capital outlay	1,278,875	899,950	(378,925)
Total expenditures	<u>2,257,642</u>	<u>1,433,549</u>	<u>(824,093)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,811,227)</u>	<u>156,191</u>	<u>(1,967,418)</u>
NET CHANGE IN FUND BALANCE	(1,811,227)	156,191	(1,967,418)
FUND BALANCE:			
Beginning of year	516,056	516,056	-
End of year	<u>\$ (1,295,171)</u>	<u>\$ 672,247</u>	<u>\$ (1,967,418)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Vehicle Parking District Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ -	\$ 469,988	\$ 469,988
Investment income	-	229	229
Total revenues	<u>-</u>	<u>470,217</u>	<u>470,217</u>
EXPENDITURES:			
Current:			
Public works	98,225	95,492	(2,733)
Total expenditures	<u>98,225</u>	<u>95,492</u>	<u>(2,733)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(98,225)</u>	<u>374,725</u>	<u>(472,950)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	98,225	257,475	159,250
Total other financing sources (uses)	<u>98,225</u>	<u>257,475</u>	<u>159,250</u>
NET CHANGE IN FUND BALANCE	-	632,200	(313,700)
FUND BALANCE:			
Beginning of year	(624,060)	(624,060)	-
End of year	<u>\$ (624,060)</u>	<u>\$ 8,140</u>	<u>\$ (313,700)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
General Obligation Debt Service Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Property taxes	\$ 4,731,900	\$ 4,801,714	\$ 69,814
Investment income	20,050	131,776	111,726
Total revenues	<u>4,751,950</u>	<u>4,933,490</u>	<u>181,540</u>
EXPENDITURES:			
Debt services:			
Principal retirements	1,870,000	1,870,000	-
Interest and fiscal charges	2,881,950	2,879,775	(2,175)
Total expenditures	<u>4,751,950</u>	<u>4,749,775</u>	<u>(2,175)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>183,715</u>	<u>(183,715)</u>
NET CHANGE IN FUND BALANCE	-	183,715	(183,715)
FUND BALANCE:			
Beginning of year	4,120,080	4,120,080	-
End of year	<u>\$ 4,120,080</u>	<u>\$ 4,303,795</u>	<u>\$ (183,715)</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
Golf Course Debt Service Fund
For the Year Ended June 30, 2019

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Investment income	\$ 100	\$ 291	\$ 191
Total revenues	<u>100</u>	<u>291</u>	<u>191</u>
EXPENDITURES:			
Debt services:			
Principal retirements	235,000	235,000	-
Interest and fiscal charges	131,895	127,752	(4,143)
Total expenditures	<u>366,895</u>	<u>362,752</u>	<u>(4,143)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(366,795)</u>	<u>(362,461)</u>	<u>(4,334)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	366,795	366,795	-
Total other financing sources (uses)	<u>366,795</u>	<u>366,795</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	4,334	(4,334)
FUND BALANCE:			
Beginning of year	23,153	23,153	-
End of year	<u>\$ 23,153</u>	<u>\$ 27,487</u>	<u>\$ (4,334)</u>

CITY OF ESCONDIDO INTERNAL SERVICE FUNDS

BUILDING MAINTENANCE FUND

This fund was created to account for financial activity related to the maintenance and repair of all City-owned buildings. Funding is provided through charges to other departments, based on square footage, common area allocation, and specific maintenance projects.

VEHICLE AND EQUIPMENT MAINTENANCE FUND

This fund was created to account for transactions related to the maintenance, operation, and replacement of the City's vehicles, whereby the City can more accurately determine the full cost of services. Such costs to other departments are billed through charges to departments in the form of a rental payment for each piece of equipment.

CENTRAL SERVICES FUND

This fund was created to account for transactions related to the provision of a central stores warehouse as well as postage, telephone, and copying services. Funding is provided through charges to other departments based on actual usage.

NETWORK AND SYSTEMS ADMINISTRATION FUND

This fund was created to account for financial activity related to Network & Systems Administration services, licensing and hardware. Funding is provided through charges to other departments based on workstation inventory.

WORKERS' COMPENSATION FUND

This fund was created to account for transactions related to the City's self-insurance provision of Workers' Compensation insurance. Funding is provided through charges to other departments based on payroll expense.

GENERAL LIABILITY SELF-INSURANCE FUND

This fund was created to account for transactions related to the City's self-insurance provision of general liability insurance. Funding is provided through charges to other departments based on future risk evaluation, prior claims experience, and other factors.

INSURANCE FUND

This fund was created to account for transactions related to:

- The provision of health, vision, dental, and life insurance for City employees. Funding is provided through charges to other departments and employee contributions based on employee participation.
- Property insurance obtained for the City. Funding is provided through charges to other departments based on replacement cost of the property and square footage allocations.
- The provision of unemployment insurance. Funding is provided through charges to other departments based on payroll expense.

CITY OF ESCONDIDO
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
ASSETS				
Current Assets:				
Cash and investments	\$ 1,431,829	\$ 7,341,075	\$ 583,493	\$ 519,745
Receivables (Net):				
Accounts	120	10,000	-	-
Interest	7,093	39,522	2,565	2,953
Inventory	61,916	99,203	368,164	-
Deposits	-	-	-	-
Total Current Assets	1,500,958	7,489,800	954,222	522,698
Noncurrent Assets:				
Capital assets:				
Being depreciated, net	1,331,193	6,666,414	25,003	197,962
Total Noncurrent Assets	1,331,193	6,666,414	25,003	197,962
Total Assets	2,832,151	14,156,214	979,225	720,660
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	556,914	380,642	132,156	332,967
Total Deferred Outflows of Resources	556,914	380,642	132,156	332,967
LIABILITIES				
Current Liabilities:				
Accounts payable	342,241	214,064	105,363	12,564
Accrued expenses	48,423	27,606	7,764	27,888
Long-term debt, due within one year	108,151	186,539	1,666	-
Total Current Liabilities	498,815	428,209	114,793	40,452
Noncurrent Liabilities:				
Aggregate net pension liabilities	3,807,749	2,472,093	737,971	2,514,590
Long-term debt, due in more than one year	295,554	245,107	14,992	-
Total Noncurrent Liabilities	4,103,303	2,717,200	752,963	2,514,590
Total Liabilities	4,602,118	3,145,409	867,756	2,555,042
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	41,220	29,529	10,654	29,055
Total Deferred Inflows of Resources	41,220	29,529	10,654	29,055
NET POSITION				
Net investment in capital assets	1,026,422	6,301,503	25,003	197,962
Unrestricted (deficit)	(2,280,695)	5,060,415	207,968	(1,728,432)
Total Net Position	\$ (1,254,273)	\$ 11,361,918	\$ 232,971	\$ (1,530,470)

CITY OF ESCONDIDO
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2019

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 9,733,472	\$ 7,580,346	\$ 2,064,500	\$ 29,254,460
Receivables (Net):				
Accounts	-	-	43,833	53,953
Interest	50,594	39,609	8,493	150,829
Inventory	-	-	-	529,283
Deposits	250,000	-	62,600	312,600
Total Current Assets	10,034,066	7,619,955	2,179,426	30,301,125
Noncurrent Assets:				
Capital assets:				
Being depreciated, net	-	-	-	8,220,572
Total Noncurrent Assets	-	-	-	8,220,572
Total Assets	10,034,066	7,619,955	2,179,426	38,521,697
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	29,430	-	70,948	1,503,057
Total Deferred Outflows of Resources	29,430	-	70,948	1,503,057
LIABILITIES				
Current Liabilities:				
Accounts payable	141,670	3,658	132,505	952,065
Accrued expenses	2,582	-	45,483	159,746
Long-term debt, due within one year	2,956,900	566,160	891	3,820,307
Total Current Liabilities	3,101,152	569,818	178,879	4,932,118
Noncurrent Liabilities:				
Aggregate net pension liabilities	236,477	-	485,022	10,253,902
Long-term debt, due in more than one year	11,829,101	2,264,640	8,022	14,657,416
Total Noncurrent Liabilities	12,065,578	2,264,640	493,044	24,911,318
Total Liabilities	15,166,730	2,834,458	671,923	29,843,436
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	3,491	-	5,502	119,451
Total Deferred Inflows of Resources	3,491	-	5,502	119,451
NET POSITION				
Net investment in capital assets	-	-	-	7,550,890
Unrestricted (deficit)	(5,106,725)	4,785,497	1,572,949	2,510,977
Total Net Position	\$ (5,106,725)	\$ 4,785,497	\$ 1,572,949	\$ 10,061,867

CITY OF ESCONDIDO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
Operating Revenues:				
Charges for services	\$ 4,896,825	\$ 5,773,175	\$ 1,396,701	\$ 1,753,290
Total Operating Revenues	<u>4,896,825</u>	<u>5,773,175</u>	<u>1,396,701</u>	<u>1,753,290</u>
Operating Expenses:				
Personnel services	2,177,121	1,261,744	472,166	1,252,673
Administrative expenses	-	9,250	75,565	-
Benefit claims	-	-	-	-
Supplies	100,854	161,109	91,467	12,849
Repairs and maintenance	170,994	1,101,153	117,766	7,022
Depreciation	128,838	2,673,585	18,461	26,397
Utilities	1,000,877	6,522	356,148	15,705
Fuel	-	1,137,514	-	-
Professional services	1,512,138	77,972	186,010	49,042
Insurance premiums	51,035	41,075	14,285	13,435
Rent	2,825	-	-	-
Other	55,921	217,889	57,669	350,637
Total Operating Expenses	<u>5,200,603</u>	<u>6,687,813</u>	<u>1,389,537</u>	<u>1,727,760</u>
Operating Income (Loss)	<u>(303,778)</u>	<u>(914,638)</u>	<u>7,164</u>	<u>25,530</u>
Nonoperating Revenues (Expenses):				
Investment income	15,491	288,233	10,380	11,487
Interest and fiscal charges	(14,585)	(15,545)	-	-
Miscellaneous	2,910	571,673	50	-
Total Nonoperating Revenues (Expenses)	<u>3,816</u>	<u>844,361</u>	<u>10,430</u>	<u>11,487</u>
Income Before Transfers and Capital Contributions				
	<u>(299,962)</u>	<u>(70,277)</u>	<u>17,594</u>	<u>37,017</u>
Transfers in	1,648,000	25,000	-	-
Transfers (out)	-	-	(219,355)	-
Capital Contributions:				
Developer contributions	130,795	106,154	-	-
Total Transfers and Capital Contributions	<u>1,778,795</u>	<u>131,154</u>	<u>(219,355)</u>	<u>-</u>
Changes in Net Position	<u>1,478,833</u>	<u>60,877</u>	<u>(201,761)</u>	<u>37,017</u>
Net Position at Beginning of Year	<u>(2,733,106)</u>	<u>11,301,041</u>	<u>434,732</u>	<u>(1,567,487)</u>
Net Position at End of Year	<u>\$ (1,254,273)</u>	<u>\$ 11,361,918</u>	<u>\$ 232,971</u>	<u>\$ (1,530,470)</u>

CITY OF ESCONDIDO

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)

Internal Service Funds

For the Year Ended June 30, 2019

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Operating Revenues:				
Charges for services	\$ 3,842,201	\$ 2,647,215	\$ 11,397,775	\$ 31,707,182
Total Operating Revenues	<u>3,842,201</u>	<u>2,647,215</u>	<u>11,397,775</u>	<u>31,707,182</u>
Operating Expenses:				
Personnel services	134,977	-	306,914	5,605,595
Administrative expenses	320,600	1,412,265	164,605	1,982,285
Benefit claims	1,143,326	432,283	605,197	2,180,806
Supplies	1,993	-	1,876	370,148
Repairs and maintenance	-	-	-	1,396,935
Depreciation	-	-	-	2,847,281
Utilities	1,209	-	8,890	1,389,351
Fuel	-	-	-	1,137,514
Professional services	1,641,297	273,926	144,853	3,885,238
Insurance premiums	813,883	771,507	10,013,669	11,718,889
Rent	-	-	-	2,825
Other	7,109	5,647	74,457	769,329
Total Operating Expenses	<u>4,064,394</u>	<u>2,895,628</u>	<u>11,320,461</u>	<u>33,286,196</u>
Operating Income (Loss)	<u>(222,193)</u>	<u>(248,413)</u>	<u>77,314</u>	<u>(1,579,014)</u>
Nonoperating Revenues (Expenses):				
Investment income	348,609	274,815	24,898	973,913
Interest and fiscal charges	-	-	-	(30,130)
Miscellaneous	-	-	65,549	640,182
Total Nonoperating Revenues (Expenses)	<u>348,609</u>	<u>274,815</u>	<u>90,447</u>	<u>1,583,965</u>
Income Before Transfers and Capital Contributions	<u>126,416</u>	<u>26,402</u>	<u>167,761</u>	<u>4,951</u>
Transfers in	500,000	-	-	2,173,000
Transfers (out)	-	-	-	(219,355)
Capital Contributions:				
Developer contributions	-	-	-	236,949
Total Transfers and Capital Contributions	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>2,190,594</u>
Changes in Net Position	626,416	26,402	167,761	2,195,545
Net Position at Beginning of Year	<u>(5,733,141)</u>	<u>4,759,095</u>	<u>1,405,188</u>	<u>7,866,322</u>
Net Position at End of Year	<u><u>\$ (5,106,725)</u></u>	<u><u>\$ 4,785,497</u></u>	<u><u>\$ 1,572,949</u></u>	<u><u>\$ 10,061,867</u></u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,896,705	\$ 5,763,175	\$ 1,396,701	\$ 1,753,290
Cash paid to employees for services	(2,044,316)	(1,169,541)	(511,241)	(1,147,153)
Cash paid to other suppliers of goods and services	(2,782,300)	(3,020,147)	(878,606)	(439,843)
Cash from other sources	2,910	106,665	50	-
Net Cash Provided by Operating Activities	<u>72,999</u>	<u>1,680,152</u>	<u>6,904</u>	<u>166,294</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from (Paid to) other funds	1,648,000	25,000	(219,355)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>1,648,000</u>	<u>25,000</u>	<u>(219,355)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	(188,385)	(2,338,143)	-	(156,484)
Sale of capital assets	-	494,491	-	-
Capital lease payment	-	(190,376)	-	-
Principal payments on loans	(94,601)	-	-	-
Interest payments on loans	(14,585)	-	-	-
Net Cash (Used in) Capital and Related Financing Activities	<u>(297,571)</u>	<u>(2,034,028)</u>	<u>-</u>	<u>(156,484)</u>
Cash Flows from Investing Activities:				
Investment income	8,401	281,804	11,364	10,333
Net Cash Provided by Investing Activities	<u>8,401</u>	<u>281,804</u>	<u>11,364</u>	<u>10,333</u>
Net increase (decrease) in cash and cash equivalents	1,431,829	(47,072)	(201,087)	20,143
Cash and cash equivalents:				
Beginning of year	-	7,388,147	784,580	499,602
End of year	<u>\$ 1,431,829</u>	<u>\$ 7,341,075</u>	<u>\$ 583,493</u>	<u>\$ 519,745</u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 3,842,201	\$ 2,647,215	\$ 11,379,160	\$ 31,678,447
Cash paid to employees for services	(444,028)	(1,412,265)	(444,969)	(7,173,513)
Cash paid to other suppliers of goods and services	(3,047,008)	(1,147,625)	(10,780,870)	(22,096,399)
Cash from other sources	-	-	65,549	175,174
Net Cash Provided by Operating Activities	351,165	87,325	218,870	2,583,709
Cash Flows from Noncapital Financing Activities:				
Cash received from other funds	500,000	-	-	1,953,645
Net Cash Provided by (Used in) Noncapital Financing Activities	500,000	-	-	1,953,645
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	-	-	-	(2,683,012)
Sale of capital assets	-	-	-	494,491
Capital lease payment	-	-	-	(190,376)
Principal payments on loans	-	-	-	(94,601)
Interest payments on loans	-	-	-	(14,585)
Net Cash (Used in) Capital and Related Financing Activities	-	-	-	(2,488,083)
Cash Flows from Investing Activities:				
Investment income	335,666	267,311	22,627	937,506
Net Cash Provided by Investing Activities	335,666	267,311	22,627	937,506
Net increase (decrease) in cash and cash equivalents	1,186,831	354,636	241,497	2,986,777
Cash and cash equivalents:				
Beginning of year	8,546,641	7,225,710	1,823,003	26,267,683
End of year	<u>\$ 9,733,472</u>	<u>\$ 7,580,346</u>	<u>\$ 2,064,500</u>	<u>\$ 29,254,460</u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Office Automation
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (303,778)	\$ (914,638)	\$ 7,164	\$ 25,530
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	128,838	2,673,585	18,461	26,397
Pension expense	175,716	96,526	40,681	111,487
Cash from other sources	2,910	106,665	50	-
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	(120)	(10,000)	-	-
Inventories	4,300	(15,420)	(87,910)	-
Accounts payable	108,044	(261,493)	32,649	8,847
Accrued expenses	697	2,087	(4,660)	(5,967)
Compensated absences	(43,608)	2,840	469	-
Estimated claims payable	-	-	-	-
Total adjustments	<u>376,777</u>	<u>2,594,790</u>	<u>(260)</u>	<u>140,764</u>
Net Cash Provided by Operating Activities	<u>\$ 72,999</u>	<u>\$ 1,680,152</u>	<u>\$ 6,904</u>	<u>\$ 166,294</u>
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ 130,795	\$ 106,154	\$ -	\$ -
Total noncash investing, capital and financing activities	<u>\$ 130,795</u>	<u>\$ 106,154</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2019

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (222,193)	\$ (248,413)	\$ 77,314	\$ (1,579,014)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	-	2,847,281
Pension expense	11,976	-	27,976	464,362
Cash from other sources	-	-	65,549	175,174
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	-	-	(18,615)	(28,735)
Inventories	-	-	-	(99,030)
Accounts payable	115,809	(8,662)	57,724	52,918
Accrued expenses	(867)	-	8,418	(292)
Compensated absences	440	-	504	(39,355)
Estimated claims payable	446,000	344,400	-	790,400
Total adjustments	<u>573,358</u>	<u>335,738</u>	<u>141,556</u>	<u>4,162,723</u>
Net Cash Provided by Operating Activities	<u>\$ 351,165</u>	<u>\$ 87,325</u>	<u>\$ 218,870</u>	<u>\$ 2,583,709</u>
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ -	\$ -	\$ -	\$ 236,949
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,949</u>

**CITY OF ESCONDIDO
AGENCY FUNDS**

HIDDEN TRAILS COMMUNITY FACILITIES DISTRICT

This fund was created to account for debt service payments on 1982 Mello-Roos Community Facility Act special tax bonds paid from special taxes collected and remitted to a fiscal agent. The bonds were issued to finance the acquisition of certain backbone public facilities including street, water and sewer facilities in the Hidden Trails Community Facilities District.

EUREKA RANCH COMMUNITY FACILITIES DISTRICT

This fund was created to account for debt service payments on 1982 Mello-Roos Community Facility Act special tax bonds paid from special taxes collected and remitted to a fiscal agent. The bonds were issued to finance various public improvements including street, storm drain and sewer improvements as well as utility undergrounding within the Eureka Ranch Community Facilities District.

AUTO PARKWAY ASSESSMENT DISTRICT FUND

This fund was created to account for debt service payments on 1915 Act Assessment bonds paid from special assessments collected and remitted to a fiscal agent-trustee. The bonds were issued to finance capital improvements in the Auto Parkway District, including drainage and road improvements, sewer, lighting, and other improvements.

RANCHO SAN PASQUAL FUND

This fund was created to account for the debt service payments collected directly from property owners and remitted to bondholders for payment on Rancho San Pasqual bonds, issued to finance certain public improvements within the City's Assessment District No. 95-1.

DEPOSIT TRUST FUND

This fund was created to account for deposits received and held by the City as an agent for individuals, developers, private organizations, and other governmental agencies.

CITY OF ESCONDIDO
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

	Hidden Trails Community Facilities District	Eureka Ranch Community Facilities District	Auto Parkway Assessment District	Rancho San Pasqual
ASSETS				
Cash and investments	\$ 174,895	\$ 792,194	\$ 6,526	\$ 293,489
Cash and investments with fiscal agent	15	167	-	348,598
Receivables:				
Taxes	1,267	6,727	-	1,297
Interest	557	2,886	-	1,140
Total assets	\$ 176,734	\$ 801,974	\$ 6,526	\$ 644,524
LIABILITIES				
Accounts payable	\$ -	\$ 1,540	\$ 960	\$ -
Deposits payable	-	-	-	-
Due to bondholders	176,734	800,434	5,566	644,524
Total liabilities	\$ 176,734	\$ 801,974	\$ 6,526	\$ 644,524

CITY OF ESCONDIDO
Combining Statement of Assets and Liabilities (Continued)
Agency Funds
June 30, 2019

	Deposit Trust	Total
ASSETS		
Cash and investments	\$ 10,913,800	\$ 12,180,904
Cash and investments with fiscal agent	-	348,780
Receivables:		
Taxes	-	9,291
Interest	556	5,139
Total assets	\$ 10,914,356	\$ 12,544,114
LIABILITIES		
Accounts payable	\$ 178,495	\$ 180,995
Deposits payable	10,735,861	10,735,861
Due to bondholders	-	1,627,258
Total liabilities	\$ 10,914,356	\$ 12,544,114

CITY OF ESCONDIDO
Combining Statement of Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019

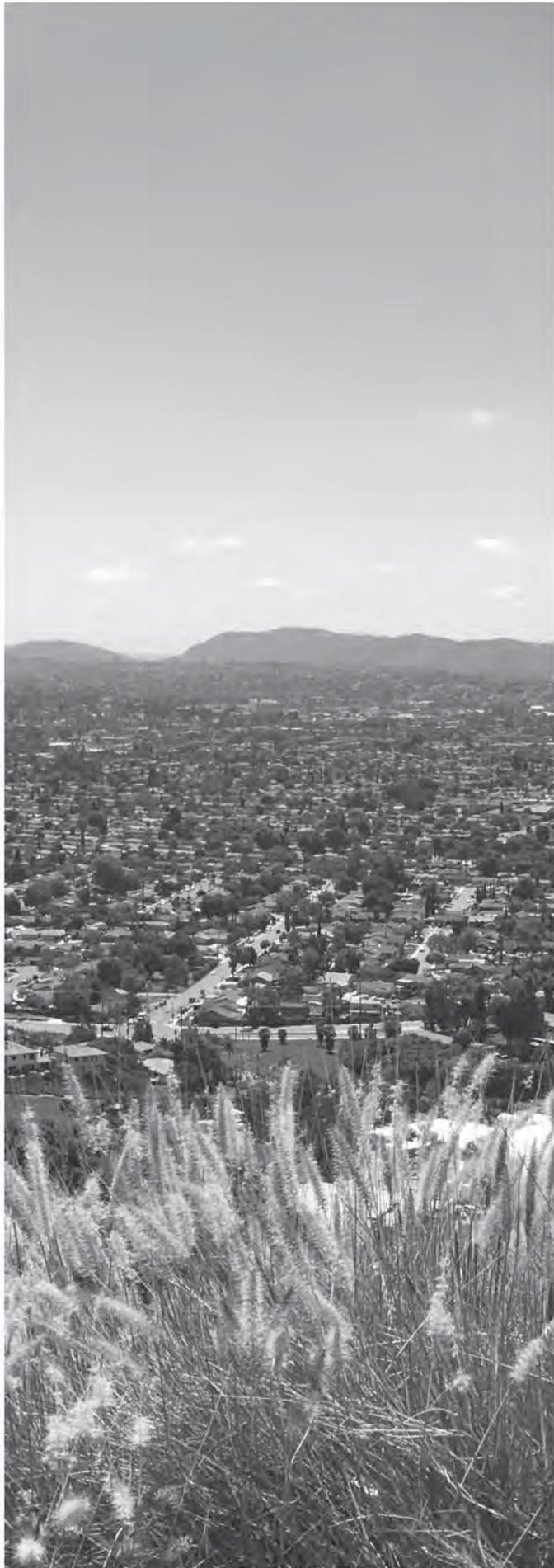
	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Hidden Trails Community Facilities District</u>				
ASSETS				
Cash and investments	\$ 177,578	\$ 203,057	\$ (205,740)	\$ 174,895
Cash and investments with fiscal agent	1	54	(40)	15
Receivables:				
Taxes	1,160	705	(598)	1,267
Interest	599	1,118	(1,160)	557
Total assets	\$ 179,338	\$ 204,934	\$ (207,538)	\$ 176,734
LIABILITIES				
Accounts payable	\$ -	\$ 202,270	\$ (202,270)	\$ -
Due to bondholders	179,338	314,936	(317,540)	176,734
Total liabilities	\$ 179,338	\$ 517,206	\$ (519,810)	\$ 176,734
<u>Eureka Ranch Community Facilities District</u>				
ASSETS				
Cash and investments	\$ 801,008	\$ 1,046,598	\$ (1,055,412)	\$ 792,194
Cash and investments with fiscal agent	10	283	(126)	167
Receivables:				
Taxes	1,705	6,727	(1,705)	6,727
Interest	2,452	2,886	(2,452)	2,886
Total assets	\$ 805,175	\$ 1,056,494	\$ (1,059,695)	\$ 801,974
LIABILITIES				
Accounts payable	\$ -	\$ 1,046,942	\$ (1,045,402)	\$ 1,540
Due to bondholders	805,175	1,531,733	(1,536,474)	800,434
Total liabilities	\$ 805,175	\$ 2,578,675	\$ (2,581,876)	\$ 801,974

CITY OF ESCONDIDO
Combining Statement of Assets and Liabilities (Continued)
Agency Funds
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Auto Parkway Assessment District</u>				
ASSETS				
Cash and investments	\$ 1,477	\$ 7,771	\$ (2,722)	\$ 6,526
Cash and investments with fiscal agent	328,685	2,887	(331,572)	-
Receivables:				
Interest	22		(22)	-
Total assets	\$ 330,184	\$ 10,658	\$ (334,316)	\$ 6,526
LIABILITIES				
Accounts payable	\$ -	\$ 1,960	\$ (1,000)	\$ 960
Due to bondholders	330,184	5,052	(329,670)	5,566
Total liabilities	\$ 330,184	\$ 7,012	\$ (330,670)	\$ 6,526
<u>Rancho San Pasqual</u>				
ASSETS				
Cash and investments	\$ 265,313	\$ 373,194	\$ (345,018)	\$ 293,489
Cash and investments with fiscal agent	345,442	7,166	(4,010)	348,598
Receivables:				
Taxes	9,419	1,297	(9,419)	1,297
Interest	864	1,140	(864)	1,140
Total assets	\$ 621,038	\$ 382,797	\$ (359,311)	\$ 644,524
LIABILITIES				
Accounts payable	\$ -	\$ 341,329	\$ (341,329)	\$ -
Due to bondholders	621,038	607,692	(584,206)	644,524
Total liabilities	\$ 621,038	\$ 949,021	\$ (925,535)	\$ 644,524

CITY OF ESCONDIDO
Combining Statement of Assets and Liabilities (Continued)
Agency Funds
For the Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Deposit Trust</u>				
ASSETS				
Cash and investments	\$ 10,691,517	\$ 3,861,569	\$ (3,639,286)	\$ 10,913,800
Receivables:				
Interest	452	556	(452)	556
Total assets	\$ 10,691,969	\$ 3,862,125	\$ (3,639,738)	\$ 10,914,356
LIABILITIES				
Accounts payable	\$ 68,099	\$ 3,470,297	\$ (3,359,901)	\$ 178,495
Deposits payable	10,623,870	4,045,525	(3,933,534)	10,735,861
Total liabilities	\$ 10,691,969	\$ 7,515,822	\$ (7,293,435)	\$ 10,914,356
 <u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 11,936,893	\$ 5,492,189	\$ (5,248,178)	\$ 12,180,904
Cash and investments with fiscal agent	674,137	10,390	(335,748)	348,779
Receivables:				
Taxes	12,284	8,729	(11,722)	9,291
Interest	4,390	5,700	(4,950)	5,140
Total assets	\$ 12,627,704	\$ 5,517,008	\$ (5,600,598)	\$ 12,544,114
LIABILITIES				
Accounts payable	\$ 68,099	\$ 5,062,798	\$ (4,949,902)	\$ 180,995
Deposits payable	10,623,870	4,045,525	(3,933,534)	10,735,861
Due to bondholders	1,935,735	2,459,413	(2,767,890)	1,627,258
Total liabilities	\$ 12,627,704	\$ 11,567,736	\$ (11,651,326)	\$ 12,544,114





Statistical Section

CITY OF ESCONDIDO STATISTICAL SECTION

This section of the City of Escondido's comprehensive annual financial report provides detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS INFORMATION

These schedules are intended to assist users in understanding and assessing how a government's financial position has changed over time.

REVENUE CAPACITY INFORMATION

These schedules are intended to assist users in understanding and assessing factors affecting a government's ability to generate its own revenue.

DEBT CAPACITY INFORMATION

These schedules are intended to assist users in understanding and assessing a government's debt burden and its ability to issue additional debt.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules are intended to assist users in understanding the socioeconomic environment within which a government operates and provide information that facilitates comparison of financial statement information over time and among governments.

OPERATING INFORMATION

These schedules are intended to provide information about operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition.

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

	2010	2011	2012	2013	2014
Governmental Activities:					
Net investment in capital assets	\$ 205,646,459	\$ 222,661,354	\$ 225,296,741	\$ 211,228,317	\$ 207,003,751
Restricted	114,214,410	86,393,247	98,970,485	90,152,311	92,356,580
Unrestricted	36,921,478	40,341,057	53,862,572	27,922,604	24,555,904
Total Governmental Activities Net Position	\$ 356,782,347	\$ 349,395,658	\$ 378,129,798	\$ 329,303,232	\$ 323,916,235
Business-type Activities:					
Net investment in capital assets	\$ 130,301,709	\$ 137,189,496	\$ 138,580,703	\$ 141,057,087	\$ 151,539,613
Restricted	-	-	-	-	-
Unrestricted	46,473,299	53,436,660	56,358,559	61,147,031	57,540,105
Total Business-type Activities Net Position	\$ 176,775,008	\$ 190,626,156	\$ 194,939,262	\$ 202,204,118	\$ 209,079,718
Primary Government:					
Net investment in capital assets	\$ 335,948,168	\$ 359,850,850	\$ 363,877,444	\$ 352,285,404	\$ 358,543,364
Restricted	114,214,410	86,393,247	98,970,485	90,152,311	92,356,580
Unrestricted	83,394,777	93,777,717	110,221,131	89,069,635	82,096,009
Total Primary Government Activities Net Position	\$ 533,557,355	\$ 540,021,814	\$ 573,069,060	\$ 531,507,350	\$ 532,995,953

Note:

The City of Escondido implemented GASBs No. 68 and 71 for the fiscal year ended June 30, 2015 which modified the Net Position of both Governmental and Business-type Net Position

Source:

City of Escondido Finance Department.

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

	2015	2016	2017	2018	2019
Governmental Activities:					
Net investment in capital assets	\$ 201,314,048	\$ 223,906,554	\$ 218,477,270	\$ 218,992,174	\$ 218,870,698
Restricted	90,509,538	96,530,455	100,550,008	104,851,906	115,547,295
Unrestricted	(124,495,479)	(121,164,871)	(99,262,303)	(112,191,974)	(124,447,522)
Total Governmental Activities Net Position	\$ 167,328,107	\$ 199,272,138	\$ 219,764,975	\$ 211,652,106	\$ 209,970,471
Business-type Activities:					
Net investment in capital assets	\$ 158,231,376	\$ 172,888,190	\$ 188,875,729	\$ 183,764,968	\$ 195,706,168
Restricted	-	-	-	3,642,092	1,095,891
Unrestricted	28,819,831	22,072,596	9,234,771	21,293,844	20,679,543
Total Business-type Activities Net Position	\$ 187,051,207	\$ 194,960,786	\$ 198,110,500	\$ 208,700,904	\$ 217,481,602
Primary Government:					
Net investment in capital assets	\$ 359,545,424	\$ 396,794,744	\$ 407,352,999	\$ 402,757,142	\$ 414,576,866
Restricted	90,509,538	96,530,455	100,550,008	108,493,998	116,643,186
Unrestricted	(95,675,648)	(99,092,275)	(90,027,532)	(90,898,130)	(103,767,979)
Total Primary Government Activities Net Position	\$ 354,379,314	\$ 394,232,924	\$ 417,875,475	\$ 420,353,010	\$ 427,452,073

Note:

The City of Escondido implemented GASBs No. 68 and 71 for the fiscal year ended June 30, 2015 which modified the Net Position of both Governmental and Business-type Net Position

Source:

City of Escondido Finance Department.

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

	2010	2011	2012	2013	2014
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 8,058,408	\$ 8,162,775	\$ 7,923,896	\$ 6,931,282	\$ 6,817,120
Public safety	58,486,106	56,170,547	60,467,057	58,937,215	64,735,010
Community services	20,321,281	13,935,737	14,428,323	13,492,016	13,824,749
Public works	25,927,953	30,251,264	23,508,515	28,719,020	22,830,644
Community development	7,814,707	9,908,625	6,765,185	6,095,723	4,442,510
Interest and fiscal charges	7,649,971	7,459,498	5,946,168	4,038,630	3,709,135
Total Governmental Activities Expenses	128,258,426	125,888,446	119,039,144	122,533,177	116,359,168
Business-type Activities:					
Water	40,277,313	37,364,315	43,537,887	48,899,219	51,937,493
Wastewater	24,154,671	23,833,875	23,995,887	25,847,825	28,748,596
Total Business-type Activities Expenses	64,431,984	61,198,190	67,533,774	74,747,044	80,686,089
Total Primary Government Expenses	<u>\$ 192,690,410</u>	<u>\$ 187,086,636</u>	<u>\$ 186,572,918</u>	<u>\$ 197,280,221</u>	<u>\$ 197,045,257</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 159,353	\$ 351,155	\$ 735,395	\$ 481,812	\$ 1,049,402
Public safety	9,207,628	8,273,579	8,429,675	8,322,729	8,217,629
Community services	5,625,758	3,871,455	4,158,173	4,118,332	4,104,210
Public works	1,076,721	994,907	1,160,643	1,261,705	1,554,453
Community development	1,372,001	1,154,371	820,337	914,370	1,351,882
Operating grants and contributions	14,568,341	12,988,723	13,503,657	12,507,289	13,031,177
Capital grants and contributions	14,818,607	10,550,030	5,608,064	8,528,675	3,331,901
Total Governmental Activities Program Revenues	46,828,409	38,184,220	34,415,944	36,134,912	32,640,654
Business-type Activities:					
Charges for services:					
Water	40,155,208	37,293,900	42,398,099	48,857,327	54,411,250
Wastewater	29,208,703	28,176,381	26,430,851	28,482,081	29,413,549
Operating grants and contributions	-	-	-	6,559	243,302
Capital grants and contributions	5,851,309	8,922,144	2,155,659	3,858,657	1,879,809
Total Business-type Activities Program Revenues	75,215,220	74,392,425	70,984,609	81,204,624	85,947,910
Total Primary Government Program Revenues	<u>\$ 122,043,629</u>	<u>\$ 112,576,645</u>	<u>\$ 105,400,553</u>	<u>\$ 117,339,536</u>	<u>\$ 118,588,564</u>

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

	2015	2016	2017	2018	2019
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 6,412,164	\$ 8,852,170	\$ 9,357,787	\$ 11,319,840	\$ 11,594,163
Public safety	62,464,110	65,521,010	71,876,096	80,848,786	80,834,482
Community services	12,485,541	12,559,645	12,571,637	13,453,775	14,394,666
Public works	24,390,896	20,066,941	22,107,665	25,876,603	27,320,553
Community development	4,652,366	4,643,576	5,077,618	5,516,258	5,388,553
Interest and fiscal charges	4,655,972	2,952,792	2,646,232	2,849,950	2,695,321
Total Governmental Activities Expenses	115,061,049	114,596,134	123,637,035	139,865,212	142,227,738
Business-type Activities:					
Water	51,558,727	49,844,796	57,314,740	62,431,613	60,286,760
Wastewater	29,740,987	30,565,986	32,361,361	32,843,118	33,669,077
Total Business-type Activities Expenses	81,299,714	80,410,782	89,676,101	95,274,731	93,955,837
Total Primary Government Expenses	<u>\$ 196,360,763</u>	<u>\$ 195,006,916</u>	<u>\$ 213,313,136</u>	<u>\$ 235,139,943</u>	<u>\$ 236,183,575</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 261,135	\$ 479,655	\$ 300,203	\$ 681,369	\$ 700,526
Public safety	9,450,880	9,292,514	10,251,178	11,190,662	11,701,922
Community services	4,042,601	3,807,474	3,739,242	3,634,653	3,668,178
Public works	1,292,959	2,280,973	2,424,590	1,738,505	2,276,458
Community development	1,615,495	1,811,997	1,973,600	1,763,863	1,501,441
Operating grants and contributions	9,216,428	10,604,522	9,441,222	9,980,538	15,008,732
Capital grants and contributions	2,855,849	4,787,949	6,622,075	9,564,799	7,654,270
Total Governmental Activities Program Revenues	28,735,347	33,065,084	34,752,110	38,554,389	42,511,527
Business-type Activities:					
Charges for services:					
Water	54,323,287	51,055,900	55,442,545	61,551,122	57,495,553
Wastewater	32,014,382	33,594,079	34,166,698	34,464,076	35,780,554
Operating grants and contributions	533,816	70,130	30,832	143,298	152,007
Capital grants and contributions	2,972,993	1,355,692	1,766,559	7,846,908	4,859,530
Total Business-type Activities Program Revenues	89,844,478	86,075,801	91,406,634	104,005,404	98,287,644
Total Primary Government Program Revenues	<u>\$ 118,579,825</u>	<u>\$ 119,140,885</u>	<u>\$ 126,158,744</u>	<u>\$ 142,559,793</u>	<u>\$ 140,799,171</u>

(Continued)

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

	2010	2011	2012	2013	2014
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (81,430,017)	\$ (87,704,226)	\$ (84,623,200)	\$ (86,398,265)	\$ (83,718,514)
Business-type activities	10,783,236	13,194,235	3,450,835	6,457,580	5,261,821
Total Primary Government					
Net Expense	<u>\$ (70,646,781)</u>	<u>\$ (74,509,991)</u>	<u>\$ (81,172,365)</u>	<u>\$ (79,940,685)</u>	<u>\$ (78,456,693)</u>
 <u>General Revenues and Other</u>					
<u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 17,826,617	\$ 20,819,517	\$ 25,532,055	\$ 24,202,373	\$ 27,366,084
Property taxes	27,884,137	28,168,365	24,060,363	16,738,501	16,805,289
Franchise tax	4,344,355	4,461,129	4,563,576	4,516,247	4,694,252
Payments in lieu of taxes	17,989,533	17,652,114	19,548,954	19,041,332	20,075,228
Other taxes	4,014,349	4,048,337	2,899,789	3,971,585	4,218,914
Use of money and property	4,654,030	4,810,578	5,885,611	3,290,477	4,153,899
Sale of capital assets	-	171,386	399,819	-	-
Miscellaneous	2,130,400	476,135	748,181	1,070,052	892,851
Transfers	41,330	1,248,845	25,000	25,000	125,000
Extraordinary item:					
Gain/(loss)	-	-	29,693,992	(34,948,363)	-
Total Governmental Activities	<u>78,884,751</u>	<u>81,856,406</u>	<u>113,357,340</u>	<u>37,907,204</u>	<u>78,331,517</u>
Business-type activities:					
Use of money and property	1,794,117	1,608,420	1,750,475	1,522,495	1,577,693
Miscellaneous	274,876	297,338	250,862	447,638	161,086
Transfers	(41,330)	(1,248,845)	(25,000)	(25,000)	(125,000)
Extraordinary item:					
Loss on chemical tank spill	-	-	(1,114,066)	-	-
Total Business-type Activities	<u>2,027,663</u>	<u>656,913</u>	<u>862,271</u>	<u>1,945,133</u>	<u>1,613,779</u>
Total Primary Government	<u>\$ 80,912,414</u>	<u>\$ 82,513,319</u>	<u>\$ 114,219,611</u>	<u>\$ 39,852,337</u>	<u>\$ 79,945,296</u>
 <u>Change in Net Position</u>					
Governmental activities	\$ (2,545,266)	\$ (5,847,820)	\$ 28,734,140	\$ (48,491,061)	\$ (5,386,997)
Business-type activities	12,810,899	13,851,148	4,313,106	8,402,713	6,875,600
Total primary government	<u>\$ 10,265,633</u>	<u>\$ 8,003,328</u>	<u>\$ 33,047,246</u>	<u>\$ (40,088,348)</u>	<u>\$ 1,488,603</u>

Source:

City of Escondido Finance Department.

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

	2015	2016	2017	2018	2019
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (86,325,702)	\$ (81,531,050)	\$ (88,884,925)	\$ (101,310,823)	\$ (99,716,211)
Business-type activities	8,544,764	5,665,019	1,730,533	9,112,999	4,331,807
Total Primary Government Net Expense	<u>\$ (77,780,938)</u>	<u>\$ (75,866,031)</u>	<u>\$ (87,154,392)</u>	<u>\$ (92,197,824)</u>	<u>\$ (95,384,404)</u>
<u>General Revenues and Other</u> <u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 29,447,205	\$ 32,080,999	\$ 37,905,908	\$ 42,100,337	\$ 44,601,539
Property taxes	16,953,228	17,039,019	17,779,603	19,968,848	20,665,489
Franchise tax	5,147,696	6,110,634	4,997,491	6,673,212	6,083,566
Payments in lieu of taxes	20,531,727	18,648,743	13,680,629	13,140,350	13,906,639
Other taxes	4,411,676	4,616,524	5,026,190	4,352,631	4,454,434
Use of money and property	4,309,471	4,445,175	4,353,656	4,903,198	7,221,048
Sale of capital assets	138,304	173,750	-	1,449,580	465,008
Miscellaneous	362,066	564,129	3,249,318	559,798	581,853
Transfers	(54,620)	25,000	25,000	50,000	25,000
Extraordinary item: Gain/(loss)	-	30,722,560	22,359,967	-	-
Total Governmental Activities	<u>81,246,753</u>	<u>114,426,533</u>	<u>109,377,762</u>	<u>93,197,954</u>	<u>98,004,576</u>
Business-type activities:					
Use of money and property	1,699,516	2,043,040	1,338,109	1,350,539	4,078,342
Miscellaneous	176,720	226,520	106,072	176,866	395,549
Transfers	54,620	(25,000)	(25,000)	(50,000)	(25,000)
Extraordinary item: Loss on chemical tank spill	-	-	-	-	-
Total Business-type Activities	<u>1,930,856</u>	<u>2,244,560</u>	<u>1,419,181</u>	<u>1,477,405</u>	<u>4,448,891</u>
Total Primary Government	<u>\$ 83,177,609</u>	<u>\$ 116,671,093</u>	<u>\$ 110,796,943</u>	<u>\$ 94,675,359</u>	<u>\$ 102,453,467</u>
<u>Change in Net Position</u>					
Governmental activities	\$ (5,078,949)	\$ 31,944,031	\$ 20,492,837	\$ (8,112,869)	\$ (1,711,635)
Business-type activities	10,475,620	7,909,579	3,149,714	10,590,404	8,780,698
Total primary government	<u>\$ 5,396,671</u>	<u>\$ 39,853,610</u>	<u>\$ 23,642,551</u>	<u>\$ 2,477,535</u>	<u>\$ 7,069,063</u>

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 10,331,307	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	21,694,390	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Nonspendable	-	5,456,377	5,180,347	2,503,401	217,690
Restricted	-	-	-	-	-
Committed to	-	28,354,588	31,938,244	17,210,596	17,319,659
Assigned to	-	713,361	852,481	980,678	897,465
Unassigned	-	399,790	753,121	247,130	1,753,519
Total General Fund	\$ 32,025,697	\$ 34,924,116	\$38,724,193	\$20,941,805	\$20,188,333
All Other Governmental Funds					
Reserved	\$ 91,342,926	\$ -	\$ -	\$ -	\$ -
Reserved for current projects, reported in:					
Special revenue funds	3,005,679	-	-	-	-
Capital projects funds	9,407,468	-	-	-	-
Unreserved, reported in:					
Special revenue funds	4,762,099	-	-	-	-
Capital projects funds	8,691,702	-	-	-	-
Undesignated, reported in:					
Special revenue funds	1,097,044	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	-	61,204,587	57,982,791	60,199,844	-
Restricted for	-	21,732,085	30,695,122	20,785,893	81,559,045
Committed to	-	8,418,117	5,208,585	2,466,775	2,008,525
Assigned to	-	774,990	447,148	159,405	139,653
Unassigned	-	(14,547,286)	(1,021,715)	(1,248,533)	(1,149,954)
Total All Other Governmental Funds	\$ 118,306,918	\$77,582,493	\$93,311,931	\$82,363,384	\$82,557,269

Note:

The City of Escondido implemented GASB 54 for the fiscal year ended June 30, 2011 and has elected not to restate fund balance amounts in previous years.

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, designated	-	-	-	-	-
Unreserved, undesignated	-	-	-	-	-
Nonspendable	183,403	179,185	9,991,902	9,991,902	5,187,424
Restricted	-	-	-	1,997,186	7,013,035
Committed to	17,281,659	16,892,319	17,921,319	17,392,319	17,392,319
Assigned to	681,822	941,262	1,541,101	1,762,773	2,297,428
Unassigned	-	1,961,211	1,712,930	2,839,620	1,888,896
Total General Fund	\$18,146,884	\$19,973,977	\$31,167,252	\$33,983,800	\$33,779,102
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for current projects, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Undesignated, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	-	-	333,590	373,620	282,173
Restricted for	78,261,012	84,682,384	86,075,428	87,811,164	90,532,465
Committed to	1,860,686	984,157	1,656,212	698,161	796,697
Assigned to	488	-	-	-	-
Unassigned	(1,184,683)	(846,790)	(1,354,541)	(1,347,939)	(50,146)
Total All Other Governmental Funds	\$78,937,503	\$84,819,751	\$86,710,689	\$87,535,006	\$91,561,189

Note:

The City of Escondido implemented GASB 54 for the fiscal year ended June 30, 2011 and has elected not to restate fund balance amounts in previous years.

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
<u>Revenues</u>					
Taxes	\$ 66,166,696	\$ 69,907,949	\$ 65,556,779	\$ 53,387,010	\$ 57,289,455
Licenses and permits	1,350,224	1,193,338	821,380	887,383	991,164
Fines and forfeits	2,186,227	1,895,447	1,640,528	1,468,309	1,184,292
Intergovernmental	26,889,870	26,688,728	27,513,328	25,945,352	23,708,589
Charges for services	12,759,043	9,976,316	10,281,595	11,335,203	12,513,585
Special assessments	5,742,487	5,759,888	5,892,241	5,958,662	5,796,337
Lease income	47,609	75,321	60,024	221,513	205,259
Investment income	2,301,810	16,367,414	1,469,849	856,466	895,826
Miscellaneous	8,177,104	4,253,232	4,432,737	4,645,031	4,265,979
Total Revenues	125,621,070	136,117,633	117,668,461	104,704,929	106,850,486
<u>Expenditures</u>					
General government	6,761,408	7,096,148	6,407,543	5,834,828	5,811,016
Public safety	55,863,025	52,038,011	53,083,126	55,246,097	57,874,021
Public works	15,364,185	18,146,072	12,542,175	17,392,655	15,189,340
Community services	18,114,581	12,072,344	12,016,459	11,815,547	12,128,504
Community development	5,132,958	7,165,632	4,774,106	5,331,818	4,238,194
Contributions to other governments	-	-	-	4,319,291	-
Capital outlay	28,777,524	26,536,515	9,153,723	7,794,450	5,550,440
Debt service:					
Principal retirements	9,653,787	10,760,000	10,512,620	7,528,360	2,528,361
Interest and fiscal charges	7,585,243	23,952,729	5,792,921	3,983,078	3,737,237
SERAF payment	8,556,226	1,761,576	-	-	-
Agency tax sharing agreement	3,817,295	9,101,406	5,921,213	-	-
Total Expenditures	159,626,232	168,630,433	120,203,886	119,246,124	107,057,113
Excess (Deficiency) of Revenues Over Expenditures	(34,005,162)	(32,512,800)	(2,535,425)	(14,541,195)	(206,627)
<u>Other Financing Sources (Uses)</u>					
Issuance of debt	-	-	224,078	4,830,000	-
Bond issue costs	-	-	-	(122,073)	-
Sale of capital assets	-	463,018	474,819	111,234	1,346,540
Transfers in	9,195,181	28,486,232	8,237,198	6,522,962	5,035,243
Transfers out	(8,873,851)	(25,059,387)	(8,062,198)	(6,673,765)	(6,734,743)
Total Other Financing Sources (Uses)	321,330	3,889,863	873,897	4,668,358	(352,960)
Special item:					
Extraordinary item: Gain/(loss)	-	-	21,191,043	(9,832,652)	-
Net Change in Fund Balance	\$ (33,683,832)	\$ (28,622,937)	\$ 19,529,515	\$ (19,705,489)	\$ (559,587)
Debt service as a percentage of noncapital expenditures	13.2%	24.4%	14.7%	10.3%	6.2%

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2015	2016	2017	2018	2019
<u>Revenues</u>					
Taxes	\$59,989,511	\$64,220,119	\$62,296,112	\$ 86,246,378	\$ 89,722,666
Licenses and permits	862,280	934,455	1,222,686	1,183,587	888,019
Fines and forfeits	1,151,366	1,344,221	1,186,276	1,076,387	1,257,729
Intergovernmental	22,900,854	24,648,821	23,485,944	17,091,365	18,031,912
Charges for services	13,670,047	13,509,208	16,154,072	16,305,361	15,438,111
Special assessments	5,970,331	5,567,955	5,589,696	797,529	831,574
Lease income	203,599	3,502,021	3,632,770	3,951,092	3,998,929
Investment income	941,778	1,245,689	540,184	481,733	3,130,835
Miscellaneous	4,544,360	1,574,553	2,298,139	467,910	824,270
Total Revenues	110,234,126	116,547,042	116,405,879	127,601,342	134,124,045
<u>Expenditures</u>					
General government	6,086,111	6,447,372	6,251,493	6,212,196	6,404,132
Public safety	61,843,630	64,266,503	65,038,985	67,917,569	70,183,327
Public works	17,407,197	14,442,206	16,592,694	20,020,822	20,583,634
Community services	11,744,673	12,080,978	11,825,028	12,096,472	12,982,171
Community development	4,585,497	4,985,006	5,078,286	4,944,488	4,777,498
Contributions to other governments	-	-	-	-	-
Capital outlay	2,966,301	3,919,203	6,084,281	10,522,490	7,606,834
Debt service:					
Principal retirements	74,848,007	243,360	1,592,870	2,616,218	2,702,509
Interest and fiscal charges	5,637,963	2,351,824	3,235,906	3,216,739	3,133,810
SERAF payment	-	-	-	-	-
Agency tax sharing agreement	-	-	-	-	-
Total Expenditures	185,119,379	108,736,452	115,699,543	127,546,994	128,373,915
Excess (Deficiency) of Revenues					
Over Expenditures	(74,885,253)	7,810,590	706,336	54,348	5,750,130
<u>Other Financing Sources (Uses)</u>					
Issuance of debt	70,660,479	-	3,230,225	2,095,893	-
Bond issue costs	-	-	-	-	-
Sale of capital assets	138,304	173,751	-	1,724,580	-
Transfers in	3,173,695	2,968,322	3,765,952	5,615,293	4,056,429
Transfers out	(4,748,440)	(3,243,322)	(4,450,952)	(5,849,248)	(5,985,074)
Total Other Financing Sources (Uses)	69,224,038	(101,249)	2,545,225	3,586,518	(1,928,645)
Special item:					
Extraordinary item: Gain/(loss)	-	-	9,832,652	-	-
Net Change in Fund Balance	\$ (5,661,215)	\$ 7,709,341	\$13,084,213	\$ 3,640,866	\$ 3,821,485
Debt service as a percentage of noncapital expenditures	5.4%	2.5%	4.4%	5.0%	4.8%

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured ⁽¹⁾				
	Residential	Commercial	Industrial	Other	Total
2010	8,231,590,550	939,687,068	734,423,838	1,918,881,771	11,824,583,227
2011	8,055,721,483	927,680,780	735,847,485	1,940,187,481	11,659,437,229
2012	8,250,098,328	915,511,275	704,991,571	1,890,820,616	11,761,421,790
2013	8,311,628,639	883,780,782	690,353,003	1,902,605,041	11,788,367,465
2014	8,565,684,527	874,571,529	684,905,167	1,989,341,749	12,114,502,972
2015	9,141,236,450	892,083,504	705,542,595	1,974,941,095	12,713,803,644
2016	9,660,263,316	929,027,539	722,758,161	2,034,053,982	13,346,102,998
2017	10,700,250,243	2,078,689,776	789,351,890	508,151,608	14,076,443,517
2018	11,429,262,692	2,231,580,409	825,162,925	546,043,980	15,032,050,006
2019	12,122,763,897	2,353,765,429	885,053,468	544,401,944	15,905,984,738

Fiscal Year Ended June 30	Unsecured	Less: Exemptions	Taxable	Total
			Assessed Value	Direct Tax Rate
2010	486,166,246	(587,494,693)	11,723,254,780	0.103
2011	462,394,959	(587,861,385)	11,533,970,803	0.103
2012	455,849,872	(597,181,491)	11,620,090,171	0.103
2013	462,158,958	(612,709,744)	11,637,816,679	0.103
2014	465,412,975	(622,608,050)	11,957,307,897	0.103
2015	494,147,367	(625,897,200)	12,582,053,811	0.103
2016	501,273,002	(659,335,434)	13,188,040,566	0.103
2017	505,626,175	(739,647,768)	13,842,421,924	0.103
2018	507,918,480	(756,770,988)	14,783,197,498	0.103
2019	559,432,166	(809,077,827)	15,656,339,077	0.103

Notes:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(1) Includes City of Escondido and Community Development Commission assessed values.

Source:

County of San Diego Auditor and Controller's Office.

CITY OF ESCONDIDO
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Ten Fiscal Years

Allocation of 1% Ad Valorem Property Taxes								
Fiscal Year Ended June 30	City Direct Rate*	Total Direct Rate	Overlapping Rates			Total	Voter Approved Debt	Total Tax Rate
			School District	San Diego County	All Other			
2010	0.103 %	0.103 %	0.710 %	0.157 %	0.030 %	1.000	0.125 %	1.125 %
2011	0.103	0.103	0.710	0.157	0.030	1.000	0.139	1.139
2012	0.103	0.103	0.710	0.157	0.030	1.000	0.140	1.140
2013	0.103	0.103	0.710	0.157	0.030	1.000	0.141	1.141
2014	0.103	0.103	0.710	0.157	0.030	1.000	0.132	1.132
2015	0.103	0.103	0.710	0.157	0.030	1.000	0.127	1.127
2016	0.103	0.103	0.710	0.157	0.030	1.000	0.153	1.153
2017	0.103	0.103	0.710	0.157	0.030	1.000	0.146	1.146
2018	0.103	0.103	0.710	0.157	0.030	1.000	0.145	1.145
2019	0.103	0.103	0.710	0.157	0.030	1.000	0.141	1.141

Note:

* The City Direct Rate is the total direct rate to the City General Fund.

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

Source:

County of San Diego Auditor and Controller's Office.
 TRA 004-013 is represented in this table

CITY OF ESCONDIDO
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
North County Fair LLC	\$229,657,759	1	1.47 %	\$172,782,156	1	1.47 %
Prebys Conrad Trust	109,854,163	2	0.70	66,248,945	3	0.57
Eagle Rose Owner LLC	88,422,340	3	0.56			
Casav Del LLC	68,959,956	4	0.44			
Latitude Del LLC	61,791,541	5	0.39			
Morningview Terrace Apts Ca	49,898,400	6	0.32			
Frit Escondido Promenade LLC	49,215,846	7	0.31	28,728,879		0.25
Luna Properties LLC	42,060,684	8	0.27	25,855,846		0.22
Stone Brewing Co	41,388,882	9	0.26			
Cox Communications California	40,974,742	10	0.26	46,369,183	4	0.40
M G Morningview Apartments				67,014,812	2	0.57
Vons				40,855,749	5	0.35
Realty Associates Fund Viii L				36,200,420	6	0.31
P K I Del Norte Plaza LP				34,853,400	7	0.30
O C/S D Holdings LLC				34,686,840	8	0.30
Goal Line L P				34,505,295	9	0.29
Lowes Of Escondido				29,749,500	10	0.25
TOTAL	\$782,224,313		4.98 %	\$617,851,025		5.28 %

Notes:

(1) Net assessed valuation for 2018-19 is \$15,656,339,077

(2) Net assessed valuation for 2009-10 is \$11,723,254,780

Source:

City of Escondido Finance Department & County Assessor

CITY OF ESCONDIDO
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2010	9,477,871	9,086,734	95.87	372,031	9,458,765	99.80
2011	9,382,618	9,097,417	96.96	247,404	9,344,821	99.60
2012	9,536,098	9,288,990	97.41	168,496	9,457,486	99.18
2013	9,720,947	9,489,467	97.62	155,805	9,645,271	99.22
2014	10,099,951	9,834,962	97.38	126,961	9,961,923	98.63
2015	10,403,367	10,222,663	98.26	189,807	10,412,470	100.09
2016	10,966,106	10,779,437	98.30	165,151	10,944,588	99.80
2017	11,541,072	11,328,962	98.16	167,550	11,496,512	99.61
2018	12,210,502	12,008,665	98.35	174,069	12,182,734	99.77
2019	13,245,889	12,990,223	98.07	142,712	13,132,935	99.15

Notes:

The amounts presented do not include property taxes collected for the Community Development Commission in the following amounts: 2009/10 - \$19,863,033 and 2010/11 - \$19,092,408.

The Community Development Commission was dissolved in fiscal year 2011/12.

Source:

County of San Diego Auditor and Controller's Office.

CITY OF ESCONDIDO
Top 25 Sales Tax Producers
Current Year and Nine Years Ago

2019		2010	
Business Name	Business Category	Business Name	Business Category
7-Eleven Food Stores	Food Markets	Apple Stores	Furniture/Appliance
Arco AM/PM Mini Marts	Service Stations	Apro	Energy Sales
Baker Electric	Bldg.Matls-Whsle	Arco AM/PM Mini Marts	Service Stations
BMW of Escondido	Auto Sales - New	BMW of Escondido	Auto Sales - New
Carmax Auto Superstores	Auto Sales - Used	Escondido Jeep Eagle GMC	Auto Sales - New
Ford of Escondido	Auto Sales - New	Heller Ford Suzuki	Auto Sales - New
Home Depot	Bldg.Matls-Retail	Home Depot	Bldg.Matls-Retail
Honda of Escondido	Auto Sales - New	Honda of Escondido	Auto Sales - New
Jack Powell Chrysler Jeep Dodge	Auto Sales - New	J C Penney Company	Department Stores
Lexus Escondido	Auto Sales - New	Jack Powell Chrysler Plymouth	Auto Sales - New
Lowe's Home Centers	Bldg.Matls-Retail	Lowe's Home Centers	Bldg.Matls-Retail
Mercedes-Benz of Escondido	Auto Sales - New	Macy's Department Store	Department Stores
Mossy Mitsubishi/Volkswagen	Auto Sales - New	Mercedes-Benz of Escondido	Auto Sales - New
Mossy Nissan Escondido	Auto Sales - New	Mossy Nissan Escondido	Auto Sales - New
GMC	Auto Sales - New	Nordstrom Department Store	Department Stores
North County Kia	Auto Sales - New	GMC	Auto Sales - New
Pine Tree Lumber	Bldg.Matls-Whsle	Pine Tree Lumber	Bldg.Matls-Retail
Quality Chevrolet	Auto Sales - New	Quality Chevrolet	Auto Sales - New
Shell Service Stations	Service Stations	Sears Roebuck & Company	Department Stores
Superior Ready Mix Concrete	Bldg.Matls-Whsle	Shell Service Stations	Service Stations
Target Stores	Department Stores	Superior Ready Mix Concrete	Bldg.Matls-Whsle
Toyota of Escondido	Auto Sales - New	Target Stores	Department Stores
United Oil Service Stations	Service Stations	Toyota of Escondido	Auto Parts/Repair
Vons Service Stations	Service Stations	Vons Grocery Company	Food Markets
Wal Mart Stores	Department Stores	Vons Service Stations	Service Stations

Notes:

State law does not allow disclosure of the top ten sales tax providers to the City

Firms Listed Alphabetically

Source:

Avenu Insights & Analytics

CITY OF ESCONDIDO
Taxable Sales by Category
Last Ten Calendar Years (First Quarter)

Category Name	2010Q1	2011Q1	2012Q1	2013Q1	2014Q1
Accommodation and Food Services	\$ 1,198,951	\$ 1,710,802	\$ 1,790,636	\$ 1,937,241	\$ 2,095,916
Administrative and Support and Waste Management and Remediation Services	116,661	79,049	87,377	104,215	137,762
Arts, Entertainment, and Recreation	14,996	11,102	11,920	16,196	20,666
Construction	713,587	127,917	95,163	106,385	91,283
Educational Services	9,916	37,240	38,220	39,586	42,224
Health Care and Social Assistance	61,864	88,267	280,381	55,560	49,298
Information	419,943	107,376	114,451	99,361	130,112
Manufacturing	222,534	1,068,332	1,196,132	1,105,616	1,215,223
Other Services (except Public Administration)	240,238	350,448	378,669	388,155	420,768
Professional, Scientific, and Technical Services	68,821	73,287	79,453	75,690	80,911
Real Estate and Rental and Leasing	40,066	250,236	317,452	353,982	362,060
Retail Trade	11,603,924	15,125,030	18,337,124	19,394,269	20,362,306
Transportation and Warehousing	301,691	3,853	5,277	5,320	6,347
Wholesale Trade	425,700	1,333,521	1,430,661	1,511,448	1,759,254
All Other Sectors		392,618	384,993	487,177	599,109
Total	\$ 15,438,891	\$ 20,759,079	\$ 24,547,910	\$ 25,680,201	\$ 27,373,240

Notes:

The data contained in this report is economic and therefore constantly changing as adjustments, fund transfers, late filings and audits are recorded. The categories listed in previous reports were based on SBOE NAICS codes and have been updated to reflect current updated CDTFA standards.

Source:

Avenu Insights & Analytics

CITY OF ESCONDIDO
Taxable Sales by Category (Continued)
Last Ten Calendar Years (First Quarter)

Category Name	2015Q1	2016Q1	2017Q1	2018Q1	2019Q1
Accommodation and Food Services	\$ 2,243,053	\$ 2,449,825	\$ 2,602,746	\$ 2,741,428	\$ 2,719,900
Administrative and Support and Waste Management and Remediation Services	105,771	92,689	113,747	128,435	140,601
Arts, Entertainment, and Recreation	24,418	41,617	61,706	39,834	51,499
Construction	115,879	82,417	88,791	120,122	461,469
Educational Services	43,233	37,292	40,002	33,195	37,379
Health Care and Social Assistance	44,747	50,224	51,939	54,909	40,068
Information	156,877	121,845	91,651	93,749	88,544
Manufacturing	1,437,742	1,436,670	1,471,757	1,648,799	1,489,494
Other Services (except Public Administration)	434,319	450,688	504,010	510,377	547,494
Professional, Scientific, and Technical Services	86,658	96,755	85,242	78,195	85,360
Real Estate and Rental and Leasing	392,684	403,294	420,714	518,327	570,531
Retail Trade	21,015,238	20,915,522	22,013,444	22,173,806	22,133,914
Transportation and Warehousing	12,571	11,617	11,099	13,351	20,118
Wholesale Trade	1,962,655	2,325,100	2,543,511	2,800,773	2,779,867
All Other Sectors	721,824	869,624	1,069,930	1,076,421	1,132,579
Total	\$ 28,797,669	\$ 29,385,181	\$ 31,170,290	\$ 32,031,721	\$ 32,298,818

Notes:

The data contained in this report is economic and therefore constantly changing as adjustments, fund transfers, late filings and audits are recorded. The categories listed in previous reports were based on SBOE NAICS codes and have been updated to reflect current updated CDTFA standards.

Source:

Avenu Insights & Analytics

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

Fiscal Year Ended June 30	Governmental Activities (1)						Total Governmental Activities
	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	Tax Allocation Bonds (2)	Loans Payable	Capital Leases Payable	
2010	\$ 80,360,000	\$ 63,995,000	\$ 2,760,000	\$ 3,786,572	\$ 7,113,854	-	\$ 158,015,426
2011	78,860,000	56,000,000	2,295,000	4,033,736	6,246,320	-	147,435,056
2012	77,295,000	5,320,000	1,790,000	-	6,398,573	-	90,803,573
2013	75,665,000	4,830,000	1,240,000	-	994,926	-	82,729,926
2014	73,965,000	4,625,000	645,000	-	888,366	-	80,123,366
2015	61,520,000	4,415,000	-	-	779,130	1,046,067	67,760,197
2016	61,520,000	4,200,000	-	-	666,456	874,856	67,261,312
2017	60,460,000	3,980,000	-	-	3,496,159	709,677	68,645,836
2018	58,680,000	3,750,000	-	-	3,085,997	2,348,521	67,864,518
2019	56,810,000	3,515,000	-	-	2,674,999	1,892,577	64,892,576

Notes:

(1) Details regarding the City's outstanding debt can be found in Note 8 of the financial statements

(2) Debt issued by the Escondido Community Development Commission is no longer reported as a result of the dissolution of the Community Development Commission on February 1, 2012

Sources:

City of Escondido Finance Department, Avenu Insights & Analytics, U.S. Census Bureau, 2010 American Community Survey.

CITY OF ESCONDIDO
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Business-type Activities (1)			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Revenue COP & Lease Revenue Bonds	Loans Payable	Total Business Activities			
2010	\$ 82,315,000	\$ 25,981,179	\$ 108,296,179	\$ 266,311,605	7.66 %	1,832
2011	80,095,000	26,507,579	106,602,579	254,037,635	8.97	1,750
2012	118,420,000	24,715,177	143,135,177	233,938,750	7.80	1,602
2013	115,975,000	22,585,446	138,560,446	221,290,372	7.28	1,517
2014	113,075,000	20,448,701	133,523,701	213,647,067	6.65	1,452
2015	103,970,000	18,304,767	122,274,767	190,034,964	5.82	1,290
2016	101,250,000	16,153,467	117,403,467	184,664,779	5.56	1,225
2017	98,615,000	13,994,615	112,609,615	181,255,451	5.18	1,196
2018	95,890,000	11,839,768	107,729,768	175,594,286	4.72	1,159
2019	93,060,000	11,305,828	104,365,828	169,258,404	4.28	1,108

Notes:

(1) Details regarding the City's outstanding debt can be found in Note 8 of the financial statements

(2) Debt issued by the Escondido Community Development Commission is no longer reported as a result of the dissolution of the Community Development Commission on February 1, 2012

Sources:

City of Escondido Finance Department, Avenu Insights & Analytics, U.S. Census Bureau, 2010 American Community Survey.

CITY OF ESCONDIDO
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	Outstanding General Obligation Bonded Debt				Percent of Assessed Value ⁽¹⁾	Per Capita
	General Obligation Bonds	Certificates of Participation	Tax Allocation Bonds ⁽²⁾	Total		
2010	80,360,000	2,760,000	3,786,572	86,906,572	0.74	598
2011	78,860,000	2,295,000	4,033,736	85,188,736	0.74	587
2012	77,295,000	1,790,000	-	79,085,000	0.68	541
2013	75,665,000	1,240,000	-	76,905,000	0.66	527
2014	73,965,000	645,000	-	74,610,000	0.62	507
2015	61,520,000	-	-	61,520,000	0.49	418
2016	61,520,000	-	-	61,520,000	0.47	408
2017	60,460,000	-	-	60,460,000	0.44	399
2018	58,680,000	-	-	58,680,000	0.40	387
2019	56,810,000	-	-	56,810,000	0.36	372

Notes:

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Sources:

City of Escondido Finance Department
Avenu Insights & Analytics

CITY OF ESCONDIDO
Direct and Overlapping Debt
For the Year Ended June 30, 2019

2018-19 Assessed Valuation	\$ 16,040,918,913
Redevelopment Agency Incremental Valuation	3,333,373,695
Adjusted Assessed Valuation	\$ 12,707,545,218

	Percentage Applicable ⁽¹⁾	Outstanding Debt 6/30/19	Estimated Share of Overlapping Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	0.547 %	\$ 48,050,000	\$ 262,834
Palomar Community College District	13.091	618,718,625	80,996,455
San Marcos Unified School District School	3.513	274,121,554	9,629,890
San Marcos Unified School District School Facilities Improvement District No. 1	2.222	1,380,653	30,678
Escondido Union High School District	76.892	85,428,729	65,687,858
Escondido Union School District	77.583	136,864,622	106,183,680
San Pasqual Union School District	56.828	197,458	112,211
Palomar Pomerado Hospital District	19.091	431,124,259	82,305,932
City of Escondido	100.000	56,810,000	56,810,000
City of Escondido Community Facilities District No. 2006-01	100.000	12,545,000	12,545,000
City of Escondido Hidden Trails Community Facilities District	100.000	1,840,000	1,840,000
City of Escondido 1915 Act Bonds	100.000	2,125,000	2,125,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		1,669,205,900	418,529,538
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	3.049	255,365,000	7,786,079
San Diego County Pension Obligation Bonds	3.049	508,765,000	15,512,245
San Diego County Superintendent of School Obligations	3.049	10,085,000	307,492
Palomar Community College District Certificates of Participation	13.091	2,140,000	280,147
San Marcos Unified School General Fund Obligations	3.513	77,140,785	2,709,956
Escondido Union High School District Certificates of Participation	76.892	54,250,000	41,713,910
Escondido Union School District Certificates of Participation	77.583	15,525,000	12,044,761
Escondido Union School District Benefit Obligation Bonds	77.583	7,655,000	5,938,979
City of Escondido General Fund Lease Revenue Bonds	100.000	3,515,000	3,515,000
City of Escondido Lease Obligations	100.000	1,892,577	1,892,577
City of Escondido Loans Obligations	100.000	2,675,000	2,675,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		939,008,362	94,376,146
TOTAL CITY DIRECT DEBT			\$ 8,082,577
TOTAL OVERLAPPING DEBT			\$ 504,823,107
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 512,905,684 ⁽²⁾

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and non-bonded capital lease obligations.

RATIOS TO 2018-19 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	2.61 %
Combined Direct Debt (\$64,892,577)	0.05
Combined Total Debt	3.20

RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY INCREMENTAL VALUATION (\$3,333,373,695):

Total Overlapping Tax Increment Debt	0.23 %
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Source: Avenu Insights & Analytics.

CITY OF ESCONDIDO
Legal Debt Margin Information
Last Ten Fiscal Years

	2010	2011	2012	2013	2014
Assessed valuation	\$ 9,608,214,935	\$ 9,501,563,129	\$9,663,353,864	\$9,674,335,352	\$9,841,518,516
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,402,053,734	2,375,390,782	2,415,838,466	2,418,583,838	2,460,379,629
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	360,308,060	356,308,617	362,375,770	362,787,576	369,056,944
Total Debt Applicable to Limit:					
General Obligation Bonds	80,360,000	78,860,000	77,295,000	75,665,000	73,965,000
Legal Debt Margin	<u>\$ 279,948,060</u>	<u>\$ 277,448,617</u>	<u>\$ 285,080,770</u>	<u>\$ 287,122,576</u>	<u>\$ 295,091,944</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	22%	22%	21%	21%	20%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within that state.

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Assessed valuation	\$10,389,492,632	\$10,901,050,697	\$11,397,164,781	\$12,065,097,152	\$12,707,545,218
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,597,373,158	2,725,262,674	2,849,291,195	3,016,274,288	3,176,886,305
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	389,605,974	408,789,401	427,393,679	452,441,143.20	476,532,945.68
Total Debt Applicable to Limit:					
General Obligation Bonds	61,520,000	61,520,000	60,460,000	58,680,000	56,810,000
Legal Debt Margin	<u>\$ 328,085,974</u>	<u>\$ 347,269,401</u>	<u>\$ 366,933,679</u>	<u>\$ 393,761,143</u>	<u>\$ 419,722,946</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	16%	15%	14%	13%	12%

Note:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within that state.

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Pledged-Revenue Coverage
Last Ten Fiscal Years

2001 Lease Revenue Bonds

Fiscal Year Ended June 30	Loan Payment Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 354,300	-	\$ 354,300	\$ 80,000	\$ 274,300	\$ 354,300	1.00
2011	360,940	-	360,940	90,000	270,940	360,940	1.00
2012	367,015	-	367,015	100,000	267,015	367,015	1.00
2013	404,925	-	404,925	115,000	289,925	404,925	1.00
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-

2013A Lease Revenue Refunding Bonds

Fiscal Year Ended June 30	Loan Payment Revenue	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	404,925	-	404,925	-	-	-	n/a
2014	359,714	-	359,714	205,000	154,714	359,714	1.00
2015	359,268	-	359,268	210,000	149,268	359,268	1.00
2016	360,019	-	360,019	215,000	145,019	360,019	1.00
2017	359,569	-	359,569	220,000	139,569	359,569	1.00
2018	362,819	-	362,819	230,000	132,819	362,819	1.00
2019	360,844	-	360,844	235,000	125,844	360,844	1.00

1993 Certificates of Participation

Fiscal Year Ended June 30	Loan Payment Revenue	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 679,900	-	\$ 679,900	\$ 430,000	\$ 249,900	\$ 679,900	1.00
2011	677,310	-	677,310	465,000	212,310	677,310	1.00
2012	676,570	-	676,570	505,000	171,570	676,570	1.00
2013	677,260	-	677,260	550,000	127,260	677,260	1.00
2014	674,170	-	674,170	595,000	79,170	674,170	1.00
2015	672,090	-	672,090	645,000	27,090	672,090	1.00
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-

Notes:

Details regarding the City's outstanding debt can be found in Note 8 of the financial statements

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Pledged-Revenue Coverage (Continued)
Last Ten Fiscal Years

Water and Wastewater Revenue and Revenue Certificates of Participation

Fiscal Year Ended June 30	Charges for Services and Other Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$72,191,950	\$52,131,987	\$20,059,963	\$ 2,135,000	\$3,937,058	\$ 6,072,058	3.30
2011	67,713,179	49,064,535	18,648,644	2,220,000	3,852,716	6,072,716	3.07
2012	71,296,465	53,021,213	18,275,252	2,310,000	4,020,204	6,330,204	2.89
2013	79,799,930	60,004,862	19,795,068	2,445,000	5,169,939	7,614,939	2.60
2014	86,667,661	65,419,946	21,247,715	2,900,000	5,331,367	8,231,367	2.58
2015	87,671,696	66,305,756	21,365,940	1,170,000	3,974,086	5,144,086	4.15
2016	86,015,050	66,144,441	19,870,609	2,720,000	4,559,645	7,279,645	2.73
2017	93,821,259	72,905,682	20,915,577	2,635,000	4,643,985	7,278,985	2.87
2018	101,325,778	80,281,886	21,043,892	2,725,000	4,545,937	7,270,937	2.89
2019	98,754,414	76,800,519	21,953,895	2,830,000	4,435,876	7,265,876	3.02

Special Assessment Debt - Hidden Trails

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 229,274	-	\$ 229,274	\$ 60,000	\$ 166,850	\$ 226,850	1.01
2011	238,709	-	238,709	75,000	162,900	237,900	1.00
2012	209,432	-	209,432	65,000	159,357	224,357	0.93
2013	229,435	-	229,435	70,000	155,610	225,610	1.02
2014	227,470	-	227,470	75,000	130,338	205,338	1.11
2015	202,543	-	202,543	95,000	185,180	280,180	0.72
2016	192,845	-	192,845	100,000	88,231	188,231	1.02
2017	199,532	-	199,532	100,000	86,231	186,231	1.07
2018	202,926	-	202,926	110,000	83,994	193,994	1.05
2019	201,350	-	201,350	110,000	81,381	191,381	1.05

Special Assessment Debt - Eureka Ranch

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 1,419,402	-	\$ 1,419,402	320,000.00	\$ 893,243	\$ 1,213,243	1.17
2011	1,182,479	-	1,182,479	330,000	879,630	1,209,630	0.98
2012	1,225,888	-	1,225,888	345,000	865,114	1,210,114	1.01
2013	1,252,550	-	1,252,550	360,000	849,600	1,209,600	1.04
2014	1,231,047	-	1,231,047	375,000	833,058	1,208,058	1.02
2015	1,240,086	-	1,240,086	-	1,218,656	1,218,656	1.02
2016	1,088,472	-	1,088,472	-	445,103	445,103	2.45
2017	1,028,832	-	1,028,832	295,000	594,950	889,950	1.16
2018	1,067,698	-	1,067,698	445,000	587,550	1,032,550	1.03
2019	1,044,975	-	1,044,975	460,000	576,200	1,036,200	1.01

Notes:

Details regarding the City's outstanding debt can be found in Note 8 of the financial statements

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Pledged-Revenue Coverage (Continued)
Last Ten Fiscal Years

Special Assessment Debt - Auto Parkway

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 335,748	-	\$ 335,748	\$195,000	\$ 135,422	\$ 330,422	1.02
2011	338,480	-	338,480	205,000	124,172	329,172	1.03
2012	347,187	-	347,187	215,000	112,359	327,359	1.06
2013	343,514	-	343,514	225,000	99,984	324,984	1.06
2014	347,171	-	347,171	240,000	86,906	326,906	1.06
2015	343,788	-	343,788	255,000	72,984	327,984	1.05
2016	343,967	-	343,967	270,000	58,219	328,219	1.05
2017	340,252	-	340,252	285,000	42,609	327,609	1.04
2018	338,357	-	338,357	300,000	26,156	326,156	1.04
2019	327,091	-	327,091	315,000	8,859	323,859	1.01

Special Assessment Debt - Rancho San Pasqual

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 351,695	-	\$ 351,695	\$125,000	\$ 207,774	\$ 332,774	1.06
2011	351,270	-	351,270	130,000	200,920	330,920	1.06
2012	357,610	-	357,610	140,000	193,595	333,595	1.07
2013	350,697	-	350,697	145,000	185,793	330,793	1.06
2014	355,975	-	355,975	155,000	177,543	332,543	1.07
2015	349,564	-	349,564	165,000	168,577	333,577	1.05
2016	345,177	-	345,177	175,000	158,887	333,887	1.03
2017	353,979	-	353,979	175,000	148,913	323,913	1.09
2018	348,126	-	348,126	195,000	138,368	333,368	1.04
2019	353,023	-	353,023	205,000	126,968	331,968	1.06

Notes:

Details regarding the City's outstanding debt can be found in Note 8 of the financial statements

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population ⁽¹⁾	Personal Income (in millions) ⁽²⁾	Per Capita Income ⁽²⁾	Unemployment Rate ⁽³⁾
2009	145,388	\$ 3,477	\$ 23,914	10.1 %
2010	145,196	2,833	19,514	10.6
2011	146,064	2,999	20,536	9.9
2012	145,908	3,040	20,836	9.3
2013	147,102	3,214	21,851	7.9
2014	147,294	3,267	22,181	4.8
2015	150,760	3,323	22,042	5.2
2016	151,492	3,500	23,103	4.7
2017	151,478	3,700	24,573	3.1
2018	152,739	3,960	25,919	2.7

Notes:

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

(1) Population Projections are provided by the California Department of Finance Projections.

(2) Income Data is provided by the U.S. Census Bureau, 2010 American Community Survey.

(3) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

Sources:

Avenu Insights & Analytics, U.S. Census Bureau, 2010 American Community Survey.

CITY OF ESCONDIDO
Principal Employers
Current Year and Nine Years Ago

Employer	2019		2010	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Palomar Medical Center	2,652	3.82 %	2,615	3.60 %
Escondido Union School District	1,906	2.74	1,981	2.72
City of Escondido ⁽¹⁾	1,027	1.48	1,102	1.52
Escondido Union High School District	812	1.17	792	1.09
Bergelectric	504	0.73		
Nemo's Bakery	310	0.45	320	0.44
Toyota of Escondido	298	0.43		
Nordstrom Inc.	214	0.31	720	0.99
The Classical Academies	197	0.45		
Palomar Community College District	189	0.43	340	0.47
Vons Grocery Stores			334	0.46
ARS National Services Inc			279	0.38

Notes:

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

Total City Labor Force provided by EDD Labor Force Data. Total City Labor Force in 2018-19 is 69,500

(1) Includes FT and PT employees

Sources:

Avenu Insights & Analytics.

2009-10 previously published CAFR

CITY OF ESCONDIDO
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years
As of June 30

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	110	109	106	108	111	107	113	120	123	115
Public Safety	381	375	360	374	383	365	383	398	397	397
Public Works	142	143	151	154	148	140	118	111	107	105
Community Development	39	38	37	35	36	37	38	37	37	36
Community Services	225	224	216	225	206	174	168	167	94	105
Housing & Neighborhood Services	14	15	12	10	10	9	10	9	10	9
Water	117	118	118	114	114	118	115	117	115	121
Wastewater	74	75	73	71	82	78	73	73	71	72
Total	<u>1,102</u>	<u>1,097</u>	<u>1,073</u>	<u>1,091</u>	<u>1,090</u>	<u>1,028</u>	<u>1,018</u>	<u>1,032</u>	<u>954</u>	<u>960</u>

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Operating Indicators by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
Police:					
Physical Arrests	7,190	7,617	7,032	5,988	5,740
Traffic Violations	16,956	13,811	13,054	9,782	8,454
Parking Violations	7,606	5,784	4,514	4,022	4,328
Fire:					
Number of Calls Answered	11,544	11,370	11,978	13,065	13,139
Number of Inspections Conducted	2,059	2,222	1,380	1,741	1,496
Public Works⁽¹⁾:					
Street Resurfacing (miles)	1.5	9.5	3.0	19.3	18.6
Parks and Recreation⁽²⁾:					
Number of Recreation Classes	1,101	1,176	990	1,275	2,410
Number of Facility Rentals	1,106	1,125	995	2,541	1,975
Golf Rounds Played	97,683	95,020	95,934	95,528	97,094
Water:					
Number of Service Connections	26,390	26,489	26,502	26,508	26,536
Average Daily Consumption (gallons)	18,799,222	18,835,000	20,220,000	23,370,000	22,579,315
Sewer:					
Number of Service Connections	27,014	27,066	27,054	27,072	27,102
Average Daily Treatment (gallons)	12,500,000	12,900,000	12,730,000	12,630,000	12,100,000

Note:

(1) Funding for street resurfacing was increased beginning in 2013

(2) A new registration process for recreation was implemented in 2013.

Source:

City of Escondido.

CITY OF ESCONDIDO
Operating Indicators by Function (Continued)
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019
Police:					
Physical Arrests	4,923	5,114	5,533	5,763	5,491
Traffic Violations	8,528	7,038	6,912	5,779	7,221
Parking Violations	5,571	6,052	6,218	6,752	7,509
Fire:					
Number of Calls Answered	13,450	14,553	15,369	16,710	16,154
Number of Inspections Conducted	2,590	2,086	1,826	3,624	4,082
Public Works⁽¹⁾:					
Street Resurfacing (miles)	44.0	63.5	67.0	94.0	98.0
Parks and Recreation⁽²⁾:					
Number of Recreation Classes	1,070	808	577	640	728
Number of Facility Rentals	1,770	1,857	3,056	3,482	3,000
Golf Rounds Played	94,917	99,130	97,394	99,817	96,709
Water:					
Number of Service Connections	26,567	26,617	26,694	26,884	27,052
Average Daily Consumption (gallons)	19,500,000	16,680,000	17,206,595	19,431,105	17,120,000
Sewer:					
Number of Service Connections	27,139	27,048	27,070	48,092	48,161
Average Daily Treatment (gallons)	11,900,000	11,700,000	12,600,000	12,300,000	13,400,000

Note:

(1) Funding for street resurfacing was increased beginning in 2013

(2) A new registration process for recreation was implemented in 2013.

Source:

City of Escondido.

CITY OF ESCONDIDO
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2010	2011	2012	2013	2014
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	7	7	7	7	7
Public Works:					
Streets (miles)	304.4	304.6	304.9	305.0	305.0
Streetlights	6,460	6,479	6,480	6,479	6,487
Traffic Signals	146	148	148	151	152
Parks and Recreation:					
Parks	14	14	14	14	14
Community Centers	3	3	3	3	3
Golf Courses	2	2	2	2	2
Water:					
Water Mains (miles)	430	430	430	431	431
Maximum Daily Plant Capacity (gallons)	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Sewer:					
Sanitary Sewers (miles)	351	352	355	363	379
Storm Drains (miles)	380	381	383	382	377
Maximum Daily Treatment Capacity (gallons)	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000

Source:

City of Escondido.

CITY OF ESCONDIDO
Capital Asset Statistics by Function (Continued)
Last Ten Fiscal Years

Function	2015	2016	2017	2018	2019
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	7	7	7	7	7
Public Works:					
Streets (miles)	306.2	307.4	323.0	363.8	331.0
Streetlights	6,488	6,489	6,489	6,489	6,635
Traffic Signals	153	155	155	155	165
Parks and Recreation:					
Parks	14	14	14	14	14
Community Centers	3	3	3	3	3
Golf Courses	2	2	2	2	2
Water:					
Water Mains (miles)	423	423	430	436	436
Maximum Daily Plant Capacity (gallons)	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Sewer:					
Sanitary Sewers (miles)	374	380	380	389	389
Storm Drains (miles)	411	411	221	200	200
Maximum Daily Treatment Capacity (gallons)	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000

Source:

City of Escondido.

