

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



City of Escondido
California





CITY OF ESCONDIDO - CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



Paul McNamara
Mayor



Consuelo Martinez
Council Member
District 1



Tina Inscoe
Council Member
District 2



Joe Garcia
Council Member
District 3



Michael Morasco
Deputy Mayor
District 4

CITY MANAGER
Sean McGlynn

DEPUTY CITY MANAGER/
DIRECTOR OF COMMUNICATIONS
& COMMUNITY SERVICES
Joanna Axelrod

DEPUTY CITY MANAGER/
DIRECTOR OF UTILITIES
Christopher McKinney

DEPUTY CITY MANAGER/
DIRECTOR OF
INFORMATION SYSTEMS
Robert Van De Hey

Prepared by the Finance Department





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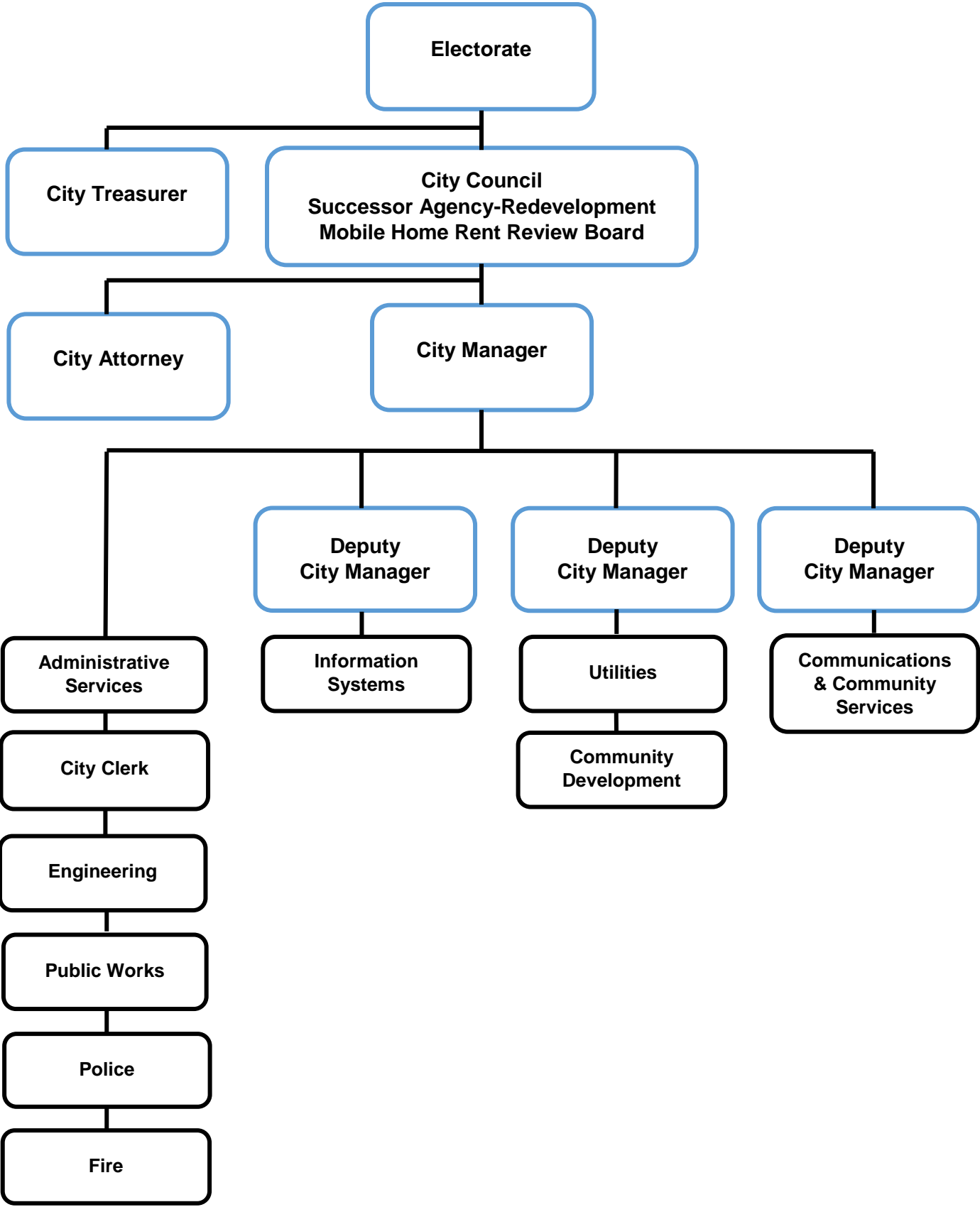
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CITY OF ESCONDIDO
Organization Chart
June 30, 2021





December 27, 2021

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Escondido for the fiscal year ended June 30, 2021.

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, 2021, 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, 2021, 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

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. Then, as the result of the COVID-19 pandemic, government operations and private businesses were forced to close or drastically alter operations impacting the local economy. 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. 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.

CITY OF ESCONDIDO

Letter of Transmittal

To address the structural budget gap projected in the General Fund long-term financial plan prior to the effects of COVID-19, cuts to staff and services were made including reducing the maintenance of City parks and eliminating community outreach programs involving crime prevention and youth engagement. This is in addition to ongoing cost saving measures that include reducing staff, deferring infrastructure maintenance, investing in technology to reduce ongoing costs and outsourcing services. As a result, the Fiscal Year 2020/21 General Fund Operating Budget was a balanced budget but relied on \$4 million of one-time funds from the Redevelopment Loan payment to the City.

The last few months of fiscal year 2020/21 benefited from an improvement in revenues and forecasters are predicting that growth in sales tax and property tax revenues will continue into the next fiscal year; however, even after the increase in projected revenues the City's structural budget gap remains. To maintain current City services, the updated General Fund's Multi-Year Financial Plan forecasts a budget deficit of \$6.3 million in Fiscal Year 2022/23 with future budget deficits that continue each fiscal year.

The impacts from the COVID-19 pandemic continue and the economy remains unstable. Sales Tax accounts for 39% of total General Fund revenue and it is uncertain if the recent robust consumer spending will continue into the next fiscal year as various fiscal stimulus programs expire and spending shifts back towards experiences rather than goods. While American Rescue Plan Act funds are available to backfill lost revenue, this source cannot be used as a deposit into a pension fund, as a non-federal grant match, for debt obligations, to satisfy a judgment or settlement, or to contribute to reserves. With no ongoing additional source of revenue identified, the City will need to continue to make fiscally responsible and strategic decisions about how to use the one-time sources of revenue and fiscal year positive operating results to address the financial challenges ahead.

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: www.escondido.org/city-financial-policies.

CITY OF ESCONDIDO
Letter of Transmittal

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Escondido for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. 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, CPA
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, 2020

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, 2021, 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% 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.

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, 2021, 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.

Emphasis of a Matter

Implementation of GASB Statement No. 84

As discussed in Note 1 to the financial statements, the City implemented GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation, the City converted the former agency funds, which previously reported assets and liabilities only, to custodial funds and reported a restatement of its net position in the amount of \$1,611,817. Our opinion is not modified with respect to this matter.

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.

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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

San Diego, California
December 27, 2021

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CITY OF ESCONDIDO

Management's Discussion and Analysis

As management of the City of Escondido (City), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in our Letter of Transmittal at the front of this report and the accompanying Basic Financial Statements.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

CITY OF ESCONDIDO

Management's Discussion and Analysis

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Successor Agency Housing Special Revenue Fund, which are considered to be major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

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

Proprietary funds. The City maintains two different types of proprietary funds, the Enterprise and the Internal Service Funds. The *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The enterprise funds are used to account for its Water and Wastewater Funds. The *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Building Maintenance, Vehicle and Equipment Maintenance, Central Services, Network and Systems Administration, Workers' Compensation, General Liability, and Insurance Funds. Since these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide detailed information for the Water and Wastewater Funds, both of which are considered to be major funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of *combining statements* elsewhere in this report.

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

CITY OF ESCONDIDO

Management's Discussion and Analysis

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

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

Financial Analysis of Government-Wide Financial Statements

This section focuses on the City's net position and changes in net position of its governmental and business-type activities for the fiscal year ending June 30, 2021. 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 \$473,419,502, an increase of \$34.0 million or 7.7 percent.

City of Escondido's Summary of Net Position

As of June 30, 2021 and 2020

(Amounts expressed in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 247,314	\$ 225,517	\$ 108,800	\$ 103,633	\$ 356,114	\$ 329,150
Capital assets	286,914	291,202	327,150	315,810	614,064	607,012
Total Assets	534,228	516,719	435,950	419,443	970,178	936,162
Deferred outflows of resources	32,244	30,976	7,742	6,456	39,986	37,432
Long-term liabilities outstanding	305,526	298,686	174,783	176,414	480,309	475,100
Other liabilities	28,500	32,609	26,485	22,124	54,985	54,733
Total Liabilities	334,026	331,295	201,268	198,538	535,294	529,833
Deferred inflows of resources	948	3,014	503	1,280	1,451	4,294
Net position:						
Net investment in capital assets	221,473	221,761	198,320	184,746	419,793	406,507
Restricted	151,770	124,689	10,655	15,665	162,425	140,354
Unrestricted	(141,745)	(133,064)	32,946	25,670	(108,799)	(107,394)
Total net position	\$ 231,498	\$ 213,386	\$ 241,921	\$ 226,081	\$ 473,419	\$ 439,467

CITY OF ESCONDIDO

Management's Discussion and Analysis

The largest portion of the City's net position (88.9 percent or \$420.8 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 (34.3 percent or \$162.4 million) represent resources that are subject to external restrictions imposed by creditors and grantors, laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

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, 2021, unrestricted net position was a deficit of (\$109.8) million primarily related to pension liabilities.

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 \$34.0 million increase in total net position are discussed in the following sections for governmental activities and business-type activities.

Key Changes in the Statement of Net Position:

The City's current and other assets increased by \$34.0 million when compared to the prior fiscal year. Governmental activities increased \$17.5 million, primarily due to increased cash received from sales tax and property tax, as well as a reduction in current fiscal year operating expenditures as a result of restrictions in place due to COVID-29. Business-type activities increased \$16.5 million mostly due to increased cash received from water and wastewater charges for service.

Citywide, capital assets increased \$7.1 million or about 1.2%. Governmental activities had a decrease of \$4.3 million that is mostly attributable to the depreciation of capital assets offset by various street projects in the City and the replacement of vehicles. Business-type activities increased \$11.3 million resulting from continued work on the Lindley Reservoir Replacement project and the Membrane Filtration Reverse Osmosis facility.

Long-term liabilities increased by \$5.2 million from the prior year. This is primarily attributed to the City's net pension liability which increased by \$12.8 million from the prior year offset by principal payments made during the fiscal year on outstanding long-term liabilities. The net pension liability at June 30, 2021, is \$267.1 million, compared to \$254.3 million at June 30, 2020.

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, 2021, the Section 115 Trust balance amounted to \$15.3 million held in restricted cash and investments in the General Fund. On October 27, 2021, the City Council approved the transfer of \$11,550,845 in additional funding to the Section 115 Trust reported as Assigned Fund Balance at June 30, 2021.

Deferred outflows of resources increased by \$2.6 million and deferred inflows of resources decreased by \$2.8 million mostly due to changes in assumptions in actuarial valuations by CalPERS for the City's pension plan.

CITY OF ESCONDIDO

Management's Discussion and Analysis

Analysis of Changes in Net Position – Governmental activities

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Total governmental revenues increased by \$6,288,028 or 4.1 percent during the current fiscal year resulting in total revenues of \$160.0 million.

Governmental Activities - Revenues

For the Year Ended June 30

(Amounts expressed in thousands)

Revenues by Source	2021	2020	Increase / (Decrease)
Program revenues:			
Charges for services	\$ 21,383	\$ 20,640	\$ 743
Operating grants and contributions	19,055	12,072	6,983
Capital grants and contributions	15,330	6,812	8,518
Total program revenues	55,768	39,524	16,244
General revenues:			
Sales tax	46,937	42,665	4,272
Property taxes	38,629	36,336	2,293
Other taxes	11,776	10,720	1,056
Other	6,892	24,468	(17,576)
Total general revenues	104,234	114,189	(9,955)
Total Revenues	\$ 160,002	\$ 153,713	\$ 6,289

Key elements of this change are discussed below.

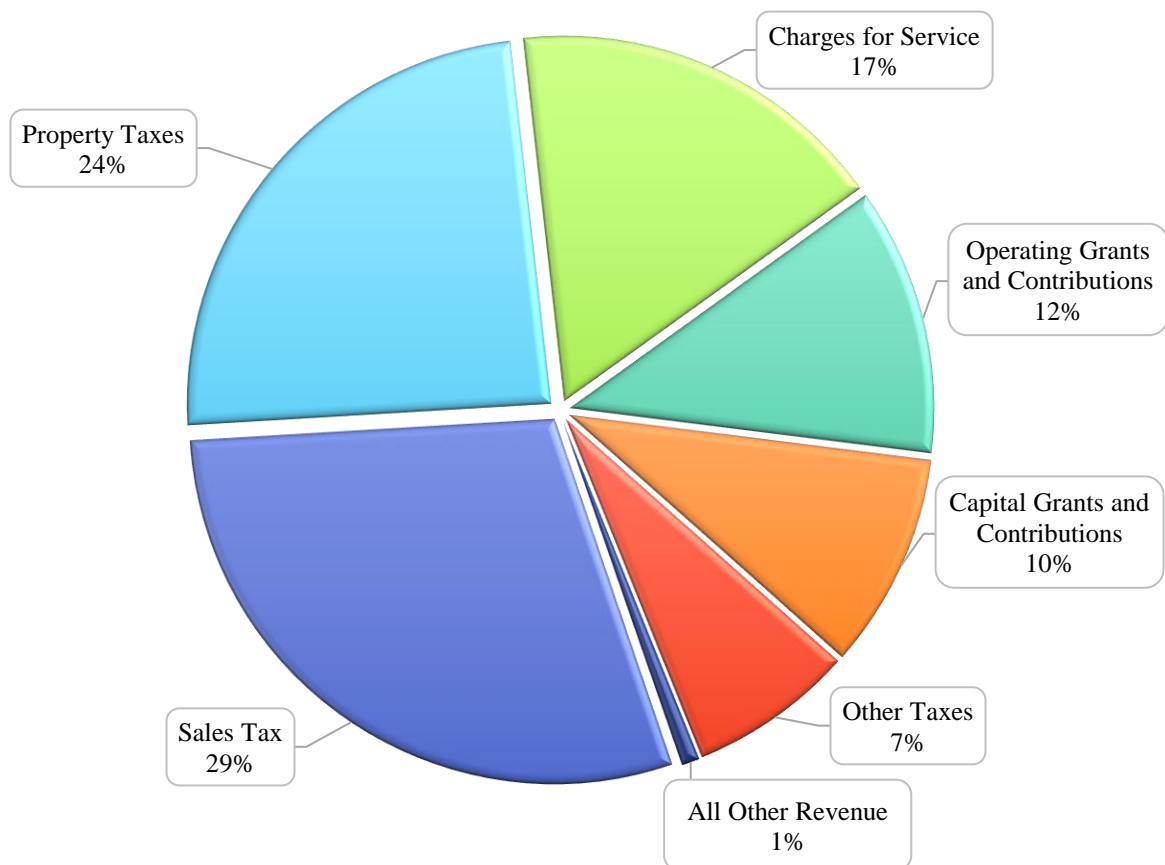
- Sales tax revenue increased by \$4.3 million, or 10.0 percent, compared to the prior year. A combination of California fully reopening its economy, improved vaccination rates, public health measures to reduce the spread of the COVID-19 virus, and additional federal funding fostered an economic environment in which consumers' buying power remained intact and the demand to spend on taxable goods significantly increased during this time period. Overall, the City's local economy is currently experiencing a fairly strong recovery as well and as a result, sales tax revenues exceeded the amount projected for the fiscal year.
- Property tax revenue increased by \$2,292,473 over the prior fiscal year or 6.3 percent. Collection rates have remained stable and home prices have continued to rise. Favorable lending conditions and the increased number of home sales when compared to the prior year have all lead to significant growth in property tax revenues this fiscal year
- Other tax revenue is composed of franchise, transient occupancy, business license, transfer station, and refuse taxes. Revenues received from franchise agreements increased by \$751,000 from the prior fiscal year primarily due to the amended franchise agreement with Escondido Disposal Inc. This increase was offset by a decrease in Transient Occupancy Tax as a result of the closures due to the public health orders.
- Overall charges for services increased by \$743,000 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.

CITY OF ESCONDIDO
Management's Discussion and Analysis

- Operating grants and contributions increased by \$7.0 million, or 57.8 percent. The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act signed last year provided \$2.2 trillion in federal funds to respond to the COVID-19 emergency. Under the CARES Act, the Treasury provided direct funding only to counties and municipalities with populations greater than 500,000. All other funding was provided to states to distribute as they deemed appropriate. Escondido was allocated \$1,889,210 from the State and \$2,713,486 from the County of San Diego; a total of \$4,602,696.
- Capital grants and contributions increased by \$8.5 million compared to the prior year. This is due to Housing and Community Development projects completed and capital contributions received from development.
- Other revenue decreased by \$17.6 as the result of the sale of Windsor Gardens Apartments in the prior fiscal year. 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 60% 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

Governmental activities – Expenses

The table below presents a comparison of fiscal year 2021 and fiscal year 2020 expenses by function, along with interest and other expenses.

Governmental Activities			
Expenses and Change in Net Position for the Year Ended June 30			
<u>(Amounts expressed in thousands)</u>			
	2021	2020	Increase / (Decrease)
Expenses:			
General government	\$ 14,944	\$ 14,133	\$ 811
Public safety	84,691	87,384	(2,693)
Community services	14,045	14,854	(809)
Public works	20,684	25,322	(4,638)
Community development	5,113	6,217	(1,104)
Interest and fiscal charges	2,413	2,552	(139)
Total expenses	<u>141,890</u>	<u>150,462</u>	<u>(8,572)</u>
Increase (decrease) in net position before transfers	18,112	3,251	14,861
Transfers	-	195	(195)
Increase (decrease) in net position after transfers	18,112	3,446	14,666
Net position – July 1	213,386	209,940	3,446
Net position – June 30	<u>\$ 231,498</u>	<u>\$ 213,386</u>	<u>\$ 18,112</u>

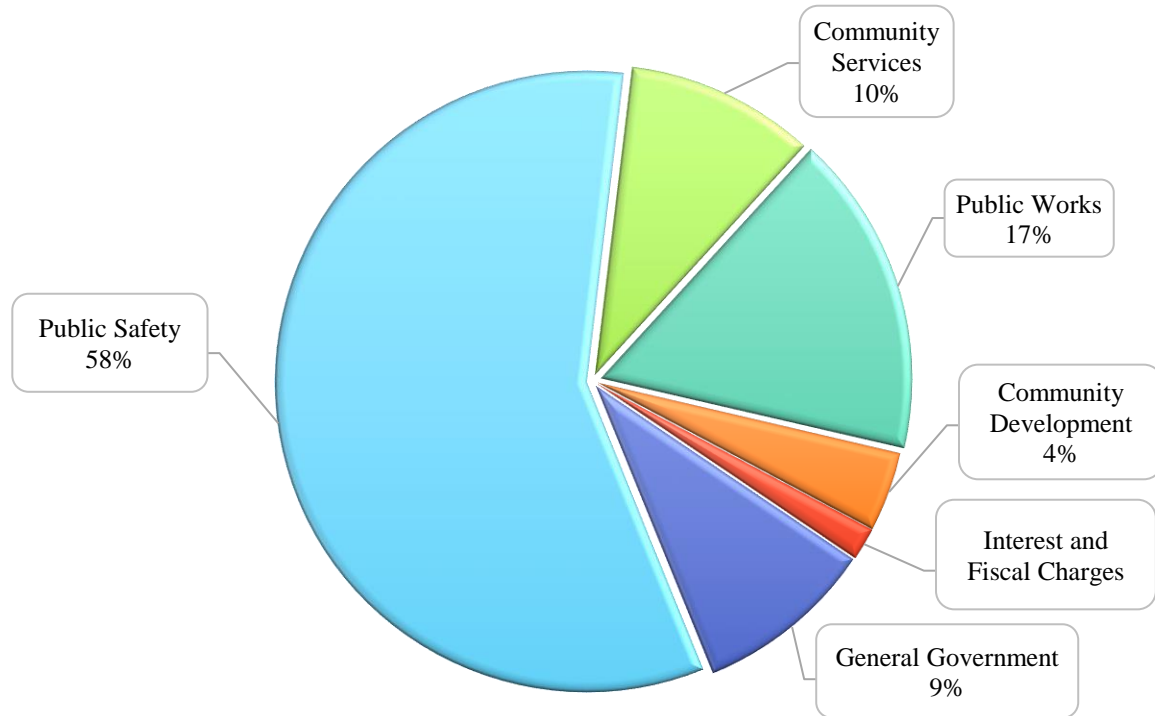
Governmental activities expenses decreased by \$8.6 million, or 5.7 percent, compared to the prior fiscal year. The expenditure savings were largely the result of vacant staff positions in multiple departments as recruitments are being performed. The effects of the COVID-19 pandemic and various closures also resulted in expenditures being less than budgeted. In May 2020 as a result of the closures of recreation facilities, certain Recreation and ASES Department staff were furloughed. In addition, the Library professional services contract was amended to account for service level reduction, both of which contributed to the Community Services budget savings of \$1.3 million. Expenses for utilities were also under the amount budgeted as the result of closures of various City buildings, including California Center for the Arts, during the fiscal year.

CITY OF ESCONDIDO

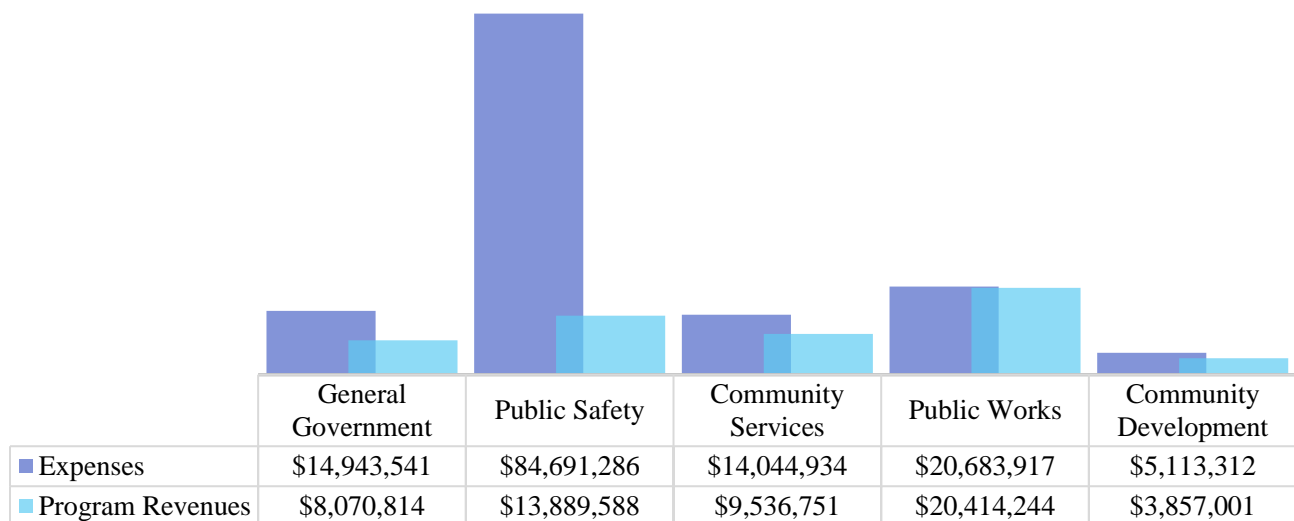
Management's Discussion and Analysis

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

Analysis of Changes in Net Position – Business-type activities

The table below presents the revenues and expenses for each of the City's Business-type Activities or Enterprise Funds. Business-type activities increased the City's net position by \$15,840,709.

Business-type Activities - Change in Net Position

For the Year Ended June 30

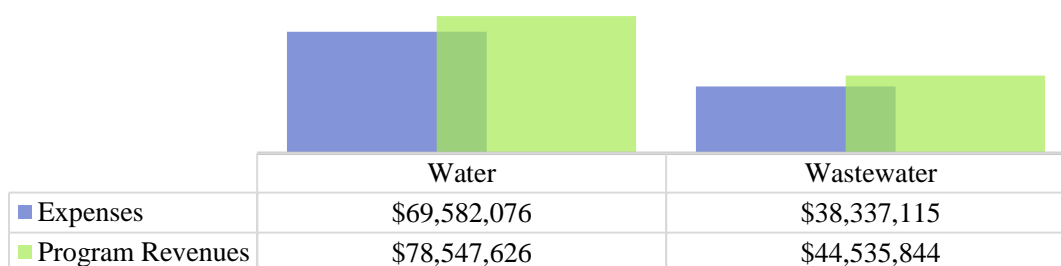
(Amounts expressed in thousands)

	2021	2020	Increase / (Decrease)
Program revenues:			
Charges for services	\$110,217	\$ 96,701	\$ 13,516
Operating grants and contributions	17	75	(58)
Capital grants and contributions	12,850	6,375	6,475
Other general revenues	676	4,931	(4,255)
Total revenues	123,760	108,082	15,678
Expenses:			
Water	69,582	62,806	\$ 6,776
Wastewater	38,337	36,482	1,855
Total expenses	107,919	99,288	8,631
Increase (decrease) in net position before transfers	15,841	8,794	7,047
Transfers	-	(195)	195
Increase (decrease) in net position after transfers	15,841	8,599	7,242
Net position – July 1	226,080	217,481	8,599
Net position – June 30	\$241,921	\$226,080	\$ 15,841

The Water Fund ended the year with a change in net position of \$9.6 million. This was the result of an increase in water charges for services of \$9.8 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 \$6.5 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

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 \$159,349,274, an increase of \$28,964,445 in comparison with the prior year. Of this amount, 0.2 percent or \$282,413 represents non-spendable assets, advances and loans receivable, which are not expected to be converted to cash until future periods.

Approximately 76.9 percent of this total amount or \$122,568,664 is not available for new spending because it is legally restricted by external third parties. In addition, \$36,986,464 or 23.2 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 (\$488,267) is comprised of unassigned funds in the General Fund of \$1,603,254 and deficit fund balances in non-major special revenue funds of (\$2,091,521). 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 and Budgetary 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 expenditures in an economic downturn while total fund balance is \$48,720,396. 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 46.6 percent of that same amount.

The restricted portion of the fund balance of the General Fund of \$15,301,704 is the total value of assets held in the Section 115 Pension Trust Fund discussed above. On October 27, 2021, the City Council approved the transfer of \$11,550,845 in additional funding to the Section 115 Trust reported as Assigned Fund Balance in the General Fund at June 30, 2021.

During the current fiscal year, the fund balance of the City's General Fund increased by \$28,964,445, or 22.2 percent, compared to the prior year. The increase is primarily due to unanticipated increases in sales tax and property tax revenue and a reduction in fiscal year operating expenditures as a result of COVID-19 discussed below.

The General Fund Fiscal Year 2020/21 operating budget was adopted as a balanced budget without the use of reserves but relied on one-time revenues of \$4.0 million from the Redevelopment Loan payment to the City. As a result of COVID-19, based on an updated forecast model and the economic condition at the time, projected operating revenue was reduced by 5% or about \$5.5 million dollars from the prior fiscal year.

To address the predicted structural budget gap for the upcoming fiscal year, Departments were required to submit their Fiscal Year 2020/21 General Fund operating budgets with a 3% reduction using their adopted Fiscal Year 2019/20 budget as the base to determine their reduction. Because department budgets were projected to grow on average by about 5% in Fiscal Year 2020/21, actual department budget reductions averaged around 8%. Cost saving measures were implemented including reductions in staff and services, resulting in an overall net increase of 1% to the total operating expense budget from the prior fiscal year.

CITY OF ESCONDIDO
Management's Discussion and Analysis

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 \$107.6 million to the final general fund budgeted revenue of \$110.6 million results in a net increase in budgeted revenue of \$3.0 million.

General Fund Revenues
Budgetary Comparison Schedule

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:				
Sales tax	\$ 35,991,300	\$ 39,431,300	\$ 44,295,507	\$ 4,864,207
Property taxes	30,022,000	30,022,000	31,209,631	1,187,631
Other taxes	13,504,800	13,039,800	14,142,701	1,102,901
Licenses and permits	1,003,500	1,918,020	2,433,872	515,852
Fines and forfeits	1,226,000	750,000	864,799	114,799
Intergovernmental	3,505,000	4,824,520	5,100,302	275,782
Charges for services	11,852,020	10,396,820	10,954,833	558,013
Lease income	4,083,000	3,783,000	4,131,577	348,577
Investment income	6,097,087	6,097,087	7,768,404	1,671,317
Miscellaneous	352,200	352,200	573,250	221,050
Total revenues	\$ 107,636,907	\$ 110,614,747	\$ 121,474,876	\$ 10,860,129

Contrary to financial indicators and the consultant's revenue analysis prepared each quarter, as the result of strong sales tax receipts, increases in property tax revenue, and an increase in development activities in the City, operating revenues exceeded the amended FY2020/21 budgeted amount by \$10.9 million.

A combination of California fully reopening its economy, improved vaccination rates, public health measures to reduce the spread of the COVID-19 virus, and additional federal funding fostered an economic environment in which consumers' buying power remained intact and the demand to spend on taxable goods significantly increased during this time period. Overall, the City's local economy is currently experiencing a fairly strong recovery as well and as a result, sales tax revenues, which account for 39% of General Fund operating revenue, increased by \$7.6 million or 21% from the prior year.

Comparison of the fiscal year original general fund budgeted expenditures of \$107.6 million to the final General Fund budgeted expenditures of \$110.2 million results in a net increase in budgeted expenditures of \$2.6 million. Operating expenditures were increased for each department as the result of negotiated increases to employee services. In addition, the fire department budget was increased by \$1.3 million to cover costs for strike team incidents and grant funded training. Funding for these increases was provided from fire mutual aid reimbursements from the California Office of Emergency Services.

CITY OF ESCONDIDO
Management's Discussion and Analysis

During the fiscal year, City Staff responded to the pandemic by reducing services and the related staffing levels where mandated. These efforts led to total operating expenditures under the amended FY2020/21 budgeted amount by \$5.6 million.

General Fund Expenditures
Budgetary Comparison Schedule

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
EXPENDITURES:				
General Government	7,664,280	7,408,230	6,418,130	(990,100)
Public Safety	71,235,637	73,547,647	71,492,705	(2,054,942)
Public Works	12,015,374	12,519,274	12,299,384	(219,890)
Community Services	11,249,760	11,221,969	9,584,866	(1,637,103)
Community Development	4,610,390	4,753,645	4,011,247	(742,398)
Capital Outlay	194,308	194,308	194,308	-
Debt Service:				
Principal retirements	548,580	548,580	548,922	342
Interest and fiscal charges	78,470	78,470	78,470	-
Total expenditures	107,596,799	110,272,123	104,628,032	(5,644,091)

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 assets. As of June 30, 2021, the City's investments in capital assets for its governmental and business-type activities are \$614,063,481, (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.

City of Escondido's Capital Assets

(net of depreciation / in thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 52,704	\$ 52,704	\$ 3,138	\$ 3,138	\$ 55,842	\$ 55,842
Buildings and systems	86,019	91,591	10,017	10,347	96,036	101,938
Improvements other than buildings	12,890	15,050	705	726	13,595	15,776
Machinery and equipment	10,777	12,836	2,541	2,852	13,318	15,688
Infrastructure	107,825	101,804	274,731	259,855	382,556	361,659
Construction in progress	16,699	17,217	36,017	38,892	52,716	56,109
Total	\$ 286,914	\$ 291,202	\$ 327,149	\$ 315,810	\$ 614,063	\$ 607,012

CITY OF ESCONDIDO

Management's Discussion and Analysis

The total increase in the City's investment in capital assets for the current fiscal year is 3.5 percent; this represents a .1 percent decrease for governmental activities and a 7.9 percent increase for business-type activities. Major capital asset events for governmental activities during the current fiscal year include several ongoing street projects, primarily from the Citracado Extension Project which will construct new pavement, streets, curb and gutter, center medians, landscaping, traffic signals, a bridge over Escondido Creek, and utility infrastructure. For business-type activities, construction continues on the Recycled Water Easterly Main Tank and Extension and the undergrounding for San Pasqual through the Escondido Canal

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 \$480 million, an increase of \$5.2 million. Changes to the City's governmental activities and business-type 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.

City of Escondido's Outstanding Debt

(Amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Compensated absences	\$ 7,311	\$ 7,358	\$ 1,636	\$ 1,504	\$ 8,947	\$ 8,862
Net pension liability	222,113	211,657	44,991	42,626	267,104	254,283
Claims payable	17,529	17,875	-	-	17,529	17,875
Loans payable	1,831	2,258	29,452	30,391	31,283	32,649
Capital leases	942	1,423	-	-	942	1,423
Connection rights payable	-	-	12,949	12,978	12,949	12,978
Revenue Bonds	-	-	85,755	88,915	85,755	88,915
Lease Revenue Bonds	3,020	3,270	-	-	3,020	3,270
General Obligation Bonds	52,780	54,845	-	-	52,780	54,845
	<u>\$305,526</u>	<u>\$298,686</u>	<u>\$174,783</u>	<u>\$ 176,414</u>	<u>\$480,309</u>	<u>\$475,100</u>

Factors Affecting Next Year's Budget

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. In spite of many positive economic developments, federal aid packages, and a robust vaccine rollout in recent months, the restrictions from the COVID-19 pandemic have continued to negatively impact certain General Fund revenue sources although not to the degree that was anticipated one-year ago.

To meet the increased demand for City services, infrastructure maintenance and repair needs, and address an \$8 million deficit for Fiscal Year 2021/22, the operating budget relies on one-time resources from the final Successor Agency Redevelopment Loan repayment of \$2.2 million and transfer \$6.1 million from the Section 115 Pension Trust Fund. Additional information regarding the economic outlook for the City is discussed in the accompanying Transmittal Letter.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances and to demonstrate the city's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Escondido, Finance Department, 201 North Broadway, Escondido, CA 92025, or online at www.escondido.org.





Basic Financial Statements

CITY OF ESCONDIDO
Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	California Center for the Arts, Escondido Foundation
ASSETS				
Cash and investments	\$ 123,756,883	\$ 84,146,230	\$ 207,903,113	\$ 337,443
Receivables, net of allowances	31,118,752	13,533,589	44,652,341	139,881
Loans receivable	64,351,978	305,466	64,657,444	-
Due from Successor Agency	3,733,591	-	3,733,591	-
Internal balances	1,229,452	(1,229,452)	-	-
Due from other governments	4,653,998	1,384,771	6,038,769	-
Inventory, at cost	658,363	4,561	662,924	17,841
Deposits	531,934	-	531,934	-
Prepaid expenses	87,234	-	87,234	106,744
Land held for resale	1,890,239	-	1,890,239	-
Assets held in charitable remainder trust	-	-	-	94,643
Restricted assets:				
Investment in Section 115 Trust	15,301,704	-	15,301,704	-
Cash and investments with fiscal agent	1	10,655,617	10,655,618	1,451,428
Capital assets:				
Not being depreciated	78,935,651	39,155,134	118,090,785	-
Being depreciated, net	207,978,240	287,994,456	495,972,696	399,651
Total Assets	534,228,020	435,950,372	970,178,392	2,547,631
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	32,212,044	6,961,918	39,173,962	-
Deferred loss on refundings	31,773	780,647	812,420	-
Total Deferred Outflows of Resources	32,243,817	7,742,565	39,986,382	-

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Net Position (Continued)
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	California Center for the Arts, Escondido Foundation
LIABILITIES				
Accounts payable	2,586,351	9,660,696	12,247,047	169,401
Retentions payable	50,930	7,788,385	7,839,315	-
Accrued interest payable	959,525	1,491,832	2,451,357	-
Deposits payable	14,416,811	745,069	15,161,880	-
Accrued expenses	3,654,301	687,065	4,341,366	121,685
Unearned revenue	304,967	-	304,967	658,397
Long-term debt:				
Due within one year	8,457,066	5,933,430	14,390,496	264,227
Due in more than one year:				
Aggregate net pension liability	222,113,105	44,990,657	267,103,762	-
Other long-term debt	81,482,183	129,970,881	211,453,064	122,153
Total Liabilities	334,025,239	201,268,015	535,293,254	1,335,863
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	626,450	-	626,450	-
Deferred gain on refundings	322,215	503,353	825,568	-
Total Deferred Inflows of Resources	948,665	503,353	1,452,018	-
NET POSITION				
Net investment in capital assets	221,473,364	198,319,576	419,792,940	399,651
Restricted for:				
General government	8,214,305	-	8,214,305	-
Low and moderate income housing	82,701,932	-	82,701,932	-
Community services	6,391,021	-	6,391,021	-
Debt service	3,672,307	10,655,617	14,327,924	-
Capital projects	3,158,723	-	3,158,723	-
Public safety	80,584	-	80,584	-
Public works	20,337,050	-	20,337,050	-
Investment in Section 115 Trust	26,852,549	-	26,852,549	-
Permanent funds:				
Nonexpendable	250,334	-	250,334	-
Expendable	110,741	-	110,741	-
Total restricted net position	151,769,546	10,655,617	162,425,163	-
Unrestricted (deficit)	(141,744,977)	32,946,376	(108,798,601)	812,117
Total net position	\$ 231,497,933	\$ 241,921,569	\$ 473,419,502	\$ 1,211,768

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 14,943,541	\$ 688,165	\$ 5,106,031	\$ 2,276,618
Public safety	84,691,286	11,542,555	2,347,033	-
Community services	14,044,934	3,001,163	4,722,380	1,813,208
Public works	20,683,917	2,532,205	6,641,782	11,240,257
Community development	5,113,312	3,619,039	237,962	-
Interest and fiscal charges	2,414,298	-	-	-
Total Governmental Activities	141,891,288	21,383,127	19,055,188	15,330,083
Business-type activities:				
Water	69,582,076	73,069,548	-	5,478,078
Wastewater	38,337,115	37,147,393	16,916	7,371,535
Total Business-type Activities	107,919,191	110,216,941	16,916	12,849,613
Total Primary Government	\$ 249,810,479	\$ 131,600,068	\$ 19,072,104	\$ 28,179,696
Component Unit:				
California Center for the Arts, Escondido Foundation	\$ 10,466,216	\$ 2,876,813	\$ 7,678,020	\$ -

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Activities (Continued)
For the Year Ended June 30, 2021

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			California Center for the Arts, Escondido Foundation
Functions/Programs	Governmental Activities	Business-type Activities	Total	
Primary Government:				
Governmental Activities:				
General government	\$ (6,872,727)	\$ -	\$ (6,872,727)	\$ -
Public safety	(70,801,698)	-	(70,801,698)	-
Community services	(4,508,183)	-	(4,508,183)	-
Public works	(269,673)	-	(269,673)	-
Community development	(1,256,311)	-	(1,256,311)	-
Interest and fiscal charges	(2,414,298)	-	(2,414,298)	-
Total Governmental Activities	(86,122,890)	-	(86,122,890)	-
Business-type activities:				
Water	-	8,965,550	8,965,550	-
Wastewater	-	6,198,729	6,198,729	-
Total Business-type Activities	-	15,164,279	15,164,279	-
Total Primary Government	(86,122,890)	15,164,279	(70,958,611)	-
Component Unit:				
California Center for the Arts, Escondido Foundation	-	-	-	88,617
General Revenues:				
Sales tax	46,937,129	-	46,937,129	-
Property tax	38,629,037	-	38,629,037	-
Franchise tax	6,886,816	-	6,886,816	-
Transient occupancy tax	1,684,318	-	1,684,318	-
Business license tax	2,082,164	-	2,082,164	-
Transfer station tax	1,122,907	-	1,122,907	-
Investment earnings	6,007,169	513,100	6,520,269	303,007
Gain on sale of capital assets	261,625	-	261,625	-
Miscellaneous	623,773	163,330	787,103	60,239
Total general revenues	104,234,938	676,430	104,911,368	363,246
Transfers	-	-	-	-
Total general revenues and transfers	104,234,938	676,430	104,911,368	363,246
Change in net position	18,112,048	15,840,709	33,952,757	451,863
Net position:				
Beginning of year	213,385,885	226,080,860	439,466,745	759,905
End of year	\$ 231,497,933	\$ 241,921,569	\$ 473,419,502	\$ 1,211,768

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO

Balance Sheet Governmental Funds June 30, 2021

	Major Funds		Nonmajor	Total
	General	Successor Agency Housing	Governmental Funds	Governmental Funds
ASSETS				
Cash and investments	\$ 35,431,330	\$ 10,270,526	\$ 49,530,597	\$ 95,232,453
Receivables (net):				
Accounts	3,707,991	175	6,452	3,714,618
Interest	74,088	10,122,105	6,315,032	16,511,225
Taxes	10,732,277	-	37,313	10,769,590
Loans	11,449,680	35,392,050	17,510,248	64,351,978
Due from other governments	203,555	-	4,450,443	4,653,998
Due from Successor Agency	2,742,953	-	990,638	3,733,591
Due from other funds	1,622,563	-	-	1,622,563
Inventory, at cost	-	-	14,109	14,109
Prepaid items	69,264	-	17,970	87,234
Deposits	-	-	219,334	219,334
Land held for resale	-	1,890,239	-	1,890,239
Advances to other funds	-	-	200,000	200,000
Restricted assets:				
Cash and investments	15,301,704	-	-	15,301,704
Cash and investments with fiscal agent	-	-	1	1
Total Assets	\$ 81,335,405	\$ 57,675,095	\$ 79,292,137	\$ 218,302,637
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,561,103	\$ 233	\$ 1,011,312	\$ 2,572,648
Deposits payable	11,779,004	9,450	2,628,357	14,416,811
Retentions payable	-	-	50,930	50,930
Accrued expenditures	3,340,687	10,136	111,733	3,462,556
Due to other funds	-	-	1,622,563	1,622,563
Unearned revenue	-	-	304,967	304,967
Advances from other funds	200,000	-	-	200,000
Total Liabilities	16,880,794	19,819	5,729,862	22,630,475
Deferred Inflows of Resources:				
Unavailable revenue	15,734,215	10,100,556	10,488,117	36,322,888
Total Deferred Inflows of Resources	15,734,215	10,100,556	10,488,117	36,322,888
Fund Balances:				
Nonspendable	69,264	-	282,413	351,677
Restricted	15,301,704	47,554,720	59,712,240	122,568,664
Committed	17,392,319	-	5,171,026	22,563,345
Assigned	14,423,119	-	-	14,423,119
Unassigned (deficit)	1,533,990	-	(2,091,521)	(557,531)
Total Fund Balances	48,720,396	47,554,720	63,074,158	159,349,274
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 81,335,405	\$ 57,675,095	\$ 79,292,137	\$ 218,302,637

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, 2021

Fund balances for governmental funds		\$ 159,349,274
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	\$ 78,935,651	
Capital assets, being depreciated, net	207,978,240	
Less: amount reported in internal services fund	<u>(8,420,642)</u>	
		278,493,249
A portion of the unavailable revenue is not available to pay for current-period expenditures and, therefore, is not recognized in the funds.		36,322,888
Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the Statement of Net Position.		
Total internal service fund net position	10,304,363	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>1,229,452</u>	
		11,533,815
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	(7,311,294)	
Claims payable	(17,528,800)	
Loans	(1,831,313)	
Leases	(941,695)	
Bonds	(55,800,000)	
Bond premium	(6,531,476)	
Bond discount	5,329	
Deferred gain on refunding	(322,215)	
Deferred loss on refunding	31,773	
Less: amount reported in internal services fund	<u>17,890,269</u>	
		(72,339,422)
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	(222,113,105)	
Less: amount reported in internal services fund	<u>11,268,921</u>	
		(210,844,184)
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	32,212,044	
Deferred inflows of resources related to pensions	(626,450)	
Less: amount reported in internal services fund	<u>(1,643,756)</u>	
		29,941,838
Interest payable on noncurrent liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		<u>(959,525)</u>
Net position of governmental activities		<u><u>\$ 231,497,933</u></u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			
	General Fund	Successor Agency Housing	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Sales tax	\$ 44,295,507	\$ -	\$ -	\$ 44,295,507
Property taxes	31,209,631	-	5,052,910	36,262,541
Other taxes	14,142,701	-	2,641,621	16,784,322
Licenses and permits	2,433,872	-	-	2,433,872
Fines and forfeits	864,799	-	-	864,799
Intergovernmental	5,100,302	-	15,876,484	20,976,786
Charges for services	10,954,833	-	8,317,489	19,272,322
Special assessments	-	-	844,356	844,356
Lease income	4,131,577	161,375	-	4,292,952
Investment income	7,768,404	1,113,338	594,862	9,476,604
Miscellaneous	573,250	212,750	42,754	828,754
Total Revenues	121,474,876	1,487,463	33,370,476	156,332,815
Expenditures:				
Current:				
General government	6,418,130	-	3,776,025	10,194,155
Public safety	71,492,705	-	2,044,570	73,537,275
Public works	12,299,384	-	2,563,185	14,862,569
Community services	9,584,866	-	3,379,883	12,964,749
Community development	4,011,247	440,848	390,872	4,842,967
Capital outlay	194,308	-	4,717,898	4,912,206
Debt service:				
Principal retirements	548,922	-	2,388,005	2,936,927
Interest and fiscal charges	78,470	-	2,818,607	2,897,077
Total Expenditures	104,628,032	440,848	22,079,045	127,147,925
Excess (Deficiency) of Revenues Over Expenditures	16,846,844	1,046,615	11,291,431	29,184,890
Other Financing Sources (Uses):				
Sale of capital assets	261,625	-	-	261,625
Transfers in	2,085,000	1,520,732	6,538,970	10,144,702
Transfers (out)	(7,561,772)	-	(3,065,000)	(10,626,772)
Total Other Financing Sources (Uses)	(5,215,147)	1,520,732	3,473,970	(220,445)
Net Change in Fund Balance	11,631,697	2,567,347	14,765,401	28,964,445
Fund Balances:				
Beginning of Year	37,088,699	44,987,373	48,308,757	130,384,829
End of Year	\$ 48,720,396	\$ 47,554,720	\$ 63,074,158	\$ 159,349,274

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, 2021

Net change in fund balances - total governmental funds:	\$ 28,964,445
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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	\$ 4,912,206	
Depreciation, net of \$3,695,504 from Internal Service Funds	(13,625,840)	
Contributed capital assets	<u>5,309,476</u>	
		(3,404,158)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,787,466)
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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	(1,336,348)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>287,480</u>	
		(1,048,868)

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 position.

Change in compensated absences	51,773	
Change in pension liability	(7,095,785)	
Principal retirements	2,936,927	
Accrued interest	<u>495,180</u>	
		<u>(3,611,905)</u>

Change in net position of governmental activities	\$ <u>18,112,048</u>
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CITY OF ESCONDIDO
Statement of Net Position
Proprietary Funds
June 30, 2021

ASSETS	Major Funds		Total	Governmental Activities
	Water	Wastewater		Internal Service Funds
Current Assets:				
Cash and investments	\$ 40,629,855	\$ 43,516,375	\$ 84,146,230	\$ 28,524,430
Receivables (Net):				
Accounts	10,831,820	2,523,815	13,355,635	59,990
Interest	83,459	94,495	177,954	63,329
Loans	-	89,400	89,400	-
Due from other governments	224,250	1,160,521	1,384,771	-
Inventory	-	4,561	4,561	644,254
Deposits	-	-	-	312,600
Total Current Assets	51,769,384	47,389,167	99,158,551	29,604,603
Noncurrent Assets:				
Restricted cash and investments	9,817,887	837,730	10,655,617	-
Loans receivables	-	216,066	216,066	-
Capital assets:				
Not being depreciated	18,539,049	20,616,085	39,155,134	938,000
Being depreciated, net	112,239,986	175,754,470	287,994,456	7,482,642
Total Noncurrent Assets	140,596,922	197,424,351	338,021,273	8,420,642
Total Assets	192,366,306	244,813,518	437,179,824	38,025,245
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	3,280,367	3,681,551	6,961,918	1,643,756
Deferred loss on refundings	-	780,647	780,647	-
Total Deferred Outflows of Resources	3,280,367	4,462,198	7,742,565	1,643,756

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Major Funds		Total	Governmental Activities Internal Service Funds
	Water	Wastewater		
LIABILITIES				
Current Liabilities:				
Accounts payable	4,435,748	5,224,948	9,660,696	13,703
Retention payable	7,492,322	296,063	7,788,385	-
Accrued expenses	334,558	352,507	687,065	191,745
Accrued interest	844,956	646,876	1,491,832	-
Long-term debt, due within one year	2,202,367	3,731,063	5,933,430	3,635,867
Total Current Liabilities	15,309,951	10,251,457	25,561,408	3,841,315
Noncurrent Liabilities:				
Deposits payable	600,998	144,071	745,069	-
Aggregate net pension liabilities	20,999,660	23,990,997	44,990,657	11,268,921
Long-term debt, due in more than one year	77,108,296	52,862,585	129,970,881	14,254,402
Total Noncurrent Liabilities	98,708,954	76,997,653	175,706,607	25,523,323
Total Liabilities	114,018,905	87,249,110	201,268,015	29,364,638
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refundings	503,353	-	503,353	-
Total Deferred Inflows of Resources	503,353	-	503,353	-
NET POSITION				
Net investment in capital assets	54,350,930	143,968,646	198,319,576	8,420,642
Unrestricted	26,773,485	18,057,960	44,831,445	1,883,721
Total Net Position	\$ 81,124,415	\$ 162,026,606	243,151,021	\$ 10,304,363
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			(1,229,452)	
Net position of business-type activities			<u>\$ 241,921,569</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, 2021

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Operating Revenues:				
Charges for services	\$ 69,992,350	\$ 37,147,393	\$ 107,139,743	\$ 32,899,287
Total Operating Revenues	<u>69,992,350</u>	<u>37,147,393</u>	<u>107,139,743</u>	<u>32,899,287</u>
Operating Expenses:				
Personnel services	12,188,950	12,987,556	25,176,506	5,951,444
Purchased water	30,707,594	-	30,707,594	-
Administrative expenses	6,638,904	2,330,834	8,969,738	2,159,424
Benefit claims	-	-	-	629,583
Supplies	2,912,727	1,509,118	4,421,845	214,032
Repairs and maintenance	2,609,663	2,444,729	5,054,392	1,333,677
Depreciation	5,683,957	7,844,137	13,528,094	3,695,504
Utilities	3,392,319	3,491,165	6,883,484	1,591,901
Fuel	-	-	-	1,048,051
Professional services	1,648,637	4,126,320	5,774,957	4,600,915
Insurance premiums	559,800	460,450	1,020,250	12,909,895
Rent	486,538	302,391	788,929	-
Other	440,632	572,648	1,013,280	976,245
Total Operating Expenses	<u>67,269,721</u>	<u>36,069,348</u>	<u>103,339,069</u>	<u>35,110,671</u>
Operating Income (Loss)	<u>2,722,629</u>	<u>1,078,045</u>	<u>3,800,674</u>	<u>(2,211,384)</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Nonoperating Revenues (Expenses):				
Investment income	324,750	55,817	380,567	15,284
Rents and concessions	1,307,760	-	1,307,760	-
Interest and fiscal charges	(2,125,217)	(2,167,425)	(4,292,642)	(12,401)
Miscellaneous	1,929,198	127,970	2,057,168	378,018
Total Nonoperating Revenues (Expenses)	1,436,491	(1,983,638)	(547,147)	380,901
 Income Before Transfers and Capital Contributions	 4,159,120	 (905,593)	 3,253,527	 (1,830,483)
Transfers in	-	-	-	522,070
Transfers (out)	-	-	-	(40,000)
Capital Contributions:				
Intergovernmental	690,768	1,843,273	2,534,041	-
Connection fees	1,769,440	3,395,980	5,165,420	-
Developer contributions	3,033,287	2,141,915	5,175,202	12,065
Total Transfers and Capital Contributions	5,493,495	7,381,168	12,874,663	494,135
 Changes in Net Position	 9,652,615	 6,475,575	 16,128,190	 (1,336,348)
 Net Position at Beginning of Year	 71,471,800	 155,551,031	 227,022,831	 11,640,711
Net Position at End of Year	\$ 81,124,415	\$ 162,026,606	\$ 243,151,021	\$ 10,304,363
 Change in Net Position			\$ 16,128,190	
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			(287,480)	
Change in net position of business-type activities			<u>\$ 15,840,710</u>	

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 68,276,891	\$ 37,277,179	\$ 105,554,070	\$ 32,891,488
Cash paid to employees for services	(12,050,293)	(12,818,784)	(24,869,077)	(8,060,922)
Cash paid to suppliers for goods or services	(46,702,985)	(13,101,021)	(59,804,006)	(24,059,971)
Cash for rents and concessions	1,307,760	-	1,307,760	-
Cash from other sources	1,929,198	196,785	2,125,983	202,621
Net Cash Provided by Operating Activities	12,760,571	11,554,159	24,314,730	973,216
Cash Flows from Noncapital Financing Activities:				
Cash received from (paid to) other funds	-	-	-	482,070
Net Cash Provided by Noncapital Financing Activities	-	-	-	482,070
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	(12,395,758)	(12,471,308)	(24,867,066)	(2,799,321)
Construction in progress reimbursement	566,531	1,112,206	1,678,737	-
Sale of capital assets	-	-	-	175,397
Payments on connection rights	1,740,370	3,395,980	5,136,350	-
Cash received for connection fees	3,033,287	2,141,915	5,175,202	-
Capital lease payment	-	-	-	(190,375)
Principal payments on bonds	(1,365,000)	(1,795,000)	(3,160,000)	-
Interest payments on bonds	(1,855,903)	(1,729,710)	(3,585,613)	-
Principal payments on loans	(587,551)	(351,916)	(939,467)	(102,114)
Interest payments on loans	(538,675)	(524,100)	(1,062,775)	(7,072)
Net Cash (Used in) Capital and Related Financing Activities	(11,402,699)	(10,221,933)	(21,624,632)	(2,923,485)
Cash Flows from Investing Activities:				
Investment income received	353,207	113,932	467,139	62,016
Net Cash Provided by Investing Activities	353,207	113,932	467,139	62,016
Net increase (decrease) in cash and cash equivalents	1,711,079	1,446,158	3,157,237	(1,406,183)
Cash and cash equivalents:				
Beginning of year	48,736,663	42,907,947	91,644,610	29,930,613
End of year	<u>\$ 50,447,742</u>	<u>\$ 44,354,105</u>	<u>\$ 94,801,847</u>	<u>\$ 28,524,430</u>
Reconciliation of Cash Equivalents to the Statement of Net Position:				
Cash and investments	\$ 40,629,855	\$ 43,516,375	\$ 84,146,230	\$ 28,524,430
Restricted cash and investments	9,817,887	837,730	10,655,617	-
Total cash and cash equivalents	<u>\$ 50,447,742</u>	<u>\$ 44,354,105</u>	<u>\$ 94,801,847</u>	<u>\$ 28,524,430</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 2,722,629	\$ 1,078,045	\$ 3,800,674	\$ (2,211,384)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	5,683,957	7,844,137	13,528,094	3,695,504
Pension expense	73,859	101,400	175,259	44,707
Cash from rent and concessions	1,307,760	-	1,307,760	-
Cash from other sources	1,929,198	127,970	2,057,168	202,621
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	(1,725,555)	129,786	(1,595,769)	(7,799)
Inventories	-	(2,364)	(2,364)	(118,662)
Loans receivable	-	68,815	68,815	-
Accounts payable	1,118,272	2,486,861	3,605,133	(285,001)
Retentions payable	1,559,064	(378,992)	1,180,072	-
Accrued expenses	16,493	31,129	47,622	(4,360)
Compensated absences	64,798	67,372	132,170	4,390
Customer deposits	10,096	-	10,096	-
Estimated claims payable	-	-	-	(346,800)
Total adjustments	10,037,942	10,476,114	20,514,056	3,184,600
Net Cash Provided by Operating Activities	\$ 12,760,571	\$ 11,554,159	\$ 24,314,730	\$ 973,216
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ 3,033,287	\$ 2,141,915	\$ 5,175,202	\$ 12,065
Amortization of bond premium/discounts	226,397	271,730	498,127	-
Amortization of deferred charge on bond refundings	25,240	(151,095)	(125,855)	-
Total noncash investing, capital and financing activities	\$ 3,284,924	\$ 2,262,550	\$ 5,547,474	\$ 12,065

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds	Private Purpose Trust Fund Successor Agency of the Former CDC
ASSETS		
Cash and investments	\$ 1,299,088	\$ 3,006,651
Cash and investments with fiscal agent	353,674	-
Receivables:		
Interest	2,147	-
Taxes	4,322	-
Total Assets	<u>1,659,231</u>	<u>3,006,651</u>
LIABILITIES		
Long-term liabilities:		
Due within one year	-	2,892,955
Due in more than one year	-	840,636
Total Liabilities	<u>-</u>	<u>3,733,591</u>
NET POSITION		
Held in trust for other purposes	<u>1,659,231</u>	<u>(726,940)</u>
Total Net Position (Deficit)	<u><u>\$ 1,659,231</u></u>	<u><u>\$ (726,940)</u></u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds	Private Purpose Trust Fund Successor Agency of the Former CDC
ADDITIONS:		
Taxes	\$ -	\$ 2,889,699
Special assessments	1,649,421	-
Interest and change in fair value of investments	8,177	-
Total Additions	<u>1,657,598</u>	<u>2,889,699</u>
DEDUCTIONS:		
Administrative expenses	62,717	-
Interest expense	-	122,211
Payments on conduit bonds - principal	825,000	-
Payments on conduit bonds - interest	722,467	-
Total Deductions	<u>1,610,184</u>	<u>122,211</u>
Changes in Net Position	47,414	2,767,488
NET POSITION:		
Beginning of year, as originally reported	-	(3,494,428)
Restatements (Note 16)	1,611,817	-
Beginning of year, as restated	<u>1,611,817</u>	<u>(3,494,428)</u>
End of year (Deficit)	<u>\$ 1,659,231</u>	<u>\$ (726,940)</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

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, 2021

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, 2021

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, 2021

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, Network and Systems Administration, 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, 2021

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 types are accounted for according to the nature of the fund. The custodial funds and the private-purpose trust funds are reported using the economic resources measurement and the accrual basis of accounting.

The City's Custodial funds (Hidden Trails Community Facilities District, Eureka Ranch Community Facilities District, and Rancho San Pasqual) are used to account for the receipt of special taxes and assessments used to pay principal and interest on related bonds with no direct City liability as well as receipt and disbursement of capital project bond proceeds related to bonds for which the City has no direct liability.

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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, 2021

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.

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 for the purpose of providing a mechanism to allow for a measured and thoughtful reduction in expenditures during times of economic downturn. 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, 2021, the balance totaled \$17,921,319.

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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, 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. The change in accounting principle resulted in a prior period adjustment in the amount of (\$31,347,830) being reported for the custodial funds in the Statement of Changes in Fiduciary Net Position.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61. The primary objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This pronouncement did not impact the preparation of these financial statements.

GASB Statement No. 98 – In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021.

B. Deficit Fund Equity

The following funds reported a deficit fund balance/net position as of June 30, 2021:

Fund	Fund Type	Amount
Unrestricted Net Position	Governmental Activities	\$(141,744,978)
Community Development Block Grant	Special Revenue Fund	(773,741)
Law Enforcement	Special Revenue Fund	(156,950)
Miscellaneous Grants	Special Revenue Fund	(1,160,830)
Building Maintenance	Internal Service Fund	(1,334,686)
Network and Systems Administration	Internal Service Fund	(1,637,703)
Workers' Compensation	Internal Service Fund	(1,544,237)
Successor Agency of the former CDC	Private Purpose Trust Fund	(726,940)

At June 30, 2021, the City had an unrestricted net position deficit of \$(141,744,978) 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 (\$773,741) deficit in the Community Development Block Grant fund, (\$156,950) in the Law Enforcement fund, and (\$1,160,830) in the Miscellaneous Grants fund are the result of unreimbursed funds and will be eliminated with future grant reimbursements.

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

The (\$726,940) deficit in the Successor Agency of the former CDC private purpose trust fund will be eliminated with future distributions from the Redevelopment Property Tax Trust Fund (RPTTF).

Note 3 – Cash and Investments

Cash and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Total
Cash and investments	\$ 123,756,883	\$ 84,146,230	\$ 337,443	\$ 4,305,739	\$ 212,546,295
Investment in Section 115 Trust	15,301,704	-	-	-	15,301,704
Cash and investments with fiscal agent	1	10,655,617	1,451,428	353,674	12,460,720
Total	<u>\$ 139,058,588</u>	<u>\$ 94,801,847</u>	<u>\$ 1,788,871</u>	<u>\$ 4,659,413</u>	<u>\$ 240,308,719</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Cash and Investments (Continued)

At June 30, 2021, 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, 2021:

	Fair Value	Measurement Input			
		Level 1	Level 2	Level 3	Uncategorized
Cash on hand	\$ 14,281	\$ -	\$ -	\$ -	\$ 14,281
Demand deposits	6,117,304	-	-	-	6,117,304
Investments:					
U. S. Treasury Obligations	32,257,341	-	32,257,341	-	-
U. S. Corporate Bonds	23,988,047	-	23,988,047	-	-
U. S. Municipal Bonds	10,058,627	-	10,058,627	-	-
Supranational Obligations	6,170,857	-	6,170,857	-	-
Federal Agency Securities	23,251,143	-	23,251,143	-	-
Negotiable Certificates of Deposit	6,471,292	-	-	-	6,471,292
Asset Backed Securities	2,438,357	-	-	-	2,438,357
Placement Service Deposits	28,261,718	-	-	-	28,261,718
State Investment Pool (LAIF)	74,968,756	-	-	-	74,968,756
Subtotal	207,866,138	-	95,726,015	-	112,140,123
Held by fiscal agent:					
U.S. Treasury Obligations	10,171,558	-	10,171,558	-	-
Money Market Funds	837,734	-	837,734	-	-
Subtotal	11,009,292	-	11,009,292	-	-
Investment in Section 115 Trust	15,301,704	-	-	-	15,301,704
Total	\$ 240,308,719	\$ -	\$ 106,735,307	\$ -	\$ 133,573,412

A. Demand Deposits

The carrying amount of the City's cash deposits were \$4,328,433 at June 30, 2021. Bank balances before reconciling items were \$6,117,304 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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 3 – Cash and Investments (Continued)

A. Demand Deposits (Continued)

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.

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, 2021

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, 2021, the City had \$74,968,756 invested in LAIF, which had invested 2.31% 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, 2021. 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, 2021

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	12 Months or Less	Remaining Maturity in Months		
			13 to 36 Months	36 to 48 Months	48 to 60 Months
Investments:					
U. S. Treasury Obligations	\$ 32,257,341	\$ 2,247,351	\$ 14,144,610	\$ 6,754,325	\$ 9,111,055
U. S. Corporate Bonds	23,988,047	1,147,362	16,621,993	4,972,495	1,246,197
U. S. Municipal Bonds	10,058,627	-	751,676	6,789,833	2,517,118
Supranational Obligations	6,170,857	-	4,636,218	1,534,639	-
Federal Agency Securities	23,251,143	795,443	6,173,542	11,198,695	5,083,463
Negotiable Certificates of Deposit	6,471,292	1,905,236	4,566,056	-	-
Asset Backed Securities	2,438,357	-	545,847	1,097,249	795,261
Placement Service Deposits	28,261,718	28,261,718	-	-	-
State Investment Pool (LAIF)	74,968,756	74,968,756	-	-	-
Subtotal	207,866,138	109,325,866	47,439,942	32,347,236	18,753,094
Held by fiscal agent:					
U.S. Treasury Obligations	10,171,558	10,171,558	-	-	-
Money Market Funds	837,734	837,734	-	-	-
Subtotal	11,009,292	11,009,292	-	-	-
Investment in Section 115 Trust	15,301,704	15,301,704	-	-	-
Total	\$ 234,177,134	\$ 135,636,862	\$ 47,439,942	\$ 32,347,236	\$ 18,753,094

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, 2021

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
Investments:								
U. S. Treasury Obligations	\$ 32,257,341	N/A	\$ -	\$ -	\$ 32,257,341	\$ -	\$ -	\$ -
U. S. Corporate Bonds	23,988,047	A	-	-	975,071	3,403,971	19,609,005	-
U. S. Municipal Bonds	10,058,627	A	-	2,031,600	2,627,604	2,016,571	1,572,222	1,810,630
Supranational Obligations	6,170,857	A	-	6,170,857	-	-	-	-
Federal Agency Securities	23,251,143	N/A	-	-	23,251,143	-	-	-
Negotiable Certificates of Deposit	6,471,292	N/A	6,471,292	-	-	-	-	-
Placement Service Deposits	28,261,718	N/A	-	-	-	-	-	28,261,718
Asset Backed Securities	2,438,357	N/A	-	1,982,642	-	-	-	455,715
State Investment Pool (LAIF)	74,968,756	N/A	-	-	-	-	-	74,968,756
Subtotal	207,866,138		6,471,292	10,185,099	59,111,159	5,420,542	21,181,227	105,496,819
Held by fiscal agent:								
U.S. Treasury Obligations	10,171,558	N/A	-	-	-	-	-	10,171,558
Money Market Funds	837,734	N/A	-	-	-	-	-	837,734
Subtotal	11,009,292		-	-	-	-	-	11,009,292
Investment in Section 115 Trust	15,301,704	N/A	-	-	-	-	-	15,301,704
Total	\$ 234,177,134		\$ 6,471,292	\$ 10,185,099	\$ 59,111,159	\$ 5,420,542	\$ 21,181,227	\$ 131,807,815

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
U.S. Treasury	U.S. Treasury Obligations	\$ 32,257,341
Fannie Mae	Federal Agency Securities	10,839,255
Freddie Mac	Federal Agency Securities	9,376,516

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, 2021

Note 4 – Accounts Receivable

As of June 30, 2021, the accounts receivable are categorized as follows:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 5,121,355	\$ 14,232,558	\$ 19,353,913
Interest receivable	16,574,554	177,953	16,752,507
Taxes receivable	10,769,590	-	10,769,590
Total receivables	32,465,499	14,410,511	46,876,010
Less: Allowance for uncollectible amounts	(1,346,747)	(876,922)	(2,223,669)
Total receivables, net of allowance	<u>\$ 31,118,752</u>	<u>\$ 13,533,589</u>	<u>\$ 44,652,341</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, 2021 are \$547,561 for the Water Fund and \$329,361 for the Wastewater Fund.

Note 5 – Notes and Loans Receivable

At June 30, 2021, the loans receivable was reported in the accompanying basic financial statements as follows:

	Governmental Activities	Business-type Activities	Total
General Fund	\$ 11,449,680	\$ -	\$ 11,449,680
Successor Agency Housing Fund	35,392,050	-	35,392,050
HOME Fund	17,083,504	-	17,083,504
Community Development Block Grant Fund	231,659	-	231,659
Public Facilities Capital Projects Fund	195,085	-	195,085
Wastewater Enterprise Fund	-	305,466	305,466
Total	<u>\$ 64,351,978</u>	<u>\$ 305,466</u>	<u>\$ 64,657,444</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. Interest accrues at the rate of 2.21% compounded annually. As of June 30, 2021, the notes receivable balance was \$11,249,680, and unavailable revenue of \$11,249,680 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, 2021, the notes receivable balance was \$200,000.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 5 – Notes and Loans Receivable (Continued)

On June 30, 2021, the City has outstanding loans of \$35,392,050 recorded in the Successor Agency Housing Fund; \$17,083,504 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, 2021 is \$195,085.

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, 2021 is \$305,466 including principal and interest.

Note 6 – Interfund Transactions

A. Due To and From Other Funds

At June 30, 2021, due from and to other funds balances are as follows:

	Due From Other Funds		
	General Fund	Nonmajor Governmental Funds	Total
Due To Other Funds			
Private Purpose Trust Fund:			
Successor Agency of the Former CDC	\$ 2,742,953	\$ 990,638	\$ 3,733,591
Total	\$ 2,742,953	\$ 990,638	\$ 3,733,591

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, 2021

Note 6 – Interfund Transactions (Continued)

B. Advances To and From Other Funds

At June 30, 2021, advances to and from other fund balances are as follows:

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

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, 2021, interfund transfers are as follows:

<u>Transfer Out</u>	<u>Transfers In</u>				<u>Total</u>
	General Fund	Successor Agency Housing	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ 1,520,732	\$ 5,518,970	\$ 522,070	\$ 7,561,772
Nonmajor Governmental	2,085,000	-	980,000	-	3,065,000
Internal Service Funds	-	-	40,000	-	40,000
Total	<u>\$ 2,085,000</u>	<u>\$ 1,520,732</u>	<u>\$ 6,538,970</u>	<u>\$ 522,070</u>	<u>\$ 10,666,772</u>

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

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Transfers of CIP	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:					
Art and historical treasures	\$ 9,532,194	\$ -	\$ -	\$ -	\$ 9,532,194
Land	52,704,126	-	-	-	52,704,126
Construction in progress	17,217,239	(5,326,272)	4,808,364	-	16,699,331
Total capital assets, not being depreciated	79,453,559	(5,326,272)	4,808,364	-	78,935,651
Capital assets, being depreciated:					
Land improvements	41,672,232	493,583	-	(1,820,955)	40,344,860
Buildings	223,184,664	33,346	-	-	223,218,010
Machinery and equipment	32,648,626	304,299	1,308,195	(31,535)	34,229,585
Motorized vehicles	29,639,694	-	1,685,434	(1,123,482)	30,201,646
Infrastructure	321,437,714	4,495,044	7,052,030	-	332,984,788
Golf Course	4,326,835	-	-	-	4,326,835
Radio Rights	3,230,225	-	-	-	3,230,225
Total capital assets, being depreciated	656,139,990	5,326,272	10,045,659	(2,975,972)	668,535,949
Less accumulated depreciation					
Land improvements	(37,934,156)	-	(687,859)	-	(38,622,015)
Buildings	(131,593,928)	-	(5,605,306)	-	(137,199,234)
Machinery and equipment	(28,025,002)	-	(2,438,770)	31,535	(30,432,237)
Motorized vehicles	(24,010,863)	-	(2,757,293)	1,123,482	(25,644,674)
Infrastructure	(219,633,913)	-	(5,525,827)	-	(225,159,740)
Golf Course	(2,547,477)	-	(144,776)	-	(2,692,253)
Radio Rights	(646,044)	-	(161,512)	-	(807,556)
Total accumulated depreciation	(444,391,383)	-	(17,321,343)	1,155,017	(460,557,709)
Total capital assets, being depreciated, net	211,748,607	5,326,272	(7,275,684)	(1,820,955)	207,978,240
Total Governmental Activities capital assets, net	\$ 291,202,166	\$ -	\$ (2,467,320)	\$ (1,820,955)	\$ 286,913,891

Depreciation expense was charged to the following functions:

General government	\$ 4,646,280
Public safety	3,098,013
Public works	4,998,405
Community services	755,136
Community development	128,005
Internal service funds	3,695,504
Total	\$ 17,321,343

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, is as follows:

	Balance July 1, 2020	Transfers of CIP	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 3,138,397	\$ -	\$ -	\$ -	\$ 3,138,397
Construction in progress	38,891,673	(21,492,173)	18,617,237	-	36,016,737
Total capital assets, not being depreciated	42,030,070	(21,492,173)	18,617,237	-	39,155,134
Capital assets, being depreciated:					
Land improvements	1,092,101	-	-	-	1,092,101
Buildings	31,705,883	-	-	-	31,705,883
Machinery and equipment	12,750,622	54,972	1,074,625	(31,374)	13,848,845
Water system	167,436,105	-	3,033,287	-	170,469,392
Electrical system	3,609,179	-	-	-	3,609,179
Sewer system	215,502,872	259,938	2,141,915	-	217,904,725
Recycled water system	24,163,391	21,177,263	-	-	45,340,654
Total capital assets, being depreciated	456,260,153	21,492,173	6,249,827	(31,374)	483,970,779
Less accumulated depreciation					
Land improvements	(366,044)	-	(20,578)	-	(386,622)
Buildings	(21,358,445)	-	(330,286)	-	(21,688,731)
Machinery and equipment	(9,898,484)	-	(1,440,549)	31,374	(11,307,659)
Water system	(56,507,041)	-	(4,679,049)	-	(61,186,090)
Electrical system	(3,383,722)	-	(65,464)	-	(3,449,186)
Sewer system	(81,139,264)	-	(6,060,664)	-	(87,199,928)
Recycled water system	(9,826,603)	-	(931,504)	-	(10,758,107)
Total accumulated depreciation	(182,479,603)	-	(13,528,094)	31,374	(195,976,323)
Total capital assets, being depreciated, net	273,780,550	21,492,173	(7,278,267)	-	287,994,456
Total Business-type Activities capital assets, net	\$ 315,810,620	\$ -	\$ 11,338,970	\$ -	\$ 327,149,590

Depreciation expense was charged to the following functions:

Water	\$ 5,683,957
Wastewater	7,844,137
Total	\$ 13,528,094

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 7 – Capital Assets (Continued)

C. Component Unit

Summary of changes in capital assets for the component unit for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, being depreciated:				
Leasehold improvements	\$ 168,745	\$ -	\$ -	\$ 168,745
Machinery and equipment	1,050,173	9,140	-	1,059,313
Total capital assets, being depreciated	1,218,918	9,140	-	1,228,058
Less accumulated depreciation				
Leasehold improvements	(18,849)	(1,570)	-	(20,419)
Machinery and equipment	(752,715)	(55,273)	-	(807,988)
Total accumulated depreciation	(771,564)	(56,843)	-	(828,407)
Total capital assets, being depreciated, net	447,354	(47,703)	-	399,651
Total Component Unit capital assets, net	\$ 447,354	\$ (47,703)	\$ -	\$ 399,651

Depreciation expense for the year ended June 30, 2021 was \$56,843.

Note 8 – Long-Term Debt

A. Governmental Activities

Summary of changes in long-term liabilities for Governmental Activities as of June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Compensated absences	\$ 7,358,678	\$ 1,742,505	\$ (1,789,889)	\$ 7,311,294	\$ 1,789,263	\$ 5,522,031
Claims payable	17,875,600	2,496,552	(2,843,352)	17,528,800	3,505,760	14,023,040
Loans payable	2,258,338	-	(427,025)	1,831,313	431,741	1,399,572
Capital leases	1,423,757	-	(482,062)	941,695	305,302	636,393
2015 Refunding General Obligation Bonds	54,845,000	-	(2,065,000)	52,780,000	2,165,000	50,615,000
Unamortized bond premium	6,962,123	-	(430,647)	6,531,476	-	6,531,476
2013A Lease Revenue Bonds	3,270,000	-	(250,000)	3,020,000	260,000	2,760,000
Unamortized bond discount	(5,876)	-	547	(5,329)	-	(5,329)
Total	\$ 93,987,620	\$ 4,239,057	\$ (8,287,428)	\$ 89,939,249	\$ 8,457,066	\$ 81,482,183

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, is \$7,311,294. 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, 2021, is \$17,528,800. For more information, see Note 10.

Loans Payable

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
California Energy Commission Loan	\$ 203,686	\$ -	\$ (99,852)	\$ 103,834	\$ 103,834	\$ -
San Diego Gas & Electric Loan	10,988	-	(9,558)	1,430	1,430	-
County of San Diego Loan	2,043,664	-	(317,615)	1,726,049	326,477	1,399,572
	<u>\$ 2,258,338</u>	<u>\$ -</u>	<u>\$ (427,025)</u>	<u>\$ 1,831,313</u>	<u>\$ 431,741</u>	<u>\$ 1,399,572</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, 2021, is \$106,924. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 103,835	\$ 3,089	\$ 106,924
Total	<u>\$ 103,835</u>	<u>\$ 3,089</u>	<u>\$ 106,924</u>

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. The term of the loan is 8 years of monthly installment payments with no interest. The outstanding balances at June 30, 2021, is \$1,430. The annual debt service requirements are as follows:

Year Ended June 30,	Principals		Total
	City Hall	EVCC	
2022	\$ 566	\$ 864	\$ 1,430
Total	<u>\$ 566</u>	<u>\$ 864</u>	<u>\$ 1,430</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Loans Payable (Continued)

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, 2021, is 1,726,049. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	\$ 1,726,049	\$ 147,120	\$ 1,873,169

Capital Leases

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Sutphen Aerial Ladder Truck	\$ 185,046	\$ -	\$ (185,046)	\$ -	\$ -	\$ -
Motorola Radios Equipment Lease	1,238,711	-	(297,016)	941,695	305,302	636,393
	\$ 1,423,757	\$ -	\$ (482,062)	\$ 941,695	\$ 305,302	\$ 636,393

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 paid in August 2020. The outstanding balance at June 30, 2021 is \$0.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

B. Governmental Activities (Continued)

Capital Leases (Continued)

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, 2021, is \$941,695. The net carrying amount of the capital assets, classified as machinery and equipment, acquired under the capital lease totaled \$762,753 at June 30, 2021. 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, 2021, are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 305,302	\$ 26,271	\$ 331,573
2023	313,820	17,754	331,574
2024	322,573	8,999	331,572
Total	<u>\$ 941,695</u>	<u>\$ 53,023</u>	<u>\$ 994,718</u>

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, 2021, the outstanding balance of the Bonds was \$52,780,000 and unamortized bond premium was \$6,531,476. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	2,665,000	2,171,250	4,836,250
2027-2031	15,675,000	8,706,500	24,381,500
2032-2036	20,350,000	4,340,500	24,690,500
2037	4,735,000	236,750	4,971,750
Total	<u>\$ 52,780,000</u>	<u>\$ 25,339,250</u>	<u>\$ 78,119,250</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

2013A Lease Revenue Bonds

In March 2013, the City of Escondido issued \$4,830,000 in Lease Revenue Bonds to 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, 2021, the outstanding balance of these bonds was \$3,020,000 and unamortized bond discount was \$5,329. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	295,000	68,000	363,000
2027-2031	1,640,000	164,744	1,804,744
Total	\$ 3,020,000	\$ 597,228	\$ 3,617,228

B. Business-Type Activities

Summary of changes in long-term liabilities for Business-type Activities as of June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Connection rights payable	\$ 12,978,078	\$ -	\$ (29,070)	\$ 12,949,008	\$ -	\$ 12,949,008
Compensated absences	1,504,211	532,881	(400,712)	1,636,380	409,096	1,227,284
Loans payable	30,391,080	1,717,820	(2,657,287)	29,451,613	2,264,334	27,187,279
2019A Water Refunding Bonds	20,380,000	-	(580,000)	19,800,000	605,000	19,195,000
Unamortized bond premium	3,947,068	-	(226,398)	3,720,670	-	3,720,670
2019B Water Refunding Bonds	30,000,000	-	(785,000)	29,215,000	795,000	28,420,000
2012 Wastewater Revenue Bonds	26,170,000	-	(185,000)	25,985,000	185,000	25,800,000
Unamortized bond premium	1,376,202	-	(63,000)	1,313,202	-	1,313,202
2015A Wastewater Refunding Revenue Bonds	9,475,000	-	(1,160,000)	8,315,000	1,215,000	7,100,000
Unamortized bond premium	1,317,177	-	(213,597)	1,103,580	-	1,103,580
2015B Wastewater Refunding Revenue Bonds	2,890,000	-	(450,000)	2,440,000	460,000	1,980,000
Unamortized bond discount	(30,009)	-	4,867	(25,142)	-	(25,142)
Total	\$ 140,398,807	\$ 2,250,701	\$ (6,745,197)	\$ 135,904,311	\$ 5,933,430	\$ 129,970,881

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Connection Rights Payable

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

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

There was no limit to the number of rights purchased under a contract or the number of contracts an individual might purchase. Both contracts allowed several options to the purchaser. These options were: 1) The rights could be used by the purchaser at the time of pulling building permits, thus waiving the current fee being charged by the Building Department; 2) if the owner of the rights sold the property for which the rights were originally purchased, the rights could be transferred to the new owner; 3) the last option was to turn in the right to the City of Escondido for the purpose of resale on a "first come, first served" basis. Resales are paid based on receipts from current connection fees on building permits. Interest on connection rights represents the increase in the obligation of the City to the holders of the rights as a result of rates of increase stipulated in the City's agreement with the holders of the rights. The outstanding balance at June 30, 2021 is \$12,949,008.

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, 2021, is \$1,636,380.

Loans Payable

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Tertiary Treatment Facility Project	\$ 4,729,602	\$ -	\$ (1,848,201)	\$ 2,881,401	\$ 1,440,705	\$ 1,440,696
Gravity Float Line Capital Project	495,262	-	(119,216)	376,046	122,231	253,815
HARRF Aeration Blower Replacement Project	460,412	-	(87,767)	372,645	89,873	282,772
Alexander Area Phase II Water Line Project	1,795,760	-	(136,614)	1,659,146	140,053	1,519,093
Brine Transmission Line Project	5,019,938	-	(133,769)	4,886,169	129,800	4,756,369
Lindley Reservoir Tank Replacement Project	15,000,000	-	(331,720)	14,668,280	341,672	14,326,608
Recycled Water Easterly Main and Tanks Project	2,890,106	1,717,820	-	4,607,926	-	4,607,926
Total	\$ 30,391,080	\$ 1,717,820	\$ (2,657,287)	\$ 29,451,613	\$ 2,264,334	\$ 27,187,279

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

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, 2021, is \$2,881,408. The annual debt service requirements are as follows:

Year Ended June 30,	Principals		
	Phase II	Phase III	Total
2022	\$ 823,099	\$ 617,606	\$ 1,440,705
2023	823,098	617,605	1,440,703
Total	<u>\$ 1,646,197</u>	<u>\$ 1,235,211</u>	<u>\$ 2,881,408</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, 2021, is \$376,046. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 122,231	\$ 8,688	\$ 130,919
2023	125,323	5,596	130,919
2024	128,492	2,427	130,919
Total	<u>\$ 376,046</u>	<u>\$ 16,711</u>	<u>\$ 392,757</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, is \$372,643. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 89,873	\$ 8,944	\$ 98,817
2023	92,030	6,787	98,817
2024	94,240	4,577	98,817
2025	96,500	2,317	98,817
Total	<u>\$ 372,643</u>	<u>\$ 22,625</u>	<u>\$ 395,268</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, 2021, is \$1,659,146.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 140,053	\$ 40,637	\$ 180,690
2023	143,580	37,110	180,690
2024	147,194	33,496	180,690
2025	150,899	29,791	180,690
2026	154,698	25,992	180,690
2027-2031	833,896	69,550	903,446
2032	88,826	1,111	89,937
Total	\$ 1,659,146	\$ 237,687	\$ 1,896,833

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, 2021, is \$4,886,169. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	139,401	78,350	217,751
2027-2031	735,559	353,196	1,088,755
2032-2036	804,185	284,570	1,088,755
2037-2041	879,215	209,540	1,088,755
2042-2046	961,245	127,510	1,088,755
2047-2050	833,177	37,828	871,005
Total	\$ 4,886,169	\$ 1,428,611	\$ 6,314,780

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 began 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, 2021, is \$14,668,280. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	384,554	391,397	775,951
2027-2031	2,102,901	1,774,155	3,877,056
2032-2036	2,437,839	1,434,194	3,872,033
2037-2041	2,826,124	1,040,085	3,866,209
2042-2046	3,276,252	583,205	3,859,457
2047-2050	2,211,183	100,810	2,311,993
Total	<u>\$ 14,668,280</u>	<u>\$ 6,999,857</u>	<u>\$ 21,668,137</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, 2021, \$4,607,926 had been disbursed to the City.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, the outstanding balance of the Bonds was \$19,800,000 and unamortized bond premium was \$3,720,670. The annual debt service requirements are as follows:

Year Ended				
June 30,	Principal	Interest	Total	
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	845,000	770,825	1,615,825	
2027-2031	4,940,000	3,156,000	8,096,000	
2032-2036	6,080,000	2,090,800	8,170,800	
2037-2038	5,280,000	213,200	5,493,200	
Total	<u>\$ 19,800,000</u>	<u>\$ 9,573,225</u>	<u>\$ 29,373,225</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.

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, 2021, the outstanding balance of the Bonds was \$29,215,000.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2019B Water Refunding Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	885,000	828,892	1,713,892
2027-2031	4,810,000	3,772,603	8,582,603
2032-2036	6,495,000	2,779,482	9,274,482
2037-2041	10,270,000	1,825,024	12,095,024
2042	3,460,000	60,723	3,520,723
Total	<u>\$ 29,215,000</u>	<u>\$ 12,765,843</u>	<u>\$ 41,980,843</u>

2012 Wastewater Revenue Bonds

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

Bonds with stated maturities on or after September 1, 2022 will be subject to optional redemption prior to their respective stated maturities, as a whole or in part, on any date as directed by the City provided at least a 30-day notice is mailed by the Trustee to bondholders, and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 2022 at a price without premium, equal to the principal amount plus accrued interest to the redemption date. Additionally, the term certificates, maturing on September 1, 2028, 2030, 2033, 2036 and 2041 are subject to mandatory sinking fund redemption in part on each September 1, on and after September 1, 2027 2029, 2032, 2034, and 2034 respectively, in integral multiples of \$5,000, at a redemption price without premium, equal to the principal amount plus accrued interest to the redemption date, in accordance with the schedules contained in the covenants. The outstanding balance at June 30, 2021, was \$25,985,000 and unamortized bond premium is \$1,313,202.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2012 Wastewater Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	220,000	1,222,656	1,442,656
2027-2031	5,225,000	5,575,716	10,800,716
2032-2036	7,715,000	3,950,043	11,665,043
2037-2041	9,770,000	1,830,531	11,600,531
2042	2,255,000	56,375	2,311,375
Total	\$ 25,985,000	\$ 17,598,720	\$ 43,583,720

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, 2021, the outstanding balance of the Bonds was \$8,315,000 and unamortized bond premium was \$1,103,580. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	1,490,000	115,500	1,605,500
2027	1,565,000	39,125	1,604,125
Total	\$ 8,315,000	\$ 1,308,375	\$ 9,623,375

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

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, 2021, the outstanding balance of the Bonds was \$2,440,000 and unamortized bond discount was \$25,142. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	\$ 2,440,000	\$ 190,062	\$ 2,630,062

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	\$ 26,498,947	\$ 10,404,619	39.26%
Loan repayment revenue	361,219	361,219	100.00%

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Rate Covenants

Under various debt issues, the City has agreed to set charges for water and wastewater services each year at rates sufficient to produce net revenues (after paying operating and maintenance expenses, excluding depreciation and interest) of at least 1.20 and 1.15 times the debt service on the bonds for that year for the Water and Wastewater Fund, respectively. For the year ended June 30, 2021, the City met this requirement, as follows:

	<u>Water</u>	<u>Wastewater</u>
Gross revenues, excluding intergovernmental revenue and developer contributions	\$ 75,323,499	\$ 40,133,972
Operating and maintenance expenses, excluding depreciation, interest and transfers	61,511,905	27,446,619
Net revenues	<u>13,811,594</u>	<u>12,687,353</u>
Amount required:		
Debt service payments	4,294,616	6,110,003
Coverage required	1.20	1.15
Amount required	<u>5,153,539</u>	<u>7,026,503</u>
Excess of net revenues	<u><u>\$ 8,658,055</u></u>	<u><u>\$ 5,660,850</u></u>

C. Fiduciary Funds

Summary of changes in long-term liabilities for Fiduciary Funds as of June 30, 2021, are as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>	<u>Due within One Year</u>	<u>Due in More Than One Year</u>
Advances from the City of Escondido - General Fund	\$ 10,221,613	\$ -	\$ (7,478,660)	\$ 2,742,953	\$ 2,742,953	\$ -
Advances from the City of Escondido - Street Fund	1,018,427	122,211	(150,000)	990,638	150,002	840,636
Total	<u><u>\$ 11,240,040</u></u>	<u><u>\$ 122,211</u></u>	<u><u>\$ (7,628,660)</u></u>	<u><u>\$ 3,733,591</u></u>	<u><u>\$ 2,892,955</u></u>	<u><u>\$ 840,636</u></u>

Advances from the City of Escondido

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, 2021, the outstanding balance of the advance from the General Fund totaled \$2,742,953.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 8 – Long-Term Debt (Continued)

C. Fiduciary Funds (Continued)

Advances from the City of Escondido (Continued)

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, 2021, the outstanding balance of the advance from the Street Special Revenue Fund totaled \$990,638.

D. Component Unit

Summary of changes in long-term liabilities for Component Unit as of June 30, 2021, are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Compensated absences	\$ 146,265	\$ 45,043	\$ -	\$ 191,308	\$ 191,308	\$ -
Note Payable to the City of Escondido	266,048	-	(70,976)	195,072	72,919	122,153
Paycheck Protection Program Loan	753,095	-	(753,095)	-	-	-
Total	\$ 1,165,313	\$ 45,043	\$ (824,071)	\$ 386,380	\$ 264,227	\$ 122,153

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, 2021, is \$191,308.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 \$121,872 at June 30, 2021. The note is not secured by any collateral. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 53,292	\$ 2,535	\$ 55,827
2023	54,693	1,134	55,827
2024	13,887	60	13,947
Total	\$ 121,872	\$ 3,729	\$ 125,601

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 \$73,200 at June 30, 2021. The note is not secured by any collateral. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	\$ 73,200	\$ 4,192	\$ 77,392

Paycheck Protection Loan Program

The Coronavirus Aid, Relief, and Economic Security Act of 2020 (“CARES Act”) provided businesses and organizations with the Paycheck Protection Program (“PPP”) Loan in response to economic disruptions resulting from the coronavirus pandemic. In May 2020, PPP loan proceeds of \$753,095 were received. The Foundation received a loan forgiveness from the SBA in April 2021 for the first PPP loan. The Foundation believes that the Foundation has met the forgiveness criteria for the second PPP loan. Accordingly, the Foundation recorded the forgiveness for both loans during the year. Total forgiveness of \$1,506,095 is considered government grant income in the accompanying statement of activities.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 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 a custodial 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, 2021, the 98-1 Limited Obligation Refunding Bonds outstanding were \$1,675,000.

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, 2021, the 2006-01 Special Tax Bonds outstanding were \$11,595,000.

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, 2021, the outstanding principal of Community Facilities District No. 2000-01 (Hidden Trails) Special Tax Refunding bonds, Series 2013 was \$1,615,000.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021, the City has recorded general self-insurance and workers' compensation liabilities of \$2,977,800 and \$14,551,000 respectively, for a total of \$17,528,800. Changes in the City's liability for claims payable for the past three fiscal years are summarized as follows:

Fiscal Year	Beginning Balance	Claims Incurred and		Ending Balance
		Charges in Estimates	Less Claim Payments	
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
2020-21	17,875,600	2,345,605	(2,692,405)	17,528,800

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, 2021

Note 11 – Fund Balance

A. Fund Balance Classification

At June 30, 2021, fund balances are classified as follows:

		Special Revenue		
	General	Successor Agency Housing	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable				
Inventory and prepaid items	\$ 69,264	\$ -	\$ 32,079	\$ 101,343
Daley Ranch Permanent Fund	-	-	250,334	250,334
Total nonspendable	<u>69,264</u>	<u>-</u>	<u>282,413</u>	<u>351,677</u>
Restricted for				
Housing & community development	-	47,554,720	18,826,466	66,381,186
Investment in Section 115 Trust	15,301,704	-	-	15,301,704
Debt service	-	-	4,631,833	4,631,833
Capital projects	-	-	11,357,116	11,357,116
Street maintenance	-	-	16,910,636	16,910,636
Landscape and assessment districts	-	-	1,634,991	1,634,991
Vehicle Parking District	-	-	16,614	16,614
Daley Ranch	-	-	612,141	612,141
Park development	-	-	4,841,740	4,841,740
Public art	-	-	880,703	880,703
Total restricted	<u>15,301,704</u>	<u>47,554,720</u>	<u>59,712,240</u>	<u>122,568,664</u>
Committed to				
Reserves	17,392,319	-	-	17,392,319
Capital projects	-	-	5,171,026	5,171,026
Total committed	<u>17,392,319</u>	<u>-</u>	<u>5,171,026</u>	<u>22,563,345</u>
Assigned to				
Carryovers	681,570	-	-	681,570
Underground waivers	1,785,334	-	-	1,785,334
Library Trust	405,370	-	-	405,370
Investment in Section 115 Trust	11,550,845	-	-	11,550,845
Total assigned	<u>14,423,119</u>	<u>-</u>	<u>-</u>	<u>14,423,119</u>
Unassigned (deficit)	<u>1,533,990</u>	<u>-</u>	<u>(2,091,521)</u>	<u>(557,531)</u>
Total Fund Balances	<u>\$ 48,720,396</u>	<u>\$ 47,554,720</u>	<u>\$ 63,074,158</u>	<u>\$ 159,349,274</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 for the purpose of providing a mechanism to allow for a measured and thoughtful reduction in expenditures during times of economic downturn. 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, 2021

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, 2020, are summarized as follows:

	Miscellaneous Plan		
	Tier 1 *	Tier 2 *	PEPRA (Tier 3)
Hire date	Prior to December 23, 2012	December 23, 2012 and after	January 1, 2013 and after
Benefit formula	3% @ 60	2% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	2.000% - 3.000%, 50 yrs - 60+ yrs, respectively	1.092% - 2.418%, 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	8.000%	7.000%	7.000%
Required employer contribution rates	35.732%	36.732%	36.732%

* Plan is closed to new entrants

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 12 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Benefits Provided (continued)

	Safety Plan		
	Tier 1 *	Tier 2 *	PEPRA (Tier 3)
Hire date	Fire - prior to May 27, 2012, Police - prior to September 30, 2012	Fire - May 27, 2012 and after Police - September 30, 2012 and after	January 1, 2013 and after
Benefit formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	3.000% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	2.000% - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000%	9.000%	12.250%
Required employer contribution rates	44.473%	44.473%	41.223%

* Plan is closed to new entrants

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms of the plan:

Description	Number of members	
	Miscellaneous	Safety
Active members	566	245
Transferred members	336	60
Terminated members	409	55
Retired members and beneficiaries	755	344
Total Members	2,066	704

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, 2021

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, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous Plan	Safety Plan
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.15%
Inflation	2.625%	2.625%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.25% Net of Pension Plan Investment and Administrative Expenses; includes Inflation	7.25% 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, 2021

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.

<u>Assets Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	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 2.00% 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, 2021

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	Plan Fiduciary Net Position	Net Pension Liability/(Assets)
	(a)	(b)	(c)=(a)-(b)
Miscellaneous Plan			
Balance at: 6/30/2019 (Valuation Date) ⁽¹⁾	\$ 443,306,473	\$ 308,282,714	\$ 135,023,759
Changes Recognized for the Measurement Period:			
Service Cost	6,596,060	-	6,596,060
Interest on the Total Pension Liability	31,234,511	-	31,234,511
Difference between Expected and Actual Experience	1,757,818	-	1,757,818
Contribution from the Employer	-	14,696,078	(14,696,078)
Contributions from Employees	-	3,151,859	(3,151,859)
Net Investment Income ⁽²⁾	-	15,427,822	(15,427,822)
Benefit Payments including Refunds of Employee Contributions	(23,032,041)	(23,032,041)	-
Administrative Expense	-	(434,603)	434,603
Net Changes During 2019-20	16,556,348	9,809,115	6,747,233
Balance at: 6/30/2020 (Measurement Date) ⁽¹⁾	\$ 459,862,821	\$ 318,091,829	\$ 141,770,992
Safety Plan			
Balance at: 6/30/2019 (Valuation Date) ⁽¹⁾	\$ 418,187,774	\$ 298,927,824	\$ 119,259,950
Changes Recognized for the Measurement Period:			
Service Cost	8,034,036	-	8,034,036
Interest on the Total Pension Liability	29,392,100	-	29,392,100
Difference between Expected and Actual Experience	(1,009,543)	-	(1,009,543)
Contribution from the Employer	-	12,682,525	(12,682,525)
Contributions from Employees	-	3,156,851	(3,156,851)
Net Investment Income ⁽²⁾	-	14,925,922	(14,925,922)
Benefit Payments including Refunds of Employee Contributions	(20,233,865)	(20,233,865)	-
Administrative Expense	-	(421,525)	421,525
Net Changes During 2019-20	16,182,728	10,109,908	6,072,820
Balance at: 6/30/2020 (Measurement Date) ⁽¹⁾	\$ 434,370,502	\$ 309,037,732	\$ 125,332,770

⁽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, 2021

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:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan	\$ 199,138,603	\$ 141,770,992	\$ 93,999,588
Safety Plan	185,212,923	125,332,770	76,230,396
Total Plans	<u>\$ 384,351,526</u>	<u>\$ 267,103,762</u>	<u>\$ 170,229,984</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, 2020, the City incurred a pension expense of \$14,696,078 and \$12,682,525 for Miscellaneous and Safety plans, respectively. As of measurement date of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Plan		Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after measurement date	\$ 15,884,869	\$ -	\$ 13,974,176	\$ -
Changes of Assumptions	-	-	1,877,807	-
Differences between Expected and Actual Experiences	2,267,184	-	-	(626,450)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>2,582,685</u>	<u>-</u>	<u>2,587,241</u>	<u>-</u>
	<u>\$ 20,734,738</u>	<u>\$ -</u>	<u>\$ 18,439,224</u>	<u>\$ (626,450)</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

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 2019-20 measurement period is 2.8 and 4.3 years, which was obtained by dividing the total service years of 5,634 and 2,951 (the sum of remaining service lifetimes of the active employees) by 1,982 and 688 (the total number of participants: active, inactive, and retired), respectively.

The \$4,849,869 and \$4,465,048 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, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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 June 30:	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
	Miscellaneous Plan	Safety Plan
2021	\$ 569,293	\$ 602,562
2022	1,383,609	563,543
2023	1,618,542	1,490,702
2024	1,278,425	1,181,792
2025	-	-
Thereafter	-	-
Total	<u>\$ 4,849,869</u>	<u>\$ 3,838,599</u>

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, 2021, the City's total covered payroll was \$1,644,233. The City made employer contributions of \$0, and employees contributed \$123,319 (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, 2021

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, 2021, the balance is \$9,028,364.

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, 2021, the City's outstanding commitments are as follows:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures to date as of June 30, 2021</u>	<u>Remaining Commitments</u>
Membrane Filtration Reverse Osmosis	\$ 65,168,161	\$ 9,814,010	\$ 55,354,151
Lindley Reservoir Replacement Project	12,351,595	6,281,216	6,070,379
2021 Street Rehabilitation and Maintenance Project	933,307	199,633	733,674

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2021

Note 15 – Subsequent Events

A. American Rescue Plan Act

On March 11, 2021, President Joe Biden signed the American Rescue Plan Act of 2021 (“ARPA”), which contains \$1.9 trillion in overall national spending to support COVID relief and economic recovery efforts. ARPA provides a \$350 billion allocation of Coronavirus State & Local Fiscal Recovery Funds (“CSLFRF”) to state, local, territorial, and tribal governments. The City of Escondido was categorized as a Metropolitan City within the CSLFRF recipient types and was allocated \$38,808,509 based on a methodology that was largely consistent with the Community Development Block Grant (CDBG) formula employed by the United States Department of Housing and Urban Development. The City received the first distribution equal to one-half of the total allocation (\$19,904,254.50) in July 2021 and can request the second distribution in an equal amount 12 months after the first distribution, no earlier than July 2022.

B. 2021 Wastewater System Revenue Refunding Bonds

On October 27, 2020, the City Council approved the issuance and sale of the Wastewater Revenue Refunding Bonds, Series 2021A, in an amount not to exceed \$27,000,000. The net proceeds of the Bonds are being used to redeem the entirety of the Escondido Joint Powers Financing Authority Revenue Bonds (Wastewater System Financing), Series 2012 outstanding issues, pay administrative and issuance costs associated with the refunding bonds, and fund any necessary reserves. The Preliminary Offering Statement was released in November 2021 with an anticipated total net present value savings of \$8.2 million.

Note 16 – Prior Period Adjustment

At June 30, 2021, the City reported a prior period adjustment in the amount of \$1,611,817 in the custodial funds in the Statement of Changes in Fiduciary Net Position. This prior period adjustment was made to implement the change in accounting principle, GASB Statement No. 84, *Fiduciary Activities*, as described in Note 1; and to convert the former agency funds, which previously only reported assets and liabilities, to a full accrual custodial fund with an economic resources measurement focus and additions and deductions being reported.



Required Supplementary Information

CITY OF ESCONDIDO
Required Supplementary Information
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:				
Sales tax	\$ 35,991,300	\$ 39,431,300	\$ 44,295,507	\$ 4,864,207
Property taxes	30,022,000	30,022,000	31,209,631	1,187,631
Other taxes	13,504,800	13,039,800	14,142,701	1,102,901
Licenses and permits	1,003,500	1,918,020	2,433,872	515,852
Fines and forfeits	1,226,000	750,000	864,799	114,799
Intergovernmental	3,505,000	4,824,520	5,100,302	275,782
Charges for services	11,852,020	10,396,820	10,954,833	558,013
Lease income	4,083,000	3,783,000	4,131,577	348,577
Investment income	6,097,087	6,097,087	7,768,404	1,671,317
Miscellaneous	352,200	352,200	573,250	221,050
Total revenues	107,636,907	110,614,747	121,474,876	10,860,129
EXPENDITURES:				
General Government				
City council	293,450	293,450	281,660	(11,790)
City manager	1,086,520	960,275	944,228	(16,047)
City attorney	166,530	193,185	120,923	(72,262)
City clerk	551,150	555,885	542,591	(13,294)
City treasurer	266,830	267,745	183,997	(83,748)
Finance	1,333,140	1,433,310	1,118,795	(314,515)
Human resources	584,690	594,660	533,243	(61,417)
Information systems	1,478,390	1,736,140	1,680,330	(55,810)
Other general government	1,903,580	1,373,580	1,012,363	(361,217)
Public Safety				
Police	45,471,367	46,083,872	45,163,651	(920,221)
Fire	25,764,270	27,463,775	26,329,054	(1,134,721)
Public Works				
Public works	12,015,374	12,519,274	12,299,384	(219,890)
Community Services				
Library	3,515,880	3,468,059	2,876,126	(591,933)
Community services	7,733,880	7,753,910	6,708,740	(1,045,170)
Community Development				
Planning	2,336,760	2,347,450	1,657,597	(689,853)
Code enforcement	1,184,370	1,102,415	1,052,086	(50,329)
Building	1,089,260	1,303,780	1,301,564	(2,216)
Capital Outlay	194,308	194,308	194,308	-
Debt Service:				
Principal retirements	548,580	548,580	548,922	342
Interest and fiscal charges	78,470	78,470	78,470	-
Total expenditures	107,596,799	110,272,123	104,628,032	(5,644,091)

CITY OF ESCONDIDO
Required Supplementary Information
General Fund
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2021

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>40,108</u>	<u>342,624</u>	<u>16,846,844</u>	<u>16,504,220</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	261,625	261,625
Transfers in	2,085,000	2,085,000	2,085,000	-
Transfers (out)	<u>(603,970)</u>	<u>(7,561,772)</u>	<u>(7,561,772)</u>	<u>-</u>
Total other financial sources (uses)	<u>1,481,030</u>	<u>(5,476,772)</u>	<u>(5,215,147)</u>	<u>261,625</u>
NET CHANGE IN FUND BALANCE	1,521,138	(5,134,148)	11,631,697	16,765,845
FUND BALANCE:				
Beginning of Year	<u>37,088,699</u>	<u>37,088,699</u>	<u>37,088,699</u>	<u>-</u>
End of Year	<u>\$ 38,609,837</u>	<u>\$ 31,954,551</u>	<u>\$ 48,720,396</u>	<u>\$ 16,765,845</u>

CITY OF ESCONDIDO
Required Supplementary Information
Successor Agency Housing Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:				
Lease income	\$ 173,020	\$ 173,020	\$ 161,375	\$ (11,645)
Investment income	-	-	1,113,338	1,113,338
Miscellaneous	-	-	212,750	212,750
Total revenues	<u>173,020</u>	<u>173,020</u>	<u>1,487,463</u>	<u>1,314,443</u>
EXPENDITURES:				
Current:				
Community development	<u>540,490</u>	<u>540,490</u>	<u>440,848</u>	<u>(99,642)</u>
Total expenditures	<u>540,490</u>	<u>540,490</u>	<u>440,848</u>	<u>(99,642)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(367,470)</u>	<u>(367,470)</u>	<u>1,046,615</u>	<u>1,414,085</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>1,520,732</u>	<u>1,495,732</u>
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>1,520,732</u>	<u>1,495,732</u>
NET CHANGE IN FUND BALANCE	<u>(342,470)</u>	<u>(342,470)</u>	<u>2,567,347</u>	<u>2,909,817</u>
FUND BALANCE:				
Beginning of Year	<u>44,987,373</u>	<u>44,987,373</u>	<u>44,987,373</u>	<u>-</u>
End of Year	<u>\$ 44,644,903</u>	<u>\$ 44,644,903</u>	<u>\$ 47,554,720</u>	<u>\$ 2,909,817</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, the Last Ten Fiscal Years

MEASUREMENT PERIOD	2019-20	2018-19	2017-18	2016-17	2015-16
TOTAL PENSION LIABILITY					
Service Cost	\$ 6,596,060	\$ 6,589,855	\$ 7,086,737	\$ 7,098,079	\$ 6,041,393
Interest	31,234,511	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	1,757,818	3,980,050	(1,867,216)	(1,062,074)	(607,786)
Benefit Payments, Including Refunds of Employee Contributions	(23,032,041)	(21,393,785)	(19,973,641)	(18,028,629)	(16,660,225)
Net Change in Total Pension Liability	\$ 16,556,348	\$ 19,251,391	\$ 11,581,867	\$ 38,182,388	\$ 15,749,153
Total Pension Liability - Beginning	443,306,473	424,055,082	412,473,215	374,290,827	358,541,674
Total Pension Liability - Ending (a)	\$ 459,862,821	\$ 443,306,473	\$ 424,055,082	\$ 412,473,215	\$ 374,290,827
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 14,696,078	\$ 13,300,378	\$ 11,929,230	\$ 11,179,205	\$ 10,112,332
Contribution - Employee	3,151,859	2,790,203	2,810,647	2,789,527	2,818,117
Net Investment Income ⁽²⁾	15,427,822	19,150,898	23,296,317	28,354,307	1,306,944
Benefit Payments, Including Refunds of Employee Contributions	(23,032,041)	(21,393,785)	(19,973,641)	(18,028,629)	(16,660,225)
Plan to Plan Resource Movement	-	-	(684)	-	-
Administrative Expense	(434,603)	(210,265)	(432,948)	(374,893)	(156,322)
Other Miscellaneous Income/(Expense) ⁽³⁾	-	684	(822,175)	-	-
Net Change in Fiduciary Net Position	\$ 9,809,115	\$ 13,638,113	\$ 16,806,746	\$ 23,919,517	\$ (2,579,154)
Plan Fiduciary Net Position - Beginning	308,282,714	294,644,601	277,837,855	253,918,338	256,497,492
Plan Fiduciary Net Position - Ending (b)	\$ 318,091,829	\$ 308,282,714	\$ 294,644,601	\$ 277,837,855	\$ 253,918,338
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 141,770,992	\$ 135,023,759	\$ 129,410,481	\$ 134,635,360	\$ 120,372,489
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.17%	69.54%	69.48%	67.36%	67.84%
Covered Payroll	\$ 37,507,577	\$ 37,685,287	\$ 37,294,690	\$ 37,199,720	\$ 34,850,841
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	377.98%	358.29%	346.99%	361.93%	345.39%

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

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

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

Notes to Schedule:

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

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

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

MEASUREMENT PERIOD	2014-15	2013-14 ⁽¹⁾
TOTAL PENSION LIABILITY		
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)
Net Change in Total Pension Liability	\$ 6,642,726	\$ 17,007,550
Total Pension Liability - Beginning	351,898,948	334,891,398
Total Pension Liability - Ending (a)	\$ 358,541,674	\$ 351,898,948
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 8,956,819	\$ 8,191,219
Contribution - Employee	2,702,365	2,751,097
Net Investment Income ⁽²⁾	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) ⁽³⁾	-	-
Net Change in Fiduciary Net Position	\$ 1,416,964	\$ 35,071,088
Plan Fiduciary Net Position - Beginning	255,080,528	220,009,440
Plan Fiduciary Net Position - Ending (b)	\$ 256,497,492	\$ 255,080,528
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 102,044,182	\$ 96,818,420
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.54%	72.49%
Covered Payroll	\$ 34,030,669	\$ 32,920,288
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	299.86%	294.10%

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

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

⁽³⁾ CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to 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 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. 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, the Last Ten Fiscal Years

MEASUREMENT PERIOD	2019-20	2018-19	2017-18	2016-17	2015-16
TOTAL PENSION LIABILITY					
Service Cost	\$ 8,034,036	\$ 7,977,162	\$ 7,860,653	\$ 7,712,365	\$ 6,945,677
Interest	29,392,100	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	(1,009,543)	1,855,614	(1,997,161)	(1,522,544)	5,753,055
Benefit Payments, Including Refunds of Employee Contributions	(20,233,865)	(18,845,100)	(17,612,750)	(16,796,782)	(15,432,111)
Net Change in Total Pension Liability	\$ 16,182,728	\$ 19,255,483	\$ 13,392,700	\$ 37,969,489	\$ 22,267,754
Total Pension Liability - Beginning	418,187,774	398,932,291	385,539,591	347,570,102	325,302,348
Total Pension Liability - Ending (a)	\$ 434,370,502	\$ 418,187,774	\$ 398,932,291	\$ 385,539,591	\$ 347,570,102
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 12,682,525	\$ 11,295,735	\$ 10,527,707	\$ 9,490,834	\$ 9,136,622
Contribution - Employee	3,156,851	2,743,929	2,757,287	2,397,909	2,460,227
Net Investment Income ⁽²⁾	14,925,922	18,673,377	22,392,729	27,240,685	1,283,251
Benefit Payments, Including Refunds of Employee Contributions	(20,233,865)	(18,845,100)	(17,612,750)	(16,796,782)	(15,432,111)
Plan to Plan Resource Movement	-	160,070	(661)	-	-
Administrative Expense	(421,525)	(203,455)	(418,008)	(363,617)	(151,743)
Other Miscellaneous Income/(Expense) ⁽³⁾	-	661	(793,803)	-	-
Net Change in Fiduciary Net Position	\$ 10,109,908	\$ 13,825,217	\$ 16,852,501	\$ 21,969,029	\$ (2,703,754)
Plan Fiduciary Net Position - Beginning	298,927,824	285,102,607	268,250,106	246,281,077	248,984,831
Plan Fiduciary Net Position - Ending (b)	\$ 309,037,732	\$ 298,927,824	\$ 285,102,607	\$ 268,250,106	\$ 246,281,077
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 125,332,770	\$ 119,259,950	\$ 113,829,684	\$ 117,289,485	\$ 101,289,025
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.15%	71.48%	71.47%	69.58%	70.86%
Covered Payroll	\$ 27,866,912	\$ 25,881,343	\$ 25,864,216	\$ 25,070,264	\$ 25,315,004
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	449.75%	460.80%	440.10%	467.84%	400.11%

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

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

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

Notes to Schedule:

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

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

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

MEASUREMENT PERIOD	2014-15	2013-14 ⁽¹⁾
TOTAL PENSION LIABILITY		
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)
Net Change in Total Pension Liability	\$ 12,358,865	\$ 14,471,789
Total Pension Liability - Beginning	312,943,483	298,471,694
Total Pension Liability - Ending (a)	\$ 325,302,348	\$ 312,943,483
PLAN FIDUCIARY NET POSITION		
Contribution - Employer	\$ 9,066,062	\$ 7,687,967
Contribution - Employee	2,322,205	2,079,491
Net Investment Income ⁽²⁾	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) ⁽³⁾	-	-
Net Change in Fiduciary Net Position	\$ 2,317,423	\$ 33,206,256
Plan Fiduciary Net Position - Beginning	246,667,408	213,461,153
Plan Fiduciary Net Position - Ending (b)	\$ 248,984,831	\$ 246,667,409
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 76,317,517	\$ 66,276,074
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.54%	78.82%
Covered Payroll	\$ 23,096,046	\$ 20,583,139
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	330.44%	321.99%

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

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

⁽³⁾ CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements: 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 volume 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 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 (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>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Actuarially Determined Contribution	\$ 15,884,869	\$ 14,696,078	\$ 13,300,378	\$ 11,929,230	\$ 11,179,205
Contribution in Relation to the Actuarially Determined Contribution	(15,884,869)	(14,696,078)	(13,300,378)	(11,929,230)	(11,179,205)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 37,507,577	\$ 37,685,287	\$ 37,403,038	\$ 37,199,720	\$ 34,850,841
Contributions as a Percentage of Covered Payroll	42.35%	39.00%	35.56%	32.07%	32.08%

⁽¹⁾ 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 ⁽¹⁾</u>
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%

⁽¹⁾ 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>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Actuarially Determined Contribution	\$ 13,974,176	\$ 12,682,525	\$ 11,295,735	\$ 10,527,707	\$ 9,490,834
Contribution in Relation to the Actuarially Determined Contribution	<u>(13,974,176)</u>	<u>(12,682,525)</u>	<u>(11,295,735)</u>	<u>(10,527,707)</u>	<u>(9,490,834)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$27,866,912	\$ 27,406,087	\$ 26,395,214	\$ 25,864,216	\$ 25,070,264
Contributions as a Percentage of Covered Payroll	50.15%	46.28%	42.79%	40.70%	37.86%

⁽¹⁾ 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>2015-16</u>	<u>2014-15</u>	<u>2013-14 ⁽¹⁾</u>
Actuarially Determined Contribution	\$ 9,136,624	\$ 9,066,062	\$ 7,687,967
Contribution in Relation to the Actuarially Determined Contribution	<u>(9,136,624)</u>	<u>(9,066,062)</u>	<u>(7,687,967)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 21,836,652	\$ 23,096,046	\$ 20,583,139
Contributions as a Percentage of Covered Payroll	41.84%	39.25%	37.35%

⁽¹⁾ 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
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Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment rate of return	7.50% net of pension investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience study for the period from 1997 to 2011
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

CITY OF ESCONDIDO
Notes to Required Supplementary Information
June 30, 2021

Budgetary Information

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

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

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

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



Supplementary Information

CITY OF ESCONDIDO

Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

STREET FUND

This fund was established to account for transactions related to:

- Gasoline taxes received under Sections 2103, 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code. These funds are utilized solely for street-related purposes such as new construction, rehabilitation, or maintenance.
- Revenues allocated to the City based on section 2031 of the Streets & Highway Code and the Road Repair and Accountability Act of 2017 (SB1 Beall). These 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

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

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, 2021

	Special Revenue			
	Street	Community Services and Development	Community Development Block Grant	Landscape and Assessment District
ASSETS				
Cash and investments	\$ 14,599,564	\$ 6,390,098	\$ -	\$ 1,625,673
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	-	-	-
Interest	29,373	13,355	-	3,619
Taxes	-	-	-	7,635
Loans	-	-	231,659	-
Due from other governments	516,900	-	837,473	-
Due from Successor Agency	990,638	-	-	-
Inventory	-	14,109	-	-
Prepaid items	-	17,970	-	-
Deposits	-	219,334	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ 16,136,475</u>	<u>\$ 6,654,866</u>	<u>\$ 1,069,132</u>	<u>\$ 1,636,927</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 102,634	\$ 102,456	\$ 61,449	\$ 1,936
Deposits payable	-	-	-	-
Retention payable	35,972	4,451	-	-
Accrued expenditures	-	72,751	10,467	-
Due to other funds	-	-	701,825	-
Unearned revenues	-	-	-	-
Total liabilities	<u>138,606</u>	<u>179,658</u>	<u>773,741</u>	<u>1,936</u>
Deferred inflows of resources:				
Unavailable revenue	<u>842,406</u>	<u>-</u>	<u>1,069,132</u>	<u>-</u>
Total deferred inflows of resources	<u>842,406</u>	<u>-</u>	<u>1,069,132</u>	<u>-</u>
Fund balances:				
Nonspendable	-	32,079	-	-
Restricted	15,155,463	6,223,844	-	1,634,991
Committed	-	219,285	-	-
Unassigned (deficit)	-	-	(773,741)	-
Total fund balances	<u>15,155,463</u>	<u>6,475,208</u>	<u>(773,741)</u>	<u>1,634,991</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,136,475</u>	<u>\$ 6,654,866</u>	<u>\$ 1,069,132</u>	<u>\$ 1,636,927</u>

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous Grants	Vehicle Parking District
ASSETS				
Cash and investments	\$ -	\$ 1,750,136	\$ -	\$ 16,622
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	-	-	-
Interest	1,223	6,224,194	-	80
Taxes	-	-	-	-
Loans	-	17,083,504	-	-
Due from other governments	665,093	-	1,272,899	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ 666,316</u>	<u>\$ 25,057,834</u>	<u>\$ 1,272,899</u>	<u>\$ 16,702</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,217	\$ 11,175	\$ 321,710	\$ 88
Deposits payable	-	-	-	-
Retention payable	-	-	-	-
Accrued expenditures	28,515	-	-	-
Due to other funds	115,582	-	805,156	-
Unearned revenues	304,967	-	-	-
Total liabilities	<u>450,281</u>	<u>11,175</u>	<u>1,126,866</u>	<u>88</u>
Deferred inflows of resources:				
Unavailable revenue	372,985	6,220,193	1,306,863	-
Total deferred inflows of resources	<u>372,985</u>	<u>6,220,193</u>	<u>1,306,863</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	18,826,466	-	16,614
Committed	-	-	-	-
Unassigned (deficit)	(156,950)	-	(1,160,830)	-
Total fund balances	<u>(156,950)</u>	<u>18,826,466</u>	<u>(1,160,830)</u>	<u>16,614</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 666,316</u>	<u>\$ 25,057,834</u>	<u>\$ 1,272,899</u>	<u>\$ 16,702</u>

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Debt Service		Capital Projects	
	General Obligation	Golf Course	Street Improvement	Storm Drain
ASSETS				
Cash and investments	\$ 4,593,189	\$ 799	\$ 4,016,701	\$ 1,200,878
Cash and investments with fiscal agent	-	1	-	-
Receivable:				
Accounts	-	-	-	-
Interest	8,120	45	9,049	2,495
Taxes	29,678	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	340,786	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	200,000	-
Total assets	<u>\$ 4,630,987</u>	<u>\$ 845</u>	<u>\$ 4,566,536</u>	<u>\$ 1,203,373</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 26,715	\$ -
Deposits payable	-	-	2,576,336	21,375
Retention payable	-	-	-	-
Accrued expenditures	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>2,603,051</u>	<u>21,375</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	208,312	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>208,312</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	4,630,987	845	1,755,173	1,181,998
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>4,630,987</u>	<u>845</u>	<u>1,755,173</u>	<u>1,181,998</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,630,987</u>	<u>\$ 845</u>	<u>\$ 4,566,536</u>	<u>\$ 1,203,373</u>

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Capital Projects			Permanent
	General Capital Projects	County Transportation Street Projects	Public Facilities	Daley Ranch
ASSETS				
Cash and investments	\$ 6,812,927	\$ 394,421	\$ 7,769,339	\$ 360,250
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	-	-	6,452	-
Interest	2,449	1,190	19,015	825
Taxes	-	-	-	-
Loans	-	-	195,085	-
Due from other governments	-	817,292	-	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	<u>\$ 6,815,376</u>	<u>\$ 1,212,903</u>	<u>\$ 7,989,891</u>	<u>\$ 361,075</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 18,072	\$ 324,313	\$ 39,547	\$ -
Deposits payable	30,646	-	-	-
Retention payable	-	10,507	-	-
Accrued expenditures	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Total liabilities	<u>48,718</u>	<u>334,820</u>	<u>39,547</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue	-	468,226	-	-
Total deferred inflows of resources	<u>-</u>	<u>468,226</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	250,334
Restricted	1,814,917	409,857	7,950,344	110,741
Committed	4,951,741	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	<u>6,766,658</u>	<u>409,857</u>	<u>7,950,344</u>	<u>361,075</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,815,376</u>	<u>\$ 1,212,903</u>	<u>\$ 7,989,891</u>	<u>\$ 361,075</u>

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2021

	Total Nonmajor Governmental Funds
ASSETS	
Cash and investments	\$ 49,530,597
Cash and investments with fiscal agent	1
Receivable:	
Accounts	6,452
Interest	6,315,032
Taxes	37,313
Loans	17,510,248
Due from other governments	4,450,443
Due from Successor Agency	990,638
Inventory	14,109
Prepaid items	17,970
Deposits	219,334
Advances to other funds	200,000
Total assets	\$ 79,292,137
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 1,011,312
Deposits payable	2,628,357
Retention payable	50,930
Accrued expenditures	111,733
Due to other funds	1,622,563
Unearned revenues	304,967
Total liabilities	5,729,862
Deferred inflows of resources:	
Unavailable revenue	10,488,117
Total deferred inflows of resources	10,488,117
Fund balances:	
Nonspendable	282,413
Restricted	59,712,240
Committed	5,171,026
Unassigned (deficit)	(2,091,521)
Total fund balances	63,074,158
Total liabilities, deferred inflows of resources and fund balances	\$ 79,292,137

CITY OF ESCONDIDO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue			
	Street	Community Services and Development	Community Development Block Grant	Landscape and Assessment District
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	6,197,695	65,037	1,178,196	-
Charges for services	3,013,817	2,668,125	-	-
Special assessments	-	-	-	844,356
Investment income	369,213	21,405	1,717	19,505
Miscellaneous	-	60	7,500	8,644
Total revenues	<u>9,580,725</u>	<u>2,754,627</u>	<u>1,187,413</u>	<u>872,505</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	302,352	-	-	859,344
Community services	-	955,153	1,254,907	-
Community development	-	20,490	-	-
Capital outlay	1,003,472	654,987	543,158	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,305,824</u>	<u>1,630,630</u>	<u>1,798,065</u>	<u>859,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>8,274,901</u>	<u>1,123,997</u>	<u>(610,652)</u>	<u>13,161</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	144,435	-	-
Transfers out	(2,055,000)	(30,000)	-	-
Total other financing sources (uses)	<u>(2,055,000)</u>	<u>114,435</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	6,219,901	1,238,432	(610,652)	13,161
FUND BALANCES:				
Beginning of year	8,935,562	5,236,776	(163,089)	1,621,830
End of year	<u>\$ 15,155,463</u>	<u>\$ 6,475,208</u>	<u>\$ (773,741)</u>	<u>\$ 1,634,991</u>

CITY OF ESCONDIDO

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous Grants	Vehicle Parking District
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	1,718,615	-	4,920,337	-
Charges for services	-	-	-	-
Special assessments	-	-	-	-
Investment income	10,958	136,221	-	180
Miscellaneous	-	1,050	-	-
Total revenues	<u>1,729,573</u>	<u>137,271</u>	<u>4,920,337</u>	<u>180</u>
EXPENDITURES:				
Current:				
General government	-	-	3,608,289	-
Public safety	2,004,376	-	-	-
Public works	-	-	-	91,153
Community services	-	-	905,178	-
Community development	-	54,080	288,865	-
Capital outlay	-	-	159,455	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,004,376</u>	<u>54,080</u>	<u>4,961,787</u>	<u>91,153</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(274,803)</u>	<u>83,191</u>	<u>(41,450)</u>	<u>(90,973)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	97,090
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,090</u>
NET CHANGE IN FUND BALANCES	<u>(274,803)</u>	<u>83,191</u>	<u>(41,450)</u>	<u>6,117</u>
FUND BALANCES:				
Beginning of year	<u>117,853</u>	<u>18,743,275</u>	<u>(1,119,380)</u>	<u>10,497</u>
End of year	<u>\$ (156,950)</u>	<u>\$ 18,826,466</u>	<u>\$ (1,160,830)</u>	<u>\$ 16,614</u>

CITY OF ESCONDIDO

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

Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Debt Service		Capital Projects	
	General Obligation	Golf Course	Street Improvement	Storm Drain
REVENUES:				
Property taxes	\$ 5,052,910	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	-	-	1,282,100	-
Charges for services	-	-	-	468,822
Special assessments	-	-	-	-
Investment income	(21,985)	13	2,598	11,838
Miscellaneous	-	-	-	-
Total revenues	<u>5,030,925</u>	<u>13</u>	<u>1,284,698</u>	<u>480,660</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	360,152	13,233
Community services	-	-	-	-
Community development	-	-	-	-
Capital outlay	-	-	533,830	11,969
Debt services:				
Principal retirements	2,065,000	250,000	-	-
Interest and fiscal charges	2,692,375	113,126	-	-
Total expenditures	<u>4,757,375</u>	<u>363,126</u>	<u>893,982</u>	<u>25,202</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>273,550</u>	<u>(363,113)</u>	<u>390,716</u>	<u>455,458</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	365,245	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>365,245</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	273,550	2,132	390,716	455,458
FUND BALANCES:				
Beginning of year	4,357,437	(1,287)	1,364,457	726,540
End of year	<u>\$ 4,630,987</u>	<u>\$ 845</u>	<u>\$ 1,755,173</u>	<u>\$ 1,181,998</u>

CITY OF ESCONDIDO

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

Nonmajor Governmental Funds For the Year Ended June 30, 2021

	Capital Projects			Permanent
	General Capital Projects	County Transportation Street Projects	Public Facilities	Daley Ranch
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	2,641,621	-	-
Intergovernmental	13,471	501,033	-	-
Charges for services	-	-	2,166,725	-
Special assessments	-	-	-	-
Investment income	13,911	3,964	20,712	4,612
Miscellaneous	25,500	-	-	-
Total revenues	<u>52,882</u>	<u>3,146,618</u>	<u>2,187,437</u>	<u>4,612</u>
EXPENDITURES:				
Current:				
General government	103,919	-	63,817	-
Public safety	18,649	-	21,545	-
Public works	33,103	903,848	-	-
Community services	521	-	264,124	-
Community development	27,437	-	-	-
Capital outlay	155,198	1,600,634	55,195	-
Debt services:				
Principal retirements	-	-	73,005	-
Interest and fiscal charges	-	-	13,106	-
Total expenditures	<u>338,827</u>	<u>2,504,482</u>	<u>490,792</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(285,945)</u>	<u>642,136</u>	<u>1,696,645</u>	<u>4,612</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,932,200	-	-	-
Transfers out	(30,000)	-	(950,000)	-
Total other financing sources (uses)	<u>5,902,200</u>	<u>-</u>	<u>(950,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>5,616,255</u>	<u>642,136</u>	<u>746,645</u>	<u>4,612</u>
FUND BALANCES:				
Beginning of year	1,150,403	(232,279)	7,203,699	356,463
End of year	<u>\$ 6,766,658</u>	<u>\$ 409,857</u>	<u>\$ 7,950,344</u>	<u>\$ 361,075</u>

CITY OF ESCONDIDO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Total Nonmajor Governmental Funds
REVENUES:	
Property taxes	\$ 5,052,910
Other taxes	2,641,621
Intergovernmental	15,876,484
Charges for services	8,317,489
Special assessments	844,356
Investment income	594,862
Miscellaneous	42,754
Total revenues	<u>33,370,476</u>
EXPENDITURES:	
Current:	
General government	3,776,025
Public safety	2,044,570
Public works	2,563,185
Community services	3,379,883
Community development	390,872
Capital outlay	4,717,898
Debt services:	
Principal retirements	2,388,005
Interest and fiscal charges	2,818,607
Total expenditures	<u>22,079,045</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>11,291,431</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	6,538,970
Transfers out	<u>(3,065,000)</u>
Total other financing sources (uses)	<u>3,473,970</u>
NET CHANGE IN FUND BALANCES	14,765,401
FUND BALANCES:	
Beginning of year	<u>48,308,757</u>
End of year	<u><u>\$ 63,074,158</u></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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 6,242,000	\$ 6,197,695	\$ (44,305)
Charges for services	1,097,000	3,013,817	1,916,817
Investment income	195,100	369,213	174,113
Total revenues	<u>7,534,100</u>	<u>9,580,725</u>	<u>2,046,625</u>
EXPENDITURES:			
Current:			
Public works	302,400	302,352	(48)
Capital outlay	<u>13,733,039</u>	<u>1,003,472</u>	<u>(12,729,567)</u>
Total expenditures	<u>14,035,439</u>	<u>1,305,824</u>	<u>(12,729,615)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,501,339)</u>	<u>8,274,901</u>	<u>(14,776,240)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(2,055,000)</u>	<u>(2,055,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,055,000)</u>	<u>(2,055,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(8,556,339)	6,219,901	(14,776,240)
FUND BALANCE:			
Beginning of year	8,935,562	8,935,562	-
End of year	<u>\$ 379,223</u>	<u>\$ 15,155,463</u>	<u>\$ (14,776,240)</u>

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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ -	\$ 65,037	\$ 65,037
Charges for services	2,143,400	2,668,125	524,725
Investment income	114,800	21,405	(93,395)
Total revenues	<u>2,258,200</u>	<u>2,754,627</u>	<u>496,427</u>
EXPENDITURES:			
Current:			
Community services	1,081,400	955,153	(126,247)
Capital outlay	5,004,150	654,987	(4,349,163)
Total expenditures	<u>6,085,550</u>	<u>1,630,630</u>	<u>(4,454,920)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,827,350)</u>	<u>1,123,997</u>	<u>(4,951,347)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	144,435	144,435	-
Transfers out	(30,000)	(30,000)	-
Total other financing sources (uses)	<u>114,435</u>	<u>114,435</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(3,712,915)	1,238,432	(4,951,347)
FUND BALANCE:			
Beginning of year	5,236,776	5,236,776	-
End of year	<u>\$ 1,523,861</u>	<u>\$ 6,475,208</u>	<u>\$ (4,951,347)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 3,143,798	\$ 1,178,196	\$ (1,965,602)
Miscellaneous	-	7,500	7,500
Total revenues	<u>3,143,798</u>	<u>1,187,413</u>	<u>(1,956,385)</u>
EXPENDITURES:			
Current:			
Community services	5,814,740	1,254,907	(4,559,833)
Capital outlay	543,160	543,158	(2)
Total expenditures	<u>6,357,900</u>	<u>1,798,065</u>	<u>(4,559,835)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,214,102)</u>	<u>(610,652)</u>	<u>(2,603,450)</u>
NET CHANGE IN FUND BALANCE	(3,214,102)	(610,652)	(2,603,450)
FUND BALANCE:			
Beginning of year	(163,089)	(163,089)	-
End of year	<u>\$ (3,377,191)</u>	<u>\$ (773,741)</u>	<u>\$ (2,603,450)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Special assessments	\$ 844,820	\$ 844,356	\$ (464)
Investment income	-	19,505	19,505
Miscellaneous	8,650	8,644	(6)
Total revenues	<u>853,470</u>	<u>872,505</u>	<u>19,035</u>
EXPENDITURES:			
Current:			
Public works	1,242,550	859,344	(383,206)
Total expenditures	<u>1,242,550</u>	<u>859,344</u>	<u>(383,206)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(389,080)</u>	<u>13,161</u>	<u>(402,241)</u>
NET CHANGE IN FUND BALANCE	(389,080)	13,161	(402,241)
FUND BALANCE:			
Beginning of year	1,621,830	1,621,830	-
End of year	<u>\$ 1,232,750</u>	<u>\$ 1,634,991</u>	<u>\$ (402,241)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 1,285,114	\$ 1,718,615	\$ 433,501
Investment income	-	10,958	10,958
Total revenues	<u>1,285,114</u>	<u>1,729,573</u>	<u>444,459</u>
EXPENDITURES:			
Current:			
Public safety	<u>4,715,600</u>	<u>2,004,376</u>	<u>(2,711,224)</u>
Total expenditures	<u>4,715,600</u>	<u>2,004,376</u>	<u>(2,711,224)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,430,486)</u>	<u>(274,803)</u>	<u>(2,266,765)</u>
NET CHANGE IN FUND BALANCE	(3,430,486)	(274,803)	(2,266,765)
FUND BALANCE:			
Beginning of year	<u>117,853</u>	<u>117,853</u>	<u>-</u>
End of year	<u>\$ (3,312,633)</u>	<u>\$ (156,950)</u>	<u>\$ (2,266,765)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 622,300	\$ -	\$ (622,300)
Investment income	-	136,221	136,221
Total revenues	<u>622,300</u>	<u>137,271</u>	<u>(485,029)</u>
EXPENDITURES:			
Current:			
Community development	62,170	54,080	(8,090)
Total expenditures	<u>62,170</u>	<u>54,080</u>	<u>(8,090)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>560,130</u>	<u>83,191</u>	<u>(493,119)</u>
NET CHANGE IN FUND BALANCE	560,130	83,191	(493,119)
FUND BALANCE:			
Beginning of year	18,743,275	18,743,275	-
End of year	<u>\$ 19,303,405</u>	<u>\$ 18,826,466</u>	<u>\$ (493,119)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Intergovernmental	\$ 7,069,266	\$ 4,920,337	\$ (2,148,929)
Total revenues	<u>7,069,266</u>	<u>4,920,337</u>	<u>(2,148,929)</u>
EXPENDITURES:			
Current:			
General government	4,168,990	3,608,289	(560,701)
Community services	5,153,805	905,178	(4,248,627)
Community development	779,588	288,865	(490,723)
Total expenditures	<u>10,102,383</u>	<u>4,961,787</u>	<u>(5,140,596)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,033,117)</u>	<u>(41,450)</u>	<u>(2,991,667)</u>
NET CHANGE IN FUND BALANCE	(3,033,117)	(41,450)	(2,991,667)
FUND BALANCE:			
Beginning of year	(1,119,380)	(1,119,380)	-
End of year	<u>\$ (4,152,497)</u>	<u>\$ (1,160,830)</u>	<u>\$ (2,991,667)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Investment income	\$ -	\$ 180	\$ 180
Total revenues	<u>-</u>	<u>180</u>	<u>180</u>
EXPENDITURES:			
Current:			
Public works	97,090	91,153	(5,937)
Total expenditures	<u>97,090</u>	<u>91,153</u>	<u>(5,937)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(97,090)</u>	<u>(90,973)</u>	<u>(6,117)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	97,090	97,090	-
Total other financing sources (uses)	<u>97,090</u>	<u>97,090</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	6,117	(6,117)
FUND BALANCE:			
Beginning of year	10,497	10,497	-
End of year	<u>\$ 10,497</u>	<u>\$ 16,614</u>	<u>\$ (6,117)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Property taxes	\$ 4,729,580	\$ 5,052,910	\$ 323,330
Investment income	30,100	(21,985)	(52,085)
Total revenues	<u>4,759,680</u>	<u>5,030,925</u>	<u>271,245</u>
EXPENDITURES:			
Debt services:			
Principal retirements	2,065,000	2,065,000	-
Interest and fiscal charges	2,694,680	2,692,375	(2,305)
Total expenditures	<u>4,759,680</u>	<u>4,757,375</u>	<u>(2,305)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>273,550</u>	<u>(273,550)</u>
NET CHANGE IN FUND BALANCE	-	273,550	(273,550)
FUND BALANCE:			
Beginning of year	4,357,437	4,357,437	-
End of year	<u>\$ 4,357,437</u>	<u>\$ 4,630,987</u>	<u>\$ (273,550)</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, 2021

	Final Budget Amounts	Actual	Variance Over (Under)
REVENUES:			
Investment income	\$ -	\$ 13	\$ 13
Total revenues	<u>-</u>	<u>13</u>	<u>13</u>
EXPENDITURES:			
Debt services:			
Principal retirements	250,000	250,000	-
Interest and fiscal charges	113,270	113,126	(144)
Total expenditures	<u>363,270</u>	<u>363,126</u>	<u>(144)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(363,270)</u>	<u>(363,113)</u>	<u>(157)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	365,245	365,245	-
Total other financing sources (uses)	<u>365,245</u>	<u>365,245</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,975	2,132	(157)
FUND BALANCE:			
Beginning of year	(1,287)	(1,287)	-
End of year	<u>\$ 688</u>	<u>\$ 845</u>	<u>\$ (157)</u>

CITY OF ESCONDIDO INTERNAL SERVICE FUNDS

BUILDING MAINTENANCE FUND

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

VEHICLE AND EQUIPMENT MAINTENANCE FUND

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

CENTRAL SERVICES FUND

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

NETWORK AND SYSTEMS ADMINISTRATION FUND

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

WORKERS' COMPENSATION FUND

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

GENERAL LIABILITY SELF-INSURANCE FUND

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

INSURANCE FUND

This fund was created to account for transactions related to:

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

CITY OF ESCONDIDO
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
ASSETS				
Current Assets:				
Cash and investments	\$ 426,015	\$ 6,910,921	\$ 529,062	\$ 535,175
Receivables (Net):				
Accounts	771	-	-	-
Interest		15,810	1,646	1,136
Inventory	48,825	87,240	508,189	-
Deposits	-	-	-	-
Total Current Assets	<u>475,611</u>	<u>7,013,971</u>	<u>1,038,897</u>	<u>536,311</u>
Noncurrent Assets:				
Capital assets:				
Not being depreciated	938,000	-	-	-
Being depreciated, net	<u>1,382,225</u>	<u>5,800,063</u>	<u>6,692</u>	<u>293,662</u>
Total Noncurrent Assets	<u>2,320,225</u>	<u>5,800,063</u>	<u>6,692</u>	<u>293,662</u>
Total Assets	<u>2,795,836</u>	<u>12,814,034</u>	<u>1,045,589</u>	<u>829,973</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>621,419</u>	<u>372,215</u>	<u>128,689</u>	<u>392,143</u>
Total Deferred Outflows of Resources	<u>621,419</u>	<u>372,215</u>	<u>128,689</u>	<u>392,143</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	236,897	227,931	59,793	51,819
Accrued expenses	64,446	32,302	9,505	38,469
Long-term debt, due within one year	<u>118,615</u>	<u>7,341</u>	<u>2,130</u>	<u>-</u>
Total Current Liabilities	<u>419,958</u>	<u>267,574</u>	<u>71,428</u>	<u>90,288</u>
Noncurrent Liabilities:				
Aggregate net pension liabilities	4,204,046	2,684,992	800,883	2,769,531
Long-term debt, due in more than one year	<u>127,937</u>	<u>66,065</u>	<u>19,169</u>	<u>-</u>
Total Noncurrent Liabilities	<u>4,331,983</u>	<u>2,751,057</u>	<u>820,052</u>	<u>2,769,531</u>
Total Liabilities	<u>4,751,941</u>	<u>3,018,631</u>	<u>891,480</u>	<u>2,859,819</u>
NET POSITION				
Net investment in capital assets	2,320,225	5,800,063	6,692	293,662
Unrestricted (deficit)	<u>(3,654,911)</u>	<u>4,367,555</u>	<u>276,106</u>	<u>(1,931,365)</u>
Total Net Position	<u>\$ (1,334,686)</u>	<u>\$ 10,167,618</u>	<u>\$ 282,798</u>	<u>\$ (1,637,703)</u>

CITY OF ESCONDIDO
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2021

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 13,108,423	\$ 5,536,265	\$ 1,478,569	\$ 28,524,430
Receivables (Net):				
Accounts	-	-	59,219	59,990
Interest	28,507	12,525	3,705	63,329
Inventory	-	-	-	644,254
Deposits	250,000	-	62,600	312,600
Total Current Assets	13,386,930	5,548,790	1,604,093	29,604,603
Noncurrent Assets:				
Capital assets:				
Not being depreciated	-	-	-	938,000
Being depreciated, net	-	-	-	7,482,642
Total Noncurrent Assets	-	-	-	8,420,642
Total Assets	13,386,930	5,548,790	1,604,093	38,025,245
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	35,924	-	93,366	1,643,756
Total Deferred Outflows of Resources	35,924	-	93,366	1,643,756
LIABILITIES				
Current Liabilities:				
Accounts payable	155,039	64,324	(782,100)	13,703
Accrued expenses	3,505	-	43,518	191,745
Long-term debt, due within one year	2,910,245	595,560	1,976	3,635,867
Total Current Liabilities	3,068,789	659,884	(736,606)	3,841,315
Noncurrent Liabilities:				
Aggregate net pension liabilities	257,095	-	552,374	11,268,921
Long-term debt, due in more than one year	11,641,207	2,382,240	17,784	14,254,402
Total Noncurrent Liabilities	11,898,302	2,382,240	570,158	25,523,323
Total Liabilities	14,967,091	3,042,124	(166,448)	29,364,638
NET POSITION				
Net investment in capital assets	-	-	-	8,420,642
Unrestricted (deficit)	(1,544,237)	2,506,666	1,863,907	1,883,721
Total Net Position	\$ (1,544,237)	\$ 2,506,666	\$ 1,863,907	\$ 10,304,363

CITY OF ESCONDIDO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
Operating Revenues:				
Charges for services	\$ 5,278,370	\$ 5,590,140	\$ 1,213,900	\$ 2,033,590
Total Operating Revenues	<u>5,278,370</u>	<u>5,590,140</u>	<u>1,213,900</u>	<u>2,033,590</u>
Operating Expenses:				
Personnel services	2,387,890	1,336,842	357,696	1,374,682
Administrative expenses	22,193	22,800	113,050	21,061
Benefit claims	-	-	-	-
Supplies	76,103	47,829	68,594	19,977
Repairs and maintenance	221,033	1,061,706	45,971	4,967
Depreciation	118,876	3,463,020	6,503	107,105
Utilities	1,254,054	5,003	311,784	12,318
Fuel	-	1,048,051	-	-
Professional services	1,654,123	113,452	188,373	33,960
Insurance premiums	57,700	40,870	14,190	14,730
Rent	-	-	-	-
Other	94,062	389,845	47,901	368,245
Total Operating Expenses	<u>5,886,034</u>	<u>7,529,418</u>	<u>1,154,062</u>	<u>1,957,045</u>
Operating Income (Loss)	<u>(607,664)</u>	<u>(1,939,278)</u>	<u>59,838</u>	<u>76,545</u>
Nonoperating Revenues (Expenses):				
Investment income	11,047	(18,079)	10,716	13,234
Interest and fiscal charges	(7,072)	(5,329)	-	-
Miscellaneous	53,343	207,579	-	-
Total Nonoperating Revenues (Expenses)	<u>57,318</u>	<u>184,171</u>	<u>10,716</u>	<u>13,234</u>
Income Before Transfers and Capital Contributions	<u>(550,346)</u>	<u>(1,755,107)</u>	<u>70,554</u>	<u>89,779</u>
Transfers in	470,070	52,000	-	-
Transfers (out)	-	-	(40,000)	-
Capital Contributions:				
Developer contributions	-	12,065	-	-
Total Transfers and Capital Contributions	<u>470,070</u>	<u>64,065</u>	<u>(40,000)</u>	<u>-</u>
Changes in Net Position	<u>(80,276)</u>	<u>(1,691,042)</u>	<u>30,554</u>	<u>89,779</u>
Net Position at Beginning of Year	<u>(1,254,410)</u>	<u>11,858,660</u>	<u>252,244</u>	<u>(1,727,482)</u>
Net Position at End of Year	<u>\$ (1,334,686)</u>	<u>\$ 10,167,618</u>	<u>\$ 282,798</u>	<u>\$ (1,637,703)</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, 2021

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Operating Revenues:				
Charges for services	\$ 4,619,126	\$ 2,146,114	\$ 12,018,047	\$ 32,899,287
Total Operating Revenues	<u>4,619,126</u>	<u>2,146,114</u>	<u>12,018,047</u>	<u>32,899,287</u>
Operating Expenses:				
Personnel services	95,243	-	399,091	5,951,444
Administrative expenses	321,590	1,524,950	133,780	2,159,424
Benefit claims	61,073		568,510	629,583
Supplies	830	-	699	214,032
Repairs and maintenance	-	-	-	1,333,677
Depreciation	-	-	-	3,695,504
Utilities	842	-	7,900	1,591,901
Fuel	-	-	-	1,048,051
Professional services	2,214,526	304,522	91,959	4,600,915
Insurance premiums	762,948	1,118,626	10,900,831	12,909,895
Rent	-	-	-	-
Other	3,505	15,774	56,913	976,245
Total Operating Expenses	<u>3,460,557</u>	<u>2,963,872</u>	<u>12,159,683</u>	<u>35,110,671</u>
Operating Income (Loss)	<u>1,158,569</u>	<u>(817,758)</u>	<u>(141,636)</u>	<u>(2,211,384)</u>
Nonoperating Revenues (Expenses):				
Investment income	1,241	(23,477)	20,602	15,284
Interest and fiscal charges	-	-	-	(12,401)
Miscellaneous	-	-	117,096	378,018
Total Nonoperating Revenues (Expenses)	<u>1,241</u>	<u>(23,477)</u>	<u>137,698</u>	<u>380,901</u>
Income Before Transfers and Capital Contributions	<u>1,159,810</u>	<u>(841,235)</u>	<u>(3,938)</u>	<u>(1,830,483)</u>
Transfers in	-	-	-	522,070
Transfers (out)	-	-	-	(40,000)
Capital Contributions:				
Developer contributions	-	-	-	12,065
Total Transfers and Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>494,135</u>
Changes in Net Position	<u>1,159,810</u>	<u>(841,235)</u>	<u>(3,938)</u>	<u>(1,336,348)</u>
Net Position at Beginning of Year	<u>(2,704,047)</u>	<u>3,347,901</u>	<u>1,867,845</u>	<u>11,640,711</u>
Net Position at End of Year	<u><u>\$ (1,544,237)</u></u>	<u><u>\$ 2,506,666</u></u>	<u><u>\$ 1,863,907</u></u>	<u><u>\$ 10,304,363</u></u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
Cash Flows from Operating Activities:				
Cash received from customers	\$ 5,278,370	\$ 5,590,140	\$ 1,213,900	\$ 2,033,590
Cash paid to employees for services	(2,380,689)	(1,367,451)	(460,874)	(1,385,809)
Cash paid to other suppliers of goods and services	(3,548,908)	(2,809,502)	(837,199)	(416,563)
Cash from other sources	53,343	32,182	-	-
Net Cash Provided by (Used in) Operating Activities	<u>(597,884)</u>	<u>1,445,369</u>	<u>(84,173)</u>	<u>231,218</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from (paid to) other funds	470,070	52,000	(40,000)	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>470,070</u>	<u>52,000</u>	<u>(40,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	-	(2,683,700)	-	(115,621)
Sale of capital assets	-	175,397	-	-
Capital lease payment	-	(190,375)	-	-
Principal payments on loans	(102,114)	-	-	-
Interest payments on loans	(7,072)	-	-	-
Net Cash (Used in) Capital and Related Financing Activities	<u>(109,186)</u>	<u>(2,698,678)</u>	<u>-</u>	<u>(115,621)</u>
Cash Flows from Investing Activities:				
Investment income	13,447	(4,043)	11,456	13,817
Net Cash Provided by (Used in) Investing Activities	<u>13,447</u>	<u>(4,043)</u>	<u>11,456</u>	<u>13,817</u>
Net increase (decrease) in cash and cash equivalents	(223,553)	(1,205,352)	(112,717)	129,414
Cash and cash equivalents:				
Beginning of year	649,568	8,116,273	641,779	405,761
End of year	<u>\$ 426,015</u>	<u>\$ 6,910,921</u>	<u>\$ 529,062</u>	<u>\$ 535,175</u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,619,126	\$ 2,146,114	\$ 12,010,248	\$ 32,891,488
Cash paid to employees for services	(420,142)	(1,524,950)	(521,007)	(8,060,922)
Cash paid to other suppliers of goods and services	(2,956,138)	(1,845,053)	(11,646,608)	(24,059,971)
Cash from other sources			117,096	202,621
Net Cash Provided by (Used in) Operating Activities	<u>1,242,846</u>	<u>(1,223,889)</u>	<u>(40,271)</u>	<u>973,216</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from other funds	-	-	-	482,070
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>482,070</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	-	-	-	(2,799,321)
Sale of capital assets	-	-	-	175,397
Capital lease payment	-	-	-	(190,375)
Principal payments on loans	-	-	-	(102,114)
Interest payments on loans	-	-	-	(7,072)
Net Cash (Used in) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,923,485)</u>
Cash Flows from Investing Activities:				
Investment income	14,893	(10,662)	23,108	62,016
Net Cash Provided by (Used in) Investing Activities	<u>14,893</u>	<u>(10,662)</u>	<u>23,108</u>	<u>62,016</u>
Net increase (decrease) in cash and cash equivalents	1,257,739	(1,234,551)	(17,163)	(1,406,183)
Cash and cash equivalents:				
Beginning of year	11,850,684	6,770,816	1,495,732	29,930,613
End of year	<u><u>\$ 13,108,423</u></u>	<u><u>\$ 5,536,265</u></u>	<u><u>\$ 1,478,569</u></u>	<u><u>\$ 28,524,430</u></u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Office Automation
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (607,664)	\$ (1,939,278)	\$ 59,838	\$ 76,545
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	118,876	3,463,020	6,503	107,105
Pension expense	17,655	9,052	1,404	10,597
Cash from other sources	53,343	32,182	-	-
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	-	-	-	-
Inventories	8,785	(33,056)	(94,391)	-
Accounts payable	(200,618)	(69,690)	(65,995)	37,634
Accrued expenses	(2,757)	(16)	2,397	(663)
Compensated absences	14,496	(16,845)	6,071	-
Estimated claims payable	-	-	-	-
Total adjustments	9,780	3,384,647	(144,011)	154,673
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (597,884)</u></u>	<u><u>\$ 1,445,369</u></u>	<u><u>\$ (84,173)</u></u>	<u><u>\$ 231,218</u></u>
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ -	\$ 12,065	\$ -	\$ -
Total noncash investing, capital and financing activities	<u><u>\$ -</u></u>	<u><u>\$ 12,065</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2021

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,158,569	\$ (817,758)	\$ (141,636)	\$ (2,211,384)
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	-	3,695,504
Pension expense	(490)	-	6,489	44,707
Cash from other sources	-	-	117,096	202,621
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	-	-	(7,799)	(7,799)
Inventories	-	-	-	(118,662)
Accounts payable	39,586	(11,331)	(14,587)	(285,001)
Accrued expenses	471	-	(3,792)	(4,360)
Compensated absences	(3,290)	-	3,958	4,390
Estimated claims payable	48,000	(394,800)	-	(346,800)
Total adjustments	84,277	(406,131)	101,365	3,184,600
Net Cash Provided by Operating Activities	<u><u>\$ 1,242,846</u></u>	<u><u>\$ (1,223,889)</u></u>	<u><u>\$ (40,271)</u></u>	<u><u>\$ 973,216</u></u>
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ -	\$ -	\$ -	\$ 12,065
Total noncash investing, capital and financing activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,065</u></u>

CITY OF ESCONDIDO CUSTODIAL FUNDS

HIDDEN TRAILS COMMUNITY FACILITIES DISTRICT

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

EUREKA RANCH COMMUNITY FACILITIES DISTRICT

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

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.

CITY OF ESCONDIDO
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2021

	Hidden Trails Community Facilities District	Eureka Ranch Community Facilities District	Rancho San Pasqual	Total
ASSETS				
Cash and investments	\$ 172,162	\$ 835,022	\$ 291,904	\$ 1,299,088
Cash and investments with fiscal agent	-	114	353,560	353,674
Receivables:				
Interest	304	1,346	497	2,147
Taxes	1,185	2,838	299	4,322
Total assets	<u>173,651</u>	<u>839,320</u>	<u>646,260</u>	<u>1,659,231</u>
NET POSITION				
Held in trust for other purposes	<u>173,651</u>	<u>839,320</u>	<u>646,260</u>	<u>1,659,231</u>
Total Net Position	<u><u>\$ 173,651</u></u>	<u><u>\$ 839,320</u></u>	<u><u>\$ 646,260</u></u>	<u><u>\$ 1,659,231</u></u>

CITY OF ESCONDIDO
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2021

	Hidden Trails Community Facilities District	Eureka Ranch Community Facilities District	Rancho San Pasqual	Total
ADDITIONS:				
Special assessments	\$ 206,642	\$ 1,084,101	\$ 358,678	\$ 1,649,421
Interest and change in fair value of investments	1,200	5,203	1,774	8,177
Total Additions	<u>207,842</u>	<u>1,089,304</u>	<u>360,452</u>	<u>1,657,598</u>
DEDUCTIONS:				
Administrative expenses	17,632	29,796	15,289	62,717
Payments on conduit bonds - principal	115,000	480,000	230,000	825,000
Payments on conduit bonds - interest	74,837	545,600	102,030	722,467
Total Deductions	<u>207,469</u>	<u>1,055,396</u>	<u>347,319</u>	<u>1,610,184</u>
 Changes in Net Position	 373	 33,908	 13,133	 47,414
NET POSITION:				
Beginning of year, as originally reported	-	-	-	-
Restatements	173,278	805,412	633,127	1,611,817
Beginning of year, as restated	<u>173,278</u>	<u>805,412</u>	<u>633,127</u>	<u>1,611,817</u>
End of year	<u>\$ 173,651</u>	<u>\$ 839,320</u>	<u>\$ 646,260</u>	<u>\$ 1,659,231</u>





Statistical Section

CITY OF ESCONDIDO STATISTICAL SECTION

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

FINANCIAL TRENDS INFORMATION

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

REVENUE CAPACITY INFORMATION

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

DEBT CAPACITY INFORMATION

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

DEMOGRAPHIC AND ECONOMIC INFORMATION

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

OPERATING INFORMATION

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

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

	2012	2013	2014	2015	2016
Governmental Activities:					
Net investment in capital assets	\$ 225,296,741	\$ 211,228,317	\$ 207,003,751	\$ 201,314,048	\$ 223,906,554
Restricted	98,970,485	90,152,311	92,356,580	90,509,538	96,530,455
Unrestricted	53,862,572	27,922,604	24,555,904	(124,495,479)	(121,164,871)
Total Governmental Activities Net Position	\$ 378,129,798	\$ 329,303,232	\$ 323,916,235	\$ 167,328,107	\$ 199,272,138
Business-type Activities:					
Net investment in capital assets	\$ 138,580,703	\$ 141,057,087	\$ 151,539,613	\$ 158,231,376	\$ 172,888,190
Restricted	-	-	-	-	-
Unrestricted	56,358,559	61,147,031	57,540,105	28,819,831	22,072,596
Total Business-type Activities Net Position	\$ 194,939,262	\$ 202,204,118	\$ 209,079,718	\$ 187,051,207	\$ 194,960,786
Primary Government:					
Net investment in capital assets	\$ 363,877,444	\$ 352,285,404	\$ 358,543,364	\$ 359,545,424	\$ 396,794,744
Restricted	98,970,485	90,152,311	92,356,580	90,509,538	96,530,455
Unrestricted	110,221,131	89,069,635	82,096,009	(95,675,648)	(99,092,275)
Total Primary Government Activities Net Position	\$ 573,069,060	\$ 531,507,350	\$ 532,995,953	\$ 354,379,314	\$ 394,232,924

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)

	2017	2018	2019	2020	2021
Governmental Activities:					
Net investment in capital assets	\$ 218,477,270	\$ 218,992,174	\$ 218,870,698	\$ 221,761,230	\$ 221,473,365
Restricted	100,550,008	104,851,906	115,547,295	124,688,550	151,769,546
Unrestricted	(99,262,303)	(112,191,974)	(124,447,522)	(133,063,895)	(141,744,978)
Total Governmental Activities Net Position	\$ 219,764,975	\$ 211,652,106	\$ 209,970,471	\$ 213,385,885	\$ 231,497,933
Business-type Activities:					
Net investment in capital assets	\$ 188,875,729	\$ 183,764,968	\$ 195,706,168	\$ 184,746,125	\$ 199,326,286
Restricted	-	3,642,092	1,095,891	15,665,650	10,655,617
Unrestricted	9,234,771	21,293,844	20,679,543	25,669,085	31,939,666
Total Business-type Activities Net Position	\$ 198,110,500	\$ 208,700,904	\$ 217,481,602	\$ 226,080,860	\$ 241,921,569
Primary Government:					
Net investment in capital assets	\$ 407,352,999	\$ 402,757,142	\$ 414,576,866	\$ 406,507,355	\$ 420,799,651
Restricted	100,550,008	108,493,998	116,643,186	140,354,200	162,425,163
Unrestricted	(90,027,532)	(90,898,130)	(103,767,979)	(107,394,810)	(109,805,312)
Total Primary Government Activities Net Position	\$ 417,875,475	\$ 420,353,010	\$ 427,452,073	\$ 439,466,745	\$ 473,419,502

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)

	2012	2013	2014	2015	2016
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 7,923,896	\$ 6,931,282	\$ 6,817,120	\$ 6,412,164	\$ 8,852,170
Public safety	60,467,057	58,937,215	64,735,010	62,464,110	65,521,010
Community services	14,428,323	13,492,016	13,824,749	12,485,541	12,559,645
Public works	23,508,515	28,719,020	22,830,644	24,390,896	20,066,941
Community development	6,765,185	6,095,723	4,442,510	4,652,366	4,643,576
Interest and fiscal charges	5,946,168	4,038,630	3,709,135	4,655,972	2,952,792
Total Governmental Activities Expenses	119,039,144	122,533,177	116,359,168	115,061,049	114,596,134
Business-type Activities:					
Water	43,537,887	48,899,219	51,937,493	51,558,727	49,844,796
Wastewater	23,995,887	25,847,825	28,748,596	29,740,987	30,565,986
Total Business-type Activities Expenses	67,533,774	74,747,044	80,686,089	81,299,714	80,410,782
Total Primary Government Expenses	<u>\$ 186,572,918</u>	<u>\$ 197,280,221</u>	<u>\$ 197,045,257</u>	<u>\$ 196,360,763</u>	<u>\$ 195,006,916</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 735,395	\$ 481,812	\$ 1,049,402	\$ 261,135	\$ 479,655
Public safety	8,429,675	8,322,729	8,217,629	9,450,880	9,292,514
Community services	4,158,173	4,118,332	4,104,210	4,042,601	3,807,474
Public works	1,160,643	1,261,705	1,554,453	1,292,959	2,280,973
Community development	820,337	914,370	1,351,882	1,615,495	1,811,997
Operating grants and contributions	13,503,657	12,507,289	13,031,177	9,216,428	10,604,522
Capital grants and contributions	5,608,064	8,528,675	3,331,901	2,855,849	4,787,949
Total Governmental Activities Program Revenues	34,415,944	36,134,912	32,640,654	28,735,347	33,065,084
Business-type Activities:					
Charges for services:					
Water	42,398,099	48,857,327	54,411,250	54,323,287	51,055,900
Wastewater	26,430,851	28,482,081	29,413,549	32,014,382	33,594,079
Operating grants and contributions	-	6,559	243,302	533,816	70,130
Capital grants and contributions	2,155,659	3,858,657	1,879,809	2,972,993	1,355,692
Total Business-type Activities Program Revenues	70,984,609	81,204,624	85,947,910	89,844,478	86,075,801
Total Primary Government Program Revenues	<u>\$ 105,400,553</u>	<u>\$ 117,339,536</u>	<u>\$ 118,588,564</u>	<u>\$ 118,579,825</u>	<u>\$ 119,140,885</u>

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

	2017	2018	2019	2020	2021
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 9,357,787	\$ 11,319,840	\$ 11,594,163	\$ 14,133,562	\$ 14,943,541
Public safety	71,876,096	80,848,786	80,834,482	87,387,146	84,691,286
Community services	12,571,637	13,453,775	14,394,666	14,854,363	14,044,934
Public works	22,107,665	25,876,603	27,320,553	25,322,314	20,683,917
Community development	5,077,618	5,516,258	5,388,553	6,217,692	5,113,312
Interest and fiscal charges	2,646,232	2,849,950	2,695,321	2,552,817	2,414,298
Total Governmental Activities Expenses	123,637,035	139,865,212	142,227,738	150,467,894	141,891,288
Business-type Activities:					
Water	57,314,740	62,431,613	60,286,760	62,805,742	69,582,076
Wastewater	32,361,361	32,843,118	33,669,077	36,482,537	38,337,115
Total Business-type Activities Expenses	89,676,101	95,274,731	93,955,837	99,288,279	107,919,191
Total Primary Government Expenses	<u>\$ 213,313,136</u>	<u>\$ 235,139,943</u>	<u>\$ 236,183,575</u>	<u>\$ 249,756,173</u>	<u>\$ 249,810,479</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 300,203	\$ 681,369	\$ 700,526	\$ 829,648	\$ 688,165
Public safety	10,251,178	11,190,662	11,701,922	11,433,902	11,542,555
Community services	3,739,242	3,634,653	3,668,178	2,522,517	3,001,163
Public works	2,424,590	1,738,505	2,276,458	2,466,849	2,532,205
Community development	1,973,600	1,763,863	1,501,441	3,387,612	3,619,039
Operating grants and contributions	9,441,222	9,980,538	15,008,732	12,072,370	19,055,188
Capital grants and contributions	6,622,075	9,564,799	7,654,270	6,812,806	15,330,083
Total Governmental Activities Program Revenues	34,752,110	38,554,389	42,511,527	39,525,704	55,768,398
Business-type Activities:					
Charges for services:					
Water	55,442,545	61,551,122	57,495,553	60,636,276	73,069,548
Wastewater	34,166,698	34,464,076	35,780,554	36,064,926	37,147,393
Operating grants and contributions	30,832	143,298	152,007	75,098	16,916
Capital grants and contributions	1,766,559	7,846,908	4,859,530	6,374,790	12,849,613
Total Business-type Activities Program Revenues	91,406,634	104,005,404	98,287,644	103,151,090	123,083,470
Total Primary Government Program Revenues	<u>\$ 126,158,744</u>	<u>\$ 142,559,793</u>	<u>\$ 140,799,171</u>	<u>\$ 142,676,794</u>	<u>\$ 178,851,868</u>

(Continued)

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

	2012	2013	2014	2015	2016
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (84,623,200)	\$ (86,398,265)	\$ (83,718,514)	\$ (86,325,702)	\$ (81,531,050)
Business-type activities	3,450,835	6,457,580	5,261,821	8,544,764	5,665,019
Total Primary Government					
Net Expense	<u>\$ (81,172,365)</u>	<u>\$ (79,940,685)</u>	<u>\$ (78,456,693)</u>	<u>\$ (77,780,938)</u>	<u>\$ (75,866,031)</u>
<u>General Revenues and Other</u>					
<u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 25,532,055	\$ 24,202,373	\$ 27,366,084	\$ 29,447,205	\$ 32,080,999
Property taxes	24,060,363	16,738,501	16,805,289	16,953,228	17,039,019
Franchise tax	4,563,576	4,516,247	4,694,252	5,147,696	6,110,634
Payments in lieu of taxes	19,548,954	19,041,332	20,075,228	20,531,727	18,648,743
Other taxes	2,899,789	3,971,585	4,218,914	4,411,676	4,616,524
Investment earnings	5,885,611	3,290,477	4,153,899	4,309,471	4,445,175
Sale of capital assets	399,819	-	-	138,304	173,750
Miscellaneous	748,181	1,070,052	892,851	362,066	564,129
Transfers	25,000	25,000	125,000	(54,620)	25,000
Extraordinary item:					
Gain/(loss)	29,693,992	(34,948,363)	-	-	30,722,560
Total Governmental Activities	<u>113,357,340</u>	<u>37,907,204</u>	<u>78,331,517</u>	<u>81,246,753</u>	<u>114,426,533</u>
Business-type activities:					
Investment earnings	1,750,475	1,522,495	1,577,693	1,699,516	2,043,040
Miscellaneous	250,862	447,638	161,086	176,720	226,520
Transfers	(25,000)	(25,000)	(125,000)	54,620	(25,000)
Extraordinary item:					
Loss on chemical tank spill	(1,114,066)	-	-	-	-
Total Business-type Activities	<u>862,271</u>	<u>1,945,133</u>	<u>1,613,779</u>	<u>1,930,856</u>	<u>2,244,560</u>
Total Primary Government	<u>\$114,219,611</u>	<u>\$ 39,852,337</u>	<u>\$ 79,945,296</u>	<u>\$ 83,177,609</u>	<u>\$116,671,093</u>
<u>Change in Net Position</u>					
Governmental activities	\$ 28,734,140	\$ (48,491,061)	\$ (5,386,997)	\$ (5,078,949)	\$ 31,944,031
Business-type activities	4,313,106	8,402,713	6,875,600	10,475,620	7,909,579
Total primary government	<u>\$ 33,047,246</u>	<u>\$ (40,088,348)</u>	<u>\$ 1,488,603</u>	<u>\$ 5,396,671</u>	<u>\$ 39,853,610</u>

Source:

City of Escondido Finance Department.

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

	2017	2018	2019	2020	2021
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (88,884,925)	\$ (101,310,823)	\$ (99,716,211)	\$ (110,939,190)	\$ (86,122,890)
Business-type activities	1,730,533	9,112,999	4,331,807	3,862,811	15,164,279
Total Primary Government					
Net Expense	<u>\$ (87,154,392)</u>	<u>\$ (92,197,824)</u>	<u>\$ (95,384,404)</u>	<u>\$ (107,076,379)</u>	<u>\$ (70,958,611)</u>
<u>General Revenues and Other</u>					
<u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 37,905,908	\$ 42,100,337	\$ 44,601,539	\$ 42,665,081	\$ 46,937,129
Property taxes	17,779,603	19,968,848	20,665,489	21,704,880	23,164,029
Franchise tax	4,997,491	6,673,212	6,083,566	6,093,168	6,886,816
Payments in lieu of taxes	13,680,629	13,140,350	13,906,639	14,631,684	15,465,008
Other taxes	5,026,190	4,352,631	4,454,434	4,626,355	4,889,389
Investment earnings	4,353,656	4,903,198	7,221,048	7,414,032	6,007,169
Sale of capital assets	-	1,449,580	465,008	14,935,539	261,625
Miscellaneous	3,249,318	559,798	581,853	2,118,865	623,773
Transfers	25,000	50,000	25,000	195,000	-
Extraordinary item:					
Gain/(loss)	22,359,967	-	-	-	-
Total Governmental Activities	<u>109,377,762</u>	<u>93,197,954</u>	<u>98,004,576</u>	<u>114,384,604</u>	<u>104,234,938</u>
Business-type activities:					
Investment earnings	1,338,109	1,350,539	4,078,342	4,210,650	513,100
Miscellaneous	106,072	176,866	395,549	720,797	163,330
Transfers	(25,000)	(50,000)	(25,000)	(195,000)	-
Extraordinary item:					
Loss on chemical tank spill	-	-	-	-	-
Total Business-type Activities	<u>1,419,181</u>	<u>1,477,405</u>	<u>4,448,891</u>	<u>4,736,447</u>	<u>676,430</u>
Total Primary Government	<u>\$ 110,796,943</u>	<u>\$ 94,675,359</u>	<u>\$ 102,453,467</u>	<u>\$ 119,121,051</u>	<u>\$ 104,911,368</u>
<u>Change in Net Position</u>					
Governmental activities	\$ 20,492,837	\$ (8,112,869)	\$ (1,711,635)	\$ 3,445,414	\$ 18,112,048
Business-type activities	3,149,714	10,590,404	8,780,698	8,599,258	15,840,709
Total primary government	<u>\$ 23,642,551</u>	<u>\$ 2,477,535</u>	<u>\$ 7,069,063</u>	<u>\$ 12,044,672</u>	<u>\$ 33,952,757</u>

Source:

City of Escondido Finance Department.

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

	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 5,180,347	\$ 2,503,401	\$ 217,690	\$ 183,403	\$ 179,185
Restricted	-	-	-	-	-
Committed to	31,938,244	17,210,596	17,319,659	17,281,659	16,892,319
Assigned to	852,481	980,678	897,465	681,822	941,262
Unassigned	753,121	247,130	1,753,519	-	1,961,211
Total General Fund	<u>\$ 38,724,193</u>	<u>\$20,941,805</u>	<u>\$20,188,333</u>	<u>\$18,146,884</u>	<u>\$19,973,977</u>
All Other Governmental Funds					
Nonspendable	\$ 57,982,791	\$60,199,844	\$ -	\$ -	\$ -
Restricted for	30,695,122	20,785,893	81,559,045	78,261,012	84,682,384
Committed to	5,208,585	2,466,775	2,008,525	1,860,686	984,157
Assigned to	447,148	159,405	139,653	488	-
Unassigned	(1,021,715)	(1,248,533)	(1,149,954)	(1,184,683)	(846,790)
Total All Other Governmental Funds	<u>\$ 93,311,931</u>	<u>\$82,363,384</u>	<u>\$82,557,269</u>	<u>\$78,937,503</u>	<u>\$84,819,751</u>

Source:
City of Escondido Finance Department.

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

	2017	2018	2019	2020	2021
General Fund					
Nonspendable	\$ 9,991,902	\$ 9,991,902	\$ 5,187,424	\$ 1,865,098	\$ -
Restricted	-	1,997,186	7,013,035	13,572,027	15,301,704
Committed to	17,921,319	17,392,319	17,392,319	17,392,319	17,392,319
Assigned to	1,541,101	1,762,773	2,297,428	2,364,520	14,423,119
Unassigned	1,712,930	2,839,620	1,888,896	1,894,735	1,603,254
Total General Fund	<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>	<u><u>\$ 48,720,396</u></u>
All Other Governmental Funds					
Nonspendable	\$ 333,590	\$ 373,620	\$ 282,173	\$ 294,171	\$ 282,413
Restricted for	86,075,428	87,811,164	90,532,465	93,753,131	107,266,960
Committed to	1,656,212	698,161	796,697	764,863	5,171,026
Assigned to	-	-	-	-	-
Unassigned	(1,354,541)	(1,347,939)	(50,146)	(1,516,035)	(2,091,521)
Total All Other Governmental Funds	<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>	<u><u>\$ 110,628,878</u></u>

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)

	2012	2013	2014	2015	2016
<u>Revenues</u>					
Taxes	\$ 65,556,779	\$ 53,387,010	\$ 57,289,455	\$ 59,989,511	\$ 64,220,119
Licenses and permits	821,380	887,383	991,164	862,280	934,455
Fines and forfeits	1,640,528	1,468,309	1,184,292	1,151,366	1,344,221
Intergovernmental	27,513,328	25,945,352	23,708,589	22,900,854	24,648,821
Charges for services	10,281,595	11,335,203	12,513,585	13,670,047	13,509,208
Special assessments	5,892,241	5,958,662	5,796,337	5,970,331	5,567,955
Lease income	60,024	221,513	205,259	203,599	3,502,021
Investment income	1,469,849	856,466	895,826	941,778	1,245,689
Miscellaneous	4,432,737	4,645,031	4,265,979	4,544,360	1,574,553
Total Revenues	117,668,461	104,704,929	106,850,486	110,234,126	116,547,042
<u>Expenditures</u>					
General government	6,407,543	5,834,828	5,811,016	6,086,111	6,447,372
Public safety	53,083,126	55,246,097	57,874,021	61,843,630	64,266,503
Public works	12,542,175	17,392,655	15,189,340	17,407,197	14,442,206
Community services	12,016,459	11,815,547	12,128,504	11,744,673	12,080,978
Community development	4,774,106	5,331,818	4,238,194	4,585,497	4,985,006
Contributions to other governments	-	4,319,291	-	-	-
Capital outlay	9,153,723	7,794,450	5,550,440	2,966,301	3,919,203
Debt service:					
Principal retirements	10,512,620	7,528,360	2,528,361	74,848,007	243,360
Interest and fiscal charges	5,792,921	3,983,078	3,737,237	5,637,963	2,351,824
Agency tax sharing agreement	5,921,213	-	-	-	-
Total Expenditures	120,203,886	119,246,124	107,057,113	185,119,379	108,736,452
Excess (Deficiency) of Revenues					
Over Expenditures	(2,535,425)	(14,541,195)	(206,627)	(74,885,253)	7,810,590
<u>Other Financing Sources (Uses)</u>					
Issuance of debt	224,078	4,830,000	-	70,660,479	-
Bond issue costs	-	(122,073)	-	-	-
Sale of capital assets	474,819	111,234	1,346,540	138,304	173,751
Transfers in	8,237,198	6,522,962	5,035,243	3,173,695	2,968,322
Transfers out	(8,062,198)	(6,673,765)	(6,734,743)	(4,748,440)	(3,243,322)
Total Other Financing Sources (Uses)	873,897	4,668,358	(352,960)	69,224,038	(101,249)
Special item:					
Extraordinary item: Gain/(loss)	21,191,043	(9,832,652)	-	-	-
Net Change in Fund Balance	\$ 19,529,515	\$ (19,705,489)	\$ (559,587)	\$ (5,661,215)	\$ 7,709,341
Debt service as a percentage of					
noncapital expenditures	14.7%	10.3%	6.2%	5.4%	2.5%

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)

	2017	2018	2019	2020	2021
<u>Revenues</u>					
Taxes	\$62,296,112	\$86,246,378	\$ 89,722,666	\$ 89,863,291	\$ 97,342,370
Licenses and permits	1,222,686	1,183,587	888,019	923,125	2,433,872
Fines and forfeits	1,186,276	1,076,387	1,257,729	1,122,485	864,799
Intergovernmental	23,485,944	17,091,365	18,031,912	16,966,436	20,976,786
Charges for services	16,154,072	16,305,361	15,438,111	14,314,208	19,272,322
Special assessments	5,589,696	797,529	831,574	852,395	844,356
Lease income	3,632,770	3,951,092	3,998,929	3,828,840	4,292,952
Investment income	540,184	481,733	3,130,835	3,585,146	9,476,604
Miscellaneous	2,298,139	467,910	824,270	2,109,526	828,754
Total Revenues	116,405,879	127,601,342	134,124,045	133,565,452	156,332,815
<u>Expenditures</u>					
General government	6,251,493	6,212,196	6,404,132	7,953,939	10,194,155
Public safety	65,038,985	67,917,569	70,183,327	73,271,168	73,537,275
Public works	16,592,694	20,020,822	20,583,634	19,157,773	14,862,569
Community services	11,825,028	12,096,472	12,982,171	12,278,475	12,964,749
Community development	5,078,286	4,944,488	4,777,498	5,386,850	4,842,967
Contributions to other governments	-	-	-	-	-
Capital outlay	6,084,281	10,522,490	7,606,834	8,155,234	4,912,206
Debt service:					
Principal retirements	1,592,870	2,616,218	2,702,509	2,817,359	2,936,927
Interest and fiscal charges	3,235,906	3,216,739	3,133,810	3,024,656	2,897,077
Agency tax sharing agreement	-	-	-	-	-
Total Expenditures	115,699,543	127,546,994	128,373,915	132,045,454	127,147,925
Excess (Deficiency) of Revenues					
Over Expenditures	706,336	54,348	5,750,130	1,519,998	29,184,890
<u>Other Financing Sources (Uses)</u>					
Issuance of debt	3,230,225	2,095,893	-	-	-
Bond issue costs	-	-	-	-	-
Sale of capital assets	-	1,724,580	-	4,135,540	261,625.00
Transfers in	3,765,952	5,615,293	4,056,429	4,440,745	10,144,702
Transfers out	(4,450,952)	(5,849,248)	(5,985,074)	(5,051,745)	(10,626,772)
Total Other Financing Sources (Uses)	2,545,225	3,586,518	(1,928,645)	3,524,540	(220,445)
Special item:					
Extraordinary item: Gain/(loss)	9,832,652	-	-	-	-
Net Change in Fund Balance	\$13,084,213	\$ 3,640,866	\$ 3,821,485	\$ 5,044,538	\$ 28,964,445
Debt service as a percentage of					
noncapital expenditures	4.4%	5.0%	4.8%	4.7%	4.8%

Source:

City of Escondido Finance Department.

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

Fiscal Year	Secured ⁽¹⁾				
Ended					
June 30	Residential	Commercial	Industrial	Other	Total
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
2021	13,388,436,706	2,597,400,135	1,025,979,488	650,318,368	17,662,134,697

Fiscal Year	Taxable		Total
Ended	Unsecured	Less: Exemptions	Assessed Value
June 30			Direct Tax Rate
2012	455,849,872	(597,181,491)	11,620,090,171
2013	462,158,958	(612,709,744)	11,637,816,679
2014	465,412,975	(622,608,050)	11,957,307,897
2015	494,147,367	(625,897,200)	12,582,053,811
2016	501,273,002	(659,335,434)	13,188,040,566
2017	505,626,175	(739,647,768)	13,842,421,924
2018	507,918,480	(756,770,988)	14,783,197,498
2019	559,432,166	(809,077,827)	15,656,339,077
2020	563,144,195	(842,196,425)	16,482,592,718
2021	603,919,710	(970,806,705)	17,395,247,702

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			
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	0.150	1.150
2021	0.103	0.103	0.710	0.157	0.030	1.000	0.155	1.155

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	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽²⁾
North County Fair LLC	\$238,744,349	1	1.37 %	\$172,453,589	1	1.48 %
Eagle Rose Owner LLC	92,146,897	2	0.53			
Casa Vallecitos Ltd	71,745,931	3	0.41			
Latitude Del LLC	64,287,902	4	0.37			
Lennar Homes Of California Inc	58,700,000	5	0.34			
Morningview Terrace Apartments Ca LI	51,914,289	6	0.30			
Frit Escondido Promenade L L C	51,571,326	7	0.30	40,676,564	5	0.35
Luna Properties L L C	43,372,590	8	0.25	54,517,207	3	0.47
Brixmor Felicita Town Center LLC	42,554,423	9	0.24			
S I V Escondido North Sd LLC	40,606,764	10	0.23			
Prebys Conrad Trust 12-17-82				73,418,818	2	0.63
Cox Communications California				43,522,196	4	0.37
Garrick Motors Inc.				38,180,562	5	0.33
O C S D Holdings L L C				34,698,775	6	0.30
Goal Line				34,343,540	7	0.30
V S C R E Holdings L L C				29,270,537	8	0.25
Felicita Holdings L L C				29,235,844	9	0.25
M G Morningview Apts L P				27,482,213	10	0.24
TOTAL	\$755,644,471		4.34 %	\$577,799,845		4.97 %

Notes:

(1) Net assessed valuation for 2020-21 is \$17,395,247,702

(2) Net assessed valuation for 2011-12 is \$11,620,090,171

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
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
2021	14,623,696	14,312,096	97.87	231,318	14,543,414	99.45

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

2021		2012	
Business Name	Business Category	Business Name	Business Category
7-Eleven Food Stores	Food Markets	Apple Stores	Furniture/Appliance
Arco AM/PM Mini Marts	Service Stations	Apro	Energy Sales
BMW Discount Parts	Auto Parts/Repair	Brecht BMW Service Center	Auto Parts/Repair
Carmax Auto Superstores	Auto Sales - Used	Carmax Auto Superstores	Auto Sales - Used
CM Distributors	Bldg.Matls-Whsle	Truck	Auto Sales - New
Ford of Escondido	Auto Sales - New	General Electric Co.	Electronic Equipment
Genesis of Escondido	Auto Sales - New	Heller Ford Suzuki	Auto Sales - New
Home Depot	Bldg.Matls-Retail	Home Depot	Bldg.Matls-Retail
Honda of Escondido	Auto Sales - New	Honda	Auto Sales - New
Jack Powell Chrysler Jeep Dodge	Auto Sales - New	J C Penney Company	Department Stores
Lexus Escondido	Auto Sales - New	Jack Powell Chrysler Plymouth	Auto Sales - New
Lowe's Home Centers	Bldg.Matls-Retail	Lexus Escondido	Auto Sales - New
Mercedes-Benz of Escondido	Auto Sales - New	Lowe's Home Improvement	Bldg.Matls-Retail
Volkswagen	Auto Sales - New	Macy's Department Store	Department Stores
Mossy Nissan Escondido	Auto Sales - New	Mercedes-Benz	Auto Sales - New
GMC	Auto Sales - New	Mossy Nissan	Auto Sales - New
North County Kia	Auto Sales - New	Mossy Volkswagen	Auto Sales - New
Pine Tree Company	Bldg.Matls-Retail	GMC	Auto Sales - New
Quality Chevrolet	Auto Sales - New	Nordstrom Department Store	Department Stores
Shell Service Stations	Service Stations	Palomar Medical Center	Health & Government
Superior Ready Mix Concrete	Bldg.Matls-Whsle	Quality Chevrolet	Auto Sales - New
Target Stores	Department Stores	Shell Service Stations	Service Stations
Toyota of Escondido	Auto Sales - New	Target Stores	Department Stores
Vons Grocery Company	Food Markets	Toyota Recondition Center	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	2012Q1	2013Q1	2014Q1	2015Q1	2016Q1
Accommodation and Food Services	\$ 1,791,114	\$ 1,924,246	\$ 2,087,342	\$ 2,280,701	\$ 2,434,863
Agriculture, Forestry, Fishing and Hunting	503,874	254,009	249,628	290,060	315,544
Arts, Entertainment, and Recreation	15,329	12,717	8,242	8,529	8,839
Construction	771,308	788,798	841,707	1,005,290	1,369,214
Educational Services	22,956	21,194	20,477	26,579	25,383
Information	69,315	83,537	97,442	115,502	101,647
Manufacturing	532,702	561,461	555,285	514,324	519,751
Mining, Quarrying, and Oil and Gas Extraction	514,056	560,485	678,798	794,682	803,223
Other Services (except Public Administration)	346,590	337,847	361,661	377,518	412,186
Professional, Scientific, and Technical Services	336,130	221,079	106,241	100,298	108,201
Real Estate and Rental and Leasing	66,104	98,090	51,462	68,532	60,852
Retail Trade	18,938,971	20,634,496	21,440,509	22,192,869	22,962,673
Utilities	496,956	625,129	717,609	880,970	1,031,146
All Other NAICS Sectors	648,405	639,596	669,599	681,666	543,313
Total	<u>\$ 25,053,808</u>	<u>\$ 26,762,685</u>	<u>\$ 27,886,003</u>	<u>\$ 29,337,520</u>	<u>\$ 30,696,836</u>

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	2017Q1	2018Q1	2019Q1	2020Q1	2021Q1
Accommodation and Food Services	\$ 2,575,740	\$ 2,704,264	\$ 2,741,540	\$ 2,738,252	\$ 2,419,963
Agriculture, Forestry, Fishing and Hunting	416,622	405,777	530,134	593,366	220,618
Arts, Entertainment, and Recreation	8,704	8,573	8,728	8,947	2,924
Construction	1,411,679	1,738,685	1,727,064	2,085,870	1,743,454
Educational Services	27,853	25,986	27,566	21,771	9,226
Information	130,275	102,613	98,242	92,892	116,710
Manufacturing	589,326	640,012	631,798	665,612	746,106
Mining, Quarrying, and Oil and Gas Extraction	932,149	983,084	908,183	781,378	797,616
Other Services (except Public Administration)	427,924	429,889	455,927	459,031	418,280
Professional, Scientific, and Technical Services	102,656	102,691	94,348	91,560	58,383
Real Estate and Rental and Leasing	45,927	58,091	115,207	109,630	127,597
Retail Trade	22,918,989	23,197,146	23,055,690	22,613,738	22,183,409
Utilities	1,081,508	1,084,831	1,086,503	1,136,083	1,169,799
All Other NAICS Sectors	486,113	551,668	559,338	544,301	491,179
Total	<u>\$ 31,155,466</u>	<u>\$ 32,033,311</u>	<u>\$ 32,040,266</u>	<u>\$ 31,942,432</u>	<u>\$ 30,505,263</u>

Notes:

The data contained in this report is economic and therefore constantly changing as adjustments, fund transfers, late filings and audits are recorded.

The categories listed in previous reports were based on SBOE NAICS codes and have been updated to reflect current updated CDTFA standards.

Source:

Avenu Insights & Analytics

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

Fiscal Year Ended June 30	Governmental Activities (1)						Total Governmental Activities
	General Obligation Bonds	Lease Revenue Bonds (2)	Certificates of Participation	Tax Allocation Bonds (2)	Loans Payable	Capital Leases Payable	
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
2021	59,311,477	3,014,671	-	-	1,831,313	941,695	65,099,156

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			
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
2021	91,867,310	29,451,614	121,318,924	186,418,080	4.22	1,229

Notes:

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

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

Sources:

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

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

Fiscal Year Ended June 30	Outstanding General Obligation Bonded Debt				Percent of Assessed Value ⁽¹⁾	Per Capita
	General Obligation Bonds	Certificates of Participation	Tax Allocation Bonds ⁽²⁾	Total		
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
2021	59,311,477	-	-	59,311,477	0.34	391

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, 2021

2020-21 Assessed Valuation		\$ 17,836,529,914	
Redevelopment Agency Incremental Valuation		3,735,008,913	
Adjusted Assessed Valuation		<u>\$ 14,101,521,001</u>	
	Percentage Applicable ⁽¹⁾	Outstanding Debt 06/30/21	Estimated Share of Overlapping Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	0.544 %	\$ 26,830,000	\$ 145,955
Palomar Community College District	13.212	650,751,375	85,977,272
San Marcos Unified School District School	3.484	279,770,706	9,747,211
Escondido Union High School District	76.645	81,213,748	62,246,277
Escondido Union School District	77.336	154,024,622	119,116,482
San Pasqual Union School District	56.045	111,982	62,760
Palomar Pomerado Hospital District	19.284	415,526,602	80,130,150
City of Escondido	100.000	59,311,477	59,311,477
City of Escondido Community Facilities District No. 2006-01	100.000	11,595,000	11,595,000
City of Escondido Hidden Trails Community Facilities District	100.000	1,615,000	1,615,000
City of Escondido 1915 Act Bonds	100.000	1,675,000	1,675,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>1,682,425,512</u>	<u>431,622,584</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	3.680	211,585,000	7,786,079
San Diego County Pension Obligation Bonds	3.877	400,125,000	15,512,245
San Diego County Superintendent of School Obligations	3.582	8,585,000	307,492
Palomar Community College District Certificates of Participation	17.958	1,560,000	280,147
San Marcos Unified School General Fund Obligations	3.717	72,899,158	2,709,956
Escondido Union High School District Certificates of Participation	81.266	51,330,000	41,713,910
Escondido Union School District Certificates of Participation	89.953	13,390,000	12,044,761
City of Escondido General Fund Obligations	100.000	3,014,671	3,014,671
City of Escondido Lease Obligations	100.000	941,685	941,685
City of Escondido Loans Obligations	100.000	1,831,313	1,831,313
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>765,261,827</u>	<u>86,142,259</u>
TOTAL CITY DIRECT DEBT			\$ 5,787,669
TOTAL OVERLAPPING DEBT			\$ 511,977,174
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 517,764,843 ⁽²⁾

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

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

RATIOS TO 2019-20 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	3.06 %
Combined Direct Debt (\$65,099,146)	0.04
Combined Total Debt	3.67

RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY INCREMENTAL VALUATION:

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

	2012	2013	2014	2015	2016
Assessed valuation	\$ 9,663,353,864	\$9,674,335,352	\$9,841,518,516	\$10,389,492,632	\$10,901,050,697
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,415,838,466	2,418,583,838	2,460,379,629	2,597,373,158	2,725,262,674
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	362,375,770	362,787,576	369,056,944	389,605,974	408,789,401
Total Debt Applicable to Limit:					
General Obligation Bonds	77,295,000	75,665,000	73,965,000	61,520,000	61,520,000
Legal Debt Margin	<u>\$ 285,080,770</u>	<u>\$ 287,122,576</u>	<u>\$ 295,091,944</u>	<u>\$ 328,085,974</u>	<u>\$ 347,269,401</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	21%	21%	20%	16%	15%

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

	2017	2018	2019	2020	2021
Assessed valuation	\$11,397,164,781	\$12,065,097,152	\$12,707,545,218	\$13,330,606,284	\$14,101,521,001
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,849,291,195	3,016,274,288	3,176,886,305	3,332,651,571	3,525,380,250
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	427,393,679	452,441,143.20	476,532,945.68	499,897,735.65	528,807,037.54
Total Debt Applicable to Limit:					
General Obligation Bonds	60,460,000	58,680,000	56,810,000	61,807,123	59,311,477
Legal Debt Margin	<u>\$ 366,933,679</u>	<u>\$ 393,761,143</u>	<u>\$ 419,722,946</u>	<u>\$ 438,090,613</u>	<u>\$ 469,495,561</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	14%	13%	12%	12%	11%

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	
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	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-

2013A Lease Revenue Refunding Bonds

Fiscal Year Ended June 30	Loan Payment Revenue	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2021	361,219	-	361,219	250,000	111,219	361,219	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	
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	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-

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	Charges for Services and Other	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
June 30	Revenue	Expenses	Revenue	Principal	Interest	Total	
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
2021	115,457,470	88,958,525	26,498,945	3,160,000	3,621,857	6,781,857	3.91

Special Assessment Debt - Hidden Trails

Fiscal Year Ended	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
June 30			Revenue	Principal	Interest	Total	
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
2021	206,642	-	206,642	115,000	74,838	189,838	1.09

Special Assessment Debt - Eureka Ranch

Fiscal Year Ended	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
June 30			Revenue	Principal	Interest	Total	
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
2021	1,084,101	-	1,084,101	480,000	545,600	1,025,600	1.06

Notes:

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

Source:

City of Escondido Finance Department.

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

Special Assessment Debt - Auto Parkway

Fiscal Year Ended	Special Assessment	Less:	Net Available	Debt Service			
June 30	Collections	Expenditures	Revenue	Principal	Interest	Total	Coverage
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	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-

Special Assessment Debt - Rancho San Pasqual

Fiscal Year Ended	Special Assessment	Less:	Net Available	Debt Service			
June 30	Collections	Expenditures	Revenue	Principal	Interest	Total	Coverage
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
2021	358,678	-	358,678	230,000	102,030	332,030	1.08

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

<u>Calendar Year</u>	<u>Population⁽¹⁾</u>	<u>Personal Income (in millions)⁽²⁾</u>	<u>Per Capita Income⁽²⁾</u>	<u>Unemployment Rate⁽³⁾</u>
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
2020	151,688	4,413	29,097	9.0

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	2021		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Palomar Medical Center	2,462	3.67 %	2,797	4.12 %
Escondido Union School District	2,207	3.29	1,885	2.78
City of Escondido ⁽¹⁾	951	1.42	1,073	1.58
Escondido Union High School District	832	1.24	796	1.17
Bergelectric	489	0.73	730	1.08
Home Depot	469	0.70	330	0.49
Toyota of Escondido	336	0.50		
Vons Grocery Stores (3 locations)	276	0.41	362	0.53
The Classical Academies (Escondido locations)	205	0.31	340	0.50
Henry Avocado Corp	191	0.29		
San Diego Wild Animal Park			918	1.35
Nordstrom Inc			330	0.49
Welk Group Inc			500	0.74

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 2020-21 is 67,000

(1) Includes FT and PT employees

Sources:

Avenu Insights & Analytics.

2011-12 previously published CAFR

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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	106	108	111	107	113	120	123	115	114	111
Public Safety	360	374	383	365	383	398	397	397	394	384
Public Works	151	154	148	140	118	111	107	105	111	112
Community Development	37	35	36	37	38	37	37	36	33	32
Community Services	216	225	206	174	168	167	94	105	71	83
Housing & Neighborhood Services	12	10	10	9	10	9	10	9	8	8
Water	118	114	114	118	115	117	115	121	121	123
Wastewater	73	71	82	78	73	73	71	72	75	75
Total	<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>	<u>928</u>

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016
Police:					
Physical Arrests	7,032	5,988	5,740	4,923	5,114
Traffic Violations	13,054	9,782	8,454	8,528	7,038
Parking Violations	4,514	4,022	4,328	5,571	6,052
Fire:					
Number of Calls Answered	11,978	13,065	13,139	13,450	14,553
Number of Inspections Conducted	1,380	1,741	1,496	2,590	2,086
Public Works ⁽¹⁾ :					
Street Resurfacing (miles)	3.0	19.3	18.6	44.0	63.5
Parks and Recreation ⁽²⁾ :					
Number of Recreation Classes	990	1,275	2,410	1,070	808
Number of Facility Rentals	995	2,541	1,975	1,770	1,857
Golf Rounds Played	95,934	95,528	97,094	94,917	99,130
Water:					
Number of Service Connections	26,502	26,508	26,536	26,567	26,617
Average Daily Consumption (gallons)	20,220,000	23,370,000	22,579,315	19,500,000	16,680,000
Sewer:					
Number of Service Connections	27,054	27,072	27,102	27,139	27,048
Average Daily Treatment (gallons)	12,730,000	12,630,000	12,100,000	11,900,000	11,700,000

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	2017	2018	2019	2020	2021
Police:					
Physical Arrests	5,533	5,763	5,491	5,074	4,616
Traffic Violations	6,912	5,779	7,221	5,300	4,561
Parking Violations	6,218	6,752	7,509	5,305	5,757
Fire:					
Number of Calls Answered	15,369	16,710	16,154	15,962	16,119
Number of Inspections Conducted	1,826	3,624	4,082	2,734	3,772
Public Works ⁽¹⁾ :					
Street Resurfacing (miles)	67.0	94.0	98.0	71.0	77.0
Parks and Recreation ⁽²⁾ :					
Number of Recreation Classes	577	640	728	523	464
Number of Facility Rentals	3,056	3,482	3,000	2,860	1,678
Golf Rounds Played	97,394	99,817	96,709	90,173	123,786
Water:					
Number of Service Connections	26,694	26,884	27,052	27,078	27,286
Average Daily Consumption (gallons)	17,206,595	19,431,105	17,120,000	18,413,863	18,640,684
Sewer:					
Number of Service Connections	27,070	48,092	48,161	48,425	48,823
Average Daily Treatment (gallons)	12,600,000	12,300,000	13,400,000	13,876,317	12,628,496

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	2012	2013	2014	2015	2016
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	7	7	7	7	7
Public Works:					
Streets (miles)	304.9	305.0	305.0	306.2	307.4
Streetlights	6,480	6,479	6,487	6,488	6,489
Traffic Signals	148	151	152	153	155
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	431	431	423	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)	355	363	379	374	380
Storm Drains (miles)	383	382	377	411	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	2017	2018	2019	2020	2021
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	7	7	7	7	7
Public Works:					
Streets (miles)	323.0	363.8	331.0	298.0	291.0
Streetlights	6,489	6,489	6,635	6,635	6,790
Traffic Signals	155	155	165	165	170
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	436	436	436	440
Maximum Daily Plant Capacity (gallons)	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Sewer:					
Sanitary Sewers (miles)	380	389	389	367	367
Storm Drains (miles)	221	200	200	171	192
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
California

