

# Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2020

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City of Escondido  
California







CITY OF ESCONDIDO - CALIFORNIA

# Comprehensive Annual Financial Report

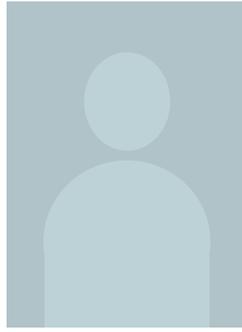
Fiscal Year Ended June 30, 2020



Paul McNamara  
Mayor



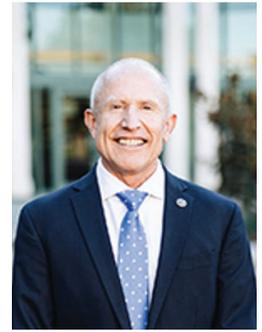
Consuelo Martinez  
Deputy Mayor



(Vacant)  
Council Member  
District 2



Olga Diaz  
District 3



Michael Morasco  
District 4

CITY MANAGER  
Jeffrey R. Epp

Prepared by the Finance Department





**CITY OF ESCONDIDO**  
**Comprehensive Annual Financial Report**  
**Table of Contents**  
**June 30, 2020**

---

	<u>Page</u>
<b>INTRODUCTORY SECTION:</b>	
Principal Officers	1
Table of Contents	3
Organization Chart	7
Letter of Transmittal	8
Certificate of Achievement for Excellence in Financial Reporting	13
 <b>FINANCIAL SECTION:</b>	
Independent Auditors' Report on the Financial Statements	15
Management's Discussion and Analysis (Unaudited)	19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	36
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	38
Reconciliation of the Balance Sheet to the Statement of Net Position	39
Statement of Revenues, Expenditures, and Changes in Fund Balances	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Proprietary Funds:	
Statement of Net Position	42
Statement of Revenues, Expenses, and Changes in Fund Net Position	44
Statement of Cash Flows	46

**CITY OF ESCONDIDO**  
**Comprehensive Annual Financial Report**  
**Table of Contents (Continued)**  
**June 30, 2020**

---

	<u>Page</u>
<b>FINANCIAL SECTION (Continued):</b>	
Basic Financial Statements:	
Fund Financial Statements:	
Fiduciary Funds:	
Statement of Fiduciary Net Position	48
Statement of Changes in Fiduciary Net Position	49
Notes to Basic Financial Statements	50
Required Supplementary Information (Unaudited):	
Budgetary Comparison Schedules:	
General Fund	104
Successor Agency Housing Fund	106
Schedule of Changes in Net Position Liability and Related Ratios - Miscellaneous Plan	107
Schedule of Changes in Net Position Liability and Related Ratios - Safety Plan	109
Schedule of Plan Contributions - Miscellaneous Plan	111
Schedule of Plan Contributions - Safety Plan	113
Notes to Required Supplementary Information	115
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	125
Budgetary Comparison Schedules:	
Certain Special Revenue Funds:	
Street Fund	130
Community Services Fund	131
Community Development Block Grant Fund	132
Landscape and Assessment District Fund	133

**CITY OF ESCONDIDO**  
**Comprehensive Annual Financial Report**  
**Table of Contents (Continued)**  
**June 30, 2020**

---

**Page**

**FINANCIAL SECTION (Continued):**

Supplementary Information:

Budgetary Comparison Schedules:

Certain Special Revenue Funds:

Law Enforcement Fund	134
HOME Fund	135
Miscellaneous Grants Fund	136
Vehicle Parking District Fund	137

Debt Service Fund:

General Obligation Debt Service Fund	138
Golf Course Fund	139

Internal Service Funds:

Combining Statement of Net Position	141
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	143
Combining Statement of Cash Flows	145

Agency Funds:

Combining Statement of Assets and Liabilities	150
Combining Statements of Changes in Assets and Liabilities	151

**STATISTICAL SECTION (Unaudited):**

Financial Trends Information:

Net Position by Component – Last Ten Fiscal Years	156
Changes in Net Position – Last Ten Fiscal Years	158
Fund Balances of Governmental Funds – Last Ten Fiscal Years	162
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	164

**CITY OF ESCONDIDO**  
**Comprehensive Annual Financial Report**  
**Table of Contents (Continued)**  
**June 30, 2020**

---

**Page**

**STATISTICAL SECTION (Unaudited) (Continued):**

Revenue Capacity Information:

Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	166
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	167
Principal Property Taxpayers – Current Year and Nine Years Ago	168
Property Tax Levies and Collections – Last Ten Fiscal Years	169
Top 25 Sales Tax Producers	170
Taxable Sales by Category	171

Debt Capacity Information:

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	173
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	175
Direct and Overlapping Debt	176
Legal Debt Margin Information – Last Ten Fiscal Years	177
Pledged-Revenue Coverage – Last Ten Fiscal Years	179

Demographic and Economic Information:

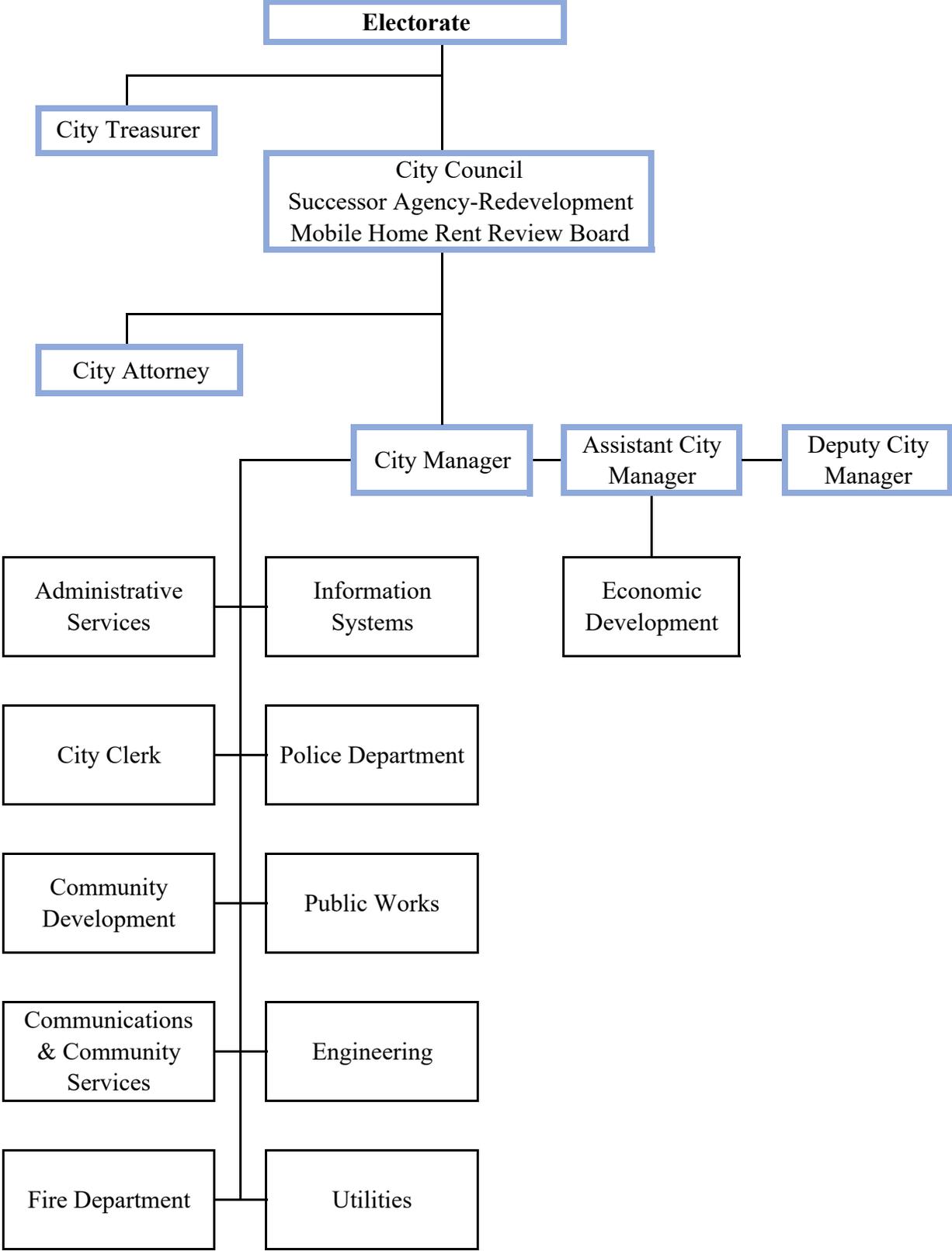
Demographic and Economic Statistics – Last Ten Calendar Years	182
Principal Employers – Current Year and Nine Years Ago	183

Operating Information:

Full-time and Part-time City Employees by Function – Last Ten Fiscal Years	184
Operating Indicators by Function – Last Ten Fiscal Years	185
Capital Asset Statistics by Function – Last Ten Fiscal Years	186

**CITY OF ESCONDIDO**  
**Organization Chart**  
**June 30, 2020**

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December 29, 2020

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, 2020.

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, 2020, 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, 2020, 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 151,115. 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**

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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.

At the start of the calendar year 2020, the federal, state, and local economic outlook was positive. Home prices in San Diego County were at near record highs due to low mortgage interest rates. The unemployment rate in the County was at a record low of 3.1% in February. Then, as the result of the COVID-19 pandemic, government operations and private businesses were forced to close or drastically alter operations. The restrictions have limited the City's ability to conduct certain operations and have significantly impacted consumer behavior creating a decrease in spending on certain goods and services.

## CITY OF ESCONDIDO Letter of Transmittal

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Prior to the economic impacts of COVID-19, the General Fund long-term financial plan projected a \$6 million operating budget deficit in Fiscal Year 2020/21 with annual projected deficits continuing to Fiscal Year 2039/40. These deficits are due to projected revenue growth not keeping pace with the projected growth in operational and retirement costs. 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.

With the current social distancing restrictions, travel warnings and closing of non-essential businesses, certain categories of operating revenues have declined significantly in Fiscal Year 2019/20 and will continue to decline but at a slower rate in Fiscal Year 2020/21. Sales tax is the largest General Fund revenue source at 35% of total revenue and is projected to decline in Fiscal Year 2020/21 by 3% to reach \$36 million. Property tax revenue is projected to grow by 2% next year due to an increase in the assessed value of taxable property within the City. Franchise fees are projected to increase due to an anticipated increase in fees through a restructuring of the City's contract with Escondido Disposal. These increases will be offset by decreases in transient occupancy tax due to declines in travel and decreases in business license fees due to the economic slowdown.

Proposed budget reductions submitted by City staff were sufficient to close the projected budget gap and the City adopted a balanced budget for Fiscal Year 2020/21. Even after the cost saving measures, the budget relies on \$4 million of one-time funds from the Redevelopment Loan payment to the City. The structural budget gap consistently present in the City's finances, plus the inevitable lingering impacts of the COVID-19 pandemic make addressing future City revenue the highest priority of staff, policymakers and the community.

### **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>.

**CITY OF ESCONDIDO**  
**Letter of Transmittal**

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**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, 2019. 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,



Christina Holmes  
Director of Finance





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

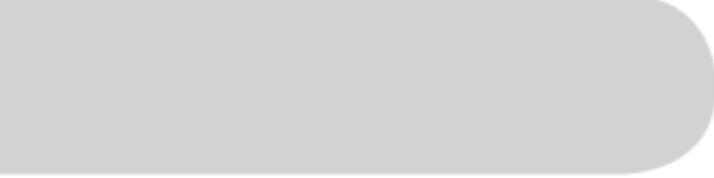
**City of Escondido  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

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 unit, 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, 2020, 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 unit. 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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## **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 unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the 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 32 and 104 through 115 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 29, 2020, 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.

*The PwC Group, LLP*

San Diego, California  
December 29, 2020

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## CITY OF ESCONDIDO Management's Discussion and Analysis

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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, 2020. 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

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**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, 2020. 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 \$439,466,745, an increase of \$4.2 million or .96 percent.

**City of Escondido's Summary of Net Position**

As of June 30, 2020 and 2019

(Amounts expressed in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 225,517	\$ 196,049	\$ 103,633	\$ 78,280	\$ 329,150	\$ 274,329
Capital assets	291,202	292,307	315,810	307,522	607,012	599,829
Total Assets	<u>516,719</u>	<u>488,356</u>	<u>419,443</u>	<u>385,802</u>	<u>936,162</u>	<u>874,158</u>
Deferred outflows of resources	30,976	35,924	6,456	8,052	37,432	43,976
Long-term liabilities outstanding	297,044	299,300	176,832	163,704	473,876	463,004
Other liabilities	34,251	13,599	21,706	12,169	55,957	25,768
Total Liabilities	<u>331,295</u>	<u>312,899</u>	<u>198,538</u>	<u>175,873</u>	<u>529,833</u>	<u>488,772</u>
Deferred inflows of resources	3,014	1,440	1,280	499	4,294	1,939
Net position:						
Net investment in capital assets	221,761	218,871	184,746	195,706	406,507	414,577
Restricted	124,689	115,517	15,665	1,096	140,354	116,613
Unrestricted	(133,064)	(124,447)	25,670	20,680	(107,394)	(103,767)
Total net position	<u>\$ 213,386</u>	<u>\$ 209,941</u>	<u>\$ 226,081</u>	<u>\$ 217,482</u>	<u>\$ 439,467</u>	<u>\$ 427,423</u>

The largest portion of the City's net position (92.5 percent or \$406.5 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 (31.9 percent or \$140.4 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, 2020, unrestricted net position was a deficit of (\$107.4) 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, 2020, is \$254.3 million, compared to \$243.2 million at June 30, 2019, an increase of \$11.0 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, 2020, the Section 115 Trust balance amounted to \$13.6 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 \$12.1 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 increased the City's net position by \$3,445,414.

<b>Governmental Activities</b>			
Net Position at June 30			
<i>(Amounts expressed in thousands)</i>			
	2020	2019	Increase / (Decrease)
Current and other assets	\$ 225,517	\$ 196,049	\$ 29,468
Capital assets	291,202	292,307	(1,105)
Total Assets	<u>516,719</u>	<u>488,356</u>	<u>28,363</u>
Deferred outflows of resources	<u>30,976</u>	<u>35,924</u>	<u>(4,948)</u>
Long-term liabilities outstanding	297,044	299,300	(2,256)
Other liabilities	34,251	13,599	20,652
Total Liabilities	<u>331,295</u>	<u>312,899</u>	<u>18,396</u>
Deferred inflows of resources	<u>3,014</u>	<u>1,440</u>	<u>1,574</u>
Net position:			
Net investment in capital assets	221,761	218,871	2,890
Restricted	124,689	115,517	9,172
Unrestricted	<u>(133,064)</u>	<u>(124,447)</u>	<u>(8,617)</u>
Total net position	<u>\$ 213,386</u>	<u>\$ 209,941</u>	<u>\$ 3,445</u>

**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

**Governmental activities – Net Position**

Cash and investments and other liabilities of governmental funds increased from the prior fiscal year due to the implementation of Government Accounting Standards Board (GASB) No. 84. The Deposit Trust Fund was reported as an Agency Fund in the prior year, however, the amounts being held were from advance payments for City services and were therefore reclassified as a deposit payable in the appropriate fund.

Restricted net position of the governmental activities was increased by an additional \$6.6 million transferred to the Section 115 Pension Trust Fund.

**Governmental activities – Revenues**

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Total governmental revenues increased by \$13,224,208 or 9.4 percent during the current fiscal year resulting in total revenues of \$153.7 million.

**Governmental Activities - Revenues**

For the Year Ended June 30

(Amounts expressed in thousands)

<u>Revenues by Source</u>	<u>2020</u>	<u>2019</u>	<u>Increase / (Decrease)</u>
Program revenues:			
Charges for services	\$ 20,640	\$ 19,848	\$ 792
Operating grants and contributions	12,072	15,009	(2,937)
Capital grants and contributions	6,812	7,654	(842)
Total program revenues	<u>39,524</u>	<u>42,511</u>	<u>(2,987)</u>
General revenues:			
Sales tax	42,665	44,602	(1,937)
Property taxes	36,336	34,572	1,764
Other taxes	10,720	10,536	184
Other	24,468	8,268	16,200
Total general revenues	<u>114,189</u>	<u>97,978</u>	<u>16,211</u>
Total Revenues	<u>\$ 153,713</u>	<u>\$ 140,489</u>	<u>\$ 13,224</u>

Key elements of this change are discussed below.

- Sales tax revenue decreased by \$1.9 million, or 4.3 percent, compared to the prior year. In March 2020 a state of emergency was declared because of the COVID-19 pandemic. Government operations and private businesses were forced to close or drastically alter operations. Actions taken by all levels of government to slow the spread of the deadly virus had a major impact on national, state and local economies. The decrease in sales tax revenue is a result of these closures; however, decreases in every economic segment were offset by an increase in revenues from online sales activity as a result of the Wayfair decision.
- Property tax revenue increased by \$1,764,436 over the prior fiscal year or 5.1 percent due to increased property assessed value growth for Escondido compared to the prior year.
- Other tax revenue is composed of franchise, transient occupancy, business license, transfer station, and refuse taxes. Revenues received from franchise agreements increased by \$300,000 from the prior fiscal year primarily due to the amended franchise agreement with EDI that went into effect July 1, 2019. This increase was offset by a decrease in Transient Occupancy Tax as a result of the closures due to the public health orders.

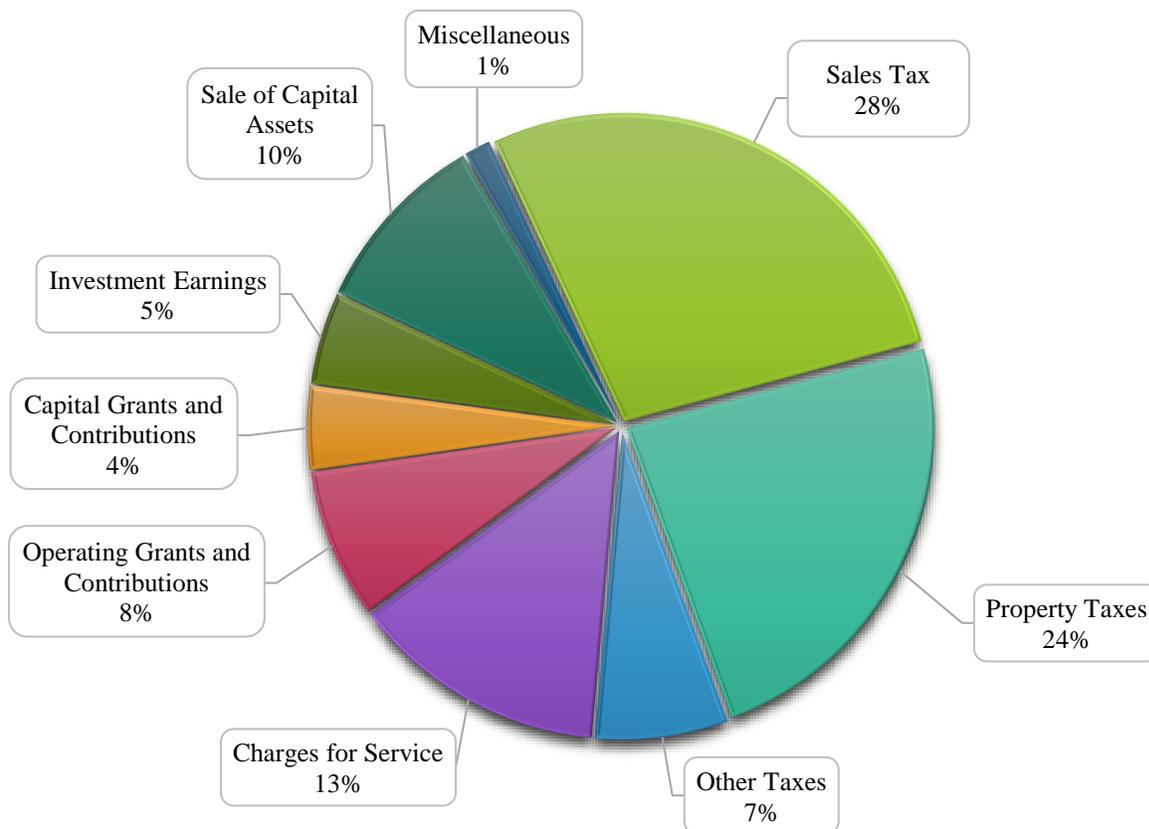
**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

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- Overall charges for services increased by \$792,000 or 4.0 percent. Public Works and Engineering fees are up about \$1.8 million compared to the prior year due to increased residential construction projects as well as developer deposit funds recognized as revenue in the current fiscal year. These increases were offset by a \$1.1 million decrease in Community Services revenue as a result of the closures due to the public health orders.
- Operating grants and contributions decreased by \$2.9 million, or 19.5 percent, and capital grants and contributions decreased by \$842,000, or 10.9 percent, compared to the prior year. This is due to Housing and Community Development projects completed in the prior fiscal year.
- Other revenue increased by \$16,200,530 primarily due to the sale of capital assets. In August 2019, City Council approved the sale of Windsor Gardens Apartments to Windsor Gardens Housing Associates. As a result of the sale of property, the General Fund received \$4.1 million in February 2020 and recorded a loan receivable and deferred revenue of \$10,800,000.

**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.



**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

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**Governmental activities – Expenses**

The table below presents a comparison of fiscal year 2020 and fiscal year 2019 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)

	2020	2019	Increase / (Decrease)
Expenses:			
General government	\$ 14,133	\$ 11,595	\$ 2,538
Public safety	87,384	80,834	6,550
Community services	14,854	14,394	460
Public works	25,322	27,320	(1,998)
Community development	6,217	5,388	829
Interest and fiscal charges	2,552	2,695	(143)
Total expenses	<u>150,462</u>	<u>142,226</u>	<u>8,236</u>
Increase (decrease) in net position before transfers	3,251	(1,737)	4,988
Transfers	<u>195</u>	<u>25</u>	<u>170</u>
Increase (decrease) in net position after transfers	3,446	(1,712)	5,158
Net position – July 1	<u>209,940</u>	<u>211,652</u>	<u>(1,712)</u>
Net position – June 30	<u>\$ 213,386</u>	<u>\$ 209,940</u>	<u>\$ 3,446</u>

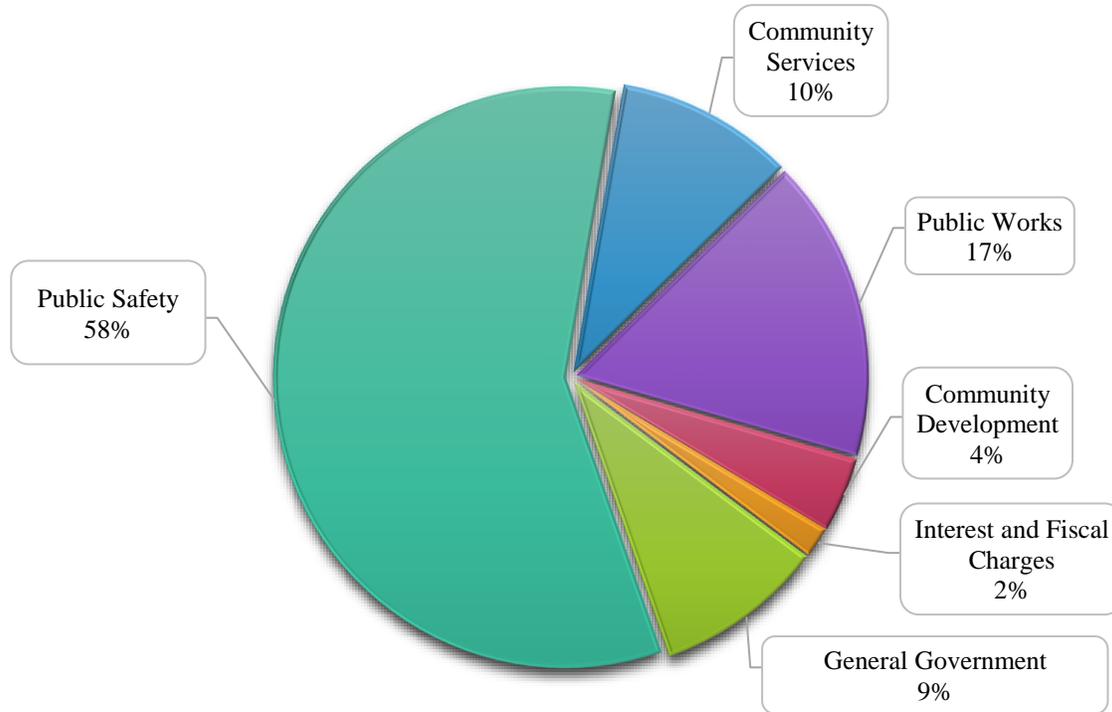
Governmental activities expenses increased by \$8.2 million, or 5.8 percent, in fiscal year 2019/20. This is primarily attributable to increases in salaries, CalPERS contributions, contracts and maintenance and repairs.

**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

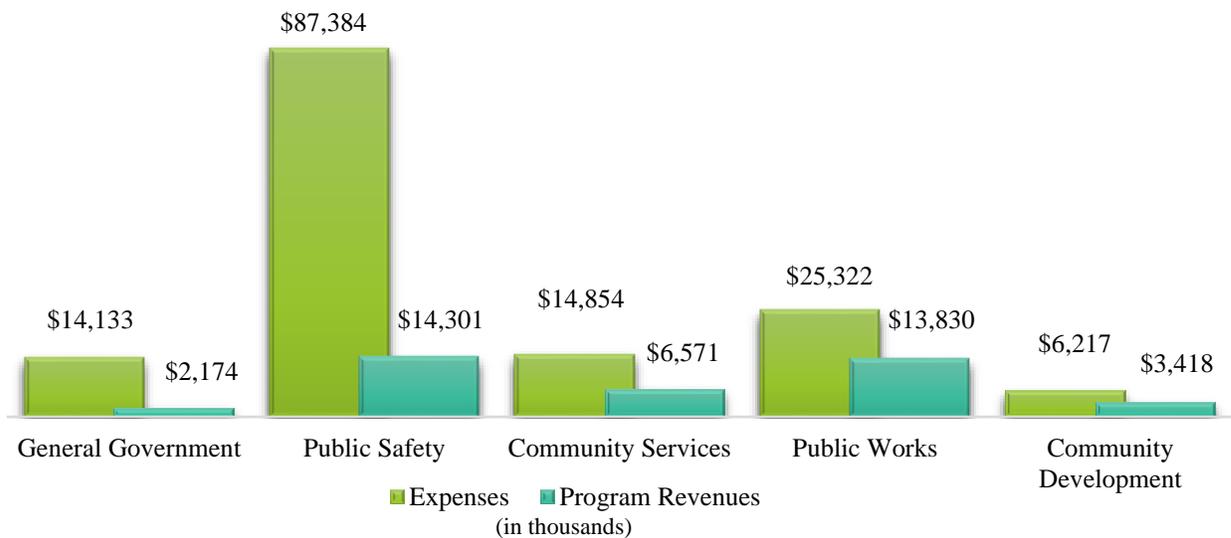
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**Governmental activities – Expenses**

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**

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**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.

<b>Business-Type Activities</b>			
Net Position at June 30			
<i>(Amounts expressed in thousands)</i>			
	2020	2019	Increase / (Decrease)
Current and other assets	\$ 103,633	\$ 78,280	\$ 25,353
Capital assets	315,810	307,522	8,288
Total Assets	419,443	385,802	33,641
Deferred outflows of resources	6,456	8,052	(1,596)
Long-term liabilities outstanding	176,832	163,704	13,128
Other liabilities	21,706	12,169	9,537
Total Liabilities	198,538	175,873	22,665
Deferred inflows of resources	1,280	499	781
Net position:			
Net investment in capital assets	184,746	195,706	(10,960)
Restricted	15,665	1,096	14,569
Unrestricted	25,670	20,680	4,990
Total net position	\$ 226,081	\$ 217,482	\$ 8,599

At the end of the current fiscal year, the unrestricted net position of the Water and Wastewater Fund amounted to \$9,567,785, and \$17,043,271 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.

**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

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 \$8,599,258.

**Business-type Activities - Change in Net Position**

For the Year Ended June 30

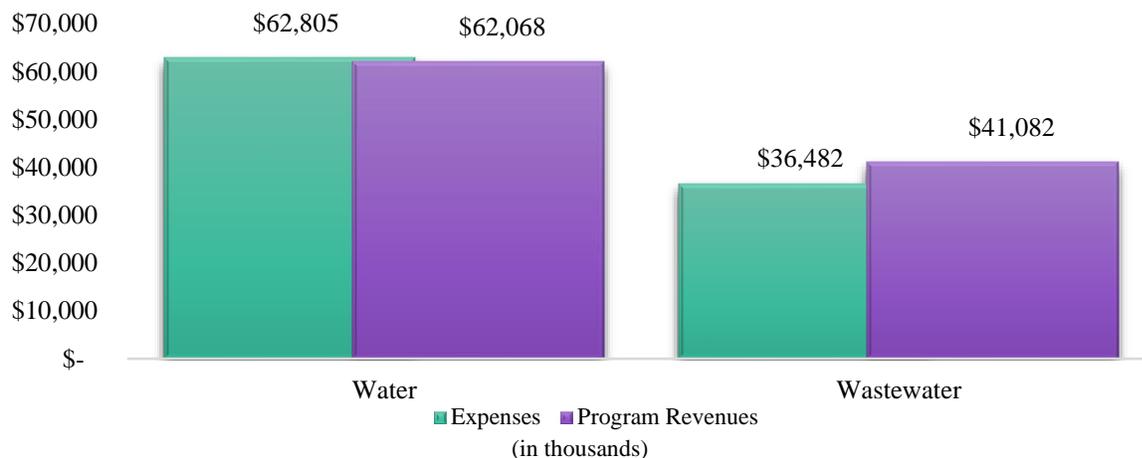
*(Amounts expressed in thousands)*

	2020	2019	Increase / (Decrease)
Program revenues:			
Charges for services	\$ 96,701	\$ 93,276	\$ 3,425
Operating grants and contributions	75	152	(77)
Capital grants and contributions	6,375	4,860	1,515
Other general revenues	4,931	4,474	457
Total revenues	<u>108,082</u>	<u>102,762</u>	<u>5,320</u>
Expenses:			
Water	62,806	60,286	\$ 2,520
Wastewater	<u>36,482</u>	<u>33,670</u>	<u>2,812</u>
Total expenses	<u>99,288</u>	<u>93,956</u>	<u>5,332</u>
Increase (decrease) in net position before transfers	8,794	8,806	(12)
Transfers	<u>(195)</u>	<u>(25)</u>	<u>(170)</u>
Increase (decrease) in net position after transfers	8,599	8,781	(182)
Net position – July 1	<u>217,482</u>	<u>208,701</u>	<u>8,781</u>
Net position – June 30	<u><u>\$226,081</u></u>	<u><u>\$217,482</u></u>	<u><u>\$ 8,599</u></u>

The Water Fund ended the year with a change in net position of \$2.6 million. This was the result of an increase in water charges for services of \$1.8 million compared to the prior year mainly due to increased water consumption. Water operating expenses also increased due to purchased water costs and increased salaries, pension costs, and utilities.

The Wastewater Fund ended the year with a change in net position of \$6.3 million. Charges for services and operating expenses increased from the prior year due to approved service rate increases and increases and salaries and maintenance expenses. In addition, intergovernmental and capital contribution revenue increased due to continued construction activity on the Membrane Filtration Reverse Osmosis Facility.

The following chart summarizes expenses and program revenues separately for the Water and Wastewater funds.



## CITY OF ESCONDIDO Management's Discussion and Analysis

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### 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 \$130,384,829, an increase of \$5,044,538 in comparison with the prior year. Of this amount, 1.7 percent or \$2,159,269 represents non-spendable assets, advances and loans receivable, which are not expected to be converted to cash until future periods.

Approximately 82.3 percent of this total amount or \$107,325,158 is not available for new spending because it is legally restricted by external third parties. In addition, \$20,521,702 or 15.7 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 \$378,700 is comprised of unassigned funds in the General Fund of \$1,897,735 and deficit fund balances in non-major special revenue funds of \$1,516,035. 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 \$37,088,699. 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 16.6 percent of total General Fund expenditures, while total fund balance represents 35.3 percent of that same amount.

The restricted portion of the fund balance of the General Fund of \$13,572,027 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 increased by \$3,309,597, or 9.8 percent, compared to the prior year. The increase is primarily due to the sale of capital assets, Windsor Gardens Apartments, discussed above.

### 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 \$110.2 million and estimated expenditures and transfers out of \$110.2 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 \$105.4 million to the final general fund budgeted revenue of \$103.4 million results in a net decrease in budgeted revenue of \$1.9 million.

The primary reason for the decrease to budgeted revenue is due to the economic effects of the COVID-19 pandemic. Sales tax revenue was reduced by a \$2.0 million and transient occupancy tax revenue was reduced by \$525,000. These decreases were offset by an increase to property tax revenue of \$335,000.

**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

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Comparison of the fiscal year original general fund budgeted expenditures of \$106.8 million to the final General Fund budgeted expenditures of \$108.5 million results in a net increase in budgeted expenditures of \$1.6 million. A \$1.2 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 \$928,000 greater than final budgeted amounts and expenditures were \$3.5 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.

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, 2020, the City's investments in capital assets for its governmental and business-type activities are \$607,012,786, (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. Further detail can be found in Note 7 to the financial statements.

The total increase in the City's investment in capital assets for the current fiscal year is 1.2 percent; this represents a .4 percent decrease for governmental activities and a 2.7 percent increase for business-type activities.

**City of Escondido's Capital Assets**

(net of depreciation / in thousands)

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 52,704	\$ 52,704	\$ 3,138	\$ 3,138	\$ 55,842	\$ 55,842
Buildings and systems	91,591	97,003	10,347	10,820	101,938	107,823
Improvements other than buildings	15,050	13,963	726	756	15,776	14,719
Machinery and equipment	12,836	14,018	2,852	2,543	15,688	16,561
Infrastructure	101,804	101,825	259,855	259,681	361,659	361,506
Construction in progress	17,217	12,794	38,892	30,584	56,109	43,378
<b>Total</b>	<b>\$ 291,202</b>	<b>\$ 292,307</b>	<b>\$ 315,810</b>	<b>\$ 307,522</b>	<b>\$ 607,012</b>	<b>\$ 599,829</b>

**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

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

Construction in progress increased by a net \$4.4 million due to current year additions of \$8,861,015 and transfers of construction in progress of \$4,437,544.

Current year additions include several street projects; continued construction on the bridge over the Escondido Creek with improvements to widen El Norte Parkway to match the bridge width. This project also includes pavement reconstruction and median landscape enhancements from East Valley Parkway to Washington Street.

Current year transfers of construction in progress included several completed projects. The major projects include completion of repair and improvement of priority storm drainage facilities, including deteriorated storm drains and failing channels, as well as to make improvements to drainage facilities to extend their service life. Phase five of the Tulip Street project was completed, which included adding new curbs, gutters, retaining walls, sidewalks, streetlights and street surfaces. Traffic signals were constructed at various locations throughout the City, partially funded by a Highway Safety Improvement Grant.

Machinery and equipment increased by a net \$956,000. This was due to the purchase of several Lifeline CPR machines as well as the refurbishment and improvements made to a fire ladder truck. Motorized vehicles also increased by a net \$1,014,000. The City has a vehicle replacement schedule that predetermines vehicles that will need replacement in the near future. In the prior year the City was transitioning to a new auction service resulting in some delays of new purchases. This fiscal year multiple vehicles were purchased as well as several large pieces of equipment including a GapVax truck and two Medix vehicles.

Additions and transfers to infrastructure totaled \$4.6 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 increased by a net \$8.3 million due to current year additions of \$15,414,619 and transfers of construction in progress of \$7,106,878. Current year major additions to CIP include the Recycled Water Easterly Main tank and pump station project and pipeline replacement projects. Current year transfers of construction in progress was due to completion of the Brine pipeline from Broadway to the Hale Avenue Resource and Recovery Facility project.

Machinery and equipment increased by a net \$1,030,556 due to the purchase of various pumps and actuators, along with other equipment.

Net additions to the water system totaled \$1.0 million with transfers from CIP and additions due to water line replacements. Contributions of \$997,581 are the water lines contributed by developers for the Centre City Shopping Center, Citron Development, Bernardo Acres, and Lexington Projects.

Net additions to the sewer system totaled \$7.7 million with transfers from CIP. Contributions of \$733,786 are the sewer lines and infrastructure contributed by developers for the Centre City Shopping Center, Citron Development, Bernardo Acres, and Lexington Projects.

**CITY OF ESCONDIDO**  
**Management's Discussion and Analysis**

**Long-term debt.** Each of the City's debt issues is discussed in detail in Note 8 to the financial statements. At the end of the current fiscal year, the City has total long-term debt outstanding of \$475 million, an increase of \$24 million. Changes to the City's governmental activities 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. Business-type activities outstanding debt increased by \$17.1 million from the prior year. New loans totaling \$21.3 million were received for ongoing capital projects. In addition, two outstanding bonds were refunded in the current fiscal year.

**City of Escondido's Outstanding Debt**

*(Amounts expressed in thousands)*

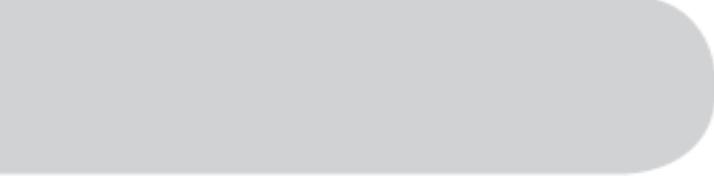
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 7,358	\$ 6,854	\$ 1,504	\$ 1,318	\$ 8,862	\$ 8,172
Net pension liability	211,657	202,553	42,626	40,686	254,283	243,239
Claims payable	17,875	17,614	-	-	17,875	17,614
Loans payable	2,258	2,675	30,391	11,306	32,649	13,981
Capital leases	1,423	1,893	-	-	1,423	1,893
Connection rights payable	-	-	12,978	12,988	12,978	12,988
Certificates of participation	-	-	-	24,615	-	24,615
Revenue Bonds	-	-	88,915	68,445	88,915	68,445
Lease Revenue Bonds	3,270	3,515	-	-	3,270	3,515
General Obligation Bonds	54,845	56,810	-	-	54,845	56,810
	<u>\$298,686</u>	<u>\$291,914</u>	<u>\$176,414</u>	<u>\$ 159,358</u>	<u>\$475,100</u>	<u>\$451,272</u>

**Factors Affecting Next Year's Budget**

The fiscal year 2020/21 General Fund operating budget has been balanced without relying on the use of reserves for the tenth year in a row. Available General Fund resources are anticipated to be \$110.2 million. The proposed fiscal year 2020/21 General Fund revenue estimate is \$102 million. This represents a decrease of \$5.5 million or 5.0 percent over the fiscal year 2019/20 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 \$5.9 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](http://www.escondido.org).



# Basic Financial Statements

# CITY OF ESCONDIDO

## Statement of Net Position

June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	California Center for the Arts, Escondido Foundation
	<b>ASSETS</b>			
Cash and investments	\$ 99,613,197	\$ 75,978,960	\$ 175,592,157	\$ 2,046,179
Receivables, net of allowances	28,141,216	12,024,392	40,165,608	28,033
Loans receivable	63,838,254	374,281	64,212,535	-
Due from Successor Agency	11,240,040	-	11,240,040	-
Internal balances	941,972	(941,972)	-	-
Due from other governments	5,199,754	529,468	5,729,222	-
Inventory, at cost	557,968	2,197	560,165	17,956
Deposits	431,794	-	431,794	5,900
Prepaid expenses	11,761	-	11,761	114,041
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	13,572,027	-	13,572,027	-
Cash and investments with fiscal agent	81	15,665,650	15,665,731	-
Capital assets:				
Not being depreciated	79,453,559	42,030,070	121,483,629	-
Being depreciated, net	211,748,607	273,780,550	485,529,157	447,354
<b>Total Assets</b>	<b>516,719,467</b>	<b>419,443,596</b>	<b>936,163,063</b>	<b>2,754,106</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	30,940,979	5,524,276	36,465,255	-
Deferred loss on refundings	35,024	931,742	966,766	-
<b>Total Deferred Outflows of Resources</b>	<b>30,976,003</b>	<b>6,456,018</b>	<b>37,432,021</b>	<b>-</b>

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**  
**Statement of Net Position (Continued)**  
**June 30, 2020**

	Primary Government			Component Unit
	Governmental	Business-type	Total	California Center for the Arts, Escondido Foundation
	Activities	Activities		
<b>LIABILITIES</b>				
Accounts payable	4,740,389	6,055,562	10,795,951	95,235
Retentions payable	379,158	6,608,313	6,987,471	-
Accrued interest payable	1,006,610	1,475,307	2,481,917	-
Deposits payable	13,176,554	734,973	13,911,527	-
Accrued expenses	3,471,185	639,443	4,110,628	211,329
Unearned revenue	2,876,611	-	2,876,611	522,324
Long-term debt:				
Due within one year	8,600,974	6,193,340	14,794,314	70,962
Due in more than one year:				
Aggregate net pension liability	211,657,506	42,626,203	254,283,709	-
Other long-term debt	85,386,646	134,205,467	219,592,113	1,094,351
<b>Total Liabilities</b>	<b>331,295,633</b>	<b>198,538,608</b>	<b>529,834,241</b>	<b>1,994,201</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	2,670,492	751,553	3,422,045	-
Deferred gain on refundings	343,460	528,593	872,053	-
<b>Total Deferred Inflows of Resources</b>	<b>3,013,952</b>	<b>1,280,146</b>	<b>4,294,098</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	221,761,230	184,746,125	406,507,355	447,354
Restricted for:				
General government	7,234,111	-	7,234,111	-
Low and moderate income housing	79,690,570	-	79,690,570	-
Community services	5,240,733	-	5,240,733	-
Debt service	3,349,540	15,665,650	19,015,190	-
Capital projects	2,096,971	-	2,096,971	-
Public safety	255,054	-	255,054	-
Public works	12,893,081	-	12,893,081	-
Investment in Section 115 Trust	13,572,027	-	13,572,027	-
Permanent funds:				
Nonexpendable	250,034	-	250,034	-
Expendable	106,429	-	106,429	-
Total restricted net position	124,688,550	15,665,650	140,354,200	-
Unrestricted (deficit)	(133,063,895)	25,669,085	(107,394,810)	312,551
<b>Total net position</b>	<b>\$ 213,385,885</b>	<b>\$ 226,080,860</b>	<b>\$ 439,466,745</b>	<b>\$ 759,905</b>

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 14,133,562	\$ 829,648	\$ 575,128	\$ 769,720
Public safety	87,384,146	11,433,902	2,097,920	-
Community services	14,854,363	2,522,517	2,925,628	1,122,990
Public works	25,322,314	2,466,849	6,443,282	4,920,096
Community development	6,217,692	3,387,612	30,412	-
Interest and fiscal charges	2,552,817	-	-	-
<b>Total Governmental Activities</b>	<b>150,464,894</b>	<b>20,640,528</b>	<b>12,072,370</b>	<b>6,812,806</b>
<b>Business-type activities:</b>				
Water	62,805,742	60,636,276	-	1,432,180
Wastewater	36,482,537	36,064,926	75,098	4,942,610
<b>Total Business-type Activities</b>	<b>99,288,279</b>	<b>96,701,202</b>	<b>75,098</b>	<b>6,374,790</b>
<b>Total Primary Government</b>	<b>\$ 249,753,173</b>	<b>\$ 117,341,730</b>	<b>\$ 12,147,468</b>	<b>\$ 13,187,596</b>
<b>Component Unit:</b>				
California Center for the Arts, Escondido Foundation	\$ 12,633,950	\$ 4,301,724	\$ 7,719,788	\$ -

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**  
**Statement of Activities (Continued)**  
**For the Year Ended June 30, 2020**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit California Center for the Arts, Escondido Foundation
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (11,959,066)	\$ -	\$ (11,959,066)	\$ -
Public safety	(73,852,324)	-	(73,852,324)	-
Community services	(8,283,228)	-	(8,283,228)	-
Public works	(11,492,087)	-	(11,492,087)	-
Community development	(2,799,668)	-	(2,799,668)	-
Interest and fiscal charges	(2,552,817)	-	(2,552,817)	-
<b>Total Governmental Activities</b>	<b>(110,939,190)</b>	<b>-</b>	<b>(110,939,190)</b>	<b>-</b>
<b>Business-type activities:</b>				
Water	-	(737,286)	(737,286)	-
Wastewater	-	4,600,097	4,600,097	-
<b>Total Business-type Activities</b>	<b>-</b>	<b>3,862,811</b>	<b>3,862,811</b>	<b>-</b>
<b>Total Primary Government</b>	<b>(110,939,190)</b>	<b>3,862,811</b>	<b>(107,076,379)</b>	<b>-</b>
<b>Component Unit:</b>				
California Center for the Arts, Escondido Foundation	-	-	-	(612,438)
<b>General Revenues:</b>				
Sales tax	42,665,081	-	42,665,081	-
Property tax	36,336,564	-	36,336,564	-
Franchise tax	6,093,168	-	6,093,168	-
Transient occupancy tax	1,696,661	-	1,696,661	-
Business license tax	1,879,920	-	1,879,920	-
Transfer station tax	1,007,417	-	1,007,417	-
Refuse collection tax	42,357	-	42,357	-
Investment earnings	7,414,032	4,210,650	11,624,682	38,006
Gain on sale of capital assets	14,935,539	-	14,935,539	-
Miscellaneous	2,118,865	720,797	2,839,662	154,821
<b>Total general revenues</b>	<b>114,189,604</b>	<b>4,931,447</b>	<b>119,121,051</b>	<b>192,827</b>
<b>Transfers</b>	<b>195,000</b>	<b>(195,000)</b>	<b>-</b>	<b>-</b>
<b>Total general revenues and transfers</b>	<b>114,384,604</b>	<b>4,736,447</b>	<b>119,121,051</b>	<b>192,827</b>
Change in net position	3,445,414	8,599,258	12,044,672	(419,611)
<b>Net position:</b>				
Beginning of year	209,940,471	217,481,602	427,422,073	1,179,516
End of year	<b>\$ 213,385,885</b>	<b>\$ 226,080,860</b>	<b>\$ 439,466,745</b>	<b>\$ 759,905</b>

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**

**Balance Sheet  
Governmental Funds  
June 30, 2020**

	Major Funds			Total Governmental Funds
	General	Successor Agency Housing	Nonmajor Governmental Funds	
<b>ASSETS</b>				
Cash and investments	\$ 25,155,720	\$ 7,902,829	\$ 36,624,035	\$ 69,682,584
Receivables (net):				
Accounts	3,414,235	-	9,311	3,423,546
Interest	91,321	10,147,236	5,969,345	16,207,902
Taxes	8,301,178	-	46,340	8,347,518
Loans	11,000,000	35,107,543	17,730,711	63,838,254
Due from other governments	398,510	-	4,801,244	5,199,754
Due from Successor Agency	10,221,613	-	1,018,427	11,240,040
Due from other funds	1,239,077	-	-	1,239,077
Inventory, at cost	-	-	32,376	32,376
Prepaid expenditures	-	-	11,761	11,761
Deposits	-	-	119,194	119,194
Land held for resale	-	1,969,237	-	1,969,237
Advances to other funds	-	-	200,000	200,000
Restricted assets:				
Cash and investments	13,572,027	-	-	13,572,027
Cash and investments with fiscal agent	-	-	81	81
<b>Total Assets</b>	<b>\$ 73,393,681</b>	<b>\$ 55,126,845</b>	<b>\$ 66,562,825</b>	<b>\$ 195,083,351</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,493,934	\$ 3,900	\$ 2,943,852	\$ 4,441,686
Deposits payable	10,547,011	7,500	2,622,043	13,176,554
Retentions payable	-	-	379,158	379,158
Accrued expenditures	3,166,489	10,034	98,557	3,275,080
Due to other funds	-	-	1,239,077	1,239,077
Unearned revenue	-	-	2,876,611	2,876,611
Advances from other funds	200,000	-	-	200,000
<b>Total Liabilities</b>	<b>15,407,434</b>	<b>21,434</b>	<b>10,159,298</b>	<b>25,588,166</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	20,897,548	10,118,038	8,094,770	39,110,356
<b>Total Deferred Inflows of Resources</b>	<b>20,897,548</b>	<b>10,118,038</b>	<b>8,094,770</b>	<b>39,110,356</b>
<b>Fund Balances:</b>				
Nonspendable	1,865,098	-	294,171	2,159,269
Restricted	13,572,027	44,987,373	48,765,758	107,325,158
Committed	17,392,319	-	764,863	18,157,182
Assigned	2,364,520	-	-	2,364,520
Unassigned (deficit)	1,894,735	-	(1,516,035)	378,700
<b>Total Fund Balances</b>	<b>37,088,699</b>	<b>44,987,373</b>	<b>48,308,757</b>	<b>130,384,829</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 73,393,681</b>	<b>\$ 55,126,845</b>	<b>\$ 66,562,825</b>	<b>\$ 195,083,351</b>

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, 2020**

<b>Fund balances for governmental funds</b>		\$ 130,384,829
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	\$ 79,453,559	
Capital assets, being depreciated, net	211,748,607	
Less: amount reported in internal services fund	(9,304,759)	281,897,407
A portion of the unavailable revenue is not available to pay for current-period expenditures and, therefore, is not recognized in the funds.		
		39,110,354
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	\$ 11,640,711	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	941,972	12,582,683
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	\$ (7,358,678)	
Claims payable	(17,875,600)	
Loans	(2,258,338)	
Leases	(1,423,757)	
Bonds	(58,115,000)	
Bond premium	(6,962,123)	
Bond discount	5,876	
Deferred gain on refunding	(343,460)	
Deferred loss on refunding	35,024	
Less: amount reported in internal services fund	18,519,839	(75,776,217)
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	(211,657,506)	
Less: amount reported in internal services fund	10,706,977	(200,950,529)
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	30,940,979	
Deferred inflows of resources related to pensions	(2,670,492)	
Less: amount reported in internal services fund	(1,126,519)	27,143,968
Interest payable on noncurrent liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		(1,006,610)
<b>Net position of governmental activities</b>		<b>\$ 213,385,885</b>

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, 2020**

	Major Funds			Total Governmental Funds
	General Fund	Successor Agency Housing	Nonmajor Governmental Funds	
<b>Revenues:</b>				
Sales tax	\$ 36,651,485	\$ -	\$ -	\$ 36,651,485
Property taxes	29,273,988	-	4,686,979	33,960,967
Other taxes	13,095,121	-	6,155,718	19,250,839
Licenses and permits	923,125	-	-	923,125
Fines and forfeits	1,122,485	-	-	1,122,485
Intergovernmental	3,763,506	104	13,202,826	16,966,436
Charges for services	12,205,412	-	2,108,796	14,314,208
Special assessments	-	-	852,395	852,395
Lease income	3,655,490	173,350	-	3,828,840
Investment income	1,748,730	676,837	1,159,579	3,585,146
Miscellaneous	1,892,987	28,809	187,730	2,109,526
<b>Total Revenues</b>	<b>104,332,329</b>	<b>879,100</b>	<b>28,354,023</b>	<b>133,565,452</b>
<b>Expenditures:</b>				
Current:				
General government	6,713,939	-	1,240,000	7,953,939
Public safety	71,209,683	-	2,061,485	73,271,168
Public works	12,321,692	-	6,836,081	19,157,773
Community services	9,896,106	-	2,382,369	12,278,475
Community development	4,008,120	882,668	496,062	5,386,850
Capital outlay	231,525	-	7,923,709	8,155,234
Debt service:				
Principal retirements	536,335	-	2,281,024	2,817,359
Interest and fiscal charges	94,017	-	2,930,639	3,024,656
<b>Total Expenditures</b>	<b>105,011,417</b>	<b>882,668</b>	<b>26,151,369</b>	<b>132,045,454</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(679,088)</b>	<b>(3,568)</b>	<b>2,202,654</b>	<b>1,519,998</b>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	4,135,540	-	-	4,135,540
Transfers in	2,102,550	689,465	1,648,730	4,440,745
Transfers (out)	(2,249,405)	-	(2,802,340)	(5,051,745)
<b>Total Other Financing Sources (Uses)</b>	<b>3,988,685</b>	<b>689,465</b>	<b>(1,153,610)</b>	<b>3,524,540</b>
<b>Net Change in Fund Balance</b>	<b>3,309,597</b>	<b>685,897</b>	<b>1,049,044</b>	<b>5,044,538</b>
<b>Fund Balances:</b>				
Beginning of Year	33,779,102	44,301,476	47,259,713	125,340,291
End of Year	<u>\$ 37,088,699</u>	<u>\$ 44,987,373</u>	<u>\$ 48,308,757</u>	<u>\$ 130,384,829</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, 2020**

**Net change in fund balances - total governmental funds:** \$ 5,044,538

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	\$ 8,155,234	
Depreciation, net of \$2,699,213 from Internal Service Funds	(12,198,682)	
Contributed capital assets	<u>1,854,305</u>	
		(2,189,143)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 10,739,197

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 change in net position	\$ 1,578,844	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>341,450</u>	
		1,920,294

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	\$ (446,289)	
Change in pension liability	(14,933,815)	
Principal retirements	2,817,359	
Accrued interest	<u>493,273</u>	
		<u>(12,069,472)</u>

**Change in net position of governmental activities** \$ 3,445,414

**CITY OF ESCONDIDO**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

ASSETS	Major Funds			Governmental Activities
	Water	Wastewater	Total	Internal Service Funds
<b>Current Assets:</b>				
Cash and investments	\$ 33,877,133	\$ 42,101,827	\$ 75,978,960	\$ 29,930,613
Receivables (Net):				
Accounts	9,106,265	2,653,601	11,759,866	52,190
Interest	111,916	152,610	264,526	110,061
Loans	-	68,515	68,515	-
Due from other governments	100,013	429,454	529,467	-
Inventory	-	2,197	2,197	525,592
Deposits	-	-	-	312,600
<b>Total Current Assets</b>	<b>43,195,327</b>	<b>45,408,204</b>	<b>88,603,531</b>	<b>30,931,056</b>
<b>Noncurrent Assets:</b>				
Restricted cash and investments	14,859,530	806,120	15,665,650	-
Loans receivables	-	305,766	305,766	-
Capital assets:				
Not being depreciated	9,724,287	32,305,783	42,030,070	
Being depreciated, net	114,342,948	159,437,602	273,780,550	9,304,759
<b>Total Noncurrent Assets</b>	<b>138,926,765</b>	<b>192,855,271</b>	<b>331,782,036</b>	<b>9,304,759</b>
<b>Total Assets</b>	<b>182,122,092</b>	<b>238,263,475</b>	<b>420,385,567</b>	<b>40,235,815</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	2,615,946	2,908,330	5,524,276	1,302,082
Deferred loss on refundings	-	931,742	931,742	-
<b>Total Deferred Outflows of Resources</b>	<b>2,615,946</b>	<b>3,840,072</b>	<b>6,456,018</b>	<b>1,302,082</b>

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**June 30, 2020**

	Major Funds		Total	Governmental Activities
	Water	Wastewater		Internal Service Funds
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	3,317,476	2,738,086	6,055,562	298,702
Retention payable	5,933,258	675,055	6,608,313	-
Accrued expenses	318,065	321,378	639,443	196,105
Accrued interest	862,681	612,626	1,475,307	-
Long-term debt, due within one year	2,134,761	4,058,579	6,193,340	3,887,548
<b>Total Current Liabilities</b>	<b>12,566,241</b>	<b>8,405,724</b>	<b>20,971,965</b>	<b>4,382,355</b>
<b>Noncurrent Liabilities:</b>				
Deposits payable	590,902	144,071	734,973	-
Aggregate net pension liabilities	19,906,901	22,719,302	42,626,203	10,706,977
Long-term debt, due in more than one year	79,319,122	54,886,345	134,205,467	14,632,291
<b>Total Noncurrent Liabilities</b>	<b>99,816,925</b>	<b>77,749,718</b>	<b>177,566,643</b>	<b>25,339,268</b>
<b>Total Liabilities</b>	<b>112,383,166</b>	<b>86,155,442</b>	<b>198,538,608</b>	<b>29,721,623</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	354,479	397,074	751,553	-
Deferred gain on refundings	528,593	-	528,593	175,563
<b>Total Deferred Inflows of Resources</b>	<b>883,072</b>	<b>397,074</b>	<b>1,280,146</b>	<b>175,563</b>
<b>NET POSITION</b>				
Net investment in capital assets	47,044,485	137,701,640	184,746,125	9,119,713
Unrestricted	24,427,315	17,849,391	42,276,706	2,520,998
<b>Total Net Position</b>	<b>\$ 71,471,800</b>	<b>\$ 155,551,031</b>	<b>227,022,831</b>	<b>\$ 11,640,711</b>
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			<u>(941,972)</u>	
Net position of business-type activities			<u>\$ 226,080,859</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, 2020**

	Business-Type Activities			Governmental
	Water	Wastewater	Total	Activities Internal Service Funds
<b>Operating Revenues:</b>				
Charges for services	\$ 60,212,236	\$ 35,974,920	\$ 96,187,156	\$ 32,551,212
<b>Total Operating Revenues</b>	<b>60,212,236</b>	<b>35,974,920</b>	<b>96,187,156</b>	<b>32,551,212</b>
<b>Operating Expenses:</b>				
Personnel services	12,917,876	13,613,523	26,531,399	6,374,334
Purchased water	23,055,757	-	23,055,757	-
Administrative expenses	6,397,646	2,381,800	8,779,446	2,054,974
Benefit claims	-	-	-	1,932,580
Supplies	3,759,032	1,349,700	5,108,732	285,574
Repairs and maintenance	2,371,288	2,314,967	4,686,255	2,249,580
Depreciation	3,777,402	6,016,167	9,793,569	2,699,213
Utilities	2,956,600	3,141,359	6,097,959	1,363,128
Fuel	-	-	-	1,148,642
Professional services	983,030	3,934,331	4,917,361	4,831,175
Insurance premiums	565,075	457,595	1,022,670	12,520,391
Rent	464,682	281,603	746,285	382
Other	494,000	736,613	1,230,613	(282,224)
<b>Total Operating Expenses</b>	<b>57,742,388</b>	<b>34,227,658</b>	<b>91,970,046</b>	<b>35,177,749</b>
<b>Operating Income (Loss)</b>	<b>2,469,848</b>	<b>1,747,262</b>	<b>4,217,110</b>	<b>(2,626,537)</b>

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, 2020**

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
<b>Nonoperating Revenues (Expenses):</b>				
Investment income	1,300,645	1,659,850	2,960,495	1,075,264
Rents and concessions	944,470	-	944,470	-
Interest and fiscal charges	(4,848,978)	(2,127,805)	(6,976,783)	(21,434)
Miscellaneous	862,517	171,374	1,033,891	1,664,784
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,741,346)</b>	<b>(296,581)</b>	<b>(2,037,927)</b>	<b>2,718,614</b>
<b>Income Before Transfers and Capital Contributions</b>	<b>728,502</b>	<b>1,450,681</b>	<b>2,179,183</b>	<b>92,077</b>
Transfers in	-	-	-	806,000
Transfers (out)	-	(195,000)	(195,000)	-
Capital Contributions:				
Connection fees	424,040	536,728	960,768	-
Intergovernmental	434,598	3,829,540	4,264,138	-
Developer contributions	997,582	734,036	1,731,618	680,767
<b>Total Transfers and Capital Contributions</b>	<b>1,856,220</b>	<b>4,905,304</b>	<b>6,761,524</b>	<b>1,486,767</b>
<b>Changes in Net Position</b>	<b>2,584,722</b>	<b>6,355,985</b>	<b>8,940,707</b>	<b>1,578,844</b>
<b>Net Position at Beginning of Year</b>	<b>68,887,078</b>	<b>149,195,046</b>	<b>218,082,124</b>	<b>10,061,867</b>
<b>Net Position at End of Year</b>	<b>\$ 71,471,800</b>	<b>\$ 155,551,031</b>	<b>\$ 227,022,831</b>	<b>\$ 11,640,711</b>
Change in Net Position			\$ 8,940,707	
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			(341,450)	
Change in net position of business-type activities			<u>\$ 8,599,257</u>	

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 59,366,553	\$ 36,099,171	\$ 95,465,724	\$ 32,552,974
Cash paid to employees for services	(11,465,750)	(11,905,107)	(23,370,857)	(7,622,187)
Cash paid to suppliers for goods or services	(38,569,397)	(13,829,625)	(52,399,022)	(24,439,254)
Cash for rents and concessions	944,470	-	944,470	-
Cash from other sources	862,517	228,930	1,091,447	1,508,957
<b>Net Cash Provided by Operating Activities</b>	<b>11,138,393</b>	<b>10,593,369</b>	<b>21,731,762</b>	<b>2,000,490</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Cash received from (paid to) other funds	-	(195,000)	(195,000)	806,000
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<b>-</b>	<b>(195,000)</b>	<b>(195,000)</b>	<b>806,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase and construction of capital assets	(2,717,182)	(15,364,530)	(18,081,712)	(3,102,631)
Construction in progress reimbursement	434,598	3,500,684	3,935,282	-
Sale of capital assets	-	-	-	155,827
Payments on connection rights	414,350	536,728	951,078	-
Cash received for connection fees	997,582	734,036	1,731,618	-
Proceeds from loans payable	14,850,000	6,418,693	21,268,693	-
Capital lease payment	-	-	-	(190,374)
Principal payments on bonds	(2,430,000)	(1,715,000)	(4,145,000)	-
Interest payments on bonds	(292,724)	(1,856,334)	(2,149,058)	-
Principal payments on loans	(590,700)	(1,933,905)	(2,524,605)	(98,256)
Interest payments on loans	(249,535)	(409,200)	(658,735)	(10,929)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<b>10,416,389</b>	<b>(10,088,828)</b>	<b>327,561</b>	<b>(3,246,363)</b>
<b>Cash Flows from Investing Activities:</b>				
Investment income received	1,320,261	1,731,224	3,051,485	1,116,026
<b>Net Cash Provided by Investing Activities</b>	<b>1,320,261</b>	<b>1,731,224</b>	<b>3,051,485</b>	<b>1,116,026</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>22,875,043</b>	<b>2,040,765</b>	<b>24,915,808</b>	<b>676,153</b>
<b>Cash and cash equivalents:</b>				
Beginning of year	25,861,620	40,867,182	66,728,802	29,254,460
End of year	<u>\$ 48,736,663</u>	<u>\$ 42,907,947</u>	<u>\$ 91,644,610</u>	<u>\$ 29,930,613</u>
<b>Reconciliation of Cash Equivalents to the Statement of Net Position:</b>				
Cash and investments	\$ 33,877,133	\$ 42,101,827	\$ 75,978,960	\$ 29,930,613
Restricted cash and investments	14,859,530	806,120	15,665,650	-
<b>Total cash and cash equivalents</b>	<u>\$ 48,736,663</u>	<u>\$ 42,907,947</u>	<u>\$ 91,644,610</u>	<u>\$ 29,930,613</u>

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 2,469,848	\$ 1,747,262	\$ 4,217,110	\$ (2,626,537)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	3,777,402	6,016,167	9,793,569	2,699,213
Pension expense	1,306,807	1,555,303	2,862,110	710,166
Cash from rent and concessions	944,470	-	944,470	-
Cash from other sources	862,517	171,374	1,033,891	1,508,957
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	(821,537)	124,251	(697,286)	1,762
Inventories	-	4,572	4,572	3,690
Loans receivable	-	57,556	57,556	-
Accounts payable	1,230,521	514,055	1,744,576	(653,358)
Retentions payable	1,247,192	249,716	1,496,908	-
Accrued expenses	50,394	62,392	112,786	36,360
Compensated absences	94,925	90,721	185,646	58,437
Customer deposits	(24,146)	-	(24,146)	-
Estimated claims payable	-	-	-	261,800
Total adjustments	<u>8,668,545</u>	<u>8,846,107</u>	<u>17,514,652</u>	<u>4,627,027</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 11,138,393</u>	<u>\$ 10,593,369</u>	<u>\$ 21,731,762</u>	<u>\$ 2,000,490</u>
<b>Noncash Investing, Capital and Financing Activities:</b>				
Contributed property, plant and equipment			\$ -	\$ 680,767
Bond amortization	(2,535,619)	271,730	(2,263,889)	-
<b>Total noncash investing, capital and financing activities</b>	<u>\$ (2,535,619)</u>	<u>\$ 271,730</u>	<u>\$ (2,263,889)</u>	<u>\$ 680,767</u>

See Accompanying Notes to Basic Financial Statements.

**CITY OF ESCONDIDO**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

	Agency Funds	Private Purpose Trust Fund Successor Agency of the Former CDC
<b>ASSETS</b>		
Cash and investments	\$ 1,248,843	\$ 7,740,364
Cash and investments with fiscal agent	353,649	-
Receivables:		
Interest	2,632	5,248
Taxes	7,650	-
<b>Total Assets</b>	<b>\$ 1,612,774</b>	<b>7,745,612</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 1,020	-
Deposits payable	805,413	-
Due to bondholders	806,341	-
Long-term liabilities:		
Due within one year	-	7,628,660
Due in more than one year	-	3,611,380
<b>Total Liabilities</b>	<b>\$ 1,612,774</b>	<b>11,240,040</b>
<b>NET POSITION</b>		
Held in trust for other purposes		(3,494,428)
<b>Total Net Position</b>		<b>\$ (3,494,428)</b>

**CITY OF ESCONDIDO**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2020**

	<u>Private Purpose Trust Fund Successor Agency of the Former CDC</u>
<b>ADDITIONS:</b>	
Taxes	\$ 6,524,770
Interest and change in fair value of investments	19,695
<b>Total Additions</b>	<u>6,544,465</u>
<b>DEDUCTIONS:</b>	
Administrative expenses	246,875
Interest expense	170,426
<b>Total Deductions</b>	<u>417,301</u>
<b>Changes in Net Position</b>	6,127,164
<b>NET POSITION:</b>	
Beginning of year	<u>(9,621,592)</u>
End of year	<u>\$ (3,494,428)</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2020**

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**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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

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

**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, 2020**

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**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 Finance 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, 2020, the balance totaled \$17,921,319.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**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, 2020, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Application of this statement did not have a significant effect on the City's financial statements.

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

**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, 2020.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 2 – Stewardship, Compliance and Accountability (Continued)**

**B. Deficit Fund Equity**

The following funds reported a deficit fund balance/net position as of June 30, 2020:

Fund	Fund Type	Amount
Unrestricted Net Position	Governmental Activities	\$(133,063,895)
Community Development Block Grant	Special Revenue Fund	(163,089)
Miscellaneous Grants	Special Revenue Fund	(1,119,380)
Golf Course	Debt Service Fund	(1,287)
County Transportation Street Projects	Capital Projects Fund	(232,279)
Building Maintenance	Internal Service Fund	(1,254,410)
Network and Systems Administration	Internal Service Fund	(1,727,482)
Workers' Compensation	Internal Service Fund	(2,704,047)

At June 30, 2020, the City had an unrestricted net position deficit of \$(133,063,895) 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 (\$163,089) deficit in the Community Development Block Grant fund, (\$1,119,380) in the Miscellaneous Grants fund, and (\$232,279) in the County Transportation Street Projects fund are the result of unreimbursed funds and will be eliminated with future grant reimbursements.

The (\$1,287) deficit in the Golf Course Debt Service fund is due to the timing of a transfer from the General Fund and will be eliminated with future transfers.

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, 2020, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Total
Cash and investments	\$ 99,613,197	\$ 75,978,960	\$ 2,046,179	\$ 8,989,207	\$ 186,627,543
Investment in Section 115 Trust	13,572,027	-	-	-	13,572,027
Cash and investments with fiscal agent	81	15,665,650	-	353,649	16,019,380
<b>Total</b>	<b>\$ 113,185,305</b>	<b>\$ 91,644,610</b>	<b>\$ 2,046,179</b>	<b>\$ 9,342,856</b>	<b>\$ 216,218,950</b>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 3 – Cash and Investments (Continued)**

At June 30, 2020, 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, 2020:

	Fair Value	Measurement Input			Uncategorized
		Level 1	Level 2	Level 3	
Cash on hand	\$ 13,811	\$ -	\$ -	\$ -	\$ 13,811
Demand deposits	7,647,964	-	-	-	7,647,964
Investments:					
U. S. Treasury Obligations	22,802,884	-	22,802,884	-	-
U. S. Corporate Bonds	22,324,110	-	22,324,110	-	-
U. S. Municipal Bonds	3,471,382	-	3,471,382	-	-
Supranational Obligations	2,724,000	-	2,724,000	-	-
Federal Agency Securities	36,661,652	-	36,661,652	-	-
Negotiable Certificates of Deposit	5,863,544	-	-	-	5,863,544
Placement Service Deposits	15,240,044	-	-	-	15,240,044
State Investment Pool (LAIF)	69,878,152	-	-	-	69,878,152
Subtotal	178,965,768	-	87,984,028	-	90,981,740
Held by fiscal agent:					
U.S. Treasury Obligations	15,203,832	-	15,203,832	-	-
Money Market Funds	815,548	-	815,548	-	-
Subtotal	16,019,380	-	16,019,380	-	-
Investment in Section 115 Trust	13,572,027	-	-	-	13,572,027
<b>Total</b>	<b>\$ 216,218,950</b>	<b>\$ -</b>	<b>\$ 104,003,408</b>	<b>\$ -</b>	<b>\$ 112,215,542</b>

**A. Demand Deposits**

The carrying amount of the City's cash deposits were \$6,418,369 at June 30, 2020. Bank balances before reconciling items were \$4,454,408 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, 2020**

**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, 2020**

**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, 2020, the City had \$69,878,152 invested in LAIF, which had invested 3.37% 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, 2020. 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, 2020**

**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
<b>Investments:</b>				
U. S. Treasury Obligations	\$ 22,802,884	\$ 6,794,795	\$ 6,248,665	\$ 9,759,424
U. S. Corporate Bonds	22,324,110	-	17,948,553	4,375,557
U. S. Municipal Bonds	3,471,382	-	2,251,760	1,219,622
Supranational Obligations	2,724,000	2,724,000	-	-
Federal Agency Securities	36,661,652	12,378,142	16,167,855	8,115,655
Negotiable Certificates of Deposit	5,863,544	5,863,544	-	-
Placement Service Deposits	15,240,044	15,240,044	-	-
State Investment Pool (LAIF)	69,878,152	69,878,152	-	-
Subtotal	178,965,768	112,878,677	42,616,833	23,470,258
<b>Held by fiscal agent:</b>				
U.S. Treasury Obligations	15,203,832	15,203,832	-	-
Money Market Funds	815,548	815,548	-	-
Subtotal	16,019,380	16,019,380	-	-
Investment in Section 115 Trust	13,572,027	13,572,027	-	-
<b>Total</b>	<b>\$ 208,557,175</b>	<b>\$ 142,470,084</b>	<b>\$ 42,616,833</b>	<b>\$ 23,470,258</b>

**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, 2020**

**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	A+ to A- / A1 to A3	Not Rated
<b>Investments:</b>								
U. S. Treasury Obligations	\$ 22,802,884	N/A	\$ -	\$ -	\$ 22,802,884	\$ -	\$ -	\$ -
U. S. Corporate Bonds	22,324,110	A	-	-	985,986	3,135,630	14,864,104	3,338,390
U. S. Municipal Bonds	3,471,382	A	-	254,962	864,904	357,948	613,870	1,379,698
Supranational Obligations	2,724,000	A	-	2,724,000	-	-	-	-
Federal Agency Securities	36,661,652	N/A	-	-	36,661,652	-	-	-
Negotiable Certificates of Deposit	5,863,544	N/A	5,863,544	-	-	-	-	-
Placement Service Deposits	15,240,044	N/A	-	-	-	-	-	15,240,044
State Investment Pool (LAIF)	69,878,152	N/A	-	-	-	-	-	69,878,152
Subtotal	178,965,768		5,863,544	2,978,962	61,315,426	3,493,578	15,477,974	89,836,284
<b>Held by fiscal agent:</b>								
U.S. Treasury Obligations	15,203,832	N/A	-	-	-	-	-	15,203,832
Money Market Funds	815,548	N/A	-	-	-	-	-	815,548
Subtotal	16,019,380		-	-	-	-	-	16,019,380
Investment in Section 115 Trust	13,572,027	N/A	-	-	-	-	-	13,572,027
<b>Total</b>	<b>\$ 208,557,175</b>		<b>\$ 5,863,544</b>	<b>\$ 2,978,962</b>	<b>\$ 61,315,426</b>	<b>\$ 3,493,578</b>	<b>\$ 15,477,974</b>	<b>\$ 119,427,691</b>

**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 Mortgage Corp.	Federal Agency Securities	\$ 9,254,442
Federal National Mortgage Association	Federal Agency Securities	15,792,821
U.S. Treasury	U.S. Treasury Obligations	22,802,884

**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, 2020**

**Note 4 – Accounts Receivable**

As of June 30, 2020, the accounts receivable are categorized as follows:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 5,153,550	\$ 12,162,363	\$ 17,315,913
Interest receivable	16,317,962	264,526	16,582,488
Taxes receivable	8,347,518	-	8,347,518
<b>Total receivables</b>	29,819,030	12,426,889	42,245,919
Less: Allowance for uncollectible amounts	(1,677,814)	(402,497)	(2,080,311)
<b>Total receivables, net of allowance</b>	<u>\$ 28,141,216</u>	<u>\$ 24,451,281</u>	<u>\$ 40,165,608</u>

Governmental and Business-type Activities receivables are shown net of an allowance for uncollectibles. 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, 2020 are \$252,298 for the Water Fund and \$150,199 for the Wastewater Fund.

**Note 5 – Notes and Loans Receivable**

At June 30, 2020, the loans receivable was reported in the accompanying basic financial statements as follows:

	Governmental Activities	Business-type Activities	Total
General Fund	\$ 11,000,000	\$ -	\$ 11,000,000
Successor Agency Housing Fund	35,107,543	-	35,107,543
HOME Fund	17,233,004	-	17,233,004
Community Development Block Grant Fund	231,659	-	231,659
Public Facilities Capital Projects Fund	266,048	-	266,048
Wastewater Enterprise Fund	-	374,281	374,281
<b>Total</b>	<u>\$ 63,838,254</u>	<u>\$ 374,281</u>	<u>\$ 64,212,535</u>

The General Fund has an outstanding loan receivable due from the Escondido Senior Housing Corporation. In exchange for the sale of City owned property valued at \$14,900,000 million, the General Fund received \$4,100,000 in cash payments and a promissory loan agreement for the remaining balance of \$10,800,000 which will be repaid from residual receipts over 55 years. As of June 30, 2020, the notes receivable balance was \$10,800,000, and unavailable revenue of \$10,800,000 is reported as a deferred inflow of resources.

The General Fund has an outstanding loan receivable due from the Vineyard Golf Course, funds were provided as part of the construction of the golf course. The loan is to be paid back at \$40,000 per year once the golf course reaches a level of 240,000 rounds played in a 36 consecutive month period. As of June 30, 2020, the notes receivable balance was \$200,000.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 5 – Notes and Loans Receivable (Continued)**

On June 30, 2020, the City has outstanding loans of \$35,107,543 recorded in the Successor Agency Housing Fund; \$17,233,004 recorded in the HOME Fund; and \$231,659 recorded in Community Development Block Grant Fund as a result of programs designed to encourage the 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. These loans have been offset by restricted or committed fund balances, as they are not expected to be repaid immediately.

The Public Facilities Capital Projects Fund has loaned the California Center for the Arts Foundation \$361,500 to finance the purchase of equipment and furnishings for the Conference Center. The balance outstanding at June 30, 2020 is \$266,048.

As part of the development of an ice arena, health club, and a co-energy generation facility, the Wastewater Enterprise fund agreed that the sewer connection fee of \$1,241,405 would be paid incrementally over a 30-year period with an interest rate of 6%. The balance outstanding at June 30, 2020 is \$374,281 including principal and interest.

**Note 6 – Interfund Transactions**

**A. Due To and From Other Funds**

At June 30, 2020, due from and to other funds balances are as follows:

<b>Due To Other Funds</b>	<b>Due From Other Funds</b>		
	General Fund	Nonmajor Governmental Funds	Total
Private Purpose Trust Fund:			
Successor Agency of the Former CDC	\$ 10,221,613	\$ 1,018,427	\$ 11,240,040
<b>Total</b>	<b>\$ 10,221,613</b>	<b>\$ 1,018,427</b>	<b>\$ 11,240,040</b>

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

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 6 – Interfund Transactions (Continued)**

**B. Advances To and From Other Funds**

At June 30, 2020, advances to and from other fund balances are as follows:

<b>Advances To Other Funds</b>	<b>Advances From Other Funds</b>	<b>Amounts</b>
Street Improvement Capital Projects Fund - Nonmajor Governmental Funds	General Fund	\$ 200,000

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.

**C. Transfers In and Out**

For the year ended June 30, 2020, interfund transfers are as follows:

<b>Transfer Out</b>	<b>Transfers In</b>				<b>Total</b>
	General Fund	Successor Agency Housing	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 689,465	\$ 753,940	\$ 806,000	\$ 2,249,405
Nonmajor Governmental Enterprise:	2,102,550	-	699,790	-	2,802,340
Water	-	-	195,000	-	195,000
<b>Total</b>	<b>\$ 2,102,550</b>	<b>\$ 689,465</b>	<b>\$ 1,648,730</b>	<b>\$ 806,000</b>	<b>\$ 5,246,745</b>

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, 2020**

**Note 7 – Capital Assets**

**A. Governmental Activities**

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2020, is as follows:

	Balance July 1, 2019	Transfers of CIP	Additions	Deletions	Balance June 30, 2020
<b>Capital assets, not being depreciated:</b>					
Art and historical treasures	\$ 9,532,194	\$ -	\$ -	\$ -	\$ 9,532,194
Land	52,704,126	-	-	-	52,704,126
Construction in progress	12,793,768	(4,437,544)	8,861,015	-	17,217,239
<b>Total capital assets, not being depreciated</b>	<b>75,030,088</b>	<b>(4,437,544)</b>	<b>8,861,015</b>	<b>-</b>	<b>79,453,559</b>
<b>Capital assets, being depreciated:</b>					
Land improvements	40,046,270	1,625,962	-	-	41,672,232
Buildings	222,922,974	-	261,690	-	223,184,664
Machinery and equipment	31,692,312	698,258	402,918	(144,862)	32,648,626
Motorized vehicles	28,625,423	-	1,732,245	(717,974)	29,639,694
Infrastructure	316,789,319	2,113,324	2,535,071	-	321,437,714
Golf Course	4,326,835	-	-	-	4,326,835
Radio Rights	3,230,225	-	-	-	3,230,225
<b>Total capital assets, being depreciated</b>	<b>647,633,358</b>	<b>4,437,544</b>	<b>4,931,924</b>	<b>(862,836)</b>	<b>656,139,990</b>
<b>Less accumulated depreciation</b>					
Land improvements	(37,538,886)	-	(395,270)	-	(37,934,156)
Buildings	(125,920,358)	-	(5,673,570)	-	(131,593,928)
Machinery and equipment	(26,603,868)	-	(1,565,996)	144,862	(28,025,002)
Motorized vehicles	(22,441,189)	-	(2,287,648)	717,974	(24,010,863)
Infrastructure	(214,964,285)	-	(4,669,628)	-	(219,633,913)
Golf Course	(2,403,205)	-	(144,272)	-	(2,547,477)
Radio Rights	(484,533)	-	(161,511)	-	(646,044)
<b>Total accumulated depreciation</b>	<b>(430,356,324)</b>	<b>-</b>	<b>(14,897,895)</b>	<b>862,836</b>	<b>(444,391,383)</b>
<b>Total capital assets, being depreciated, net</b>	<b>217,277,034</b>	<b>4,437,544</b>	<b>(9,965,971)</b>	<b>-</b>	<b>211,748,607</b>
<b>Total Governmental Activities capital assets, net</b>	<b>\$ 292,307,122</b>	<b>\$ -</b>	<b>\$ (1,104,956)</b>	<b>\$ -</b>	<b>\$ 291,202,166</b>

Depreciation expense was charged to the following functions:

General government	\$ 3,646,280
Public safety	2,770,854
Public works	4,898,407
Community services	755,136
Community development	128,005
Internal service funds	2,699,213
<b>Total</b>	<b>\$ 14,897,895</b>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 7 – Capital Assets (Continued)**

**B. Business-type Activities**

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

	Balance July 1, 2019	Transfers of CIP	Additions	Deletions	Balance June 30, 2020
<b>Capital assets, not being depreciated:</b>					
Land	\$ 3,138,397	\$ -	\$ -	\$ -	\$ 3,138,397
Construction in progress	30,583,932	(7,106,878)	15,414,619	-	38,891,673
<b>Total capital assets, not being depreciated</b>	<u>33,722,329</u>	<u>(7,106,878)</u>	<u>15,414,619</u>	<u>-</u>	<u>42,030,070</u>
<b>Capital assets, being depreciated:</b>					
Land improvements	1,092,101	-	-	-	1,092,101
Buildings	31,705,883	-	-	-	31,705,883
Machinery and equipment	11,720,066	-	1,079,235	(48,679)	12,750,622
Water system	166,364,361	74,162	997,582	-	167,436,105
Electrical system	3,609,179	-	-	-	3,609,179
Sewer system	207,831,202	6,937,884	733,786	-	215,502,872
Recycled water system	24,163,391	-	-	-	24,163,391
<b>Total capital assets, being depreciated</b>	<u>446,486,183</u>	<u>7,012,046</u>	<u>2,810,603</u>	<u>(48,679)</u>	<u>456,260,153</u>
<b>Less accumulated depreciation</b>					
Land improvements	(336,221)	-	(29,823)	-	(366,044)
Buildings	(20,885,826)	-	(472,619)	-	(21,358,445)
Machinery and equipment	(9,176,598)	-	(770,565)	48,679	(9,898,484)
Water system	(53,190,525)	-	(3,316,516)	-	(56,507,041)
Electrical system	(3,334,452)	-	(49,270)	-	(3,383,722)
Sewer system	(76,542,689)	-	(4,596,575)	-	(81,139,264)
Recycled water system	(9,219,723)	-	(606,880)	-	(9,826,603)
<b>Total accumulated depreciation</b>	<u>(172,686,034)</u>	<u>-</u>	<u>(9,842,248)</u>	<u>48,679</u>	<u>(182,479,603)</u>
<b>Total capital assets, being depreciated, net</b>	<u>273,800,149</u>	<u>7,012,046</u>	<u>(7,031,645)</u>	<u>-</u>	<u>273,780,550</u>
<b>Total Business-type Activities capital assets, net</b>	<u>\$ 307,522,478</u>	<u>\$ (94,832)</u>	<u>\$ 8,382,974</u>	<u>\$ -</u>	<u>\$ 315,810,620</u>

Depreciation expense was charged to the following functions:

Water	\$ 3,826,081
Wastewater	<u>6,016,167</u>
<b>Total</b>	<u>\$ 9,842,248</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 7 – Capital Assets (Continued)**

**C. Component Unit**

Summary of changes in capital assets for the component unit for the year ended June 30, 2020, is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Capital assets, being depreciated:</b>				
Leasehold improvements	\$ 168,945	\$ -	\$ (200)	\$ 168,745
Machinery and equipment	969,661	80,512	-	1,050,173
<b>Total capital assets, being depreciated</b>	<u>1,138,606</u>	<u>80,512</u>	<u>(200)</u>	<u>1,218,918</u>
<b>Less accumulated depreciation</b>				
Leasehold improvements	(17,279)	(1,570)	-	(18,849)
Machinery and equipment	(703,116)	(49,599)	-	(752,715)
<b>Total accumulated depreciation</b>	<u>(720,395)</u>	<u>(51,169)</u>	<u>-</u>	<u>(771,564)</u>
<b>Total capital assets, being depreciated, net</b>	<u>418,211</u>	<u>29,343</u>	<u>(200)</u>	<u>447,354</u>
<b>Total Component Unit capital assets, net</b>	<u>\$ 418,211</u>	<u>\$ 29,343</u>	<u>\$ (200)</u>	<u>\$ 447,354</u>

Depreciation expense for the year ended June 30, 2020 was \$51,169.

**Note 8 – Long-Term Debt**

**A. Governmental Activities**

Summary of changes in long-term liabilities for Governmental Activities as of June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Compensated absences	\$ 6,853,951	\$ 2,059,305	\$ (1,554,578)	\$ 7,358,678	\$ 1,801,767	\$ 5,556,911
Claims payable	17,613,800	3,332,401	(3,070,601)	17,875,600	3,575,120	14,300,480
Loans payable	2,674,999	-	(416,661)	2,258,338	427,025	1,831,313
Capital leases	1,892,577	-	(468,820)	1,423,757	482,062	941,695
2015 Refunding General Obligation Bonds	56,810,000	-	(1,965,000)	54,845,000	2,065,000	52,780,000
Unamortized bond premium	7,392,770	-	(430,647)	6,962,123	-	6,962,123
2013A Lease Revenue Bonds	3,515,000	-	(245,000)	3,270,000	250,000	3,020,000
Unamortized bond discount	(6,423)	-	547	(5,876)	-	(5,876)
<b>Total</b>	<u>\$ 96,746,674</u>	<u>\$ 5,391,706</u>	<u>\$ (8,150,760)</u>	<u>\$ 93,987,620</u>	<u>\$ 8,600,974</u>	<u>\$ 85,386,646</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

**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, 2020, is \$7,358,678. 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, 2020, is \$17,875,600. For more information, see Note 10.

**Loans Payable**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
California Energy Commission Loan	\$ 299,681	\$ -	\$ (95,995)	\$ 203,686	\$ 99,851	\$ 103,835
San Diego Gas & Electric Loan	22,658	-	(11,670)	10,988	9,558	1,430
County of San Diego Loan	2,352,660	-	(308,996)	2,043,664	317,615	1,726,049
	<u>\$ 2,674,999</u>	<u>\$ -</u>	<u>\$ (416,661)</u>	<u>\$ 2,258,338</u>	<u>\$ 427,024</u>	<u>\$ 1,831,314</u>

**California Energy Commission Loan**

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, 2020, is \$213,847.

The annual debt service requirements are as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30,</b>			
2021	\$ 99,851	\$ 7,072	\$ 106,923
2022	103,835	3,089	106,924
Total	<u>\$ 203,686</u>	<u>\$ 10,161</u>	<u>\$ 213,847</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

**Loans Payable (Continued)**

**San Diego Gas & Electric Loan**

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, 2020, are \$10,988.

The annual debt service requirements are as follows:

<b>Year Ended</b>	<b>Principals</b>				
	<b>June 30,</b>	<b>City Hall</b>	<b>CFA 921</b>	<b>EVCC</b>	<b>Total</b>
2021	\$	2,262	\$ 2,111	\$ 5,185	\$ 9,558
2022		566	-	864	1,430
Total	\$	2,828	\$ 2,111	\$ 6,049	\$ 10,988

**County of San Diego Loan**

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, 2020, is \$2,043,664.

The annual debt service requirements are as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30,</b>			
2021	\$ 317,615	\$ 57,018	\$ 374,633
2022	326,477	48,157	374,634
2023	335,585	39,048	374,633
2024	344,949	29,685	374,634
2025	354,573	20,062	374,635
2026	364,465	10,168	374,633
Total	\$ 2,043,664	\$ 204,138	\$ 2,247,802

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Governmental Activities (Continued)**

*Capital Leases*

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Sutphen Aerial Ladder Truck	\$ 364,911	\$ -	\$ (179,865)	\$ 185,046	\$ 185,046	\$ -
Motorola Radios Equipment Lease	1,527,666	-	(288,955)	1,238,711	297,016	941,695
	<u>\$ 1,892,577</u>	<u>\$ -</u>	<u>\$ (468,820)</u>	<u>\$ 1,423,757</u>	<u>\$ 482,062</u>	<u>\$ 941,695</u>

**Sutphen Aerial Ladder Truck**

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, 2020, was \$185,046. The net carrying amount of assets acquired under the capital lease totaled \$669,420 at June 30, 2020 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, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 185,046	\$ 5,329	\$ 190,375
Total	<u>\$ 185,046</u>	<u>\$ 5,329</u>	<u>\$ 190,375</u>

**Motorola Radios Equipment Lease**

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, 2020, is \$1,238,711. The net carrying amount of the capital assets, classified as machinery and equipment, acquired under the capital lease totaled \$1,422,676 at June 30, 2020. 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, 2020, are as follows:

Year Ended June 30,	Principal	Interest	Total
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>\$ 1,238,711</u>	<u>\$ 87,579</u>	<u>\$ 1,326,290</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**A. Governmental Activities (Continued)**

**2015 Refunding General Obligation Bonds**

In May 2015, the City issued \$61,520,000 of General Obligation Refunding Bonds Series 2015 to refund the General Obligation Bonds, election 2004, Series A. The 2004 Bonds were issued to construct City fire stations, an emergency response training center, and a combined police and fire headquarters facility. The refunding decreased the total debt service payment by \$10.3 million over 22 years and resulted in an economic gain of \$7.4 million. 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, 2020, the outstanding balance of the Bonds was \$54,845,000 and unamortized bond premium was \$6,962,123.

The annual debt service requirements are as follows:

<b>Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	2,525,000	2,297,500	4,822,500
2026-2030	14,860,000	9,449,500	24,309,500
2031-2035	19,330,000	5,307,000	24,637,000
2036-2037	9,235,000	698,500	9,933,500
Total	<u>\$ 54,845,000</u>	<u>\$ 28,081,500</u>	<u>\$ 82,926,500</u>

**2013A Lease Revenue Bonds**

In March 2013, the City of Escondido issued \$4,830,000 in Lease Revenue Bonds to refund the Escondido Joint Powers Financing Authority 2001 Lease Revenue Bonds and to pay the costs of issuance of the Bonds. 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, 2020, the outstanding balance of these bonds was \$3,270,000 and unamortized bond discount was \$5,876. The annual debt service requirements are as follows:

<b>Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	285,000	77,972	362,972
2026-2030	1,580,000	225,644	1,805,644
2031	355,000	7,100	362,100
Total	<u>\$ 3,270,000</u>	<u>\$ 708,447</u>	<u>\$ 3,978,447</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities**

Summary of changes in long-term liabilities for Business-type Activities as of June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Connection rights payable	\$ 12,987,768	\$ -	\$ (9,690)	\$ 12,978,078	\$ -	\$ 12,978,078
Compensated absences	1,318,564	504,025	(318,378)	1,504,211	376,058	1,128,153
Loans payable	11,305,826	21,268,695	(2,183,441)	30,391,080	2,657,282	27,733,798
2007 Water Revenue COP	24,615,000	-	(24,615,000)	-	-	-
Unamortized bond premium	150,613	-	(150,613)	-	-	-
2012 Water Revenue Bonds	28,195,000	-	(28,195,000)	-	-	-
Unamortized bond premium	1,260,836	-	(1,260,836)	-	-	-
2019A Water Refunding Bonds	-	20,380,000	-	20,380,000	580,000	19,800,000
Unamortized bond premium	-	4,075,162	(128,094)	3,947,068	-	3,947,068
2019B Water Refunding Bonds	-	30,000,000	-	30,000,000	785,000	29,215,000
2012 Wastewater Revenue Bonds	26,345,000	-	(175,000)	26,170,000	185,000	25,985,000
Unamortized bond premium	1,439,202	-	(63,000)	1,376,202	-	1,376,202
2015A Wastewater Refunding Revenue Bonds	10,575,000	-	(1,100,000)	9,475,000	1,160,000	8,315,000
Unamortized bond premium	1,530,774	-	(213,597)	1,317,177	-	1,317,177
2015B Wastewater Refunding Revenue Bonds	3,330,000	-	(440,000)	2,890,000	450,000	2,440,000
Unamortized bond discount	(34,876)	-	4,867	(30,009)	-	(30,009)
<b>Total</b>	<b>\$ 123,018,707</b>	<b>\$ 76,227,882</b>	<b>\$ (58,847,782)</b>	<b>\$ 140,398,807</b>	<b>\$ 6,193,340</b>	<b>\$ 134,205,467</b>

**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, 2020 is \$12,978,078.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**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, 2020, is \$1,504,211.

**Loans Payable**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Tertiary Treatment Facility Project	\$ 6,577,797	\$ -	\$ (1,848,195)	\$ 4,729,602	\$ 1,848,195	\$ 2,881,407
Gravity Float Line Capital Project	611,537	-	(116,275)	495,262	119,216	376,046
HARRF Aeration Blower Replacement Project	546,121	-	(85,709)	460,412	87,767	372,645
Alexander Area Phase II Water Line Project	1,929,022	-	(133,262)	1,795,760	136,615	1,659,145
Brine Transmission Line Project	1,491,349	3,528,589	-	5,019,938	133,769	4,886,169
Lindley Reservoir Tank Replacement Project	150,000	14,850,000	-	15,000,000	331,720	14,668,280
Recycled Water Easterly Main and Tanks Project	-	2,890,106	-	2,890,106	-	2,890,106
<b>Total</b>	<b>\$ 11,305,826</b>	<b>\$ 21,268,695</b>	<b>\$ (2,183,441)</b>	<b>\$ 30,391,080</b>	<b>\$ 2,657,282</b>	<b>\$ 27,733,798</b>

**Tertiary Treatment Facility Project**

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. 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, 2020, is \$4,729,602.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**Loans Payable (Continued)**

**Tertiary Treatment Facility Project (Continued)**

The annual debt service requirements are as follows:

<b>Year Ended</b>	<b>Principals</b>				
	<b>June 30,</b>	<b>Phase I</b>	<b>Phase II</b>	<b>Phase III</b>	<b>Total</b>
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	<u>\$ 407,490</u>	<u>\$ 2,469,295</u>	<u>\$ 1,852,817</u>		<u>\$ 4,729,602</u>

**Gravity Float Line Capital Project**

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, 2020, is \$495,262.

The annual debt service requirements are as follows:

<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 119,216	\$ 11,703	\$ 130,919
2022	122,231	8,688	130,919
2023	125,323	5,596	130,919
2024	128,492	2,427	130,919
Total	<u>\$ 495,262</u>	<u>\$ 28,414</u>	<u>\$ 523,676</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

*Loans Payable (Continued)*

**HARRF Aeration Blower Replacement Project**

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, 2020, is \$460,412.

The annual debt service requirements are as follows:

<b>Year Ended</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2021	\$ 87,767	\$ 11,050	\$	98,817
2022	89,874	8,943		98,817
2023	92,031	6,786		98,817
2024	94,240	4,577		98,817
2025	96,500	2,317		98,817
Total	<u>\$ 460,412</u>	<u>\$ 33,673</u>	<u>\$</u>	<u>494,085</u>

**Alexander Area Phase II Water Line Project**

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 loan funding 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, 2020, is \$1,795,760.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**Loans Payable (Continued)**

**Alexander Area Phase II Water Line Project (Continued)**

The annual debt service requirements are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 136,615	\$ 44,075	\$ 180,690
2022	140,054	40,636	180,690
2023	143,580	37,110	180,690
2024	147,194	33,496	180,690
2025	150,899	29,791	180,690
2026-2030	813,421	90,026	903,447
2031-2032	263,997	6,627	270,624
Total	<u>\$ 1,795,760</u>	<u>\$ 281,761</u>	<u>\$ 2,077,521</u>

**Brine Transmission Line Project**

In October 2017, the City entered a construction installment sale agreement with the State Water Resources Control Board for funding for construction of a 15-inch brine transmission pipeline from Broadway to the Hale Avenue Resource Recovery Facility. A total of \$5,019,938 in project costs were incurred and submitted to the State for reimbursement. Repayment begins October 23, 2020, with semi-annual payments of principal and interest of \$217,751, including interest at the rate of 1.8%. The repayment period ends on October 23, 2049. 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, 2020, is \$5,019,938.

The annual debt service requirements are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 133,769	\$ 83,982	\$ 217,751
2022	129,800	87,951	217,751
2023	132,136	85,615	217,751
2024	134,515	83,236	217,751
2025	136,936	80,815	217,751
2026-2030	722,553	366,202	1,088,755
2031-2035	789,966	298,789	1,088,755
2036-2040	863,669	225,086	1,088,755
2041-2045	944,248	144,507	1,088,755
2046-2050	1,032,346	56,410	1,088,756
Total	<u>\$ 5,019,938</u>	<u>\$ 1,512,593</u>	<u>\$ 6,532,531</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

*Loans Payable (Continued)*

**Lindley Reservoir Tank Replacement Project**

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 \$776,000. 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, 2020, is \$15,000,000.

The annual debt service requirements are as follows:

<b>Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 331,720	\$ 445,024	\$ 776,744
2022	341,672	434,923	776,595
2023	351,922	424,519	776,441
2024	362,479	413,803	776,282
2025	373,354	402,766	776,120
2026-2030	2,041,652	1,836,324	3,877,976
2031-2035	2,366,834	1,506,264	3,873,098
2036-2040	2,743,810	1,123,634	3,867,444
2041-2045	3,180,827	680,061	3,860,888
2046-2050	2,905,730	177,564	3,083,294
Total	<u>\$ 15,000,000</u>	<u>\$ 7,444,882</u>	<u>\$ 22,444,882</u>

**Recycled Water Easterly Main and Tanks Project**

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. The loan will be funded from revenues of the Wastewater Fund. As of June 30, 2020, \$2,890,106 had been disbursed to the City.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**2019A Water Refunding Revenue Bonds**

In November 2019, the Escondido Joint Powers Financing Authority issued \$20,380,000 of Refunding Revenue Bonds (Water System), Series 2019A. Proceeds from the issuance were used to refund the 2007 Water Certificates of Participation bonds and to pay the costs of issuing the Bonds. The refunding decreased the total debt service payment by \$3.5 million and resulted in an economic gain of \$4.9 million. 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, 2020. The Bonds mature starting September 1, 2020 and end on September 1, 2037 and are limited obligations of the City payable solely from net revenues of the City’s Water System remaining after payment of operation and maintenance costs. At June 30, 2020, the outstanding balance of the Bonds was \$20,380,000 and unamortized bond premium was \$3,947,068.

The annual debt service requirements are as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30,</b>			
2021	\$ 580,000	\$ 927,350	\$ 1,507,350
2022	605,000	906,550	1,511,550
2023	630,000	878,700	1,508,700
2024	665,000	746,325	1,411,325
2025	755,000	810,825	1,565,825
2026-2030	4,695,000	3,396,875	8,091,875
2031-2036	4,695,000	2,347,675	7,042,675
2036-2038	7,755,000	486,275	8,241,275
Total	<u>\$ 20,380,000</u>	<u>\$ 10,500,575</u>	<u>\$ 30,880,575</u>

**2019B Water Refunding Revenue Bonds**

In November 2019, the Escondido Joint Powers Financing Authority issued \$30,000,000 of Refunding Revenue Bonds (Water System), Series 2019B. Proceeds from the issuance were used to refund the 2012 Escondido Joint Powers Financing Authority Water Revenue Bonds and to pay the costs of issuing the Bonds. The refunding decreased the total debt service payment by \$3.0 million and resulted in an economic gain of \$3.1 million. The Bonds bear interest ranging from 1.83% to 3.15% per annum payable on March 1 and September 1 of each year commencing March 1, 2020. The Bonds mature starting September 1, 2020 and end on September 1, 2033.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**2019B Water Refunding Revenue Bonds (Continued)**

Bonds with stated maturities on or after September 1, 2030 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 35-day notice is mailed by the Trustee to bondholders, and by lot within each maturity in integral multiples of \$5,000, on or after September 1, 2029 at a price without premium, equal to the principal amount plus accrued interest to the redemption date. Additionally, the term certificates, maturing annually on September 1, 2034 to September 1, 2041 are subject to mandatory sinking fund redemption 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 Bonds are limited obligations of the City payable solely from net revenues of the City’s Water System remaining after payment of operation and maintenance costs. At June 30, 2020, the outstanding balance of the Bonds was \$30,000,000.

The annual debt service requirements are as follows:

<b>Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 785,000	\$ 913,913	\$ 1,698,913
2022	795,000	899,226	1,694,226
2023	815,000	883,813	1,698,813
2024	830,000	867,037	1,697,037
2025	855,000	849,043	1,704,043
2026-2030	4,675,000	3,901,730	8,576,730
2031-2035	7,240,000	2,992,498	10,232,498
2036-2040	7,205,000	2,131,710	9,336,710
2041-2042	6,800,000	240,786	7,040,786
Total	<u>\$ 30,000,000</u>	<u>\$ 13,679,756</u>	<u>\$ 43,679,756</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.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**2012 Wastewater 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, 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 outstanding balance at June 30, 2020, was \$26,170,000 and unamortized bond premium is \$1,376,202.

The annual debt service requirements are as follows:

<b>Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	215,000	1,229,456	1,444,456
2026-2030	4,105,000	5,803,222	9,908,222
2031-2035	7,365,000	4,307,507	11,672,507
2036-2040	9,310,000	2,301,718	11,611,718
2041-2042	4,405,000	222,875	4,627,875
Total	<u>\$ 26,170,000</u>	<u>\$ 18,858,502</u>	<u>\$ 45,028,502</u>

**2015A Wastewater Refunding Revenue Bonds**

In April 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 refunding decreased the total debt service payment by \$5.0 million over 12 years and resulted in an economic gain of \$2.4 million. 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, 2020, the outstanding balance of the Bonds was \$9,475,000 and unamortized bond premium was \$1,317,177.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**2015A Wastewater Refunding Revenue Bonds (Continued)**

The annual debt service requirements are as follows:

<b>Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	1,415,000	188,125	1,603,125
2026-2027	3,055,000	154,625	3,209,625
Total	<u>\$ 9,475,000</u>	<u>\$ 1,753,125</u>	<u>\$ 11,228,125</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 refunding decreased the total debt service payment by \$3.9 million over 11 years and resulted in an economic gain of \$1.1 million. 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, 2020, the outstanding balance of the Bonds was \$2,890,000 and unamortized bond discount was \$30,009.

The annual debt service requirements are as follows:

<b>Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	505,000	24,313	529,313
2026	515,000	8,368	523,368
Total	<u>\$ 2,890,000</u>	<u>\$ 266,125</u>	<u>\$ 3,156,125</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**B. Business-Type Activities (Continued)**

**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	\$ 22,753,596	\$ 9,203,487	40.45%
Loan repayment revenue	363,644	363,644	100.00%

**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, 2020, the City met this requirement, as follows:

	<u>Water</u>	<u>Wastewater</u>
Gross revenues, excluding intergovernmental revenue and developer contributions	\$ 63,743,908	\$ 38,342,872
Operating and maintenance expenses, excluding depreciation, interest and transfers	52,658,179	26,675,005
<b>Net revenues</b>	<b>11,085,729</b>	<b>11,667,867</b>
<b>Amount required:</b>		
Debt service payments	3,429,624	5,773,863
Coverage required	1.20	1.15
<b>Amount required</b>	<b>4,115,549</b>	<b>6,639,942</b>
<b>Excess of net revenues</b>	<b>\$ 6,970,180</b>	<b>\$ 5,027,925</b>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 8 – Long-Term Debt (Continued)**

**C. Fiduciary Funds**

Summary of changes in long-term liabilities for Fiduciary Funds as of June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Advances from the City of Escondido	\$ 14,441,939	\$ 170,427	\$ (3,372,326)	\$ 11,240,040	\$ 7,628,660	\$ 3,611,380
<b>Total</b>	<b>\$ 14,441,939</b>	<b>\$ 170,427</b>	<b>\$ (3,372,326)</b>	<b>\$ 11,240,040</b>	<b>\$ 7,628,660</b>	<b>\$ 3,611,380</b>

**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, 2020, the outstanding balance of the advance from the Street Special Revenue Fund totaled \$1,018,427.

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, 2020, the outstanding balance of the advance from the General Fund totaled \$10,221,613.

**D. Component Unit**

Summary of changes in long-term liabilities for Component Unit as of June 30, 2020, are as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due within One Year	Due in More Than One Year
Compensated absences	\$ 159,471	\$ -	\$ (13,206)	\$ 146,265	\$ 14,627	\$ 131,639
Note Payable to the City of Escondido	224,405	100,000	(58,357)	266,048	70,962	195,086
Paycheck Protection Program Loan	-	753,000	-	753,000	-	753,000
<b>Total</b>	<b>\$ 383,876</b>	<b>\$ 853,000</b>	<b>\$ (71,563)</b>	<b>\$ 1,165,313</b>	<b>\$ 85,589</b>	<b>\$ 1,079,725</b>

**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, 2020, is \$146,265.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 8 – Long-Term Debt (Continued)**

**D. Component Unit (Continued)**

**Notes 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 \$173,813 at June 30, 2020. The note is not secured by any collateral. The annual debt service requirements are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 51,927	\$ 3,900	\$ 55,827
2022	53,292	2,535	55,827
2023	54,693	1,134	55,827
2024	13,901	60	13,961
Total	<u>\$ 173,813</u>	<u>\$ 7,629</u>	<u>\$ 181,442</u>

In December 2019, the Foundation entered into a loan agreement with the City of Escondido in the amount of \$100,000 to finance the purchase of new Conference Center chairs and lobby seating. The note bears interest at 3.069% per annum and has a maturity date of January 2025. Fixed monthly payments of \$1,800 are due on the first day of each month, beginning February 2020. The balance of the note is \$92,235 at June 30, 2020. The note is not secured by any collateral. The annual debt service requirements are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 19,035	\$ 2,565	\$ 21,600
2022	19,628	1,972	21,600
2023	20,239	1,361	21,600
2024	20,869	731	21,600
2025	12,464	128	12,592
Total	<u>\$ 92,235</u>	<u>\$ 6,757</u>	<u>\$ 98,992</u>

**Paycheck Protection Loan Program**

In May 2020, the Foundation received loan proceeds in the amount of \$753,000 under the Paycheck Protection Program (“PPP”). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act, and provides for loans for amounts up to 2.5 times the average monthly payroll expenses of qualifying businesses. The loan is forgivable after twenty-four weeks as long as the borrower uses the loan for eligible purposes including payroll, benefits, rent and utilities and maintains its payroll levels. The Foundation applied for the forgiveness subsequent to year end. The balance of the note is \$753,000 at June 30, 2020.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**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**

The City has issued certain Assessment District and Community Facilities District Bonds. 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.

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, 2020, the 98-1 Limited Obligation Refunding Bonds outstanding were \$1,905,000.

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, 2020, the 2006-01 Special Tax Bonds outstanding were \$12,075,000.

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, 2020, the outstanding principal of Community Facilities District No. 2000-01 (Hidden Trails) Special Tax Refunding bonds, Series 2013 was \$1,730,000.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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**Note 10 – Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City is self-insured for the first \$500,000 per occurrence on workers' compensation claims and the first \$500,000 per occurrence on general liability claims. The City is covered up to the statutory limit for workers' compensation and \$50,000,000 for general liability by an excess liability policy with commercial insurance corporations for any claims in excess of the above amounts.

The City utilizes the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), a member-directed risk sharing pool of counties and public entities. With the dissolution of SANDPIPA, the City elected to join the CSAC-EIA pool as a new member and procured all lines of insurance coverage for the City. With the assistance of the City's broker Alliant, coverage includes General Liability, Workers' Compensation, First Party Property, Automobile, Vessel and Cyber Liability coverages. Annual premiums and assessments are approved by the Board of Directors and are adjusted each year based on based on an actuarial review that estimates each of the program participant's ultimate liabilities.

The City uses the General Liability Self-Insurance Fund and the Workers' Compensation Fund to account for and finance risks for each liability. Both funds are accounted for as an internal service fund where assets are set aside for risk management, administration, claim settlements and benefit distribution.

Fund liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. Increases and decreases in claim liabilities for changes in estimates are charged to expense in the period in which the estimates are adjusted.

As of June 30, 2020, the City has recorded general self-insurance and workers' compensation liabilities of \$3,372,600 and \$14,503,000 respectively, for a total of \$17,875,600. Changes in the City's liability for claims payable for the past three fiscal years are summarized as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred and Charges in Estimates</u>	<u>Less Claim Payments</u>	<u>Ending Balance</u>
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
2019-20	17,613,800	3,332,401	(3,070,601)	17,875,600

There were no significant changes in insurance coverage from the prior year, and there were no settlements in excess of the insurance coverage in any of the prior three years.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 11 – Fund Balance**

**A. Fund Balance Classification**

At June 30, 2020, fund balances are classified as follows:

Fund Balances:	General	Special Revenue		Total Governmental Funds
		Successor Agency Housing	Nonmajor Governmental Funds	
<b>Nonspendable</b>				
Due from Successor Agency, net of unavailable revenue of \$8,356,515	\$ 1,865,098	\$ -	\$ -	\$ 1,865,098
Inventory and prepaid items	-	-	44,137	44,137
Daley Ranch Permanent Fund	-	-	250,034	250,034
<b>Total nonspendable</b>	<u>1,865,098</u>	<u>-</u>	<u>294,171</u>	<u>2,159,269</u>
<b>Restricted for</b>				
Housing & community development	-	44,987,373	18,743,276	63,730,649
Investment in Section 115 Trust	13,572,027	-	-	13,572,027
Debt service	-	-	4,357,437	4,357,437
Capital projects	-	-	8,315,780	8,315,780
Street maintenance	-	-	10,300,020	10,300,020
Landscape and assessment districts	-	-	1,621,830	1,621,830
Law enforcement	-	-	117,852	117,852
Vehicle Parking District	-	-	10,497	10,497
Daley Ranch	-	-	631,226	631,226
Park development	-	-	3,910,656	3,910,656
Public art	-	-	757,184	757,184
<b>Total restricted</b>	<u>13,572,027</u>	<u>44,987,373</u>	<u>48,765,758</u>	<u>107,325,158</u>
<b>Committed to</b>				
Reserves	17,392,319	-	-	17,392,319
Capital projects	-	-	764,863	764,863
<b>Total committed</b>	<u>17,392,319</u>	<u>-</u>	<u>764,863</u>	<u>18,157,182</u>
<b>Assigned to</b>				
Carryovers	261,230	-	-	261,230
Underground waivers	1,664,065	-	-	1,664,065
Library Trust	439,225	-	-	439,225
<b>Total assigned</b>	<u>2,364,520</u>	<u>-</u>	<u>-</u>	<u>2,364,520</u>
<b>Unassigned (deficit)</b>	<u>1,894,735</u>	<u>-</u>	<u>(1,516,035)</u>	<u>378,700</u>
<b>Total Fund Balances</b>	<u>\$ 37,088,699</u>	<u>\$ 44,987,373</u>	<u>\$ 48,308,757</u>	<u>\$ 130,384,829</u>

**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.

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 12 – 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:

	<b>Miscellaneous Plan</b>		
	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, 2020**

**Note 12 – City Employees Retirement Plan (Continued)**

**A. CalPERS (Continued)**

*Benefits Provided (continued)*

	<b>Safety Plan</b>		
	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, 2019, the following employees were covered by the benefit terms of the plan:

<b>Description</b>	<b>Number of members</b>	
	<b>Miscellaneous</b>	<b>Safety</b>
Active members	551	246
Transferred members	314	63
Terminated members	388	54
Retired members and beneficiaries	731	326
Total Members	1,984	689

*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, 2020**

**Note 12 – 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, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
<b>Actuarial Cost Method</b>	Entry Age Normal	Entry Age Normal
<b>Actuarial Assumptions</b>		
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, 2020**

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**Note 12 – 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	52.00%	4.80%	5.98%
Global Fixed Income	32.00%	1.10%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

- (1) An expected inflation of 2.0% 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, 2020**

**Note 12 – 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
<b>Miscellaneous Plan</b>			
Balance at: 6/30/2018 (Valuation Date) <sup>(1)</sup>	\$ 424,055,082	\$ 294,644,601	\$ 129,410,481
Changes Recognized for the Measurement Period:			
Service Cost	6,589,855	-	6,589,855
Interest on the Total Pension Liability	30,075,271	-	30,075,271
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	3,980,050	-	3,980,050
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	13,300,378	(13,300,378)
Contributions from Employees	-	2,790,203	(2,790,203)
Net Investment Income <sup>(2)</sup>	-	19,150,898	(19,150,898)
Benefit Payments including Refunds of Employee Contributions	(21,393,785)	(21,393,785)	-
Administrative Expense	-	(210,265)	210,265
Other Miscellaneous Income/(Expense)	-	684	(684)
Net Changes During 2018-19	19,251,391	13,638,113	5,613,278
Balance at: 6/30/2019 (Measurement Date) <sup>(1)</sup>	\$ 443,306,473	\$ 308,282,714	\$ 135,023,759
<b>Safety Plan</b>			
Balance at: 6/30/2018 (Valuation Date) <sup>(1)</sup>	\$ 398,932,291	\$ 285,102,607	\$ 113,829,684
Changes Recognized for the Measurement Period:			
Service Cost	7,977,162	-	7,977,162
Interest on the Total Pension Liability	28,267,807	-	28,267,807
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	1,855,614	-	1,855,614
Plan to Plan Resource Movement	-	160,070	(160,070)
Contribution from the Employer	-	11,295,735	(11,295,735)
Contributions from Employees	-	2,743,929	(2,743,929)
Net Investment Income <sup>(2)</sup>	-	18,673,377	(18,673,377)
Benefit Payments including Refunds of Employee Contributions	(18,845,100)	(18,845,100)	-
Administrative Expense	-	(203,455)	203,455
Other Miscellaneous Income/(Expense)	-	661	(661)
Net Changes During 2018-19	19,255,483	13,825,217	5,430,266
Balance at: 6/30/2019 (Measurement Date) <sup>(1)</sup>	\$ 418,187,774	\$ 298,927,824	\$ 119,259,950

(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, 2020**

**Note 12 – 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:

	<b>Discount Rate - 1%</b> <b>(6.15%)</b>	<b>Current Discount Rate</b> <b>(7.15%)</b>	<b>Discount Rate +1%</b> <b>(8.15%)</b>
Miscellaneous Plan	\$ 190,906,701	\$ 135,023,759	\$ 88,524,045
Safety Plan	177,467,658	119,259,950	71,579,509
Total Plans	<u>\$ 368,374,359</u>	<u>\$ 254,283,709</u>	<u>\$ 160,103,554</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, 2019, the City incurred a pension expense of \$13,300,378 and \$11,295,735 for Miscellaneous and Safety plans, respectively. As of measurement date of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	<b>Miscellaneous Plan</b>		<b>Safety Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions made after measurement date	\$ 14,696,078	\$ -	\$ 12,682,525	\$ -
Changes of Assumptions	-	(796,900)	6,496,077	-
Differences between Expected and Actual Experiences	1,936,198	-	654,377	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(1,378,162)	-	(1,246,983)
	<u>\$ 16,632,276</u>	<u>\$ (2,175,062)</u>	<u>\$ 19,832,979</u>	<u>\$ (1,246,983)</u>

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

**Note 12 – 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 2018-19 measurement period is 2.8 and 4.4 years, which was obtained by dividing the total service years of 5,451 and 2,994 (the sum of remaining service lifetimes of the active employees) by 1,924 and 678 (the total number of participants: active, inactive, and retired), respectively.

The \$1,936,198 and \$7,150,454 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
	Miscellaneous Plan	Safety Plan
June 30:		
2020	\$ 1,154,993	\$ 6,299,017
2021	(1,336,924)	(414,887)
2022	(397,050)	(453,906)
2023	340,117	473,253
2024	-	-
Thereafter	-	-
Total	\$ (238,864)	\$ 5,903,477

**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, 2020, the City's total covered payroll was \$1,962,827. The City made employer contributions of \$0, and employees contributed \$147,138 (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, 2020**

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**Note 13 – 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, 2020, the balance is \$9,911,248.

**Note 14 – 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 evidenced by contractual commitments with contractors. As of June 30, 2020, the City’s outstanding commitments are as follows:

Project Name	Contract Amount	Expenditures to date as of June 30, 2020	Remaining Commitments
Recycled Water Easterly Main and Tanks Project	\$ 10,094,227	\$ 8,721,690	\$ 1,372,537
Spruce Street Channel Improvement Project and Escondido Transit Center Active Transportation Connections Project	3,561,143	2,210,315	1,350,828
2019 Street Rehabilitation and Maintenance Project	5,334,438	4,670,616	663,821

**CITY OF ESCONDIDO**  
**Notes to Basic Financial Statements (Continued)**  
**For the Year Ended June 30, 2020**

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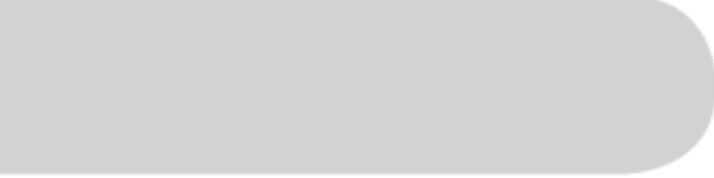
**Note 14 – Contingencies and Commitments (Continued)**

**D. COVID-19 Contingency**

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

**Note 15 – Subsequent Events**

On June 29, 2020, the State approved the budget and authorized the Department of Finance to allocate \$1,289,065,000 to address the public health and public safety impacts of COVID-19 including homelessness. Pursuant to the provisions of Control Section 11.90, cities with populations between 300,000 and 500,000 were allocated \$225 million and cities with populations of less than 300,000 were allocated \$275 million. Based on the City's population, the City is allocated \$1,889,210 and will be received in six installments starting July 2020.



# Required Supplementary Information

**CITY OF ESCONDIDO**  
**Required Supplementary Information**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>				
Sales tax	\$ 38,947,000	\$ 36,936,200	\$ 36,651,485	\$ (284,715)
Property taxes	28,825,000	29,160,000	29,273,988	113,988
Other taxes	13,784,000	12,818,285	13,095,121	276,836
Licenses and permits	944,500	944,500	923,125	(21,375)
Fines and forfeits	1,226,000	1,226,000	1,122,485	(103,515)
Intergovernmental	4,039,000	4,220,000	3,763,506	(456,494)
Charges for services	11,303,400	12,231,400	12,205,412	(25,988)
Lease income	4,047,710	3,795,710	3,655,490	(140,220)
Investment income	563,000	563,000	1,748,730	1,185,730
Miscellaneous	1,709,275	1,509,535	1,892,987	383,452
<b>Total revenues</b>	<b>105,388,885</b>	<b>103,404,630</b>	<b>104,332,329</b>	<b>927,699</b>
<b>EXPENDITURES:</b>				
General Government				
City council	357,675	357,675	304,981	(52,694)
City manager	1,089,230	1,254,470	1,254,102	(368)
City attorney	171,490	254,570	253,713	(857)
City clerk	583,605	599,710	555,753	(43,957)
City treasurer	266,335	266,335	204,459	(61,876)
Finance	1,375,050	1,504,245	1,344,994	(159,251)
Human resources	637,145	699,830	402,133	(297,697)
Information systems	1,570,305	1,867,905	1,608,538	(259,367)
Other general government	1,724,415	881,080	785,266	(95,814)
Public Safety				
Police	45,802,234	46,078,624	45,308,706	(769,918)
Fire	24,746,165	26,045,785	25,900,977	(144,808)
Public Works				
Public works	12,304,506	12,520,781	12,321,692	(199,089)
Community Services				
Library	3,517,777	3,411,057	3,252,335	(158,722)
Community services	7,046,710	6,967,850	6,611,771	(356,079)
Community relations	95,000	95,000	32,000	(63,000)
Community Development				
Planning	2,416,745	2,437,210	1,880,597	(556,613)
Code enforcement	1,220,615	1,220,615	1,185,875	(34,740)
Building	1,143,340	1,162,715	941,648	(221,067)
Capital Outlay	231,525	231,525	231,525	-
Debt Service:				
Principal retirements	536,335	536,335	536,335	-
Interest and fiscal charges	93,980	93,980	94,017	37
<b>Total expenditures</b>	<b>106,930,182</b>	<b>108,487,297</b>	<b>105,011,417</b>	<b>(3,475,880)</b>

**CITY OF ESCONDIDO**  
**Required Supplementary Information**  
**General Fund**  
**Budgetary Comparison Schedule (Continued)**  
**For the Year Ended June 30, 2020**

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(1,541,297)	(5,082,667)	(679,088)	4,403,579
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	4,100,000	4,135,540	35,540
Transfers in	2,085,000	2,102,550	2,102,550	-
Transfers (out)	(3,306,800)	(2,249,405)	(2,249,405)	-
<b>Total other financial sources (uses)</b>	(1,221,800)	3,953,145	3,988,685	35,540
<b>NET CHANGE IN FUND BALANCE</b>	(2,763,097)	(1,129,522)	3,309,597	4,439,119
<b>FUND BALANCE:</b>				
Beginning of Year	33,779,102	33,779,102	33,779,102	-
End of Year	<u>\$ 31,016,005</u>	<u>\$ 32,649,580</u>	<u>\$ 37,088,699</u>	<u>\$ 4,439,119</u>

**CITY OF ESCONDIDO**  
**Required Supplementary Information**  
**Successor Agency Housing Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2020**

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>				
Lease income	\$ 165,000	\$ 165,000	\$ 173,350	\$ 8,350
Investment income	-	-	676,837	676,837
Miscellaneous	-	-	28,809	28,809
<b>Total revenues</b>	<u>165,000</u>	<u>165,000</u>	<u>879,100</u>	<u>714,100</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	489,585	961,070	882,668	(78,402)
<b>Total expenditures</b>	<u>489,585</u>	<u>961,070</u>	<u>882,668</u>	<u>(78,402)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(324,585)</u>	<u>(796,070)</u>	<u>(3,568)</u>	<u>792,502</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	689,465	689,465	-
<b>Total other financing sources (uses)</b>	<u>25,000</u>	<u>689,465</u>	<u>689,465</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(299,585)	(106,605)	685,897	792,502
<b>FUND BALANCE:</b>				
Beginning of Year	44,301,476	44,301,476	44,301,476	-
End of Year	<u>\$ 44,001,891</u>	<u>\$ 44,194,871</u>	<u>\$ 44,987,373</u>	<u>\$ 792,502</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	2018-19	2017-18	2016-17	2015-16
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 6,589,855	\$ 7,086,737	\$ 7,098,079	\$ 6,041,393
Interest	30,075,271	28,726,687	27,888,570	26,975,771
Changes of Benefits Terms	-	-	-	-
Changes in Assumptions	-	(2,390,700)	22,286,442	-
Difference Between expected and Actual Experience	3,980,050	(1,867,216)	(1,062,074)	(607,786)
Benefit Payments, Including Refunds of Employee Contributions	(21,393,785)	(19,973,641)	(18,028,629)	(16,660,225)
<b>Net Change in Total Pension Liability</b>	<b>\$ 19,251,391</b>	<b>\$ 11,581,867</b>	<b>\$ 38,182,388</b>	<b>\$ 15,749,153</b>
Total Pension Liability - Beginning	424,055,082	412,473,215	374,290,827	358,541,674
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 443,306,473</b>	<b>\$ 424,055,082</b>	<b>\$ 412,473,215</b>	<b>\$ 374,290,827</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contribution - Employer	\$ 13,300,378	\$ 11,929,230	\$ 11,179,205	\$ 10,112,332
Contribution - Employee	2,790,203	2,810,647	2,789,527	2,818,117
Net Investment Income <sup>(2)</sup>	19,150,898	23,296,317	28,354,307	1,306,944
Benefit Payments, Including Refunds of Employee Contributions	(21,393,785)	(19,973,641)	(18,028,629)	(16,660,225)
Plan to Plan Resource Movement	-	(684)	-	-
Administrative Expense	(210,265)	(432,948)	(374,893)	(156,322)
Other Miscellaneous Income/(Expense) <sup>(3)</sup>	684	(822,175)	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 13,638,113</b>	<b>\$ 16,806,746</b>	<b>\$ 23,919,517</b>	<b>\$ (2,579,154)</b>
Plan Fiduciary Net Position - Beginning	294,644,601	277,837,855	253,918,338	256,497,492
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 308,282,714</b>	<b>\$ 294,644,601</b>	<b>\$ 277,837,855</b>	<b>\$ 253,918,338</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 135,023,759</b>	<b>\$ 129,410,481</b>	<b>\$ 134,635,360</b>	<b>\$ 120,372,489</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>69.54%</b>	<b>69.48%</b>	<b>67.36%</b>	<b>67.84%</b>
<b>Covered Payroll</b>	<b>\$ 37,685,287</b>	<b>\$ 37,294,690</b>	<b>\$ 37,199,720</b>	<b>\$ 34,850,841</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>358.29%</b>	<b>346.99%</b>	<b>361.93%</b>	<b>345.39%</b>

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

<sup>(2)</sup> Net of administrative expenses for fiscal year 2013-14.

<sup>(3)</sup> 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)**  
**Miscellaneous Plan - Agent Multiple-Employer Defined Benefit Plan (Continued)**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**  
**As of June 30, for the Last Ten Fiscal Years**

MEASUREMENT PERIOD	2014-15	2013-14 <sup>(1)</sup>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 6,086,726	\$ 6,187,698
Interest	25,822,523	24,823,748
Changes of Benefits Terms	-	-
Changes in Assumptions	(6,078,768)	-
Difference Between expected and Actual Experience	(3,440,683)	-
Benefit Payments, Including Refunds of Employee Contributions	(15,747,072)	(14,003,896)
<b>Net Change in Total Pension Liability</b>	<b>\$ 6,642,726</b>	<b>\$ 17,007,550</b>
Total Pension Liability - Beginning	351,898,948	334,891,398
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 358,541,674</b>	<b>\$ 351,898,948</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contribution - Employer	\$ 8,956,819	\$ 8,191,219
Contribution - Employee	2,702,365	2,751,097
Net Investment Income <sup>(2)</sup>	5,794,332	38,132,668
Benefit Payments, Including Refunds of Employee Contributions	(15,747,072)	(14,003,896)
Plan to Plan Resource Movement	(741)	-
Administrative Expense	(288,739)	-
Other Miscellaneous Income/(Expense) <sup>(3)</sup>	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 1,416,964</b>	<b>\$ 35,071,088</b>
Plan Fiduciary Net Position - Beginning	255,080,528	220,009,440
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 256,497,492</b>	<b>\$ 255,080,528</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 102,044,182</b>	<b>\$ 96,818,420</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>71.54%</b>	<b>72.49%</b>
<b>Covered Payroll</b>	<b>\$ 34,030,669</b>	<b>\$ 32,920,288</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>299.86%</b>	<b>294.10%</b>

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

<sup>(2)</sup> Net of administrative expenses for fiscal year 2013-14.

<sup>(3)</sup> 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	2018-19	2017-18	2016-17	2015-16
<b>TOTAL PENSION LIABILITY</b>				
Service Cost	\$ 7,977,162	\$ 7,860,653	\$ 7,712,365	\$ 6,945,677
Interest	28,267,807	26,945,680	26,029,723	25,001,133
Changes of Benefits Terms	-	-	-	-
Changes in Assumptions	-	(1,803,722)	22,546,727	-
Difference Between expected and Actual Experience	1,855,614	(1,997,161)	(1,522,544)	5,753,055
Benefit Payments, Including Refunds of Employee Contributions	(18,845,100)	(17,612,750)	(16,796,782)	(15,432,111)
<b>Net Change in Total Pension Liability</b>	<b>\$ 19,255,483</b>	<b>\$ 13,392,700</b>	<b>\$ 37,969,489</b>	<b>\$ 22,267,754</b>
Total Pension Liability - Beginning	398,932,291	385,539,591	347,570,102	325,302,348
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 418,187,774</b>	<b>\$ 398,932,291</b>	<b>\$ 385,539,591</b>	<b>\$ 347,570,102</b>
<b>PLAN FIDUCIARY NET POSITION</b>				
Contribution - Employer	\$ 11,295,735	\$ 10,527,707	\$ 9,490,834	\$ 9,136,622
Contribution - Employee	2,743,929	2,757,287	2,397,909	2,460,227
Net Investment Income <sup>(2)</sup>	18,673,377	22,392,729	27,240,685	1,283,251
Benefit Payments, Including Refunds of Employee Contributions	(18,845,100)	(17,612,750)	(16,796,782)	(15,432,111)
Plan to Plan Resource Movement	160,070	(661)	-	-
Administrative Expense	(203,455)	(418,008)	(363,617)	(151,743)
Other Miscellaneous Income/(Expense) <sup>(3)</sup>	661	(793,803)	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 13,825,217</b>	<b>\$ 16,852,501</b>	<b>\$ 21,969,029</b>	<b>\$ (2,703,754)</b>
Plan Fiduciary Net Position - Beginning	285,102,607	268,250,106	246,281,077	248,984,831
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 298,927,824</b>	<b>\$ 285,102,607</b>	<b>\$ 268,250,106</b>	<b>\$ 246,281,077</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 119,259,950</b>	<b>\$ 113,829,684</b>	<b>\$ 117,289,485</b>	<b>\$ 101,289,025</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>71.48%</b>	<b>71.47%</b>	<b>69.58%</b>	<b>70.86%</b>
<b>Covered Payroll</b>	<b>\$ 25,881,343</b>	<b>\$ 25,864,216</b>	<b>\$ 25,070,264</b>	<b>\$ 25,315,004</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>460.80%</b>	<b>440.10%</b>	<b>467.84%</b>	<b>400.11%</b>

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

<sup>(2)</sup> Net of administrative expenses for fiscal year 2013-14.

<sup>(3)</sup> 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 (Continued)**  
**Schedule of Changes in Net Pension Liability and Related Ratios (Continued)**  
**As of June 30, for the Last Ten Fiscal Years**

MEASUREMENT PERIOD	2014-15	2013-14 <sup>(1)</sup>
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 6,321,850	\$ 5,878,133
Interest	23,398,715	22,099,344
Changes of Benefits Terms	-	-
Changes in Assumptions	(5,933,256)	-
Difference Between expected and Actual Experience	2,817,273	-
Benefit Payments, Including Refunds of Employee Contributions	(14,245,717)	(13,505,688)
<b>Net Change in Total Pension Liability</b>	<b>\$ 12,358,865</b>	<b>\$ 14,471,789</b>
Total Pension Liability - Beginning	312,943,483	298,471,694
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 325,302,348</b>	<b>\$ 312,943,483</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Contribution - Employer	\$ 9,066,062	\$ 7,687,967
Contribution - Employee	2,322,205	2,079,491
Net Investment Income <sup>(2)</sup>	5,455,063	36,944,486
Benefit Payments, Including Refunds of Employee Contributions	(14,245,717)	(13,505,688)
Plan to Plan Resource Movement	-	-
Administrative Expense	(280,190)	-
Other Miscellaneous Income/(Expense) <sup>(3)</sup>	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 2,317,423</b>	<b>\$ 33,206,256</b>
Plan Fiduciary Net Position - Beginning	246,667,408	213,461,153
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 248,984,831</b>	<b>\$ 246,667,409</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 76,317,517</b>	<b>\$ 66,276,074</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>76.54%</b>	<b>78.82%</b>
<b>Covered Payroll</b>	<b>\$ 23,096,046</b>	<b>\$ 20,583,139</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	<b>330.44%</b>	<b>321.99%</b>

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

<sup>(2)</sup> Net of administrative expenses for fiscal year 2013-14.

<sup>(3)</sup> 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>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Actuarially Determined Contribution	\$ 14,696,078	\$ 13,300,378	\$ 11,929,230	\$ 11,179,205
Contribution in Relation to the Actuarially Determined Contribution	<u>(14,696,078)</u>	<u>(13,300,378)</u>	<u>(11,929,230)</u>	<u>(11,179,205)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 37,685,287	\$ 37,685,287	\$ 37,403,038	\$ 37,199,720
Contributions as a Percentage of Covered Payroll	39.00%	35.29%	31.89%	30.05%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

**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)**  
**Miscellaneous Plan - Agent Multiple-Employer Defined Benefit Plan (Continued)**  
**Schedule of Plan Contributions**  
**As of June 30, for the Last Ten Fiscal Years**

	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> <sup>(1)</sup>
Actuarially Determined Contribution	\$ 10,112,303	\$ 8,956,958	\$ 8,191,219
Contribution in Relation to the Actuarially Determined Contribution	<u>(10,112,303)</u>	<u>(8,956,958)</u>	<u>(8,191,219)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 34,850,841	\$ 34,030,669	\$ 32,920,288
Contributions as a Percentage of Covered Payroll	29.02%	26.32%	24.88%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

**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>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Actuarially Determined Contribution	\$ 12,682,525	\$ 11,295,735	\$ 10,527,707	\$ 9,490,834	\$ 9,136,624
Contribution in Relation to the Actuarially Determined Contribution	<u>(12,682,525)</u>	<u>(11,295,735)</u>	<u>(10,527,707)</u>	<u>(9,490,834)</u>	<u>(9,136,624)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 27,406,087	\$ 26,395,214	\$ 25,864,216	\$ 25,070,264	\$ 21,836,652
Contributions as a Percentage of Covered Payroll	46.28%	42.79%	40.70%	37.86%	41.84%

<sup>(4)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

**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 (Continued)**  
**Schedule of Plan Contributions**  
**As of June 30, for the Last Ten Fiscal Years**

	<u>2014-15</u>	<u>2013-14 <sup>(1)</sup></u>
Actuarially Determined Contribution	\$ 9,066,062	\$ 7,687,967
Contribution in Relation to the Actuarially Determined Contribution	<u>(9,066,062)</u>	<u>(7,687,967)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 23,096,046	\$ 20,583,139
Contributions as a Percentage of Covered Payroll	39.25%	37.35%

<sup>(1)</sup> Historical information is required only for measurement for which GASB 68 is applicable.

**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**  
**Notes to Required Supplementary Information**  
**June 30, 2020**

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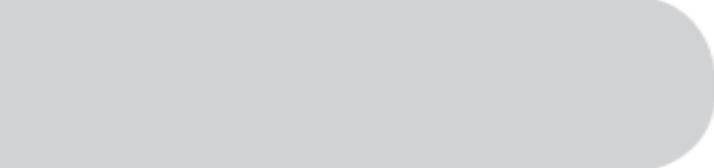
**Budgetary Information**

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**

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**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 funds are utilized for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system.
- 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 AND DEVELOPMENT 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.
- Public art fees, which are assessed when development occurs. The funds will be used to provide public art throughout the city.
- 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**

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**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 GRANT FUND**

This fund was established to account for transactions related to general reimbursable grants received and restricted by outside sources including federal, state, county, and local agencies.

**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**

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**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, 2020**

	Special Revenue			
	Street	Community Services and Development	Community Development Block Grant	Landscape and Assessment District
<b>ASSETS</b>				
Cash and investments	\$ 9,573,141	\$ 5,157,180	\$ -	\$ 1,652,805
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	2,859	-	-
Interest	33,130	19,357	-	5,998
Taxes	-	-	-	2,207
Loans	-	-	231,659	-
Due from other governments	403,970	-	222,218	-
Due from Successor Agency	1,018,427	-	-	-
Inventory	-	32,376	-	-
Prepaid items	-	11,761	-	-
Deposits	-	119,194	-	-
Advances to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 11,028,668</b>	<b>\$ 5,342,727</b>	<b>\$ 453,877</b>	<b>\$ 1,661,010</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,122,911	\$ 51,874	\$ 34,072	\$ 39,180
Deposits payable	-	-	-	-
Retention payable	-	-	-	-
Accrued expenditures	-	54,077	8,127	-
Due to other funds	-	-	120,890	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>1,122,911</b>	<b>105,951</b>	<b>163,089</b>	<b>39,180</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	970,195	-	453,877	-
<b>Total deferred inflows of resources</b>	<b>970,195</b>	<b>-</b>	<b>453,877</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable	-	44,137	-	-
Restricted	8,935,562	5,192,639	-	1,621,830
Committed	-	-	-	-
Unassigned (deficit)	-	-	(163,089)	-
<b>Total fund balances</b>	<b>8,935,562</b>	<b>5,236,776</b>	<b>(163,089)</b>	<b>1,621,830</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 11,028,668</b>	<b>\$ 5,342,727</b>	<b>\$ 453,877</b>	<b>\$ 1,661,010</b>

**CITY OF ESCONDIDO**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous Grants	Vehicle Parking District
<b>ASSETS</b>				
Cash and investments	\$ 164,214	\$ 1,505,547	\$ 1,405,621	\$ 10,413
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	-	-	-
Interest	2,557	5,846,996	-	117
Taxes	-	-	-	-
Loans	-	17,233,004	-	-
Due from other governments	527,061	-	251,586	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 693,832</b>	<b>\$ 24,585,547</b>	<b>\$ 1,657,207</b>	<b>\$ 10,530</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 17,110	\$ 384	\$ 70,315	\$ 33
Deposits payable	-	-	-	-
Retention payable	-	-	-	-
Accrued expenditures	36,353	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	400,933	-	2,475,678	-
<b>Total liabilities</b>	<b>454,396</b>	<b>384</b>	<b>2,545,993</b>	<b>33</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	121,583	5,841,888	230,594	-
<b>Total deferred inflows of resources</b>	<b>121,583</b>	<b>5,841,888</b>	<b>230,594</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable	-	-	-	-
Restricted	117,853	18,743,275	-	10,497
Committed	-	-	-	-
Unassigned (deficit)	-	-	(1,119,380)	-
<b>Total fund balances</b>	<b>117,853</b>	<b>18,743,275</b>	<b>(1,119,380)</b>	<b>10,497</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 693,832</b>	<b>\$ 24,585,547</b>	<b>\$ 1,657,207</b>	<b>\$ 10,530</b>

**CITY OF ESCONDIDO**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Debt Service		Capital Projects	
	General Obligation	Golf Course	Street Improvement	Storm Drain
<b>ASSETS</b>				
Cash and investments	\$ 4,301,030	\$ -	\$ 3,521,885	\$ 747,780
Cash and investments with fiscal agent	-	81	-	-
Receivable:				
Accounts	-	-	-	-
Interest	13,024	107	13,034	2,695
Taxes	44,133	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	643,043	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	200,000	-
<b>Total assets</b>	<b>\$ 4,358,187</b>	<b>\$ 188</b>	<b>\$ 4,377,962</b>	<b>\$ 750,475</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 750	\$ -	\$ 203,687	\$ 2,560
Deposits payable	-	-	2,556,551	21,375
Retention payable	-	-	-	-
Accrued expenditures	-	-	-	-
Due to other funds	-	1,475	-	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>750</b>	<b>1,475</b>	<b>2,760,238</b>	<b>23,935</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	-	253,267	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>253,267</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable	-	-	-	-
Restricted	4,357,437	-	1,364,457	726,540
Committed	-	-	-	-
Unassigned (deficit)	-	(1,287)	-	-
<b>Total fund balances</b>	<b>4,357,437</b>	<b>(1,287)</b>	<b>1,364,457</b>	<b>726,540</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,358,187</b>	<b>\$ 188</b>	<b>\$ 4,377,962</b>	<b>\$ 750,475</b>

**CITY OF ESCONDIDO**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Capital Projects			Permanent
	General Capital Projects	County Transportation Street Projects	Public Facilities	Daley Ranch
<b>ASSETS</b>				
Cash and investments	\$ 1,270,408	\$ -	\$ 6,958,895	\$ 355,116
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	-	6,452	-
Interest	4,535	-	26,448	1,347
Taxes	-	-	-	-
Loans	-	-	266,048	-
Due from other governments	-	2,753,366	-	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 1,274,943</b>	<b>\$ 2,753,366</b>	<b>\$ 7,257,843</b>	<b>\$ 356,463</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 80,423	\$ 1,266,409	\$ 54,144	\$ -
Deposits payable	44,117	-	-	-
Retention payable	-	379,158	-	-
Accrued expenditures	-	-	-	-
Due to other funds	-	1,116,712	-	-
Unearned revenues	-	-	-	-
<b>Total liabilities</b>	<b>124,540</b>	<b>2,762,279</b>	<b>54,144</b>	<b>-</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue	-	223,366	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>223,366</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable	-	-	-	250,034
Restricted	385,540	-	7,203,699	106,429
Committed	764,863	-	-	-
Unassigned (deficit)	-	(232,279)	-	-
<b>Total fund balances</b>	<b>1,150,403</b>	<b>(232,279)</b>	<b>7,203,699</b>	<b>356,463</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,274,943</b>	<b>\$ 2,753,366</b>	<b>\$ 7,257,843</b>	<b>\$ 356,463</b>

**CITY OF ESCONDIDO**  
**Combining Balance Sheet (Continued)**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Total Nonmajor Governmental Funds
<b>ASSETS</b>	
Cash and investments	\$ 36,624,035
Cash and investments with fiscal agent	81
Receivable:	
Accounts	9,311
Interest	5,969,345
Taxes	46,340
Loans	17,730,711
Due from other governments	4,801,244
Due from Successor Agency	1,018,427
Inventory	32,376
Prepaid items	11,761
Deposits	119,194
Advances to other funds	200,000
<b>Total assets</b>	<b>\$ 66,562,825</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 2,943,852
Deposits payable	2,622,043
Retention payable	379,158
Accrued expenditures	98,557
Due to other funds	1,239,077
Unearned revenues	2,876,611
<b>Total liabilities</b>	<b>10,159,298</b>
<b>Deferred inflows of resources:</b>	
Unavailable revenue	8,094,770
<b>Total deferred inflows of resources</b>	<b>8,094,770</b>
<b>Fund balances:</b>	
Nonspendable	294,171
Restricted	48,765,758
Committed	764,863
Unassigned (deficit)	(1,516,035)
<b>Total fund balances</b>	<b>48,308,757</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 66,562,825</b>

**CITY OF ESCONDIDO**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**

	Special Revenue			
	Street	Community Services and Development	Community Development Block Grant	Landscape and Assessment District
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	5,970,688	706,064	1,119,980	-
Charges for services	661,879	876,251	-	-
Special assessments	-	-	-	852,395
Investment income	272,775	179,411	1,642	31,775
Miscellaneous	171,712	70	7,518	8,430
<b>Total revenues</b>	<u>7,077,054</u>	<u>1,761,796</u>	<u>1,129,140</u>	<u>892,600</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	2,324,091	-	-	742,080
Community services	-	1,236,712	608,457	-
Community development	-	613	221,500	-
Capital outlay	1,613,565	262,840	468,886	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<u>3,937,656</u>	<u>1,500,165</u>	<u>1,298,843</u>	<u>742,080</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>3,139,398</u>	<u>261,631</u>	<u>(169,703)</u>	<u>150,520</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,016,015	-	-
Transfers out	(2,055,000)	(30,000)	-	-
<b>Total other financing sources (uses)</b>	<u>(2,055,000)</u>	<u>986,015</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,084,398	1,247,646	(169,703)	150,520
<b>FUND BALANCES:</b>				
Beginning of year	7,851,164	3,989,130	6,614	1,471,310
End of year	<u>\$ 8,935,562</u>	<u>\$ 5,236,776</u>	<u>\$ (163,089)</u>	<u>\$ 1,621,830</u>

# CITY OF ESCONDIDO

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

### Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous Grants	Vehicle Parking District
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	2,175,520	187,360	345,590	
Charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	11,250	79,844	-	330
Miscellaneous	-	-	-	-
<b>Total revenues</b>	2,186,770	267,204	345,590	330
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	1,147,700	-
Public safety	2,003,771	-	-	-
Public works	-	-	-	99,093
Community services	-	-	242,377	-
Community development	-	48,745	29,800	-
Capital outlay	15,000	-	-	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	2,018,771	48,745	1,419,877	99,093
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	167,999	218,459	(1,074,287)	(98,763)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	101,120
Transfers out	-	-	(717,340)	-
<b>Total other financing sources (uses)</b>	-	-	(717,340)	101,120
<b>NET CHANGE IN FUND BALANCES</b>	167,999	218,459	(1,791,627)	2,357
<b>FUND BALANCES:</b>				
Beginning of year	(50,146)	18,524,816	672,247	8,140
End of year	\$ 117,853	\$ 18,743,275	\$ (1,119,380)	\$ 10,497

# CITY OF ESCONDIDO

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

### Nonmajor Governmental Funds For the Year Ended June 30, 2020

	Debt Service		Capital Projects	
	General Obligation	Golf Course	Street Improvement	Storm Drain
<b>REVENUES:</b>				
Property taxes	\$ 4,686,979	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	-	-	2,174,850	-
Charges for services	-	-	-	132,332
Special assessments	-	-	-	-
Investment income	126,663	183	125,528	15,654
Miscellaneous	-	-	-	-
<b>Total revenues</b>	4,813,642	183	2,300,378	147,986
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	354,382	38,963
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	1,021,033	61,914
Debt services:				
Principal retirements	1,965,000	245,000	-	-
Interest and fiscal charges	2,795,000	120,552	-	-
<b>Total expenditures</b>	4,760,000	365,552	1,375,415	100,877
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	53,642	(365,369)	924,963	47,109
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	336,595	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	336,595	-	-
<b>NET CHANGE IN FUND BALANCES</b>	53,642	(28,774)	924,963	47,109
<b>FUND BALANCES:</b>				
Beginning of year	4,303,795	27,487	439,494	679,431
End of year	\$ 4,357,437	\$ (1,287)	\$ 1,364,457	\$ 726,540

# CITY OF ESCONDIDO

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

### Nonmajor Governmental Funds For the Year Ended June 30, 2020

	Capital Projects			Permanent
	General Capital Projects	County Transportation Street Projects	Public Facilities	Daley Ranch
<b>REVENUES:</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	6,155,718	-	-
Intergovernmental	170,735	352,039	-	-
Charges for services	-	-	437,322	1,012
Special assessments	-	-	-	-
Investment income	27,760	1,224	277,650	7,890
Miscellaneous	-	-	-	-
<b>Total revenues</b>	198,495	6,508,981	714,972	8,902
<b>EXPENDITURES:</b>				
Current:				
General government	87,880	-	4,420	-
Public safety	-	-	57,714	-
Public works	11,725	3,265,747	-	-
Community services	20,813	-	274,010	-
Community development	195,404	-	-	-
Capital outlay	203,783	3,632,090	644,598	-
Debt services:				
Principal retirements	-	-	71,024	-
Interest and fiscal charges	-	-	15,087	-
<b>Total expenditures</b>	519,605	6,897,837	1,066,853	-
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(321,110)	(388,856)	(351,881)	8,902
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	195,000	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	195,000	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	(126,110)	(388,856)	(351,881)	8,902
<b>FUND BALANCES:</b>				
Beginning of year	1,276,513	156,577	7,555,580	347,561
End of year	\$ 1,150,403	\$ (232,279)	\$ 7,203,699	\$ 356,463

# CITY OF ESCONDIDO

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

### Nonmajor Governmental Funds For the Year Ended June 30, 2020

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	Total Nonmajor Governmental Funds
<b>REVENUES:</b>	
Property taxes	\$ 4,686,979
Other taxes	6,155,718
Intergovernmental	13,202,826
Charges for services	2,108,796
Special assessments	852,395
Investment income	1,159,579
Miscellaneous	187,730
<b>Total revenues</b>	<u>28,354,023</u>
<b>EXPENDITURES:</b>	
Current:	
General government	1,240,000
Public safety	2,061,485
Public works	6,836,081
Community services	2,382,369
Community development	496,062
Capital outlay	7,923,709
Debt services:	
Principal retirements	2,281,024
Interest and fiscal charges	2,930,639
<b>Total expenditures</b>	<u>26,151,369</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>2,202,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in	1,648,730
Transfers out	(2,802,340)
<b>Total other financing sources (uses)</b>	<u>(1,153,610)</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,049,044
<b>FUND BALANCES:</b>	
Beginning of year	<u>47,259,713</u>
End of year	<u>\$ 48,308,757</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, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Intergovernmental	\$ 6,487,000	\$ 5,970,688	\$ (516,312)
Charges for services	1,808,000	661,879	(1,146,121)
Investment income	124,800	272,775	147,975
Miscellaneous	-	171,712	171,712
<b>Total revenues</b>	<b>8,419,800</b>	<b>7,077,054</b>	<b>(1,342,746)</b>
<b>EXPENDITURES:</b>			
Current:			
Public works	12,006,936	2,324,091	(9,682,845)
Capital outlay	2,535,094	1,613,565	(921,529)
<b>Total expenditures</b>	<b>14,542,030</b>	<b>3,937,656</b>	<b>(10,604,374)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,122,230)</b>	<b>3,139,398</b>	<b>(9,261,628)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(2,055,000)	(2,055,000)	-
<b>Total other financing sources (uses)</b>	<b>(2,055,000)</b>	<b>(2,055,000)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(8,177,230)</b>	<b>1,084,398</b>	<b>(9,261,628)</b>
<b>FUND BALANCE:</b>			
Beginning of year	7,851,164	7,851,164	-
End of year	<b>\$ (326,066)</b>	<b>\$ 8,935,562</b>	<b>\$ (9,261,628)</b>

**CITY OF ESCONDIDO**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Community Services and Development Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	Final Budget Amounts	Actual	Variance Over Under
<b>REVENUES:</b>			
Intergovernmental	\$ 612,880	\$ 706,064	\$ 93,184
Charges for services	1,456,885	876,251	(580,634)
Investment income	67,500	179,411	111,911
<b>Total revenues</b>	<u>2,137,265</u>	<u>1,761,796</u>	<u>(375,469)</u>
<b>EXPENDITURES:</b>			
Current:			
Community services	1,338,190	1,236,712	(101,478)
Capital outlay	5,655,390	262,840	(5,392,550)
<b>Total expenditures</b>	<u>6,993,580</u>	<u>1,500,165</u>	<u>(5,493,415)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(4,856,315)</u>	<u>261,631</u>	<u>(5,117,946)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,016,015	1,016,015	-
Transfers out	(30,000)	(30,000)	-
<b>Total other financing sources (uses)</b>	<u>986,015</u>	<u>986,015</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,870,300)	1,247,646	(5,117,946)
<b>FUND BALANCE:</b>			
Beginning of year	3,989,130	3,989,130	-
End of year	<u>\$ 118,830</u>	<u>\$ 5,236,776</u>	<u>\$ (5,117,946)</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, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Intergovernmental	\$ 2,894,504	\$ 1,119,980	\$ (1,774,524)
Miscellaneous	-	7,518	7,518
<b>Total revenues</b>	<u>2,894,504</u>	<u>1,129,140</u>	<u>(1,765,364)</u>
<b>EXPENDITURES:</b>			
Current:			
Community services	2,093,989	608,457	(1,485,532)
Community development	230,000	221,500	(8,500)
Capital outlay	1,998,630	468,886	(1,529,744)
<b>Total expenditures</b>	<u>4,322,619</u>	<u>1,298,843</u>	<u>(3,023,776)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(1,428,115)</u>	<u>(169,703)</u>	<u>(1,258,412)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(1,428,115)	(169,703)	(1,258,412)
<b>FUND BALANCE:</b>			
Beginning of year	6,614	6,614	-
End of year	<u>\$ (1,421,501)</u>	<u>\$ (163,089)</u>	<u>\$ (1,258,412)</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, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Special assessments	\$ 857,610	\$ 852,395	\$ (5,215)
Investment income	-	31,775	31,775
Miscellaneous	8,430	8,430	-
<b>Total revenues</b>	<u>866,040</u>	<u>892,600</u>	<u>26,560</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	1,247,395	742,080	(505,315)
<b>Total expenditures</b>	<u>1,247,395</u>	<u>742,080</u>	<u>(505,315)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(381,355)</u>	<u>150,520</u>	<u>(531,875)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(381,355)	150,520	(531,875)
<b>FUND BALANCE:</b>			
Beginning of year	1,471,310	1,471,310	-
End of year	<u>\$ 1,089,955</u>	<u>\$ 1,621,830</u>	<u>\$ (531,875)</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, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Intergovernmental	\$ 2,162,680	\$ 2,175,520	\$ 12,840
Investment income	-	11,250	11,250
<b>Total revenues</b>	<u>2,162,680</u>	<u>2,186,770</u>	<u>24,090</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety	5,303,965	2,003,771	(3,300,194)
Capital outlay	15,000	15,000	-
<b>Total expenditures</b>	<u>5,318,965</u>	<u>2,018,771</u>	<u>(3,300,194)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(3,156,285)</u>	<u>167,999</u>	<u>(3,276,104)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,156,285)	167,999	(3,276,104)
<b>FUND BALANCE:</b>			
Beginning of year	(50,146)	(50,146)	-
End of year	<u>\$ (3,206,431)</u>	<u>\$ 117,853</u>	<u>\$ (3,276,104)</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, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Intergovernmental	\$ 596,820	\$ 187,360	\$ (409,460)
Investment income	-	79,844	79,844
<b>Total revenues</b>	<u>596,820</u>	<u>267,204</u>	<u>(329,616)</u>
<b>EXPENDITURES:</b>			
Current:			
Community development	69,660	48,745	(20,915)
<b>Total expenditures</b>	<u>69,660</u>	<u>48,745</u>	<u>(20,915)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>527,160</u>	<u>218,459</u>	<u>(350,531)</u>
<b>NET CHANGE IN FUND BALANCE</b>	527,160	218,459	(350,531)
<b>FUND BALANCE:</b>			
Beginning of year	18,524,816	18,524,816	-
End of year	<u>\$ 19,051,976</u>	<u>\$ 18,743,275</u>	<u>\$ (350,531)</u>

**CITY OF ESCONDIDO**  
**Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual**  
**Miscellaneous Grants Special Revenue Fund**  
**For the Year Ended June 30, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Intergovernmental	\$ 3,457,579	\$ 345,590	\$ (3,111,989)
<b>Total revenues</b>	<u>3,457,579</u>	<u>345,590</u>	<u>(3,111,989)</u>
<b>EXPENDITURES:</b>			
Current:			
General government	4,680,333	1,147,700	(3,532,633)
Community services	947,837	242,377	(705,460)
Community development	310,000	29,800	(280,200)
<b>Total expenditures</b>	<u>5,938,170</u>	<u>1,419,877</u>	<u>(4,518,293)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,480,591)</u>	<u>(1,074,287)</u>	<u>(1,406,304)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(717,340)	(717,340)	-
<b>Total other financing sources (uses)</b>	<u>(717,340)</u>	<u>(717,340)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,197,931)	(1,791,627)	(1,406,304)
<b>FUND BALANCE:</b>			
Beginning of year	672,247	672,247	-
End of year	<u>\$ (2,525,684)</u>	<u>\$ (1,119,380)</u>	<u>\$ (1,406,304)</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, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Investment income	\$ -	\$ 330	\$ 330
<b>Total revenues</b>	<u>-</u>	<u>330</u>	<u>330</u>
<b>EXPENDITURES:</b>			
Current:			
Public works	101,120	99,093	(2,027)
<b>Total expenditures</b>	<u>101,120</u>	<u>99,093</u>	<u>(2,027)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(101,120)</u>	<u>(98,763)</u>	<u>(2,357)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	101,120	101,120	-
<b>Total other financing sources (uses)</b>	<u>101,120</u>	<u>101,120</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	2,357	(2,357)
<b>FUND BALANCE:</b>			
Beginning of year	8,140	8,140	-
End of year	<u>\$ 8,140</u>	<u>\$ 10,497</u>	<u>\$ (2,357)</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, 2020**

	Final Budget Amounts	Actual	Variance Over (Under)
<b>REVENUES:</b>			
Property taxes	\$ 4,727,225	\$ 4,686,979	\$ (40,246)
Investment income	33,200	126,663	93,463
<b>Total revenues</b>	<u>4,760,425</u>	<u>4,813,642</u>	<u>53,217</u>
<b>EXPENDITURES:</b>			
Debt services:			
Principal retirements	1,965,000	1,965,000	-
Interest and fiscal charges	2,795,425	2,795,000	(425)
<b>Total expenditures</b>	<u>4,760,425</u>	<u>4,760,000</u>	<u>(425)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>53,642</u>	<u>(53,642)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	53,642	(53,642)
<b>FUND BALANCE:</b>			
Beginning of year	4,303,795	4,303,795	-
End of year	<u>\$ 4,303,795</u>	<u>\$ 4,357,437</u>	<u>\$ (53,642)</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, 2020**

	Final Budget Amounts	Actual	Variance Over Under
<b>REVENUES:</b>			
Investment income	\$ 100	\$ 183	\$ 83
<b>Total revenues</b>	<u>100</u>	<u>183</u>	<u>83</u>
<b>EXPENDITURES:</b>			
Debt services:			
Principal retirements	245,000	245,000	-
Interest and fiscal charges	120,695	120,552	(143)
<b>Total expenditures</b>	<u>365,695</u>	<u>365,552</u>	<u>(143)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(365,595)</u>	<u>(365,369)</u>	<u>(226)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	336,595	336,595	-
<b>Total other financing sources (uses)</b>	<u>336,595</u>	<u>336,595</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(29,000)	(28,774)	(226)
<b>FUND BALANCE:</b>			
Beginning of year	27,487	27,487	-
End of year	<u>\$ (1,513)</u>	<u>\$ (1,287)</u>	<u>\$ (226)</u>

## **CITY OF ESCONDIDO INTERNAL SERVICE FUNDS**

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### **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, 2020**

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 649,568	\$ 8,116,273	\$ 641,779	\$ 405,761
Receivables (Net):				
Accounts	770	-	-	-
Interest	2,398	29,846	2,388	1,718
Inventory	57,610	54,184	413,798	-
Deposits	-	-	-	-
<b>Total Current Assets</b>	<b>710,346</b>	<b>8,200,303</b>	<b>1,057,965</b>	<b>407,479</b>
<b>Noncurrent Assets:</b>				
Capital assets:				
Being depreciated, net	2,439,102	6,567,317	13,194	285,146
<b>Total Noncurrent Assets</b>	<b>2,439,102</b>	<b>6,567,317</b>	<b>13,194</b>	<b>285,146</b>
<b>Total Assets</b>	<b>3,149,448</b>	<b>14,767,620</b>	<b>1,071,159</b>	<b>692,625</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	487,865	300,801	108,579	306,819
<b>Total Deferred Outflows of Resources</b>	<b>487,865</b>	<b>300,801</b>	<b>108,579</b>	<b>306,819</b>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	437,513	297,620	125,789	14,184
Accrued expenses	67,203	32,318	7,108	39,132
Long-term debt, due within one year	114,880	194,071	1,523	-
<b>Total Current Liabilities</b>	<b>619,596</b>	<b>524,009</b>	<b>134,420</b>	<b>53,316</b>
<b>Noncurrent Liabilities:</b>				
Aggregate net pension liabilities	3,984,391	2,567,541	767,807	2,629,200
Long-term debt, due in more than one year	219,290	81,226	13,705	-
<b>Total Noncurrent Liabilities</b>	<b>4,203,681</b>	<b>2,648,767</b>	<b>781,512</b>	<b>2,629,200</b>
<b>Total Liabilities</b>	<b>4,823,277</b>	<b>3,172,776</b>	<b>915,932</b>	<b>2,682,516</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	68,446	36,985	11,562	44,410
<b>Total Deferred Inflows of Resources</b>	<b>68,446</b>	<b>36,985</b>	<b>11,562</b>	<b>44,410</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,439,102	6,382,271	13,194	285,146
Unrestricted (deficit)	(3,693,512)	5,476,389	239,050	(2,012,628)
<b>Total Net Position</b>	<b>\$ (1,254,410)</b>	<b>\$ 11,858,660</b>	<b>\$ 252,244</b>	<b>\$ (1,727,482)</b>

**CITY OF ESCONDIDO**  
**Combining Statement of Net Position (Continued)**  
**Internal Service Funds**  
**June 30, 2020**

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and investments	\$ 11,850,684	\$ 6,770,816	\$ 1,495,732	\$ 29,930,613
Receivables (Net):				
Accounts	-	-	51,420	52,190
Interest	42,159	25,339	6,213	110,061
Inventory	-	-	-	525,592
Deposits	250,000	-	62,600	312,600
<b>Total Current Assets</b>	<u>12,142,843</u>	<u>6,796,155</u>	<u>1,615,965</u>	<u>30,931,056</u>
<b>Noncurrent Assets:</b>				
Capital assets:				
Being depreciated, net	-	-	-	9,304,759
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,304,759</u>
<b>Total Assets</b>	<u>12,142,843</u>	<u>6,796,155</u>	<u>1,615,965</u>	<u>40,235,815</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	30,072	-	67,946	1,302,082
<b>Total Deferred Outflows of Resources</b>	<u>30,072</u>	<u>-</u>	<u>67,946</u>	<u>1,302,082</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable	115,453	75,654	(767,511)	298,702
Accrued expenses	3,034	-	47,310	196,105
Long-term debt, due within one year	2,900,974	674,520	1,580	3,887,548
<b>Total Current Liabilities</b>	<u>3,019,461</u>	<u>750,174</u>	<u>(718,621)</u>	<u>4,382,355</u>
<b>Noncurrent Liabilities:</b>				
Aggregate net pension liabilities	247,471	-	510,567	10,706,977
Long-term debt, due in more than one year	11,605,768	2,698,080	14,222	14,632,291
<b>Total Noncurrent Liabilities</b>	<u>11,853,239</u>	<u>2,698,080</u>	<u>524,789</u>	<u>25,339,268</u>
<b>Total Liabilities</b>	<u>14,872,700</u>	<u>3,448,254</u>	<u>(193,832)</u>	<u>29,721,623</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	4,262	-	9,898	175,563
<b>Total Deferred Inflows of Resources</b>	<u>4,262</u>	<u>-</u>	<u>9,898</u>	<u>175,563</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	9,119,713
Unrestricted (deficit)	(2,704,047)	3,347,901	1,867,845	2,520,998
<b>Total Net Position</b>	<u>\$ (2,704,047)</u>	<u>\$ 3,347,901</u>	<u>\$ 1,867,845</u>	<u>\$ 11,640,711</u>

**CITY OF ESCONDIDO**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
<b>Operating Revenues:</b>				
Charges for services	\$ 5,247,020	\$ 5,987,440	\$ 1,245,157	\$ 1,736,500
<b>Total Operating Revenues</b>	<u>5,247,020</u>	<u>5,987,440</u>	<u>1,245,157</u>	<u>1,736,500</u>
<b>Operating Expenses:</b>				
Personnel services	2,562,993	1,474,316	422,351	1,449,913
Administrative expenses	-	8,933	82,051	-
Benefit claims	-	-	-	-
Supplies	93,542	80,345	97,579	12,132
Repairs and maintenance	1,180,373	1,009,567	53,399	6,241
Depreciation	128,994	2,500,763	17,122	52,334
Utilities	1,071,963	4,944	261,866	11,416
Fuel	-	1,148,642	-	-
Professional services	1,636,626	55,684	224,152	32,579
Insurance premiums	51,115	39,390	14,295	14,450
Rent	382	-	-	-
Other	(1,142,680)	343,383	68,798	372,781
<b>Total Operating Expenses</b>	<u>5,583,308</u>	<u>6,665,967</u>	<u>1,241,613</u>	<u>1,951,846</u>
<b>Operating Income (Loss)</b>	<u>(336,288)</u>	<u>(678,527)</u>	<u>3,544</u>	<u>(215,346)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Investment income	24,677	309,353	15,729	18,334
Interest and fiscal charges	(10,927)	(10,507)	-	-
Miscellaneous	5,055	207,002	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>18,805</u>	<u>505,848</u>	<u>15,729</u>	<u>18,334</u>
<b>Income Before Transfers and Capital Contributions</b>	<u>(317,483)</u>	<u>(172,679)</u>	<u>19,273</u>	<u>(197,012)</u>
Transfers in	306,000	-	-	-
Transfers (out)	-	-	-	-
Capital Contributions:				
Developer contributions	11,346	669,421	-	-
<b>Total Transfers and Capital Contributions</b>	<u>317,346</u>	<u>669,421</u>	<u>-</u>	<u>-</u>
<b>Changes in Net Position</b>	(137)	496,742	19,273	(197,012)
<b>Net Position at Beginning of Year</b>	<u>(1,254,273)</u>	<u>11,361,918</u>	<u>232,971</u>	<u>(1,530,470)</u>
<b>Net Position at End of Year</b>	<u>\$ (1,254,410)</u>	<u>\$ 11,858,660</u>	<u>\$ 252,244</u>	<u>\$ (1,727,482)</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, 2020**

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
<b>Operating Revenues:</b>				
Charges for services	\$ 4,247,462	\$ 2,149,206	\$ 11,938,427	\$ 32,551,212
<b>Total Operating Revenues</b>	<u>4,247,462</u>	<u>2,149,206</u>	<u>11,938,427</u>	<u>32,551,212</u>
<b>Operating Expenses:</b>				
Personnel services	137,197	-	327,564	6,374,334
Administrative expenses	328,035	1,469,865	166,090	2,054,974
Benefit claims	307,452	1,115,510	509,618	1,932,580
Supplies	753	-	1,223	285,574
Repairs and maintenance	-	-	-	2,249,580
Depreciation	-	-	-	2,699,213
Utilities	1,224	-	11,715	1,363,128
Fuel	-	-	-	1,148,642
Professional services	2,470,156	264,808	147,170	4,831,175
Insurance premiums	822,241	1,046,758	10,532,142	12,520,391
Rent	-	-	-	382
Other	2,722	12,231	60,541	(282,224)
<b>Total Operating Expenses</b>	<u>4,069,780</u>	<u>3,909,172</u>	<u>11,756,063</u>	<u>35,177,749</u>
<b>Operating Income (Loss)</b>	<u>177,682</u>	<u>(1,759,966)</u>	<u>182,364</u>	<u>(2,626,537)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Investment income	424,996	248,406	33,769	1,075,264
Interest and fiscal charges	-	-	-	(21,434)
Miscellaneous	1,300,000	73,964	78,763	1,664,784
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,724,996</u>	<u>322,370</u>	<u>112,532</u>	<u>2,718,614</u>
<b>Income Before Transfers and Capital Contributions</b>	<u>1,902,678</u>	<u>(1,437,596)</u>	<u>294,896</u>	<u>92,077</u>
Transfers in	500,000	-	-	806,000
Transfers (out)	-	-	-	-
Capital Contributions:				
Developer contributions	-	-	-	680,767
<b>Total Transfers and Capital Contributions</b>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,486,767</u>
<b>Changes in Net Position</b>	<u>2,402,678</u>	<u>(1,437,596)</u>	<u>294,896</u>	<u>1,578,844</u>
<b>Net Position at Beginning of Year</b>	<u>(5,106,725)</u>	<u>4,785,497</u>	<u>1,572,949</u>	<u>10,061,867</u>
<b>Net Position at End of Year</b>	<u>\$ (2,704,047)</u>	<u>\$ 3,347,901</u>	<u>\$ 1,867,845</u>	<u>\$ 11,640,711</u>

**CITY OF ESCONDIDO**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 5,246,369	\$ 5,997,440	\$ 1,245,157	\$ 1,736,500
Cash paid to employees for services	(2,242,574)	(1,272,276)	(452,167)	(1,282,556)
Cash paid to other suppliers of goods and services	(2,791,740)	(2,553,378)	(745,297)	(447,979)
Cash from other sources	5,055	51,175	-	-
<b>Net Cash Provided by Operating Activities</b>	<u>217,110</u>	<u>2,222,961</u>	<u>47,693</u>	<u>5,965</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Cash received from other funds	306,000	-	-	-
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>306,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase and construction of capital assets	(1,225,556)	(1,732,245)	(5,313)	(139,517)
Sale of capital assets	-	155,827	-	-
Capital lease payment	-	(190,374)	-	-
Principal payments on loans	(98,256)	-	-	-
Interest payments on loans	(10,929)	-	-	-
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<u>(1,334,741)</u>	<u>(1,766,792)</u>	<u>(5,313)</u>	<u>(139,517)</u>
<b>Cash Flows from Investing Activities:</b>				
Investment income	29,370	319,029	15,906	19,568
<b>Net Cash Provided by Investing Activities</b>	<u>29,370</u>	<u>319,029</u>	<u>15,906</u>	<u>19,568</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(782,261)	775,198	58,286	(113,984)
<b>Cash and cash equivalents:</b>				
Beginning of year	1,431,829	7,341,075	583,493	519,745
End of year	<u>\$ 649,568</u>	<u>\$ 8,116,273</u>	<u>\$ 641,779</u>	<u>\$ 405,761</u>

**CITY OF ESCONDIDO**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 4,247,462	\$ 2,149,206	\$ 11,930,840	\$ 32,552,974
Cash paid to employees for services	(452,916)	(1,469,865)	(449,833)	(7,622,187)
Cash paid to other suppliers of goods and services	(3,910,764)	(1,825,510)	(12,164,586)	(24,439,254)
Cash from other sources	1,300,000	73,964	78,763	1,508,957
<b>Net Cash Provided by Operating Activities</b>	<u>1,183,782</u>	<u>(1,072,205)</u>	<u>(604,816)</u>	<u>2,000,490</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Cash received from other funds	500,000	-	-	806,000
<b>Net Cash Provided by (Used in) Noncapital Financing Activities</b>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>806,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase and construction of capital assets	-	-	-	(3,102,631)
Sale of capital assets	-	-	-	155,827
Capital lease payment	-	-	-	(190,374)
Principal payments on loans	-	-	-	(98,256)
Interest payments on loans	-	-	-	(10,929)
<b>Net Cash (Used in) Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,246,363)</u>
<b>Cash Flows from Investing Activities:</b>				
Investment income	433,430	262,675	36,048	1,116,026
<b>Net Cash Provided by Investing Activities</b>	<u>433,430</u>	<u>262,675</u>	<u>36,048</u>	<u>1,116,026</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,117,212	(809,530)	(568,768)	676,153
<b>Cash and cash equivalents:</b>				
Beginning of year	9,733,472	7,580,346	2,064,500	29,254,460
End of year	<u>\$ 11,850,684</u>	<u>\$ 6,770,816</u>	<u>\$ 1,495,732</u>	<u>\$ 29,930,613</u>

**CITY OF ESCONDIDO**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Office Automation
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ (336,286)	\$ (678,525)	\$ 3,544	\$ (215,346)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	128,994	2,500,763	17,122	52,334
Pension expense	272,917	182,745	54,321	156,113
Cash from other sources	5,055	51,175	-	-
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	(651)	10,000	-	-
Inventories	4,306	45,019	(45,635)	-
Accounts payable	95,273	83,556	20,427	1,620
Accrued expenses	18,781	4,712	(656)	11,244
Compensated absences	28,721	23,516	(1,430)	-
Estimated claims payable	-	-	-	-
Total adjustments	<u>553,396</u>	<u>2,901,486</u>	<u>44,149</u>	<u>221,311</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 217,110</u>	<u>\$ 2,222,961</u>	<u>\$ 47,693</u>	<u>\$ 5,965</u>
<b>Noncash Investing, Capital and Financing Activities:</b>				
Contributed property, plant and equipment	<u>\$ 11,346</u>	<u>\$ 669,421</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total noncash investing, capital and financing activities</b>	<u>\$ 11,346</u>	<u>\$ 669,421</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ESCONDIDO**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2020**

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 177,682	\$ (1,759,966)	\$ 182,364	\$ (2,626,533)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	-	2,699,213
Pension expense	11,123	-	32,943	710,162
Cash from other sources	1,300,000	73,964	78,763	1,508,957
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	-	-	(7,587)	1,762
Inventories	-	-	-	3,690
Accounts payable	(26,216)	71,997	(900,015)	(653,358)
Accrued expenses	452	-	1,827	36,360
Compensated absences	741	-	6,889	58,437
Estimated claims payable	(280,000)	541,800	-	261,800
Total adjustments	<u>1,006,100</u>	<u>687,761</u>	<u>(787,180)</u>	<u>4,627,023</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 1,183,782</u>	<u>\$ (1,072,205)</u>	<u>\$ (604,816)</u>	<u>\$ 2,000,490</u>
<b>Noncash Investing, Capital and Financing Activities:</b>				
Contributed property, plant and equipment	\$ -	\$ -	\$ -	\$ 680,767
<b>Total noncash investing, capital and financing activities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680,767</u>

**CITY OF ESCONDIDO**  
**AGENCY FUNDS**

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**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.

**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, 2020**

	Hidden Trails Community Facilities District	Eureka Ranch Community Facilities District	Rancho San Pasqual	Total
<b>ASSETS</b>				
Cash and investments	\$ 172,682	\$ 798,636	\$ 277,525	\$ 1,248,843
Cash and investments with fiscal agent	-	146	353,503	353,649
Receivables:				
Taxes	1,097	5,317	1,236	7,650
Interest	(501)	2,334	799	2,632
<b>Total assets</b>	<b>\$ 173,278</b>	<b>\$ 806,433</b>	<b>\$ 633,063</b>	<b>\$ 1,612,774</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,020	\$ -	\$ 1,020
Deposits payable	-	805,413	-	805,413
Due to bondholders	173,278	-	633,063	806,341
<b>Total liabilities</b>	<b>\$ 173,278</b>	<b>\$ 806,433</b>	<b>\$ 633,063</b>	<b>\$ 1,612,774</b>

**CITY OF ESCONDIDO**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>Hidden Trails Community Facilities District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 174,895	\$ 206,133	\$ (208,346)	\$ 172,682
Cash and investments with fiscal agent	15	63	(78)	-
Receivables:				
Taxes	1,267	536	(706)	1,097
Interest	557	60	(1,118)	(501)
<b>Total assets</b>	<b>\$ 176,734</b>	<b>\$ 206,792</b>	<b>\$ (210,248)</b>	<b>\$ 173,278</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 198,577	\$ (198,577)	\$ -
Due to bondholders	176,734	321,793	(325,249)	173,278
<b>Total liabilities</b>	<b>\$ 176,734</b>	<b>\$ 520,370</b>	<b>\$ (523,826)</b>	<b>\$ 173,278</b>

**Eureka Ranch Community Facilities District**

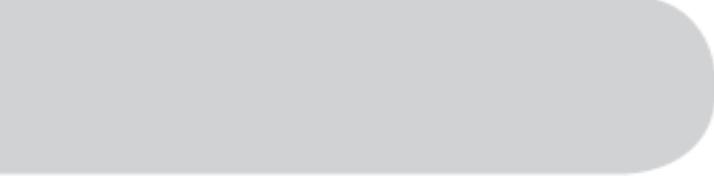
<b>ASSETS</b>				
Cash and investments	\$ 792,194	\$ 1,068,540	\$ (1,062,098)	\$ 798,636
Cash and investments with fiscal agent	167	352	(373)	146
Receivables:				
Taxes	6,727	5,317	(6,727)	5,317
Interest	2,886	2,334	(2,886)	2,334
<b>Total assets</b>	<b>\$ 801,974</b>	<b>\$ 1,076,543</b>	<b>\$ (1,072,084)</b>	<b>\$ 806,433</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,540	\$ 1,044,612	\$ (1,045,132)	\$ 1,020
Due to bondholders	800,434	1,556,543	(1,551,564)	805,413
<b>Total liabilities</b>	<b>\$ 801,974</b>	<b>\$ 2,601,155</b>	<b>\$ (2,596,696)</b>	<b>\$ 806,433</b>

**CITY OF ESCONDIDO**  
**Combining Statement of Assets and Liabilities (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>Auto Parkway Assessment District</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 6,526	\$ 68	\$ (6,594)	\$ -
<b>Total assets</b>	<b>\$ 6,526</b>	<b>\$ 68</b>	<b>\$ (6,594)</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 960	\$ -	\$ (960)	\$ -
Due to bondholders	5,566	68	(5,634)	-
<b>Total liabilities</b>	<b>\$ 6,526</b>	<b>\$ 68</b>	<b>\$ (6,594)</b>	<b>\$ -</b>
<b><u>Rancho San Pasqual</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 293,489	\$ 335,626	\$ (351,590)	\$ 277,525
Cash and investments with fiscal agent	348,598	6,903	(1,998)	353,503
Receivables:				
Taxes	1,297	1,236	(1,297)	1,236
Interest	1,140	799	(1,140)	799
<b>Total assets</b>	<b>\$ 644,524</b>	<b>\$ 344,564</b>	<b>\$ (356,025)</b>	<b>\$ 633,063</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 346,930	\$ (346,930)	\$ -
Due to bondholders	644,524	573,683	(585,144)	633,063
<b>Total liabilities</b>	<b>\$ 644,524</b>	<b>\$ 920,613</b>	<b>\$ (932,074)</b>	<b>\$ 633,063</b>

**CITY OF ESCONDIDO**  
**Combining Statement of Assets and Liabilities (Continued)**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>Deposit Trust</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 10,913,800	\$ 2,588,910	\$ (13,502,710)	\$ -
Receivables:				
Interest	556	-	(556)	-
<b>Total assets</b>	<b><u>\$ 10,914,356</u></b>	<b><u>\$ 2,588,910</u></b>	<b><u>\$ (13,503,266)</u></b>	<b><u>\$ -</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 178,495	\$ 1,510,718	\$ (1,689,213)	\$ -
Deposits payable	10,735,861	2,979,420	(13,715,281)	-
<b>Total liabilities</b>	<b><u>\$ 10,914,356</u></b>	<b><u>\$ 4,490,138</u></b>	<b><u>\$ (15,404,494)</u></b>	<b><u>\$ -</u></b>
 <b><u>Total Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 12,180,904	\$ 4,199,277	\$ (15,131,338)	\$ 1,248,843
Cash and investments with fiscal agent	348,779	7,318	(2,449)	353,648
Receivables:				
Taxes	9,291	7,089	(8,730)	7,650
Interest	5,140	3,193	(5,700)	2,633
<b>Total assets</b>	<b><u>\$ 12,544,114</u></b>	<b><u>\$ 4,216,877</u></b>	<b><u>\$ (15,148,217)</u></b>	<b><u>\$ 1,612,774</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 180,995	\$ 3,100,837	\$ (3,280,812)	\$ 1,020
Deposits payable	10,735,861	2,979,420	(13,715,281)	-
Due to bondholders	1,627,258	2,452,087	(2,467,591)	1,611,754
<b>Total liabilities</b>	<b><u>\$ 12,544,114</u></b>	<b><u>\$ 8,532,344</u></b>	<b><u>\$ (19,463,684)</u></b>	<b><u>\$ 1,612,774</u></b>



# Statistical Section

## **CITY OF ESCONDIDO STATISTICAL SECTION**

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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)**

	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 222,661,354	\$ 225,296,741	\$ 211,228,317	\$ 207,003,751	\$ 201,314,048
Restricted	86,393,247	98,970,485	90,152,311	92,356,580	90,509,538
Unrestricted	40,341,057	53,862,572	27,922,604	24,555,904	(124,495,479)
<b>Total Governmental Activities Net Position</b>	<b>\$ 349,395,658</b>	<b>\$ 378,129,798</b>	<b>\$ 329,303,232</b>	<b>\$ 323,916,235</b>	<b>\$ 167,328,107</b>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 137,189,496	\$ 138,580,703	\$ 141,057,087	\$ 151,539,613	\$ 158,231,376
Restricted	-	-	-	-	-
Unrestricted	53,436,660	56,358,559	61,147,031	57,540,105	28,819,831
<b>Total Business-type Activities Net Position</b>	<b>\$ 190,626,156</b>	<b>\$ 194,939,262</b>	<b>\$ 202,204,118</b>	<b>\$ 209,079,718</b>	<b>\$ 187,051,207</b>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 359,850,850	\$ 363,877,444	\$ 352,285,404	\$ 358,543,364	\$ 359,545,424
Restricted	86,393,247	98,970,485	90,152,311	92,356,580	90,509,538
Unrestricted	93,777,717	110,221,131	89,069,635	82,096,009	(95,675,648)
<b>Total Primary Government Activities Net Position</b>	<b>\$ 540,021,814</b>	<b>\$ 573,069,060</b>	<b>\$ 531,507,350</b>	<b>\$ 532,995,953</b>	<b>\$ 354,379,314</b>

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)**

	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>					
Net investment in capital assets	\$ 223,906,554	\$ 218,477,270	\$ 218,992,174	\$ 218,870,698	\$ 221,761,230
Restricted	96,530,455	100,550,008	104,851,906	115,547,295	124,688,550
Unrestricted	(121,164,871)	(99,262,303)	(112,191,974)	(124,447,522)	(133,063,895)
<b>Total Governmental Activities Net Position</b>	<b>\$ 199,272,138</b>	<b>\$ 219,764,975</b>	<b>\$ 211,652,106</b>	<b>\$ 209,970,471</b>	<b>\$ 213,385,885</b>
<b>Business-type Activities:</b>					
Net investment in capital assets	\$ 172,888,190	\$ 188,875,729	\$ 183,764,968	\$ 195,706,168	\$ 184,746,125
Restricted	-	-	3,642,092	1,095,891	15,665,650
Unrestricted	22,072,596	9,234,771	21,293,844	20,679,543	25,669,085
<b>Total Business-type Activities Net Position</b>	<b>\$ 194,960,786</b>	<b>\$ 198,110,500</b>	<b>\$ 208,700,904</b>	<b>\$ 217,481,602</b>	<b>\$ 226,080,860</b>
<b>Primary Government:</b>					
Net investment in capital assets	\$ 396,794,744	\$ 407,352,999	\$ 402,757,142	\$ 414,576,866	\$ 406,507,355
Restricted	96,530,455	100,550,008	108,493,998	116,643,186	140,354,200
Unrestricted	(99,092,275)	(90,027,532)	(90,898,130)	(103,767,979)	(107,394,810)
<b>Total Primary Government Activities Net Position</b>	<b>\$ 394,232,924</b>	<b>\$ 417,875,475</b>	<b>\$ 420,353,010</b>	<b>\$ 427,452,073</b>	<b>\$ 439,466,745</b>

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)**

	2011	2012	2013	2014	2015
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 8,162,775	\$ 7,923,896	\$ 6,931,282	\$ 6,817,120	\$ 6,412,164
Public safety	56,170,547	60,467,057	58,937,215	64,735,010	62,464,110
Community services	13,935,737	14,428,323	13,492,016	13,824,749	12,485,541
Public works	30,251,264	23,508,515	28,719,020	22,830,644	24,390,896
Community development	9,908,625	6,765,185	6,095,723	4,442,510	4,652,366
Interest and fiscal charges	7,459,498	5,946,168	4,038,630	3,709,135	4,655,972
Total Governmental Activities Expenses	125,888,446	119,039,144	122,533,177	116,359,168	115,061,049
Business-type Activities:					
Water	37,364,315	43,537,887	48,899,219	51,937,493	51,558,727
Wastewater	23,833,875	23,995,887	25,847,825	28,748,596	29,740,987
Total Business-type Activities Expenses	61,198,190	67,533,774	74,747,044	80,686,089	81,299,714
Total Primary Government Expenses	<u>\$ 187,086,636</u>	<u>\$ 186,572,918</u>	<u>\$ 197,280,221</u>	<u>\$ 197,045,257</u>	<u>\$ 196,360,763</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 351,155	\$ 735,395	\$ 481,812	\$ 1,049,402	\$ 261,135
Public safety	8,273,579	8,429,675	8,322,729	8,217,629	9,450,880
Community services	3,871,455	4,158,173	4,118,332	4,104,210	4,042,601
Public works	994,907	1,160,643	1,261,705	1,554,453	1,292,959
Community development	1,154,371	820,337	914,370	1,351,882	1,615,495
Operating grants and contributions	12,988,723	13,503,657	12,507,289	13,031,177	9,216,428
Capital grants and contributions	10,550,030	5,608,064	8,528,675	3,331,901	2,855,849
Total Governmental Activities Program Revenues	38,184,220	34,415,944	36,134,912	32,640,654	28,735,347
Business-type Activities:					
Charges for services:					
Water	37,293,900	42,398,099	48,857,327	54,411,250	54,323,287
Wastewater	28,176,381	26,430,851	28,482,081	29,413,549	32,014,382
Operating grants and contributions	-	-	6,559	243,302	533,816
Capital grants and contributions	8,922,144	2,155,659	3,858,657	1,879,809	2,972,993
Total Business-type Activities Program Revenues	74,392,425	70,984,609	81,204,624	85,947,910	89,844,478
Total Primary Government Program Revenues	<u>\$ 112,576,645</u>	<u>\$ 105,400,553</u>	<u>\$ 117,339,536</u>	<u>\$ 118,588,564</u>	<u>\$ 118,579,825</u>

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

	2016	2017	2018	2019	2020
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 8,852,170	\$ 9,357,787	\$ 11,319,840	\$ 11,594,163	\$ 14,133,562
Public safety	65,521,010	71,876,096	80,848,786	80,834,482	87,387,146
Community services	12,559,645	12,571,637	13,453,775	14,394,666	14,854,363
Public works	20,066,941	22,107,665	25,876,603	27,320,553	25,322,314
Community development	4,643,576	5,077,618	5,516,258	5,388,553	6,217,692
Interest and fiscal charges	2,952,792	2,646,232	2,849,950	2,695,321	2,552,817
Total Governmental Activities Expenses	114,596,134	123,637,035	139,865,212	142,227,738	150,467,894
Business-type Activities:					
Water	49,844,796	57,314,740	62,431,613	60,286,760	62,805,742
Wastewater	30,565,986	32,361,361	32,843,118	33,669,077	36,482,537
Total Business-type Activities Expenses	80,410,782	89,676,101	95,274,731	93,955,837	99,288,279
Total Primary Government Expenses	<u>\$ 195,006,916</u>	<u>\$ 213,313,136</u>	<u>\$ 235,139,943</u>	<u>\$ 236,183,575</u>	<u>\$ 249,756,173</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 479,655	\$ 300,203	\$ 681,369	\$ 700,526	\$ 829,648
Public safety	9,292,514	10,251,178	11,190,662	11,701,922	11,433,902
Community services	3,807,474	3,739,242	3,634,653	3,668,178	2,522,517
Public works	2,280,973	2,424,590	1,738,505	2,276,458	2,466,849
Community development	1,811,997	1,973,600	1,763,863	1,501,441	3,387,612
Operating grants and contributions	10,604,522	9,441,222	9,980,538	15,008,732	12,072,370
Capital grants and contributions	4,787,949	6,622,075	9,564,799	7,654,270	6,812,806
Total Governmental Activities Program Revenues	33,065,084	34,752,110	38,554,389	42,511,527	39,525,704
Business-type Activities:					
Charges for services:					
Water	51,055,900	55,442,545	61,551,122	57,495,553	60,636,276
Wastewater	33,594,079	34,166,698	34,464,076	35,780,554	36,064,926
Operating grants and contributions	70,130	30,832	143,298	152,007	75,098
Capital grants and contributions	1,355,692	1,766,559	7,846,908	4,859,530	6,374,790
Total Business-type Activities Program Revenues	86,075,801	91,406,634	104,005,404	98,287,644	103,151,090
Total Primary Government Program Revenues	<u>\$ 119,140,885</u>	<u>\$ 126,158,744</u>	<u>\$ 142,559,793</u>	<u>\$ 140,799,171</u>	<u>\$ 142,676,794</u>

(Continued)

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

	2011	2012	2013	2014	2015
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (87,704,226)	\$ (84,623,200)	\$ (86,398,265)	\$ (83,718,514)	\$ (86,325,702)
Business-type activities	13,194,235	3,450,835	6,457,580	5,261,821	8,544,764
<b>Total Primary Government</b>					
Net Expense	<u>\$ (74,509,991)</u>	<u>\$ (81,172,365)</u>	<u>\$ (79,940,685)</u>	<u>\$ (78,456,693)</u>	<u>\$ (77,780,938)</u>
<u>General Revenues and Other</u>					
<u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 20,819,517	\$ 25,532,055	\$ 24,202,373	\$ 27,366,084	\$ 29,447,205
Property taxes	28,168,365	24,060,363	16,738,501	16,805,289	16,953,228
Franchise tax	4,461,129	4,563,576	4,516,247	4,694,252	5,147,696
Payments in lieu of taxes	17,652,114	19,548,954	19,041,332	20,075,228	20,531,727
Other taxes	4,048,337	2,899,789	3,971,585	4,218,914	4,411,676
Use of money and property	4,810,578	5,885,611	3,290,477	4,153,899	4,309,471
Sale of capital assets	171,386	399,819	-	-	138,304
Miscellaneous	476,135	748,181	1,070,052	892,851	362,066
Transfers	1,248,845	25,000	25,000	125,000	(54,620)
Extraordinary item:					
Gain/(loss)	-	29,693,992	(34,948,363)	-	-
<b>Total Governmental Activities</b>	<u>81,856,406</u>	<u>113,357,340</u>	<u>37,907,204</u>	<u>78,331,517</u>	<u>81,246,753</u>
Business-type activities:					
Use of money and property	1,608,420	1,750,475	1,522,495	1,577,693	1,699,516
Miscellaneous	297,338	250,862	447,638	161,086	176,720
Transfers	(1,248,845)	(25,000)	(25,000)	(125,000)	54,620
Extraordinary item:					
Loss on chemical tank spill	-	(1,114,066)	-	-	-
<b>Total Business-type Activities</b>	<u>656,913</u>	<u>862,271</u>	<u>1,945,133</u>	<u>1,613,779</u>	<u>1,930,856</u>
<b>Total Primary Government</b>	<u>\$ 82,513,319</u>	<u>\$ 114,219,611</u>	<u>\$ 39,852,337</u>	<u>\$ 79,945,296</u>	<u>\$ 83,177,609</u>
<u>Change in Net Position</u>					
Governmental activities	\$ (5,847,820)	\$ 28,734,140	\$ (48,491,061)	\$ (5,386,997)	\$ (5,078,949)
Business-type activities	13,851,148	4,313,106	8,402,713	6,875,600	10,475,620
<b>Total primary government</b>	<u>\$ 8,003,328</u>	<u>\$ 33,047,246</u>	<u>\$ (40,088,348)</u>	<u>\$ 1,488,603</u>	<u>\$ 5,396,671</u>

Source:

City of Escondido Finance Department.

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

	2016	2017	2018	2019	2020
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (81,531,050)	\$ (88,884,925)	\$ (101,310,823)	\$ (99,716,211)	\$ (110,939,190)
Business-type activities	5,665,019	1,730,533	9,112,999	4,331,807	3,862,811
<b>Total Primary Government</b>					
Net Expense	<u>\$ (75,866,031)</u>	<u>\$ (87,154,392)</u>	<u>\$ (92,197,824)</u>	<u>\$ (95,384,404)</u>	<u>\$ (107,076,379)</u>
<u>General Revenues and Other</u>					
<u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 32,080,999	\$ 37,905,908	\$ 42,100,337	\$ 44,601,539	\$ 42,665,081
Property taxes	17,039,019	17,779,603	19,968,848	20,665,489	21,704,880
Franchise tax	6,110,634	4,997,491	6,673,212	6,083,566	6,093,168
Payments in lieu of taxes	18,648,743	13,680,629	13,140,350	13,906,639	14,631,684
Other taxes	4,616,524	5,026,190	4,352,631	4,454,434	4,626,355
Use of money and property	4,445,175	4,353,656	4,903,198	7,221,048	7,414,032
Sale of capital assets	173,750	-	1,449,580	465,008	14,935,539
Miscellaneous	564,129	3,249,318	559,798	581,853	2,118,865
Transfers	25,000	25,000	50,000	25,000	195,000
Extraordinary item:					
Gain/(loss)	30,722,560	22,359,967	-	-	-
<b>Total Governmental Activities</b>	<u>114,426,533</u>	<u>109,377,762</u>	<u>93,197,954</u>	<u>98,004,576</u>	<u>114,384,604</u>
Business-type activities:					
Use of money and property	2,043,040	1,338,109	1,350,539	4,078,342	4,210,650
Miscellaneous	226,520	106,072	176,866	395,549	720,797
Transfers	(25,000)	(25,000)	(50,000)	(25,000)	(195,000)
Extraordinary item:					
Loss on chemical tank spill	-	-	-	-	-
<b>Total Business-type Activities</b>	<u>2,244,560</u>	<u>1,419,181</u>	<u>1,477,405</u>	<u>4,448,891</u>	<u>4,736,447</u>
<b>Total Primary Government</b>	<u>\$ 116,671,093</u>	<u>\$ 110,796,943</u>	<u>\$ 94,675,359</u>	<u>\$ 102,453,467</u>	<u>\$ 119,121,051</u>
<u>Change in Net Position</u>					
Governmental activities	\$ 31,944,031	\$ 20,492,837	\$ (8,112,869)	\$ (1,711,635)	\$ 3,445,414
Business-type activities	7,909,579	3,149,714	10,590,404	8,780,698	8,599,258
<b>Total primary government</b>	<u>\$ 39,853,610</u>	<u>\$ 23,642,551</u>	<u>\$ 2,477,535</u>	<u>\$ 7,069,063</u>	<u>\$ 12,044,672</u>

Source:

City of Escondido Finance Department.

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

	2011	2012	2013	2014	2015
<b>General Fund</b>					
Nonspendable	\$ 5,456,377	\$ 5,180,347	\$ 2,503,401	\$ 217,690	\$ 183,403
Restricted	-	-	-	-	-
Committed to	28,354,588	31,938,244	17,210,596	17,319,659	17,281,659
Assigned to	713,361	852,481	980,678	897,465	681,822
Unassigned	399,790	753,121	247,130	1,753,519	-
<b>Total General Fund</b>	<b>\$ 34,924,116</b>	<b>\$38,724,193</b>	<b>\$20,941,805</b>	<b>\$20,188,333</b>	<b>\$18,146,884</b>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ 61,204,587	\$57,982,791	\$60,199,844	\$ -	\$ -
Restricted for	21,732,085	30,695,122	20,785,893	81,559,045	78,261,012
Committed to	8,418,117	5,208,585	2,466,775	2,008,525	1,860,686
Assigned to	774,990	447,148	159,405	139,653	488
Unassigned	(14,547,286)	(1,021,715)	(1,248,533)	(1,149,954)	(1,184,683)
<b>Total All Other Governmental Funds</b>	<b>\$ 77,582,493</b>	<b>\$93,311,931</b>	<b>\$82,363,384</b>	<b>\$82,557,269</b>	<b>\$78,937,503</b>

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)**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>General Fund</b>					
Nonspendable	\$ 179,185	\$ 9,991,902	\$ 9,991,902	\$ 5,187,424	\$ 1,865,098
Restricted	-	-	1,997,186	7,013,035	13,572,027
Committed to	16,892,319	17,921,319	17,392,319	17,392,319	17,392,319
Assigned to	941,262	1,541,101	1,762,773	2,297,428	2,364,520
Unassigned	1,961,211	1,712,930	2,839,620	1,888,896	1,894,735
<b>Total General Fund</b>	<u><u>\$19,973,977</u></u>	<u><u>\$31,167,252</u></u>	<u><u>\$33,983,800</u></u>	<u><u>\$33,779,102</u></u>	<u><u>\$37,088,699</u></u>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ 333,590	\$ 373,620	\$ 282,173	\$ 294,171
Restricted for	84,682,384	86,075,428	87,811,164	90,532,465	93,753,131
Committed to	984,157	1,656,212	698,161	796,697	764,863
Assigned to	-	-	-	-	-
Unassigned	(846,790)	(1,354,541)	(1,347,939)	(50,146)	(1,516,035)
<b>Total All Other Governmental Funds</b>	<u><u>\$84,819,751</u></u>	<u><u>\$86,710,689</u></u>	<u><u>\$87,535,006</u></u>	<u><u>\$91,561,189</u></u>	<u><u>\$93,296,130</u></u>

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)**

	2011	2012	2013	2014	2015
<b><u>Revenues</u></b>					
Taxes	\$ 69,907,949	\$ 65,556,779	\$ 53,387,010	\$ 57,289,455	\$ 59,989,511
Licenses and permits	1,193,338	821,380	887,383	991,164	862,280
Fines and forfeits	1,895,447	1,640,528	1,468,309	1,184,292	1,151,366
Intergovernmental	26,688,728	27,513,328	25,945,352	23,708,589	22,900,854
Charges for services	9,976,316	10,281,595	11,335,203	12,513,585	13,670,047
Special assessments	5,759,888	5,892,241	5,958,662	5,796,337	5,970,331
Lease income	75,321	60,024	221,513	205,259	203,599
Investment income	16,367,414	1,469,849	856,466	895,826	941,778
Miscellaneous	4,253,232	4,432,737	4,645,031	4,265,979	4,544,360
<b>Total Revenues</b>	<b>136,117,633</b>	<b>117,668,461</b>	<b>104,704,929</b>	<b>106,850,486</b>	<b>110,234,126</b>
<b><u>Expenditures</u></b>					
General government	7,096,148	6,407,543	5,834,828	5,811,016	6,086,111
Public safety	52,038,011	53,083,126	55,246,097	57,874,021	61,843,630
Public works	18,146,072	12,542,175	17,392,655	15,189,340	17,407,197
Community services	12,072,344	12,016,459	11,815,547	12,128,504	11,744,673
Community development	7,165,632	4,774,106	5,331,818	4,238,194	4,585,497
Contributions to other governments	-	-	4,319,291	-	-
Capital outlay	26,536,515	9,153,723	7,794,450	5,550,440	2,966,301
Debt service:					
Principal retirements	10,760,000	10,512,620	7,528,360	2,528,361	74,848,007
Interest and fiscal charges	23,952,729	5,792,921	3,983,078	3,737,237	5,637,963
SERAF payment	1,761,576	-	-	-	-
Agency tax sharing agreement	9,101,406	5,921,213	-	-	-
<b>Total Expenditures</b>	<b>168,630,433</b>	<b>120,203,886</b>	<b>119,246,124</b>	<b>107,057,113</b>	<b>185,119,379</b>
Excess (Deficiency) of Revenues Over Expenditures	(32,512,800)	(2,535,425)	(14,541,195)	(206,627)	(74,885,253)
<b><u>Other Financing Sources (Uses)</u></b>					
Issuance of debt	-	224,078	4,830,000	-	70,660,479
Bond issue costs	-	-	(122,073)	-	-
Sale of capital assets	463,018	474,819	111,234	1,346,540	138,304
Transfers in	28,486,232	8,237,198	6,522,962	5,035,243	3,173,695
Transfers out	(25,059,387)	(8,062,198)	(6,673,765)	(6,734,743)	(4,748,440)
<b>Total Other Financing Sources (Uses)</b>	<b>3,889,863</b>	<b>873,897</b>	<b>4,668,358</b>	<b>(352,960)</b>	<b>69,224,038</b>
Special item:					
Extraordinary item: Gain/(loss)	-	21,191,043	(9,832,652)	-	-
<b>Net Change in Fund Balance</b>	<b>\$ (28,622,937)</b>	<b>\$ 19,529,515</b>	<b>\$ (19,705,489)</b>	<b>\$ (559,587)</b>	<b>\$ (5,661,215)</b>
Debt service as a percentage of noncapital expenditures	24.4%	14.7%	10.3%	6.2%	5.4%

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)**

	2016	2017	2018	2019	2020
<b><u>Revenues</u></b>					
Taxes	\$ 64,220,119	\$ 62,296,112	\$ 86,246,378	\$ 89,722,666	\$ 89,863,291
Licenses and permits	934,455	1,222,686	1,183,587	888,019	923,125
Fines and forfeits	1,344,221	1,186,276	1,076,387	1,257,729	1,122,485
Intergovernmental	24,648,821	23,485,944	17,091,365	18,031,912	16,966,436
Charges for services	13,509,208	16,154,072	16,305,361	15,438,111	14,314,208
Special assessments	5,567,955	5,589,696	797,529	831,574	852,395
Lease income	3,502,021	3,632,770	3,951,092	3,998,929	3,828,840
Investment income	1,245,689	540,184	481,733	3,130,835	3,585,146
Miscellaneous	1,574,553	2,298,139	467,910	824,270	2,109,526
<b>Total Revenues</b>	<b>116,547,042</b>	<b>116,405,879</b>	<b>127,601,342</b>	<b>134,124,045</b>	<b>133,565,452</b>
<b><u>Expenditures</u></b>					
General government	6,447,372	6,251,493	6,212,196	6,404,132	7,953,939
Public safety	64,266,503	65,038,985	67,917,569	70,183,327	73,271,168
Public works	14,442,206	16,592,694	20,020,822	20,583,634	19,157,773
Community services	12,080,978	11,825,028	12,096,472	12,982,171	12,278,475
Community development	4,985,006	5,078,286	4,944,488	4,777,498	5,386,850
Contributions to other governments	-	-	-	-	-
Capital outlay	3,919,203	6,084,281	10,522,490	7,606,834	8,155,234
Debt service:					
Principal retirements	243,360	1,592,870	2,616,218	2,702,509	2,817,359
Interest and fiscal charges	2,351,824	3,235,906	3,216,739	3,133,810	3,024,656
SERAF payment	-	-	-	-	-
Agency tax sharing agreement	-	-	-	-	-
<b>Total Expenditures</b>	<b>108,736,452</b>	<b>115,699,543</b>	<b>127,546,994</b>	<b>128,373,915</b>	<b>132,045,454</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>7,810,590</b>	<b>706,336</b>	<b>54,348</b>	<b>5,750,130</b>	<b>1,519,998</b>
<b><u>Other Financing Sources (Uses)</u></b>					
Issuance of debt	-	3,230,225	2,095,893	-	-
Bond issue costs	-	-	-	-	-
Sale of capital assets	173,751	-	1,724,580	-	4,135,540.00
Transfers in	2,968,322	3,765,952	5,615,293	4,056,429	4,440,745
Transfers out	(3,243,322)	(4,450,952)	(5,849,248)	(5,985,074)	(5,051,745)
<b>Total Other Financing Sources (Uses)</b>	<b>(101,249)</b>	<b>2,545,225</b>	<b>3,586,518</b>	<b>(1,928,645)</b>	<b>3,524,540</b>
Special item:					
Extraordinary item: Gain/(loss)	-	9,832,652	-	-	-
<b>Net Change in Fund Balance</b>	<b>\$ 7,709,341</b>	<b>\$ 13,084,213</b>	<b>\$ 3,640,866</b>	<b>\$ 3,821,485</b>	<b>\$ 5,044,538</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.5%</b>	<b>4.4%</b>	<b>5.0%</b>	<b>4.8%</b>	<b>4.7%</b>

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 <sup>(1)</sup>				
	Residential	Commercial	Industrial	Other	Total
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
2020	12,738,506,790	2,494,247,128	967,956,954	560,934,076	16,761,644,948

Fiscal Year Ended June 30	Unsecured	Less: Exemptions	Taxable	Total
			Assessed Value	Direct Tax Rate
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
2020	563,144,195	(842,196,425)	16,482,592,718	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			
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
2020	0.103	0.103	0.710	0.157	0.030	1.000	0.115	1.115

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	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(2)</sup>
North County Fair LLC	\$234,076,173	1	1.42 %	\$172,640,288	1	1.50 %
Eagle Rose Owner LLC	90,342,286	2	0.55			
Casav Del LLC	70,617,760	3	0.43			
Latitude Del LLC	63,027,364	4	0.38			
Morningview Terrace Apts Ca	50,896,365	5	0.31			
Frit Escondido Promenade L L C	50,560,143	6	0.31			
Luna Properties LLC	42,481,130	7	0.26	53,311,785	3	0.46
Stone Brewing Co	42,090,011	8	0.26			
Brixmor Felicita Town Center LLC	41,720,031	9	0.25			
Clear Sky Escondido Lp	39,441,367	10	0.24			
						0.00
Prebys Conrad Trust 12-17-82				72,908,960	2	0.63
Cox Communications California				44,932,044	4	0.39
Realty Associates Fund Viii L				36,191,353	5	0.31
Vons				35,314,763	6	0.31
Garrick Motors Inc				35,256,606	7	0.31
P K I Del Norte Plaza L P				34,770,795	8	0.30
O C/S D Holdings L L C				34,680,948	9	0.30
Goal Line				34,406,913	10	0.30
<b>TOTAL</b>	<b>\$725,252,630</b>		<b>4.41 %</b>	<b>\$554,414,455</b>		<b>4.81 %</b>

Notes:

(1) Net assessed valuation for 2019-20 is \$16,482,592,718

(2) Net assessed valuation for 2010-11 is \$11,533,970,803

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
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
2020	13,847,297	13,519,216	97.63	164,192	13,683,408	98.82

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**

2020		2011	
Business Name	Business Category	Business Name	Business Category
7-Eleven Food Stores	Food Markets	Apple Stores	Furniture/Appliance
Apple Stores	Furniture/Appliance	Apro	Energy Sales
Arco AM/PM Mini Marts	Service Stations	Arco AM/PM Mini Marts	Service Stations
BMW Discount Parts	Auto Parts/Repair	BMW Discount Parts	Auto Parts/Repair
Carmax the Auto Superstore	Auto Sales - Used	Escondido Ready Mix Concrete	Bldg.Matls-Whsle
CM Distributors	Bldg.Matls-Whsle	Ford of Escondido	Auto Sales - New
Ford of Escondido	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	J C Penney Company	Department Stores
Jack Powell Chrysler Jeep Dodge	Auto Sales - New	Jack Powell Chrysler Jeep Dodge	Auto Sales - New
Lexus Escondido	Auto Sales - New	Lexus Escondido	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
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	North County Auto Center	Auto Parts/Repair
Quality Chevrolet	Auto Sales - New	GMC	Auto Sales - New
Shell Service Stations	Service Stations	Pine Tree Lumber	Bldg.Matls-Retail
Target Stores	Department Stores	Quality Chevrolet	Auto Sales - New
Toyota of Escondido	Auto Sales - New	Sears Roebuck & Company	Department Stores
United Oil Service Stations	Service Stations	Shell Service Stations	Service Stations
Vons Grocery Company	Food Markets	Target Stores	Department Stores
Vons Service Stations	Service Stations	Toyota of Escondido	Auto Sales - New
Wal Mart Stores	Department Stores	Vons Grocery Company	Food Markets

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	2011Q1	2012Q1	2013Q1	2014Q1	2015Q1
Accommodation and Food Services	\$ 1,700,894	\$ 1,791,114	\$ 1,924,246	\$ 2,087,342	\$ 2,280,701
Agriculture, Forestry, Fishing and Hunting	209,481	503,874	254,009	249,628	290,060
Arts, Entertainment, and Recreation	15,729	15,329	12,717	8,242	8,529
Construction	754,325	771,308	788,798	841,707	1,005,290
Educational Services	17,139	22,956	21,194	20,477	26,579
Information	70,449	69,315	83,537	97,442	115,502
Manufacturing	465,349	532,702	561,461	555,285	514,324
Mining, Quarrying, and Oil and Gas Extraction	433,218	514,056	560,485	678,798	794,682
Other Services (except Public Administration)	338,315	346,590	337,847	361,661	377,518
Professional, Scientific, and Technical Services	147,452	336,130	221,079	106,241	100,298
Real Estate and Rental and Leasing	47,710	66,104	98,090	51,462	68,532
Retail Trade	16,739,183	18,938,971	20,634,496	21,440,509	22,192,869
Utilities	483,055	496,956	625,129	717,609	880,970
All Other NAICS Sectors	513,693	648,405	639,596	669,599	681,666
<b>Total</b>	<b>\$ 21,935,991</b>	<b>\$ 25,053,808</b>	<b>\$ 26,762,685</b>	<b>\$ 27,886,003</b>	<b>\$ 29,337,520</b>

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 CDTFAs standards.

Source:

Avenu Insights & Analytics

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

Category Name	2016Q1	2017Q1	2018Q1	2019Q1	2020Q1
Accommodation and Food Services	\$ 2,434,863	\$ 2,575,740	\$ 2,704,264	\$ 2,741,540	\$ 2,738,252
Agriculture, Forestry, Fishing and Hunting	315,544	416,622	405,777	530,134	593,366
Arts, Entertainment, and Recreation	8,839	8,704	8,573	8,728	8,947
Construction	1,369,214	1,411,679	1,738,685	1,727,064	2,085,870
Educational Services	25,383	27,853	25,986	27,566	21,771
Information	101,647	130,275	102,613	98,242	92,892
Manufacturing	519,751	589,326	640,012	631,798	665,612
Mining, Quarrying, and Oil and Gas Extraction	803,223	932,149	983,084	908,183	781,378
Other Services (except Public Administration)	412,186	427,924	429,889	455,927	459,031
Professional, Scientific, and Technical Services	108,201	102,656	102,691	94,348	91,560
Real Estate and Rental and Leasing	60,852	45,927	58,091	115,207	109,630
Retail Trade	22,962,673	22,918,989	23,197,146	23,055,690	22,613,738
Utilities	1,031,146	1,081,508	1,084,831	1,086,503	1,136,083
All Other NAICS Sectors	543,313	486,113	551,668	559,338	544,301
Total	\$ 30,696,836	\$ 31,155,466	\$ 32,033,311	\$ 32,040,266	\$ 31,942,432

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 CDTFAs 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)						
	General Obligation Bonds	Lease Revenue Bonds (2)	Certificates of Participation	Tax Allocation Bonds (2)	Loans Payable	Capital Leases Payable	Total Governmental Activities
2011	\$ 79,624,925	\$ 57,531,971	\$ 2,295,000	\$ 4,033,736	\$ 6,246,320	-	\$ 149,731,952
2012	78,029,430	5,329,840	1,790,000	-	6,398,573	-	91,547,843
2013	76,368,935	4,839,703	1,240,000	-	994,926	-	83,443,564
2014	74,638,440	4,634,156	645,000	-	888,366	-	80,805,962
2015	70,635,357	4,423,610	-	-	779,130	1,046,067	76,884,164
2016	70,204,710	4,208,063	-	-	666,456	874,856	75,954,085
2017	68,714,064	3,987,516	-	-	3,496,159	709,677	76,907,416
2018	66,503,417	3,756,970	-	-	3,085,997	2,348,521	75,694,905
2019	64,202,770	3,521,423	-	-	2,674,999	1,892,577	72,291,769
2020	61,807,123	3,275,877	-	-	2,258,338	1,423,757	68,765,095

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			
2011	\$ 80,311,635	\$ 26,507,579	\$ 106,819,214	\$ 256,551,166	8.97	1,767
2012	122,155,764	24,715,177	146,870,941	238,418,784	7.80	1,632
2013	119,584,319	22,585,446	142,169,765	225,613,329	7.28	1,546
2014	116,557,874	20,448,701	137,006,575	217,812,537	6.65	1,481
2015	108,643,605	18,304,767	126,948,372	203,832,536	5.82	1,384
2016	105,583,563	16,153,467	121,737,030	197,691,115	5.95	1,311
2017	102,608,520	13,994,615	116,603,135	193,510,551	5.53	1,277
2018	99,543,476	11,839,768	111,383,244	187,078,149	5.03	1,235
2019	98,723,724	11,305,828	110,029,552	182,321,321	4.61	1,194
2020	95,525,438	30,391,080	125,916,518	194,681,613	4.72	1,272

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			Total	Percent of Assessed Value <sup>(1)</sup>	Per Capita
	General Obligation Bonds	Certificates of Participation	Tax Allocation Bonds <sup>(2)</sup>			
2011	79,624,925	2,295,000	4,033,736	85,953,661	0.74	592
2012	78,029,430	1,790,000	-	79,819,430	0.68	546
2013	76,368,935	1,240,000	-	77,608,935	0.67	532
2014	74,638,440	645,000	-	75,283,440	0.63	512
2015	70,635,357	-	-	70,635,357	0.56	480
2016	70,204,710	-	-	70,204,710	0.53	466
2017	68,714,064	-	-	68,714,064	0.50	454
2018	66,503,417	-	-	66,503,417	0.45	439
2019	64,202,770	-	-	64,202,770	0.41	420
2020	61,807,123	-	-	61,807,123	0.37	404

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, 2020**

2019-20 Assessed Valuation		\$ 16,876,052,253	
Redevelopment Agency Incremental Valuation		3,545,445,969	
Adjusted Assessed Valuation		\$ 13,330,606,284	
	Percentage Applicable <sup>(1)</sup>	Outstanding Debt 6/30/20	Estimated Share of Overlapping Debt
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>			
Metropolitan Water District	0.543 %	\$ 37,300,000	\$ 202,539
Palomar Community College District	13.105	610,657,763	80,026,700
San Marcos Unified School District School	3.433	285,225,402	9,791,788
San Marcos Unified School District School Facilities Improvement District No. 1	2.165	683,194	14,791
Escondido Union High School District	76.740	82,891,473	63,610,916
Escondido Union School District	77.432	149,409,622	115,690,859
San Pasqual Union School District	56.413	154,114	86,940
Palomar Pomerado Hospital District	19.125	422,024,019	80,712,094
<b>City of Escondido</b>	<b>100.000</b>	<b>61,807,123</b>	<b>61,807,123</b>
City of Escondido Community Facilities District No. 2006-01	100.000	12,075,000	12,075,000
City of Escondido Hidden Trails Community Facilities District	100.000	1,730,000	1,730,000
City of Escondido 1915 Act Bonds	100.000	1,905,000	1,905,000
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>1,665,862,710</b>	<b>427,653,750</b>
<b><u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u></b>			
San Diego County General Fund Obligations	3.365	231,350,000	7,786,079
San Diego County Pension Obligation Bonds	3.402	456,040,000	15,512,245
San Diego County Superintendent of School Obligations	3.289	9,350,000	307,492
Palomar Community College District Certificates of Participation	16.725	1,675,000	280,147
San Marcos Unified School General Fund Obligations	3.608	75,119,715	2,709,956
Escondido Union High School District Certificates of Participation	50.346	82,855,000	41,713,910
Escondido Union School District Certificates of Participation	83.182	14,480,000	12,044,761
<b>City of Escondido General Fund Obligations</b>	<b>100.000</b>	<b>3,264,124</b>	<b>3,264,124</b>
<b>City of Escondido Lease Obligations</b>	<b>100.000</b>	<b>1,423,757</b>	<b>1,423,757</b>
<b>City of Escondido Loans Obligations</b>	<b>100.000</b>	<b>2,258,338</b>	<b>2,258,338</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<b>877,815,934</b>	<b>87,300,809</b>
<b>TOTAL CITY DIRECT DEBT</b>			<b>\$ 6,946,219</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 508,008,340</b>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$ 514,954,559 <sup>(2)</sup></b>

(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 2019-20 ASSESSED VALUATION:**

Total Overlapping Tax and Assessment Debt	3.21 %
<b>Combined Direct Debt (\$68,753,342)</b>	<b>0.05</b>
Combined Total Debt	3.86

**RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY INCREMENTAL VALUATION (\$3,545,445,969):**

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**

	2011	2012	2013	2014	2015
Assessed valuation	\$ 9,501,563,129	\$9,663,353,864	\$9,674,335,352	\$9,841,518,516	\$10,389,492,632
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,375,390,782	2,415,838,466	2,418,583,838	2,460,379,629	2,597,373,158
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	356,308,617	362,375,770	362,787,576	369,056,944	389,605,974
Total Debt Applicable to Limit:					
General Obligation Bonds	78,860,000	77,295,000	75,665,000	73,965,000	61,520,000
Legal Debt Margin	<u>\$ 277,448,617</u>	<u>\$ 285,080,770</u>	<u>\$ 287,122,576</u>	<u>\$ 295,091,944</u>	<u>\$ 328,085,974</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	22%	21%	21%	20%	16%

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**

	2016	2017	2018	2019	2020
Assessed valuation	\$10,901,050,697	\$11,397,164,781	\$12,065,097,152	\$12,707,545,218	\$13,330,606,284
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,725,262,674	2,849,291,195	3,016,274,288	3,176,886,305	3,332,651,571
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	408,789,401	427,393,679	452,441,143.20	476,532,945.68	499,897,735.65
Total Debt Applicable to Limit:					
General Obligation Bonds	61,520,000	60,460,000	58,680,000	56,810,000	61,807,123
Legal Debt Margin	<u>\$ 347,269,401</u>	<u>\$ 366,933,679</u>	<u>\$ 393,761,143</u>	<u>\$ 419,722,946</u>	<u>\$ 438,090,613</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	15%	14%	13%	12%	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	
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	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-

**2013A Lease Revenue Refunding Bonds**

Fiscal Year Ended June 30	Loan Payment Revenue	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2020	363,644	-	363,644	245,000	118,644	363,644	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	
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	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-

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	
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
2020	102,086,780	79,333,184	22,753,596	2,950,000	3,588,839	6,538,839	3.48

**Special Assessment Debt - Hidden Trails**

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2020	206,133	-	206,133	110,000	78,356	188,356	1.09

**Special Assessment Debt - Eureka Ranch**

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2011	\$1,182,479	-	\$1,182,479	330,000.00	\$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
2020	1,068,540	-	1,068,540	470,000	562,250	1,032,250	1.04

**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	
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
2020	-	-	-	-	-	-	-

**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	
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
2020	335,626	-	335,626	220,000	114,855	334,855	1.00

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 <sup>(1)</sup>	Personal Income (in millions) <sup>(2)</sup>	Per Capita Income <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
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
2019	153,008	4,124	26,957	14.8

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	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Palomar Medical Center	2,416	3.56 %	2,689	3.96 %
Escondido Union School District	1,906	2.81	1,981	2.92
City of Escondido <sup>(1)</sup>	934	1.38	1,091	1.61
Escondido Union High School District	679	1.00	766	1.13
Bergelectric	504	0.74		
Home Depot	458	0.67	333	0.49
Toyota of Escondido	327	0.48		
Nemo's Bakery	310	0.46		
Henry's Avocado Corp	207	0.48	340	0.50
The Classical Academies (Escondido locations)	202	0.46		
San Diego Wild Animal Park			953	1.40
Nordstrom Inc			720	1.06
Welk Group Inc			465	0.68
Vons Grocery Store			391	0.58

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.

2010-11 previously published CAFR

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

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	109	106	108	111	107	113	120	123	115	114
Public Safety	375	360	374	383	365	383	398	397	397	394
Public Works	143	151	154	148	140	118	111	107	105	111
Community Development	38	37	35	36	37	38	37	37	36	33
Community Services	224	216	225	206	174	168	167	94	105	71
Housing & Neighborhood Services	15	12	10	10	9	10	9	10	9	8
Water	118	118	114	114	118	115	117	115	121	121
Wastewater	75	73	71	82	78	73	73	71	72	75
Total	<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>	<u>927</u>

Source:

City of Escondido Finance Department.

**CITY OF ESCONDIDO**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	2011	2012	2013	2014	2015
<b>Police:</b>					
Physical Arrests	7,617	7,032	5,988	5,740	4,923
Traffic Violations	13,811	13,054	9,782	8,454	8,528
Parking Violations	5,784	4,514	4,022	4,328	5,571
<b>Fire:</b>					
Number of Calls Answered	11,370	11,978	13,065	13,139	13,450
Number of Inspections Conducted	2,222	1,380	1,741	1,496	2,590
<b>Public Works<sup>(1)</sup>:</b>					
Street Resurfacing (miles)	9.5	3.0	19.3	18.6	44.0
<b>Parks and Recreation<sup>(2)</sup>:</b>					
Number of Recreation Classes	1,176	990	1,275	2,410	1,070
Number of Facility Rentals	1,125	995	2,541	1,975	1,770
Golf Rounds Played	95,020	95,934	95,528	97,094	94,917
<b>Water:</b>					
Number of Service Connections	26,489	26,502	26,508	26,536	26,567
Average Daily Consumption (gallons)	18,835,000	20,220,000	23,370,000	22,579,315	19,500,000
<b>Sewer:</b>					
Number of Service Connections	27,066	27,054	27,072	27,102	27,139
Average Daily Treatment (gallons)	12,900,000	12,730,000	12,630,000	12,100,000	11,900,000

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	2016	2017	2018	2019	2020
<b>Police:</b>					
Physical Arrests	5,114	5,533	5,763	5,491	5,074
Traffic Violations	7,038	6,912	5,779	7,221	5,300
Parking Violations	6,052	6,218	6,752	7,509	5,305
<b>Fire:</b>					
Number of Calls Answered	14,553	15,369	16,710	16,154	15,962
Number of Inspections Conducted	2,086	1,826	3,624	4,082	2,734
<b>Public Works<sup>(1)</sup>:</b>					
Street Resurfacing (miles)	63.5	67.0	94.0	98.0	71.0
<b>Parks and Recreation<sup>(2)</sup>:</b>					
Number of Recreation Classes	808	577	640	728	523
Number of Facility Rentals	1,857	3,056	3,482	3,000	2,860
Golf Rounds Played	99,130	97,394	99,817	96,709	90,173
<b>Water:</b>					
Number of Service Connections	26,617	26,694	26,884	27,052	27,078
Average Daily Consumption (gallons)	16,680,000	17,206,595	19,431,105	17,120,000	18,413,863
<b>Sewer:</b>					
Number of Service Connections	27,048	27,070	48,092	48,161	48,425
Average Daily Treatment (gallons)	11,700,000	12,600,000	12,300,000	13,400,000	13,876,317

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	2011	2012	2013	2014	2015
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	7	7	7	7	7
Public Works:					
Streets (miles)	304.6	304.9	305.0	305.0	306.2
Streetlights	6,479	6,480	6,479	6,487	6,488
Traffic Signals	148	148	151	152	153
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	431	431	423
Maximum Daily Plant Capacity (gallons)	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Sewer:					
Sanitary Sewers (miles)	352	355	363	379	374
Storm Drains (miles)	381	383	382	377	411
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	2016	2017	2018	2019	2020
<b>Police:</b>					
Stations	1	1	1	1	1
<b>Fire:</b>					
Stations	7	7	7	7	7
<b>Public Works:</b>					
Streets (miles)	307.4	323.0	363.8	331.0	298.0
Streetlights	6,489	6,489	6,489	6,635	6,635
Traffic Signals	155	155	155	165	165
<b>Parks and Recreation:</b>					
Parks	14	14	14	14	14
Community Centers	3	3	3	3	3
Golf Courses	2	2	2	2	2
<b>Water:</b>					
Water Mains (miles)	423	430	436	436	436
Maximum Daily Plant Capacity (gallons)	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
<b>Sewer:</b>					
Sanitary Sewers (miles)	380	380	389	389	367
Storm Drains (miles)	411	221	200	200	171
Maximum Daily Treatment Capacity (gallons)	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000

Source:

City of Escondido.



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112

