



City of Escondido,
California

**Annual
Comprehensive
Financial
Report**

June 30, 2023

City of Escondido, California

Annual Comprehensive Financial Report

June 30, 2023



Dane White
Mayor



Consuelo Martinez
Councilmember
District One



Joe Garcia
Councilmember
District Two



Christian Garcia
Councilmember
District Three



Michael Morasco
Councilmember
District Four

Sean McGlynn
City Manager

Christopher McKinney
Deputy City Manager/Director of Utilities

Joanna Axelrod
Deputy City Manager/Director of
Communications & Community Services

Prepared by the Finance Department





ESCONDIDO
City of Choice

CITY OF ESCONDIDO
Comprehensive Annual Financial Report
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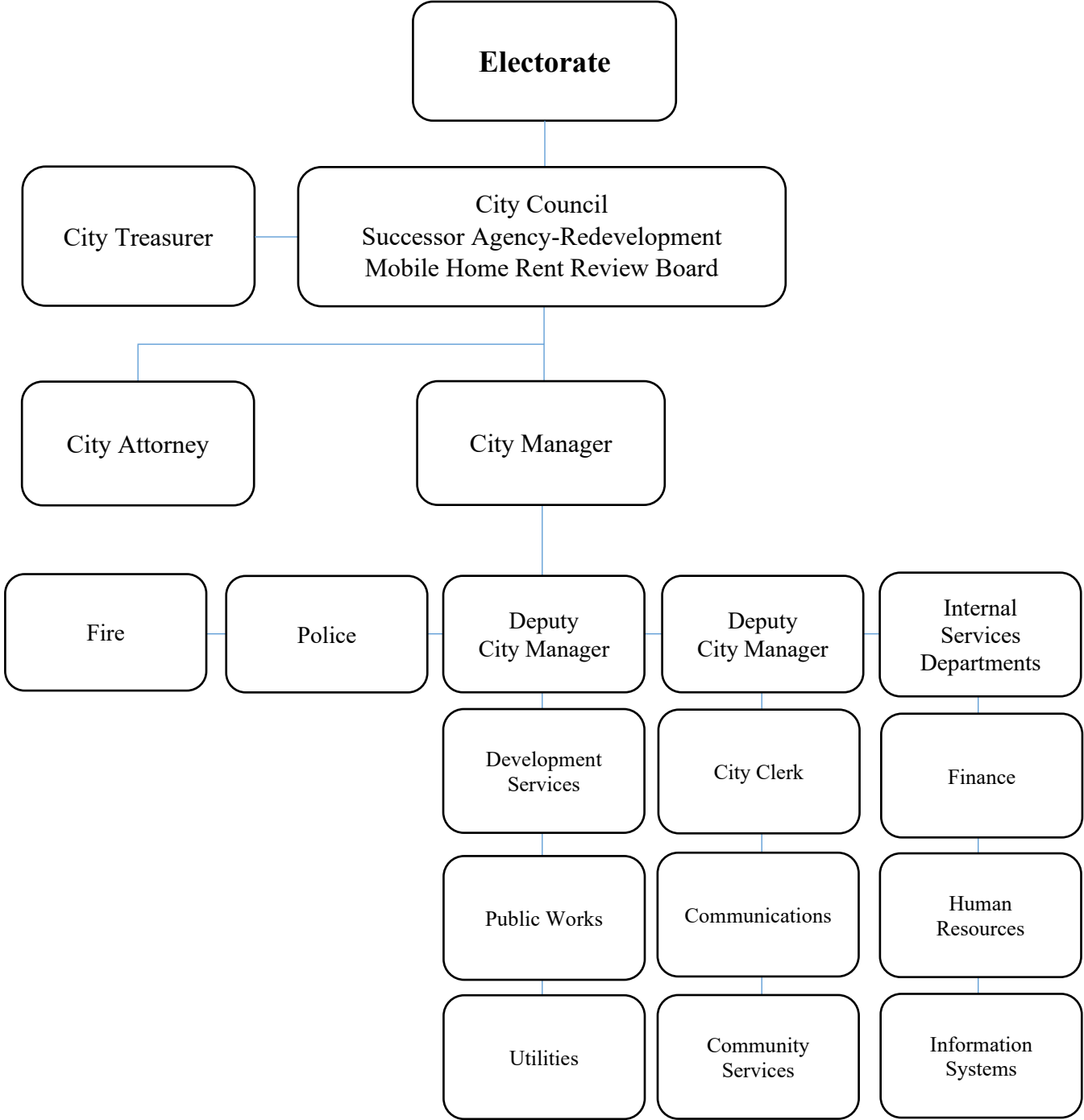
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CITY OF ESCONDIDO
Organization Chart
June 30, 2023





February 29, 2024

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, 2022.

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 CliftonLarsonAllen (CLA) LLP, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. 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, 2023, 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, 2023, 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, CliftonLarsonAllen (CLA) LLP 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 ACFR 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 151,038. 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 North County Mall. 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.

Since the Great Recession, the City has experienced a stable economy with moderate revenue growth averaging 4% annually. Then in March 2020, at the onset of the COVID-19 pandemic, the public health measures and restrictions forced government operations and private businesses to close or drastically alter operations. Many economists predicted that the sudden closures would create a severe economic downturn comparable to the Great Recession, which had a devastating impact on the City's General Fund.

CITY OF ESCONDIDO Letter of Transmittal

The COVID-19 restrictions began to be lifted in FY2020/21 and 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 allowed for additional public activities and improved the economic environment. The pent-up demand for goods, as well as inflation, led to higher prices for goods, increasing the sales tax revenue generated within the City. As a result, the City has experienced significant growth in revenue for the previous two fiscal years. However, there are now indicators that the economy is slowing once more. Based on the trend in year-to-date tax receipts and an examination of the local economy, the City's sales tax revenue is anticipated to decline slightly in FY2023/24. But, continued low unemployment and tight labor markets indicate that a severe downturn is unlikely.

Since the impacts of the Great Recession, the City has been challenged with funding growing expenditures and community service needs, with the moderate revenue growth experienced as a result of economic conditions. Operating revenue has not kept pace with the growing costs of providing City services, and as a result the General Fund long-term financial plan has projected annual deficits. The General Fund has benefitted from improved revenue activity since the recovery period of COVID-19, from the end of 2020 through 2022. However, until revenue is increased on an ongoing and structural basis, the City must continue to rely on short-term, one-time resources to continue operations and avoid cuts to City services. To address this challenge, City staff are engaging with the community and increasing outreach regarding the City's budget and projected operating deficit. City staff's priority is to enhance the dialogue with the community, evaluate the services the City provides, and determine the right size of the organization to continue to provide those critical City services while addressing the high priorities of the community.

FINANCIAL INFORMATION

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

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

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

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

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

CITY OF ESCONDIDO
Letter of Transmittal

AWARDS AND ACKNOWLEDGMENTS

The City of Escondido's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022, has been submitted, and is currently under review for the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized financial report. We believe that our current ACFR continues to meet the Certificate of Achievement program's requirements and we are also 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



Financial Section





INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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.

We did not audit the financial statements of the California Center for the Arts, Escondido Foundation, which represent 100% percent of the assets, net position, and revenues of the 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 California Center for the Arts, Escondido Foundation is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matters

Change in Accounting Principle

As described in Note 1S to the financial statements, effective July 1, 2022, the City adopted new accounting guidance, GASB No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this standard did not impact beginning net positions or fund balances. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we (continued):

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the general fund and major special revenue funds, schedules of changes in net pension liability and related ratios, and schedules of plan contributions for the miscellaneous and safety plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and Members of the City Council
City of Escondido

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine California
February 29, 2024

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, 2023. 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 20 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, the Successor Agency Housing Special Revenue Fund, and the American Rescue Plan Act Fund which are considered to be major funds. Data from the other 17 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, 2023. 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 \$570,983,677, an increase of \$43.8 million or 8.3%.

City of Escondido's Summary of Net Position

As of June 30, 2023 and 2022

(Amounts expressed in thousands)

	Governmental activities		Business-type activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 358,023	\$ 347,362	\$ 74,896	\$ 111,320	\$ 432,919	\$ 458,682
Capital assets	300,183	292,077	435,049	371,778	735,232	663,855
Total Assets	658,206	639,439	509,945	483,098	1,168,151	1,122,537
Deferred outflows of resources	79,646	29,405	15,573	6,326	95,219	35,731
Long-term liabilities outstanding	338,910	233,167	207,686	175,760	546,596	408,927
Other liabilities	67,942	64,101	28,100	35,888	96,042	99,989
Total Liabilities	406,852	297,268	235,786	211,648	642,638	508,916
Deferred inflows of resources	47,025	108,120	2,724	14,084	49,749	122,204
Net position:						
Net investment in capital assets	231,896	219,633	281,165	223,858	513,061	443,491
Restricted	165,074	162,676	5,371	28,964	170,445	191,640
Unrestricted	(112,995)	(118,853)	472	10,870	(112,523)	(107,983)
Total net position	\$ 283,975	\$ 263,456	\$ 287,008	\$ 263,692	\$ 570,983	\$ 527,148

CITY OF ESCONDIDO Management's Discussion and Analysis

The largest portion of the City's net position (90.0% or \$513.1 million) is its net investment in capital assets such as land, buildings, infrastructure, vehicles, right-to-use and subscription assets 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 (30.0% or \$170.4 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, 2023, unrestricted net position was a deficit of (\$112.5) 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 \$43.8 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 total assets increased by \$43.8 million when compared to the prior fiscal year. Governmental activities increased \$20.5 million, primarily due to increased cash received from property tax and franchise tax revenue. Business-type activities increased \$23.3 million mostly due to capital activity for major construction projects including the San Pasqual Undergrounding project, Lindley Reservoir Replacement project, and the Membrane Filtration Reverse Osmosis facility. The Water Fund received an additional \$13.7 compared to the prior year in capital grant funding to support these projects

Citywide, capital assets increased \$71.7 million or about 11%. Governmental activities had an increase of \$8.4 million due to the continued construction on the Citracado Improvement and Parkway extension project, offset by the depreciation of capital assets. Business-type activities increased \$63.3 million resulting from continued work on the projects noted above: San Pasqual Undergrounding project, Lindley Reservoir Replacement project, and the Membrane Filtration Reverse Osmosis facility.

Long-term liabilities increased by \$139.9 million from the prior year. This is primarily attributed to the City's net pension liability which increased by \$131.2 million or 76.5% compared to the prior year. The net pension liability at June 30, 2023, is \$302.5 million, compared to \$171.4 million at June 30, 2022. Loans payable for business-type activities also increased by \$15.0 million due to the issuance of State Revolving Fund loans for the Membrane Filtration Reverse Osmosis facility project. This activity was offset by principal payments made during the fiscal year on outstanding long-term liabilities.

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, 2023, the Section 115 Trust balance amounted to \$31.8 million held in restricted cash and investments in the General Fund.

Deferred outflows of resources increased by \$59.5 million primarily due to changes in assumptions in actuarial valuations by CalPERS for the City's pension plan. Deferred inflows of resources decreased by \$72.5 million also 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 \$15.6 million or 9.8% during the current fiscal year resulting in total revenues of \$174.1 million.

Governmental Activities - Revenues

For the Year Ended June 30

(Amounts expressed in thousands)

Revenues by Source	2023	2022	Increase / (Decrease)
Program revenues:			
Charges for services	\$ 29,774	26,572	\$ 3,202
Operating grants and contributions	20,795	15,519	5,276
Capital grants and contributions	9,540	12,015	(2,475)
Total program revenues	60,109	51,323	6,003
General revenues:			
Sales tax	47,103	49,857	(2,754)
Property taxes	42,539	40,188	2,351
Other taxes	17,365	14,305	3,060
Other	8,148	126	8,022
Total general revenues	115,155	107,259	10,679
Total Revenues	\$ 175,264	\$ 158,582	\$ 16,682

Key elements of this change are discussed below.

Sales Tax Revenue. Sales tax revenue decreased by \$266.568, or 0.5%, compared to the prior year. Decreases in sales tax revenue were reported in both the Transportation sales tax category and receipts from the County Pool.

The largest sales tax segment, 37% of total sales tax revenue, is Transportation, which includes new and used auto sales, auto repair shops, and service stations. Sales revenues decreased by 4% compared to the same quarter in the prior year primarily due to decreases in used auto sales. Tax receipts associated with the automotive industry experienced a decline for the first time statewide since the onset of the pandemic in early 2020. The drop-in demand is likely attributed to hesitation from potential buyers purchasing a high-cost vehicle, increased further by higher interest rates. Additionally, the increasing inventory of cars available on dealership lots has begun to exert pressure on prices.

Sales tax revenue received through the County Pool is the second largest sales tax segment accounting for 19% of total sales tax revenue. Effective in April 2019, new taxable sales are distributed to the City under the AB 147 Wayfair decision which extended the sales and use taxes to online and out-of-state retailers engaged in business in California. However, the increase in activity from the countywide pool experienced during the pandemic has slowed; total receipts decreased by 24% compared to the prior year.

Property Tax Revenue. Property tax revenue increased by \$2.4 million over the prior fiscal year or 5.8%. The increase in overall assessed values of properties in Escondido, favorable lending conditions, and the continued rise in the number of home sales have all lead to significant growth in property tax revenues this fiscal year.

CITY OF ESCONDIDO
Management’s Discussion and Analysis

Other Tax Revenue. Other tax revenue is composed of franchise, transient occupancy, business license, transfer station, and refuse taxes. Revenues received from franchise agreements increased by \$3.1 million from the prior fiscal year primarily due to an increase in fees collected from Escondido Disposal and San Diego Gas & Electric due to increasing electric prices.

Charges for Services. Charges for Services include paramedic fees, Community Services fees for recreational and community activities, and charges for development related services, which include Engineering and Planning fees. Total revenue in this category increased by \$714,350 or 3% primarily due to new revenue the City is receiving from the Ground Emergency Medical Transportation Program implemented at the end of FY2022/23 that utilizes Federal funding to supplement the ambulance billing revenue received for medical transports.

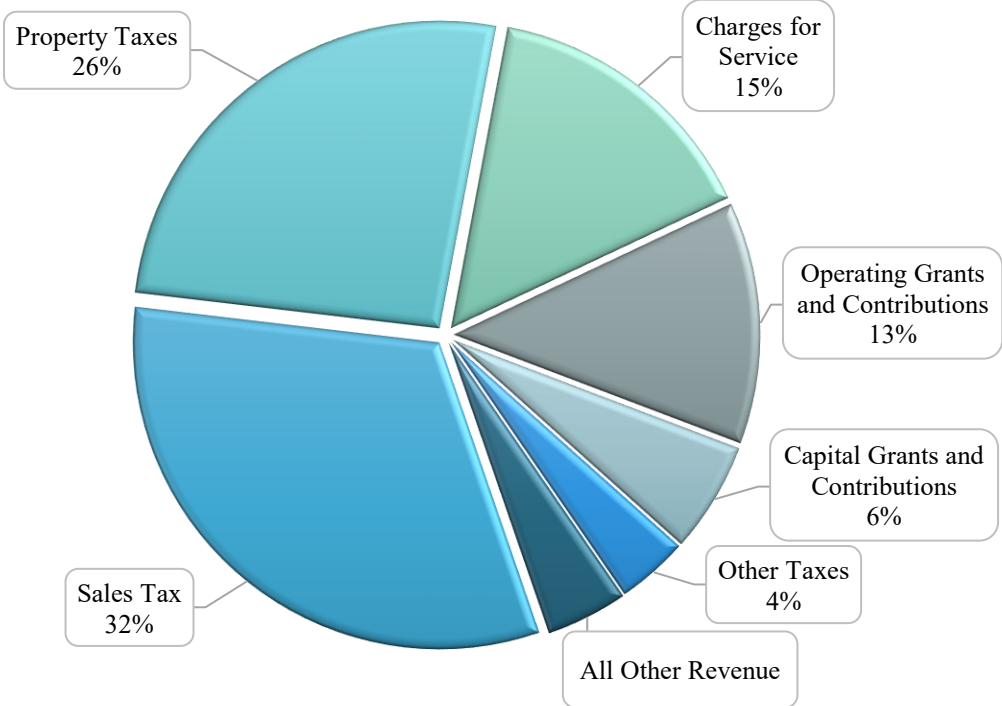
Operating Grants and Contributions. Operating grants and contributions increased by \$5.3 million, or 34% due to revenue recognized for expenditures from the American Rescue Plan Act allocation of funding. The American Rescue Plan Act provided the City of Escondido (“City”) one-time funding of \$38,808,509 to cover expenses in response to the COVID-19 pandemic, make up for lost revenue, and ease the overall economic impact from the pandemic. All funds must be fully spent by December 31, 2026.

Capital Grants and Contributions. Capital grants and contributions decreased by \$2.5 million compared to the prior year. This is due to the timing of Housing and Community Development projects and capital contributions received from development.

Other Revenue. Other revenue increased by \$6.8 million as the result of the recording of unrealized investment gains and losses reported between fiscal years.

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

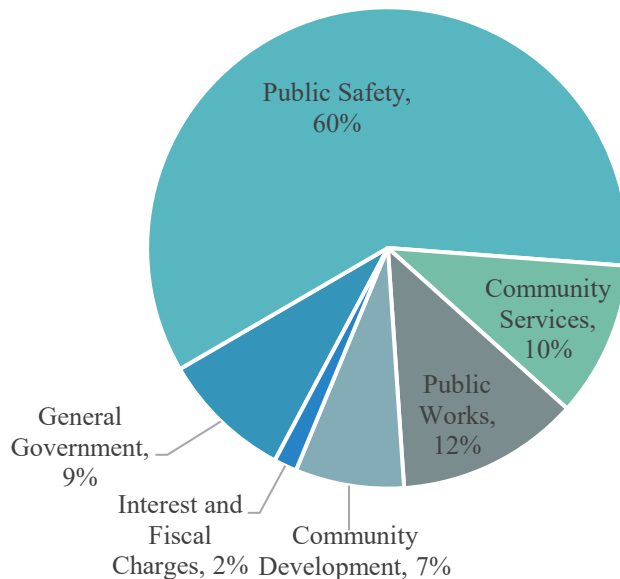
The table below presents a comparison of fiscal year 2023 and fiscal year 2022 expenses by function, along with interest and other expenses.

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

	2023	2022	Increase / (Decrease)
Expenses:			
General government	\$ 13,663	\$ 10,258	\$ 3,405
Public safety	92,178	73,817	18,361
Community services	16,150	14,906	1,244
Public works	19,019	13,815	5,204
Community development	11,321	18,925	(7,604)
Interest and fiscal charges	2,383	2,444	(61)
Total expenses	<u>154,714</u>	<u>134,165</u>	<u>20,549</u>
Increase (decrease) in net position before transfers	20,550	24,417	(3,867)
Transfers	(30)	(30)	-
Increase (decrease) in net position after transfers	20,520	24,387	(3,867)
Net position – July 1	263,455	239,069	24,386
Net position – June 30	<u>\$ 283,975</u>	<u>\$ 263,456</u>	<u>\$ 20,519</u>

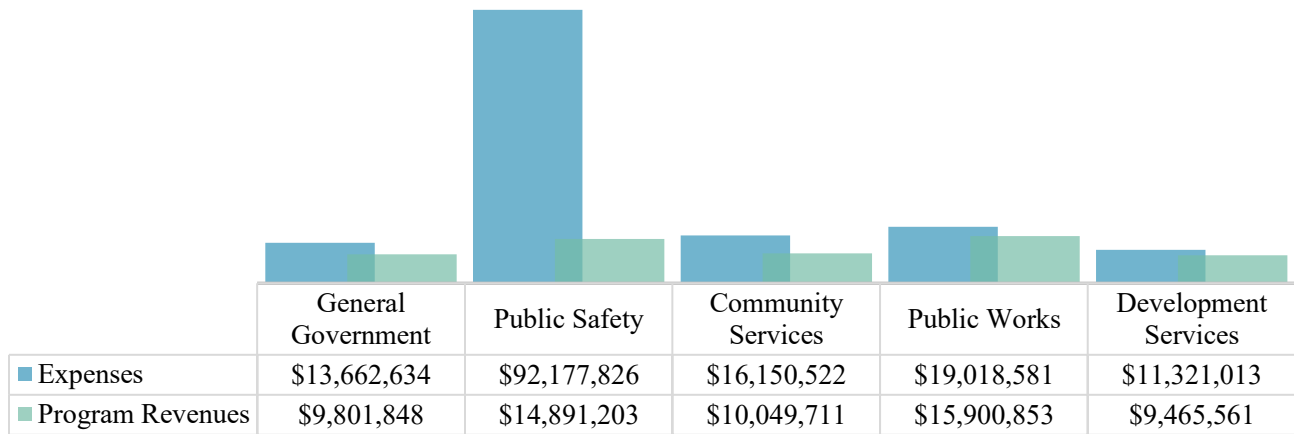
Governmental activities expenses increased by \$20.5 million, or 15.3%, compared to the prior fiscal year. The increase in expenses is primarily due to major maintenance and capital projects that moved forward during the fiscal year, some of which were funded by the capital grants noted above. Increases from CalPERS for both the GASB 68 activity as well as the annual Unfunded Accrued Liability payment also contributed to the increase in expenses.

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



CITY OF ESCONDIDO
Management's Discussion and Analysis

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.



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 \$23,315,958.

Business-type Activities - Change in Net Position

For the Year Ended June 30

(Amounts expressed in thousands)

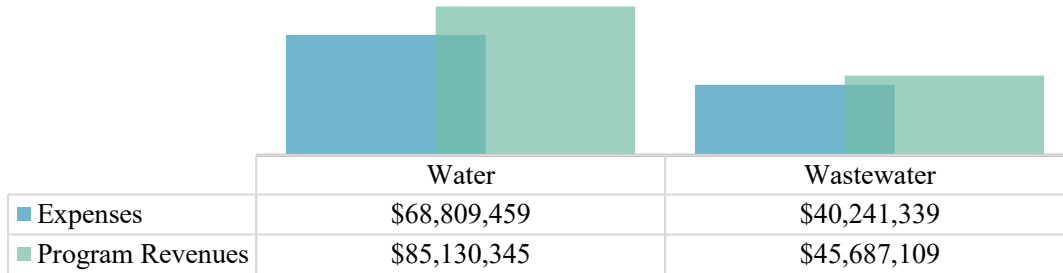
	2023	2022	Increase / (Decrease)
Program revenues:			
Charges for services	\$106,956	\$112,508	\$ (5,552)
Operating grants and contributions	61	273	(212)
Capital grants and contributions	23,801	13,698	10,103
Other general revenues	1,519	178	1,341
Total revenues	132,337	126,657	5,680
Expenses:			
Water	68,810	69,298	\$ (488)
Wastewater	40,241	35,770	4,471
Total expenses	109,051	105,068	3,983
Increase (decrease) in net position before transfers	23,286	21,589	1,697
Transfers	30	30	-
Increase (decrease) in net position after transfers	23,316	21,619	1,697
Net position – July 1	263,692	242,073	21,619
Net position – June 30	\$287,008	\$263,692	\$ 23,316

CITY OF ESCONDIDO
Management’s Discussion and Analysis

The Water Fund ended the year with a change in net position of \$16.9 million. This was the result of an increase in capital grant funds for ongoing construction and infrastructure projects. Due to an increase in rainfall and no increase in water rates in fiscal year 2023, water charges for services decreased by \$4.9 compared to the prior year.

The Wastewater Fund ended the year with a change in net position of \$6.0 million. Charges for services decreased from the prior year due to rate adjustments that change annually. In addition, intergovernmental and capital contribution revenue decreased due to the near completed construction on the Membrane Filtration Reverse Osmosis Facility.

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



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 \$180,097,839, an increase of \$5,729,868 in comparison with the prior year. Of this amount, 0.6% or \$1,065,418 represents non-spendable assets, inventory and prepaid expenses, which are not expected to be converted to cash until future periods.

Approximately 80.3% of this total amount or \$143,840,030 is not available for new spending because it is legally restricted by external third parties. In addition, \$22,740,178 or 14.4% 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 \$9,500,685 is comprised of unassigned funds in the General Fund of \$12,860,165 and deficit fund balances in non-major special revenue funds of (\$3,359,480). 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 \$70,876,388. 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 13.9% of total General Fund expenditures, while total fund balance represents 56.1% of that same amount.

The restricted portion of the fund balance of the General Fund of \$37,362,692 is the total value of assets held in the Section 115 Pension Trust Fund of \$31,788,596 as well as funds that have been collected to be held for a specific future purpose.

CITY OF ESCONDIDO
Management’s Discussion and Analysis

During the current fiscal year, the fund balance of the City’s General Fund increased by \$8.0 million, or 14%, compared to the prior year. The increase is primarily due to unanticipated increases in property tax and franchise tax revenue, offset by savings in employee services due to vacancies throughout the City during the fiscal year.

General Fund operating revenue has not kept pace with the growing costs of providing City services, and as a result, the General Fund long-term financial plan has projected annual deficits. To address the predicted structural budget gap for the 2022/23 fiscal year, the City has maintained a hardline on expenditures, controlled costs by deferring maintenance and capital project costs, sought measures that ensure efficiency, and continued to utilize one-time grants and other sources of funding. Revenue-generating opportunities have also been explored and implemented as appropriate per City Council direction.

In order to continue to provide essential City services, staff made recommendations to close the FY2022/23 deficit that included a combination of using reserve balances, deferring major purchases to future years, allocating the final one-time source of funds from the Successor Agency Redevelopment Loan repayment of \$2.2 million and a transfer of \$6.1 million from the Section 115 Pension Trust Fund. Total budgeted operating revenue was projected to increase \$6.8 million or 6% over the FY2021/22 amended revenue projection and the adopted expenditure budget of \$128.5 million increased by approximately \$9.9 million or 8% compared to the revised Fiscal Year 2021/22 operating budget.

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 \$119.7 million to the final general fund budgeted revenue of \$121.2 million results in a net increase in budgeted revenue of \$1.5 million.

General Fund Revenues
Budgetary Comparison Schedule

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales tax	\$ 51,012,200	\$ 51,012,200	\$ 47,103,024	\$ (3,909,176)
Property taxes	32,780,100	32,780,100	34,913,385	2,133,285
Other taxes	14,617,860	14,659,860	20,092,019	5,432,159
Licenses and permits	1,778,500	1,778,500	1,996,753	218,253
Fines and forfeits	832,500	832,500	795,770	(36,730)
Intergovernmental	3,450,000	4,055,720	4,896,604	840,884
Charges for services	10,698,650	11,597,480	15,102,258	3,504,778
Lease income	3,775,920	3,775,920	3,933,494	157,574
Investment income	581,150	581,150	3,381,542	2,800,392
Miscellaneous	166,500	166,500	225,416	58,916
Total revenues	\$ 119,693,380	\$ 121,239,930	\$ 132,440,265	\$ 11,200,335

Sales Tax Revenue declined in FY2022/23; however, due to increases in property tax and franchise fees, overall operating revenue exceed the budget amount by \$11.2 million.

CITY OF ESCONDIDO
Management's Discussion and Analysis

Comparison of the fiscal year original general fund budgeted expenditures of \$125.4 million to the final General Fund budgeted expenditures of \$128.8 million results in a net increase in budgeted expenditures of \$3.4 million. Operating expenditures were increased for each department as the result of negotiated increases to employee services and contracts that were not completed in the prior fiscal year and rolled over to FY2022/23. In addition, the fire department budget was increased by \$1.2 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.

Total operating expenditures were under the amended FY2022/23 budgeted amount by \$4.3 million. This can be attributed to countless conscientious and efficient operational decisions, and an overall climate of fiscal prudence on the part of the entire City workforce. In addition, the City continued to experience expenditure savings from vacant staff positions in multiple departments as recruitments are being performed, often taking much longer than anticipated to fill those positions.

General Fund Expenditures
Budgetary Comparison Schedule

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES:				
Current:				
General government	\$ 8,683,659	\$ 8,594,749	\$ 8,195,431	399,318
Public safety	83,058,125	85,119,415	81,928,064	3,191,351
Public works	11,171,779	11,882,324	11,803,185	79,139
Community services	12,178,668	12,420,448	12,687,441	(266,993)
Development services	7,493,264	7,952,629	7,047,468	905,161
Capital outlay	1,550,450	1,550,450	1,550,450	-
Debt Service:				
Principal retirements	572,270	572,270	572,220	50
Software principal retirements	111,678	111,678	111,678	-
Lease principal retirements	340,806	340,806	340,806	-
Interest and fiscal charges	212,118	212,118	212,089	29
Total expenditures	\$ 125,372,817	\$ 128,756,887	\$ 124,448,832	\$ 4,308,055

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.

CITY OF ESCONDIDO
Management's Discussion and Analysis

Capital assets. As of June 30, 2023, the City's investments in capital assets for its governmental and business-type activities are \$725,310,201, (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 8 to the financial statements.

The total increase in the City's investment in capital assets for the current fiscal year is 10.9%; this represents a 2.9% increase for governmental activities and a 17.0% 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 continued on the Recycled Water Easterly Main Tank and Extension, the undergrounding for San Pasqual through the Escondido Canal, and the Membrane Filtration Reverse Osmosis Facility.

City of Escondido's Capital Assets

(net of depreciation / in thousands)

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 53,189	\$ 53,189	\$ 3,138	\$ 3,138	\$ 56,327	\$ 56,327
Buildings and systems	74,812	80,483	9,296	9,709	84,108	90,192
Improvements other than buildings	13,015	12,810	693	677	13,708	13,487
Machinery and equipment	10,358	9,636	2,232	2,191	12,590	11,827
Infrastructure	101,644	103,592	271,805	265,423	373,449	369,015
Construction in progress	37,243	22,153	147,885	90,640	185,128	112,793
Total	\$ 290,261	\$ 281,863	\$ 435,049	\$ 371,778	\$ 725,310	\$ 653,641

CITY OF ESCONDIDO
Management's Discussion and Analysis

Long-term debt. Each of the City's debt issues is discussed in detail in Note 9 to the financial statements. At the end of the current fiscal year, the City has total long-term debt outstanding of \$547.9 million, an increase of \$139.9 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	
	2023	2022	2023	2022	2023	2021
Compensated absences	\$ 7,338	\$ 7,459	\$ 1,610	\$ 1,555	\$ 8,948	\$ 9,014
Net pension liability	253,602	143,644	48,916	27,710	302,518	171,354
Claims payable	18,163	17,750	-	-	18,163	17,750
Loans payable	1,064	1,399	66,545	53,033	67,609	54,432
Financed purchase payable	322	636	-	-	322	636
Leases payable	9,952	10,293	-	-	9,952	10,293
Subscription payable	96	-	-	-	96	-
Connection rights payable	-	-	12,933	12,942	12,933	12,942
Revenue Bonds	-	-	75,045	78,245	75,045	78,245
Lease Revenue Bonds	2,495	2,760	-	-	2,495	2,760
General Obligation Bonds	48,340	50,615	-	-	48,340	50,615
	<u>\$341,372</u>	<u>\$224,263</u>	<u>\$205,049</u>	<u>\$ 173,485</u>	<u>\$546,421</u>	<u>\$408,041</u>

Factors Affecting Next Year's Budget

Since the impacts of the Great Recession, the City has been challenged with funding growing expenditures and community service needs. Operating revenue has not kept pace with the growing costs of providing City services, and as a result the General Fund long-term financial plan has projected annual deficits creating a structural budget deficit. Cost saving measures have been implemented in an effort to keep expenditures in line with the growth of revenue.

The proposed FY2023/24 operating budget continues to reflect an overall strategy of fiscal prudence on the part of the entire City workforce by continuing to maintain a hardline on expenditures while also continuing to provide core City services including Public Safety, Public Works, Community Services, and Community Development. In order to continue to provide essential City services, staff made recommendations to close the deficit included a combination of using reserve balances as well as deferring major purchases to future years. 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, 2023

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	California Center for the Arts, Escondido Foundation
	Cash and investments	\$ 155,426,646	\$ 53,420,872	\$ 208,847,518
Receivables, net of allowances	37,527,213	12,334,085	49,861,298	560,602
Loans receivable	66,545,157	154,841	66,699,998	-
Leases receivable	46,279,788	1,185,508	47,465,296	-
Due from Successor Agency	924,657	-	924,657	-
Internal balances	954,659	(954,659)	-	-
Due from other governments	10,087,469	3,370,808	13,458,277	-
Inventory, at cost	639,804	6,539	646,343	16,961
Deposits	380,350	-	380,350	-
Prepaid expenses	532,613	5,743	538,356	433,227
Land held for resale	901,732	-	901,732	-
Assets held in charitable remainder trust	-	-	-	94,643
Restricted assets:				
Investment in Section 115 Trust	31,788,596	-	31,788,596	-
Cash and investments with fiscal agent	6,034,016	5,371,302	11,405,318	-
Capital assets:				
Right to use leased assets, net	9,804,058	-	9,804,058	221,308
Right to use subscription assets, net	119,060	-	119,060	-
Not being depreciated	100,005,438	151,023,296	251,028,734	-
Being depreciated, net	190,255,298	284,026,169	474,281,467	449,966
Total Assets	658,206,554	509,944,504	1,168,151,058	4,180,340
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	79,621,335	15,573,078	95,194,413	-
Deferred loss on refundings	25,272	-	25,272	-
Total Deferred Outflows of Resources	79,646,607	15,573,078	95,219,685	-

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Net Position (Continued)
June 30, 2023

	Primary Government			Component Unit
	Governmental	Business-type	Total	California Center for the Arts, Escondido Foundation
	Activities	Activities		
LIABILITIES				
Accounts payable	7,046,496	13,859,122	20,905,618	138,713
Retentions payable	97,500	5,424,480	5,521,980	-
Accrued interest payable	858,806	1,581,089	2,439,895	-
Deposits payable	7,244,550	643,637	7,888,187	1,028,993
Accrued expenses	2,053,517	1,197,401	3,250,918	313,326
Unearned revenue	42,513,105	-	42,513,105	-
Long-term debt:				
Due within one year	8,128,043	5,394,190	13,522,233	89,074
Due in more than one year:			-	
Aggregate net pension liability	253,602,235	48,916,251	302,518,486	-
Leases payable	9,604,968	-	9,604,968	167,468
Subscription payable	13,942	-	13,942	-
Other long-term debt	75,689,232	158,768,803	234,458,035	12,482
Total Liabilities	406,852,394	235,784,973	642,637,367	1,750,056
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	1,561,434	408,814	1,970,248	-
Deferred inflows of resources related to leases	45,184,630	1,155,135	46,339,765	-
Deferred gain on refundings	279,725	1,159,961	1,439,686	-
Total Deferred Inflows of Resources	47,025,789	2,723,910	49,749,699	-
NET POSITION				
Net investment in capital assets	231,896,273	281,165,049	513,061,322	402,729
Restricted for:				
General government	10,901,434	-	10,901,434	-
Low and moderate income housing	87,342,619	-	87,342,619	-
Community services	1,804,695	-	1,804,695	-
Debt service	3,775,160	5,371,302	9,146,462	-
Capital projects	7,167,628	-	7,167,628	-
Public safety	53,995	-	53,995	-
Public works	21,930,350	-	21,930,350	-
Investment in Section 115 Trust	31,788,596	-	31,788,596	-
Permanent funds:				
Nonexpendable	250,334	-	250,334	-
Expendable	59,004	-	59,004	-
Total restricted net position	165,073,815	5,371,302	170,445,117	-
Unrestricted (deficit)	(112,995,110)	472,348	(112,522,762)	2,027,555
Total net position	\$ 283,974,978	\$ 287,008,699	\$ 570,983,677	\$ 2,430,284

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 13,662,634	\$ 608,153	\$ 6,919,409	\$ 2,274,286
Public safety	92,177,826	13,111,749	1,779,454	-
Community services	16,150,522	4,906,934	3,828,352	1,314,425
Public works	19,018,581	2,326,802	7,622,616	5,951,435
Development services	11,321,013	8,820,205	645,356	-
Interest and fiscal charges	2,383,091	-	-	-
Total Governmental Activities	<u>154,713,667</u>	<u>29,773,843</u>	<u>20,795,187</u>	<u>9,540,146</u>
Business-type activities:				
Water	68,809,459	66,282,444	-	18,847,901
Wastewater	40,241,339	40,673,365	60,658	4,953,086
Total Business-type Activities	<u>109,050,798</u>	<u>106,955,809</u>	<u>60,658</u>	<u>23,800,987</u>
Total Primary Government	<u>\$ 263,764,465</u>	<u>\$ 136,729,652</u>	<u>\$ 20,855,845</u>	<u>\$ 33,341,133</u>
Component Unit:				
California Center for the Arts, Escondido Foundation	\$ 14,830,763	\$ 5,639,331	\$ 8,154,410	\$ -

CITY OF ESCONDIDO
Statement of Activities (Continued)
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit California Center for the Arts, Escondido Foundation
	Primary Government		Total	
	Governmental Activities	Business-type Activities		
Primary Government:				
Governmental Activities:				
General government	\$ (3,860,786)	\$ -	\$ (3,860,786)	\$ -
Public safety	(77,286,623)	-	(77,286,623)	-
Community services	(6,100,811)	-	(6,100,811)	-
Public works	(3,117,728)	-	(3,117,728)	-
Community development	(1,855,452)	-	(1,855,452)	-
Interest and fiscal charges	(2,383,091)	-	(2,383,091)	-
Total Governmental Activities	(94,604,491)	-	(94,604,491)	-
Business-type activities:				
Water	-	16,320,886	16,320,886	-
Wastewater	-	5,445,770	5,445,770	-
Total Business-type Activities	-	21,766,656	21,766,656	-
Total Primary Government	(94,604,491)	21,766,656	(72,837,835)	-
Component Unit:				
California Center for the Arts, Escondido Foundation	-	-	-	(1,037,022)
General Revenues:				
Sales tax	47,103,024	-	47,103,024	-
Property tax	42,539,291	-	42,539,291	-
Franchise tax	11,176,043	-	11,176,043	-
Transient occupancy tax	2,628,582	-	2,628,582	-
Business license tax	2,154,732	-	2,154,732	-
Transfer station tax	1,405,830	-	1,405,830	-
Investment earnings & rental income	7,834,357	1,347,150	9,181,507	137,400
Miscellaneous	312,554	172,152	484,706	321,606
Total general revenues	115,154,413	1,519,302	116,673,715	459,006
Transfers	(30,000)	30,000	-	-
Total general revenues and transfers	115,124,413	1,549,302	116,673,715	459,006
Change in net position	20,519,922	23,315,958	43,835,880	(578,016)
Net position:				
Beginning of year	263,455,056	263,692,741	527,147,797	3,008,300
End of year	<u>\$ 283,974,978</u>	<u>\$ 287,008,699</u>	<u>\$ 570,983,677</u>	<u>\$ 2,430,284</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO

Balance Sheet Governmental Funds June 30, 2023

ASSETS	Major Funds			Nonmajor Governmental Funds
	General	Successor Agency Housing	American Rescue Plan Act	
Cash and investments	\$ 33,878,745	\$ 10,337,848	\$ 31,782,242	\$ 46,463,288
Receivables (net):				
Accounts	5,111,476	-	-	2,667,282
Interest	967,238	11,333,753	-	7,316,518
Taxes	9,936,480	-	-	55,964
Loans	11,000,000	37,679,488	-	17,865,669
Leases	46,279,788	-	-	-
Due from other governments	808,170	-	-	9,279,299
Due from Successor Agency	-	-	-	924,657
Due from other funds	985,751	-	-	-
Inventory, at cost	-	-	-	13,976
Prepaid items	-	-	-	532,613
Deposits	-	-	-	67,750
Land held for resale	-	901,732	-	-
Advances to other funds	-	-	-	540,956
Restricted assets:				
Cash and investments	31,788,596	-	-	-
Cash and investments with fiscal agent	-	-	-	6,034,016
Total Assets	\$ 140,756,244	\$ 60,252,821	\$ 31,782,242	\$ 91,761,988
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,133,531	\$ 8,650	\$ 358,962	\$ 3,350,116
Deposits payable	7,205,808	9,450	-	29,292
Retentions payable	-	-	17,372	80,128
Accrued expenditures	1,937,746	3,615	392	29,180
Due to other funds	-	-	-	985,751
Unearned revenue	-	-	31,405,516	11,107,589
Advances from other funds	200,000	-	-	340,956
Total Liabilities	11,477,085	21,715	31,782,242	15,923,012
Deferred Inflows of Resources:				
Unavailable revenue	13,218,141	11,300,126	-	15,548,505
Deferred inflows of resources related to leases	45,184,630	-	-	-
Total Deferred Inflows of Resources	58,402,771	11,300,126	-	15,548,505
Fund Balances:				
Nonspendable	200,000	-	-	865,418
Restricted	37,362,692	48,930,980	-	57,546,358
Committed	17,502,003	-	-	5,238,175
Assigned	2,951,528	-	-	-
Unassigned (deficit)	12,860,165	-	-	(3,359,480)
Total Fund Balances	70,876,388	48,930,980	-	60,290,471
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 140,756,244	\$ 60,252,821	\$ 31,782,242	\$ 91,761,988

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Balance Sheet (Continued)
Governmental Funds
June 30, 2023

	Total Governmental Funds
ASSETS	
Cash and investments	\$ 122,462,123
Receivables (net):	
Accounts	7,778,758
Interest	19,617,509
Taxes	9,992,444
Loans	66,545,157
Leases	46,279,788
Due from other governments	10,087,469
Due from Successor Agency	924,657
Due from other funds	985,751
Inventory, at cost	13,976
Prepaid items	532,613
Deposits	67,750
Land held for resale	901,732
Advances to other funds	540,956
Restricted assets:	
Cash and investments	31,788,596
Cash and investments with fiscal agent	6,034,016
Total Assets	\$ 324,553,295
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 5,851,259
Deposits payable	7,244,550
Retentions payable	97,500
Accrued expenditures	1,970,933
Due to other funds	985,751
Unearned revenue	42,513,105
Advances from other funds	540,956
Total Liabilities	59,204,054
Deferred Inflows of Resources:	
Unavailable revenue	40,066,772
Deferred inflows of resources related to leases	45,184,630
Total Deferred Inflows of Resources	85,251,402
Fund Balances:	
Nonspendable	1,065,418
Restricted	143,840,030
Committed	22,740,178
Assigned	2,951,528
Unassigned (deficit)	9,500,685
Total Fund Balances	180,097,839
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 324,553,295

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, 2023

Fund balances for governmental funds		\$ 180,097,839
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	\$ 100,005,438	
Capital assets, being depreciated, net	190,255,298	
Right to use leased asset, net	9,804,058	
Right to use software asset, net	119,060	
Less: amount reported in internal services fund	<u>(6,343,382)</u>	293,840,472
A portion of the unavailable revenue is not available to pay for current-period expenditures and, therefore, is not recognized in the funds.		
		40,066,773
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	12,418,168	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>954,659</u>	13,372,827
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	(7,338,007)	
Claims payable	(18,162,550)	
Loans	(1,063,987)	
Financed purchase payable	(322,574)	
Leases payable	(9,951,925)	
Subscription payable	(96,196)	
Bonds	(50,835,000)	
Bond premium	(5,670,183)	
Bond discount	4,236	
Deferred gain on refunding	(279,725)	
Deferred loss on refunding	25,272	
Less: amount reported in internal services fund	<u>18,366,717</u>	(75,323,922)
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	(253,602,235)	
Less: amount reported in internal services fund	<u>11,781,205</u>	(241,821,030)
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	79,621,335	
Deferred inflows of resources related to pensions	(1,561,434)	
Less: amount reported in internal services fund	<u>(3,459,076)</u>	74,600,825
Interest payable on noncurrent liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		<u>(858,806)</u>
Net position of governmental activities		<u><u>\$ 283,974,978</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, 2023

	Major Funds			Nonmajor Governmental Funds
	General Fund	Successor Agency Housing	American Rescue Plan Act	
Revenues:				
Sales tax	\$ 47,103,024	\$ -	\$ -	\$ -
Property taxes	34,913,385	-	-	-
Other taxes	20,092,019	-	-	-
Licenses and permits	1,996,753	-	-	-
Fines and forfeits	795,770	-	-	-
Intergovernmental	4,896,604	-	5,246,218	20,985,363
Charges for services	15,102,258	-	-	2,894,711
Special assessments	-	-	-	6,188,966
Lease income	3,933,494	156,085	-	-
Investment income	3,381,542	572,744	-	1,138,363
Miscellaneous	225,416	158	-	15,445
Total Revenues	132,440,265	728,987	5,246,218	31,222,848
Expenditures:				
Current:				
General government	8,195,431	-	283,612	143,546
Public safety	81,928,064	-	3,735,030	1,485,393
Public works	11,803,185	-	199,794	1,050,735
Community services	12,687,441	-	35,375	2,681,025
Development services	7,047,468	541,260	325,195	3,257,332
Capital outlay	1,550,450	-	667,212	19,787,320
Debt service:				
Principal retirements	572,220	-	-	2,617,184
Software principal retirements	111,678	-	-	-
Lease principal retirements	340,806	-	-	-
Interest and fiscal charges	212,089	-	-	2,581,688
Total Expenditures	124,448,832	541,260	5,246,218	33,604,223
Excess (Deficiency) of Revenues Over Expenditures	7,991,433	187,727	-	(2,381,375)
Other Financing Sources (Uses):				
Debt issuance	48,963	-	-	-
Transfers in	2,534,120	25,000	-	655,250
Transfers (out)	(767,130)	-	-	(2,564,120)
Total Other Financing Sources (Uses)	1,815,953	25,000	-	(1,908,870)
Net Change in Fund Balance	9,807,386	212,727	-	(4,290,245)
Fund Balances:				
Beginning of Year	61,069,002	48,718,253	-	64,580,716
End of Year	\$ 70,876,388	\$ 48,930,980	\$ -	\$ 60,290,471

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2023

	Total Governmental Funds
Revenues:	
Sales tax	\$ 47,103,024
Property taxes	34,913,385
Other taxes	20,092,019
Licenses and permits	1,996,753
Fines and forfeits	795,770
Intergovernmental	31,128,185
Charges for services	17,996,969
Special assessments	6,188,966
Lease income	4,089,579
Investment income	5,092,649
Miscellaneous	241,019
Total Revenues	169,638,318
Expenditures:	
Current:	
General government	8,622,589
Public safety	87,148,487
Public works	13,053,714
Community services	15,403,841
Community development	11,171,255
Capital outlay	22,004,982
Debt service:	
Principal retirements	3,189,404
Software principal retirements	111,678
Lease principal retirements	340,806
Interest and fiscal charges	2,793,777
Total Expenditures	163,840,533
Excess (Deficiency) of Revenues Over Expenditures	5,797,785
Other Financing Sources (Uses):	
Debt issuance	48,963
Transfers in	3,214,370
Transfers (out)	(3,331,250)
Total Other Financing Sources (Uses)	(67,917)
Net Change in Fund Balance	5,729,868
Fund Balances:	
Beginning of Year	174,367,971
End of Year	\$ 180,097,839

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, 2023

Net change in fund balances - total governmental funds: \$ 5,729,868

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	\$ 21,956,019	
Depreciation, net of \$2,762,181 from Internal Service Funds	(14,317,267)	
Contributed capital assets	108,839	
Amortization	<u>(46,557)</u>	
		7,701,034

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 3,766,938

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	2,845,740	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(369,946)</u>	
		2,475,794

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	60,786	
Change in pension liability	(2,903,403)	
Principal retirements	3,189,405	
Accrued interest	<u>499,500</u>	
		<u>846,288</u>

Change in net position of governmental activities **\$ 20,519,922**

CITY OF ESCONDIDO

Statement of Net Position

Proprietary Funds

June 30, 2023

ASSETS	Major Funds			Governmental
	Water	Wastewater	Total	Internal
				Service Funds
Current Assets:				
Cash and investments	\$ 33,657,008	\$ 19,763,864	\$ 53,420,872	\$ 32,964,523
Receivables (Net):				
Accounts	10,422,411	1,792,604	12,215,015	38,690
Interest	96,914	22,156	119,070	99,812
Loans	-	89,400	89,400	-
Leases	70,566	-	70,566	-
Due from other governments	2,922,908	447,900	3,370,808	-
Inventory	-	6,539	6,539	625,828
Prepaid items	-	5,743	5,743	-
Deposits	-	-	-	312,600
Total Current Assets	47,169,807	22,128,206	69,298,013	34,041,453
Noncurrent Assets:				
Restricted cash and investments	1,583,096	3,788,206	5,371,302	-
Loans receivable	-	65,441	65,441	-
Leases receivable	1,114,942	-	1,114,942	-
Capital assets:				
Not being depreciated	65,606,212	85,417,084	151,023,296	-
Being depreciated, net	121,427,706	162,598,463	284,026,169	6,343,382
Total Noncurrent Assets	189,731,956	251,869,194	441,601,150	6,343,382
Total Assets	236,901,763	273,997,400	510,899,163	40,384,835
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	7,414,131	8,158,947	15,573,078	3,550,144
Total Deferred Outflows of Resources	7,414,131	8,158,947	15,573,078	3,550,144

CITY OF ESCONDIDO
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2023

	Major Funds		Total	Governmental Activities
	Water	Wastewater		Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts payable	7,185,213	6,673,909	13,859,122	1,195,237
Retention payable	5,214,241	210,239	5,424,480	-
Accrued expenses	128,642	128,759	257,401	82,584
Claims payable	-	940,000	940,000	-
Accrued interest	1,086,966	494,123	1,581,089	-
Long-term debt, due within one year	2,831,014	2,563,176	5,394,190	3,652,927
Total Current Liabilities	16,446,076	11,010,206	27,456,282	4,930,748
Noncurrent Liabilities:				
Deposits payable	643,637	-	643,637	-
Aggregate net pension liabilities	22,983,769	25,932,482	48,916,251	11,781,205
Long-term debt, due in more than one year	96,425,430	62,343,373	158,768,803	14,713,790
Total Noncurrent Liabilities	120,052,836	88,275,855	208,328,691	26,494,995
Total Liabilities	136,498,912	99,286,061	235,784,973	31,425,743
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to leases	1,155,135	-	1,155,135	-
Deferred inflows of resources related to pensions	195,427	213,387	408,814	91,068
Deferred gain on refundings	452,872	707,089	1,159,961	-
Total Deferred Inflows of Resources	1,803,434	920,476	2,723,910	91,068
NET POSITION				
Net investment in capital assets	92,953,165	188,211,884	281,165,049	6,343,382
Unrestricted	13,060,383	(6,262,074)	6,798,309	6,074,786
Total Net Position	\$ 106,013,548	\$ 181,949,810	287,963,358	\$ 12,418,168
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			<u>(954,659)</u>	
Net position of business-type activities			<u>\$ 287,008,699</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, 2023

	Business-Type Activities			Governmental
	Water	Wastewater	Total	Activities Internal Service Funds
Operating Revenues:				
Charges for services	\$ 65,394,604	\$ 40,669,253	\$ 106,063,857	\$ 40,143,254
Total Operating Revenues	<u>65,394,604</u>	<u>40,669,253</u>	<u>106,063,857</u>	<u>40,143,254</u>
Operating Expenses:				
Personnel services	13,638,432	13,586,825	27,225,257	5,982,445
Purchased water	25,988,270	-	25,988,270	-
Administrative expenses	7,768,602	2,714,170	10,482,772	2,449,166
Benefit claims	-	-	-	1,673,069
Supplies	4,612,565	1,596,331	6,208,896	270,191
Repairs and maintenance	3,367,664	2,227,145	5,594,809	1,702,927
Depreciation	4,677,411	7,011,199	11,688,610	1,933,968
Utilities	3,241,466	4,537,131	7,778,597	1,676,870
Fuel	-	-	-	1,593,571
Professional services	772,110	4,183,168	4,955,278	4,580,371
Insurance premiums	1,011,300	777,620	1,788,920	15,516,572
Rent	500,103	330,345	830,448	-
Other	764,234	1,149,232	1,913,466	1,797,877
Total Operating Expenses	<u>66,342,157</u>	<u>38,113,166</u>	<u>104,455,323</u>	<u>39,177,027</u>
Operating Income (Loss)	<u>(947,553)</u>	<u>2,556,087</u>	<u>1,608,534</u>	<u>966,227</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, 2023

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Nonoperating Revenues (Expenses):				
Investment income	641,686	532,190	1,173,876	200,726
Rents and concessions	1,349,801	-	1,349,801	-
Interest and fiscal charges	(2,674,973)	(1,307,318)	(3,982,291)	-
Settlement payments	-	(940,000)	(940,000)	-
Miscellaneous	196,979	109,610	306,589	131,046
Total Nonoperating Revenues (Expenses)	<u>(486,507)</u>	<u>(1,605,518)</u>	<u>(2,092,025)</u>	<u>331,772</u>
Income Before Transfers and Capital Contributions	<u>(1,434,060)</u>	<u>950,569</u>	<u>(483,491)</u>	<u>1,297,999</u>
Transfers in	30,000	-	30,000	86,880
Capital Contributions:				
Intergovernmental	17,704,892	4,143,049	21,847,941	-
Connection fees	358,940	870,696	1,229,636	-
Developer contributions	321,926	-	321,926	1,460,861
Total Transfers and Capital Contributions	<u>18,415,758</u>	<u>5,013,745</u>	<u>23,429,503</u>	<u>1,547,741</u>
Changes in Net Position	16,981,698	5,964,314	22,946,012	2,845,740
Net Position at Beginning of Year	<u>89,031,850</u>	<u>175,985,496</u>	<u>265,017,346</u>	<u>9,572,428</u>
Net Position at End of Year	<u>\$ 106,013,548</u>	<u>\$ 181,949,810</u>	<u>\$ 287,963,358</u>	<u>\$ 12,418,168</u>
Change in Net Position			\$ 22,946,012	
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			<u>369,946</u>	
Change in net position of business-type activities			<u>\$ 23,315,958</u>	

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental Activities Internal Service Funds
	Water	Wastewater	Total	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 69,387,099	\$ 42,271,879	\$ 111,658,978	\$ 40,150,213
Cash paid to employees for services	(13,514,063)	(13,694,577)	(27,208,640)	(9,052,498)
Cash paid to suppliers for goods or services	(56,407,713)	(16,554,805)	(72,962,518)	(28,232,067)
Cash for rents and concessions	1,324,074	-	1,324,074	-
Cash from other sources	304,351	187,176	491,527	32,302
Net Cash Provided by Operating Activities	1,093,748	12,209,673	13,303,421	2,897,950
Cash Flows from Noncapital Financing Activities:				
Cash received from (paid to) other funds	30,000	-	30,000	86,880
Net Cash Provided by Noncapital Financing Activities	30,000	-	30,000	86,880
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	(39,728,157)	(35,166,035)	(74,894,192)	(1,100,919)
Construction in progress reimbursement	14,905,384	4,722,621	19,628,005	-
Sale of capital assets	-	-	-	253,887
Payments on connection rights	349,250	-	349,250	-
Cash received for connection fees	321,926	870,696	1,192,622	-
Proceeds from loans payable	-	16,595,481	16,595,481	-
Principal payments on bonds	(1,445,000)	(1,755,000)	(3,200,000)	-
Interest payments on bonds	(1,724,457)	(1,645,572)	(3,370,029)	-
Principal payments on loans	(1,218,010)	(1,865,765)	(3,083,775)	-
Interest payments on loans	(1,173,379)	(538,734)	(1,712,113)	-
Net Cash (Used in) Capital and Related Financing Activities	(29,712,443)	(18,782,308)	(48,494,751)	(847,032)
Cash Flows from Investing Activities:				
Investment income received	629,992	586,706	1,216,698	170,844
Net Cash Provided by Investing Activities	629,992	586,706	1,216,698	170,844
Net increase (decrease) in cash and cash equivalents	(27,958,703)	(5,985,929)	(33,944,632)	2,308,642
Cash and cash equivalents:				
Beginning of year	63,198,807	29,537,999	92,736,806	30,655,881
End of year	<u>\$ 35,240,104</u>	<u>\$ 23,552,070</u>	<u>\$ 58,792,174</u>	<u>\$ 32,964,523</u>
Reconciliation of Cash Equivalents to the Statement of Net Position:				
Cash and investments	\$ 33,657,008	\$ 19,763,864	\$ 53,420,872	\$ 32,964,523
Restricted cash and investments	1,583,096	3,788,206	5,371,302	-
Total cash and cash equivalents	<u>\$ 35,240,104</u>	<u>\$ 23,552,070</u>	<u>\$ 58,792,174</u>	<u>\$ 32,964,523</u>

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	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)	\$ (947,553)	\$ 2,556,087	\$ 1,608,534	\$ 966,227
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	4,677,411	7,011,199	11,688,610	1,933,968
Cash from rent and concessions	1,349,801	-	1,349,801	-
Cash from other sources	304,351	109,610	413,961	32,302
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	3,953,316	1,600,696	5,554,012	6,959
Inventories	-	(4,063)	(4,063)	53,136
Prepaid items	-	1,930	1,930	-
Loans receivable	-	77,566	77,566	-
Leases receivable	(25,727)	-	(25,727)	-
Deferred outflows of resources related to pensions	(4,425,389)	(4,822,379)	(9,247,768)	(2,056,061)
Accounts payable	(4,499,877)	979,977	(3,519,900)	119,844
Retentions payable	(3,637,784)	210,239	(3,427,545)	-
Accrued expenses	(243,738)	(225,816)	(469,554)	(146,524)
Compensated absences	70,216	(15,073)	55,143	(215,058)
Customer deposits	39,179	-	39,179	-
Pension liability	10,137,552	11,069,156	21,206,708	4,724,075
Deferred inflows of resources related to pensions	(5,658,010)	(6,339,456)	(11,997,466)	(2,932,618)
Estimated claims payable	-	-	-	411,700
Total adjustments	2,041,301	9,653,586	11,694,887	1,931,723
Net Cash Provided by Operating Activities	\$ 1,093,748	\$ 12,209,673	\$ 13,303,421	\$ 2,897,950
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ -	\$ 123,438	\$ 123,438	\$ -
Amortization of bond premium/discounts	(226,398)	2,875,667	2,649,269	-
Amortization of deferred charge on bond refundings	(25,241)	1,400,928	1,375,687	-
Total noncash investing, capital and financing activities	\$ (251,639)	\$ 4,400,033	\$ 4,148,394	\$ -

See Accompanying Notes to Basic Financial Statements.

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

	Custodial Funds	Private Purpose Trust Fund Successor Agency of the Former CDC
ASSETS		
Cash and investments	\$ 1,817,748	\$ 149,999
Cash and investments with fiscal agent	1,435,507	-
Receivables:		
Interest	4,542	-
Taxes	21,654	-
Total Assets	3,279,451	149,999
LIABILITIES		
Long-term liabilities:		
Due within one year	-	150,000
Due in more than one year	-	774,657
Total Liabilities	-	924,657
NET POSITION		
Net position restricted for individuals, organizations, and other governments	3,279,451	(774,658)
Total Net Position (Deficit)	\$ 3,279,451	\$ (774,658)

CITY OF ESCONDIDO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds	Private Purpose Trust Fund Successor Agency of the Former CDC
ADDITIONS:		
Taxes	\$ -	\$ 87,862
Special assessments	4,344,031	-
Interest and change in fair value of investments	27,709	-
Total Additions	4,371,740	87,862
DEDUCTIONS:		
Administrative expenses	1,420,528	-
Interest expense	-	115,142
Payments on conduit bonds - principal	905,000	-
Payments on conduit bonds - interest	1,008,547	-
Total Deductions	3,334,075	115,142
Changes in Net Position	1,037,665	(27,280)
NET POSITION:		
Beginning of year	2,241,786	(747,378)
End of year (Deficit)	<u>\$ 3,279,451</u>	<u>\$ (774,658)</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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, 2023

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 are 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 assets) 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 assets) 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, 2023

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, 2023

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.

The **American Rescue Plan Act Fund** was established to account for \$38.8 million in monies the city received from the American Rescue Plan Act of 2021 which was passed on March 11, 2021. The funds may be used to: support urgent COVID-19 response efforts, replace lost public sector lost revenue, support immediate economic stabilization, address systemic public health and economic challenges, and fund certain water, sewer, and broadband infrastructure improvements. All funds must be earmarked by December 31, 2024 and fully spent by December 31, 2026.

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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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

Proprietary Fund Financial Statements (Continued)

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.

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, Rancho San Pasqual, The Villages, and Eclipse and Mountain House) 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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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, 2023

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, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Capital Assets

Capital assets, which include property, plant, equipment infrastructure assets, and right-to-use lease and subscription assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, equipment, and infrastructure assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the acquisition 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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Subscription-Based Information Technology Arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

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.

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, 2023, the balance totaled \$17,392,319.

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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 1 – Summary of Significant Accounting Policies (Continued)

Q. Fund Balance (Continued)

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.

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

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The City adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

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, 2023.

B. Deficit Fund Equity

The following funds reported a deficit fund balance/net position as of June 30, 2023:

Fund	Fund Type	Amount
Unrestricted Net Position	Governmental Activities	\$ (112,995,110)
Law Enforcement	Special Revenue Fund	(425,691)
Miscellaneous Grants	Special Revenue Fund	(1,763,210)
County Transportation Street Projects	Special Revenue Fund	(1,063,082)
Building Maintenance	Internal Service Fund	(1,218,180)
Network and Systems Administration	Internal Service Fund	(1,173,929)
Successor Agency of the former CDC	Private Purpose Trust Fund	(774,658)

At June 30, 2023, the City had an unrestricted net position deficit of (\$112,995,110) 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 (\$425,691) in the Law Enforcement fund, (\$1,763,210) in the Miscellaneous Grants fund, and (\$1,063,082) in the County Transportation Street Projects Fund are the result of unreimbursed funds and will be eliminated with future grant reimbursements.

Internal service fund deficits for the Building Maintenance and Network and Systems Administration 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 (\$774,658) 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, 2023, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Component Unit	Fiduciary Funds	Total
Cash and investments	\$ 155,426,646	\$ 53,420,872	\$ 2,403,633	\$ 1,967,747	\$ 213,218,898
Investment in Section 115 Trust	31,788,596	-	-	-	31,788,596
Cash and investments with fiscal agent	6,034,016	5,371,302	-	1,435,507	12,840,825
Total	<u>\$ 193,249,258</u>	<u>\$ 58,792,174</u>	<u>\$ 2,403,633</u>	<u>\$ 3,403,254</u>	<u>\$ 257,848,319</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Cash and Investments (Continued)

At June 30, 2023, 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, 2023:

	Fair Value	Measurement Input			
		Level 1	Level 2	Level 3	Uncategorized
Cash on hand	\$ 17,381	\$ -	\$ -	\$ -	\$ 17,381
Demand deposits	6,430,677	-	-	-	6,430,677
Investments:					
U. S. Treasury Obligations	78,820,762	-	78,820,762	-	-
U. S. Corporate Bonds	26,952,122	-	26,952,122	-	-
U. S. Municipal Bonds	7,291,946	-	7,291,946	-	-
Supranational Obligations	2,882,558	-	2,882,558	-	-
Federal Agency Securities	16,828,525	-	16,828,525	-	-
Asset Backed Securities	3,897,888	-	-	-	3,897,888
Placement Service Deposits	5,048,736	-	-	-	5,048,736
Money Market Funds	10,418,656	-	10,418,656	-	-
Local Gov. Investment Pool (CAMP)	54,617,972	-	-	-	54,617,972
State Investment Pool (LAIF)	11,675	-	-	-	11,675
Subtotal	206,770,840	-	143,194,569	-	63,576,271
Held by fiscal agent:					
U.S. Treasury Obligations	735,859	-	735,859	-	-
Money Market Funds	12,104,966	-	12,104,966	-	-
Subtotal	12,840,825	-	12,840,825	-	-
Investment in Section 115 Trust	31,788,596	-	-	-	31,788,596
Total	\$ 257,848,319	\$ -	\$ 156,035,394	\$ -	\$ 101,812,925

A. Demand Deposits

The carrying amount of the City's cash deposits were \$4,027,044 at June 30, 2023. Bank balances before reconciling items were \$5,236,325 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, 2023

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%	10%
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	\$75 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, 2023

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, 2023, the City had \$11,675 invested in LAIF, which had invested 1.88% 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, 2023. 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, 2023

Note 3 – Cash and Investments (Continued)

D. Investments in Section 115 Trust

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City’s CalPERS pension plans. The Section 115 Pension Trust’s specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City.

E. Investment in California Asset Management Program (CAMP)

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

F. 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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 3 – Cash and Investments (Continued)

F. Risk Disclosures (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Fair Value	Remaining Maturity in Months			
		12 Months or Less	13 to 36 Months	36 to 48 Months	48 to 60 Months
Investments:					
U. S. Treasury Obligations	\$ 78,820,762	\$ 28,104,370	\$ 34,351,142	\$ 12,756,410	\$ 3,608,840
U. S. Corporate Bonds	26,952,122	6,235,884	13,055,564	7,660,674	-
U. S. Municipal Bonds	7,291,946	348,999	6,665,497	277,450	-
Supranational Obligations	2,882,558	651,800	2,230,758	-	-
Federal Agency Securities	16,828,525	4,455,084	11,511,621	861,820	-
Asset Backed Securities	3,897,888	-	868,622	3,029,266	-
Placement Service Deposits	5,048,736	5,048,736	-	-	-
Money Market Funds	10,418,656	10,418,656	-	-	-
Local Gov. Investment Pool (CAMP)	54,617,972	54,617,972	-	-	-
State Investment Pool (LAIF)	11,675	11,675	-	-	-
Subtotal	<u>206,770,840</u>	<u>109,893,176</u>	<u>68,683,204</u>	<u>24,585,620</u>	<u>3,608,840</u>
Held by fiscal agent:					
U.S. Treasury Obligations	735,859	735,859	-	-	-
Money Market Funds	12,104,966	12,104,966	-	-	-
Subtotal	<u>12,840,825</u>	<u>12,840,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment in Section 115 Trust	31,788,596	31,788,596	-	-	-
Total	<u>\$ 251,400,261</u>	<u>\$ 154,522,597</u>	<u>\$ 68,683,204</u>	<u>\$ 24,585,620</u>	<u>\$ 3,608,840</u>

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, 2023

Note 3 – Cash and Investments (Continued)

F. Risk Disclosures

Disclosures Relating to Credit Risk (Continued)

Investment Type	Fair Value	Minimum Legal Rating	Exempt from Disclosures	Rating as of Year End				
				AAA/Aaa	AA+/Aa1	AA to AA-/ Aa2 to Aa3	A+ to A-/ A1 to A3	Not Rated
Investments:								
U. S. Treasury Obligations	\$ 78,820,762	N/A	\$ -	\$ -	\$ 78,820,762	\$ -	\$ -	\$ -
U. S. Corporate Bonds	26,952,122	A	-	-	6,075,404	-	20,876,718	-
U. S. Municipal Bonds	7,291,946	A	-	1,452,662	1,215,231	3,748,246	-	875,807
Supranational Obligations	2,882,558	A	-	2,882,558	-	-	-	-
Federal Agency Securities	16,828,525	N/A	-	-	16,828,525	-	-	-
Asset Backed Securities	3,897,888	N/A	-	3,897,888	-	-	-	-
Placement Service Deposits	5,048,736	N/A	-	-	-	-	-	5,048,736
Money Market Funds	10,418,656	N/A	10,418,656	-	-	-	-	-
Local Gov. Investment Pool (CAMP)	54,617,972	N/A	-	54,617,972	-	-	-	-
State Investment Pool (LAIF)	11,675	N/A	-	-	-	-	-	11,675
Subtotal	206,770,840		10,418,656	62,851,080	102,939,922	3,748,246	20,876,718	5,936,218
Held by fiscal agent:								
U.S. Treasury Obligations	735,859	N/A	-	-	-	-	-	735,859
Money Market Funds	12,104,966	N/A	-	-	-	-	-	12,104,966
Subtotal	12,840,825		-	-	-	-	-	12,840,825
Investment in Section 115 Trust	31,788,596	N/A	-	-	-	-	-	31,788,596
Total	\$ 251,400,261		\$ 10,418,656	\$ 62,851,080	\$ 102,939,922	\$ 3,748,246	\$ 20,876,718	\$ 50,565,639

Disclosures Relating to Concentration of Credit Risk

The City has no 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.

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, 2023

Note 4 – Accounts Receivable

As of June 30, 2023, the accounts receivable are categorized as follows:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 9,752,730	\$ 13,094,388	\$ 22,847,118
Interest receivable	19,610,493	119,069	19,729,562
Taxes receivable	9,999,462	-	9,999,462
Total receivables	39,362,685	13,213,457	52,576,142
Less: Allowance for uncollectible amounts	(1,835,472)	(879,372)	(2,714,844)
Total receivables, net of allowance	<u>\$ 37,527,213</u>	<u>\$ 12,334,085</u>	<u>\$ 49,861,298</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, 2023 are \$550,973 for the Water Fund and \$328,399 for the Wastewater Fund.

Note 5 – Notes and Loans Receivable

At June 30, 2023, the loans receivable was reported in the accompanying basic financial statements as follows:

	Governmental Activities	Business-type Activities	Total
General Fund	\$ 11,000,000	\$ -	\$ 11,000,000
Successor Agency Housing Fund	37,679,488	-	37,679,488
HOME Fund	17,586,776	-	17,586,776
Community Development Block Grant Fund	231,659	-	231,659
Public Facilities Capital Projects Fund	47,234	-	47,234
Wastewater Enterprise Fund	-	154,841	154,841
Total	<u>\$ 66,545,157</u>	<u>\$ 154,841</u>	<u>\$ 66,699,998</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 secured by a deed of trust recorded against the property for the remaining balance of \$10,800,000 which will be repaid from residual receipts over 55 years. If not paid earlier from residual receipts within the 55 year loan period, the entire amount of outstanding principal and accrued interest will be due and payable. Interest accrues at the rate of 2.21% compounded annually. As of June 30, 2023, the notes receivable balance was \$10,800,000, and unavailable revenue of \$11,576,425 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, 2023, the notes receivable balance was \$200,000.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 5 – Notes and Loans Receivable (Continued)

On June 30, 2023, the City has outstanding loans of \$37,679,488 recorded in the Successor Agency Housing Fund; \$17,586,776 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, 2023 is \$47,234.

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, 2023 is \$154,841 including principal and interest.

Note 6 – Lease Receivables

The City, acting as lessor, leases buildings and cell towers under long-term, noncancelable lease agreements. The leases expire at various dates through 2053 and provide for renewal options ranging from 3 to 30 years. During the year ended June 30, 2023, the City recognized \$2,915,464 and \$713,483 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,400,488	\$ 688,234	\$ 70,566	\$ 16,755	\$ 3,176,044
2025	2,468,969	662,068	73,963	15,978	3,220,979
2026	2,465,155	635,082	77,479	15,160	3,192,877
2027	1,941,767	608,823	81,119	14,300	2,646,008
2028	1,497,260	585,947	63,096	13,425	2,159,729
2029-2033	6,873,632	2,599,209	204,966	57,269	9,735,077
2034-2038	7,129,151	2,046,389	222,879	40,147	9,438,566
2039-2043	8,146,170	1,428,159	241,429	21,597	9,837,356
2044-2048	7,354,905	764,687	150,009	3,423	8,273,024
2049-2053	6,002,291	244,550	-	-	6,246,841
Total	\$ 46,279,788	\$ 10,263,148	\$ 1,185,508	\$ 198,056	\$ 57,926,500

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Interfund Transactions

A. Due To and From Other Funds

At June 30, 2023, due from and to other funds balances are as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Amounts</u>
General Fund	Nonmajor Governmental Funds: Community Development Block Grant Fund	\$ 927,575
General Fund	Nonmajor Governmental Funds: County Transportation Street Projects Fund	\$ 58,176

Operating receivables between funds are classified as due from or due to other funds. Negative individual fund cash and investment balances in the Community Development Block Grant Fund and the County Transportation Street Projects Fund are offset by a due from other funds in the General Fund with a due to other funds set up in those funds owing the General Fund.

B. Advances To and From Other Funds

At June 30, 2023, 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>
Nonmajor Governmental Funds: Street Improvement Capital Projects Fund	General Fund	\$ 200,000
Nonmajor Governmental Funds: Public Facilities Capital Projects Fund	Nonmajor Governmental Funds: Storm Drain Capital Projects Fund	\$ 340,956

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.

In February of 2003 the City entered into a reimbursement agreement with a developer for reimbursement for the costs of upsizing the existing storm water infrastructure to complete needed construction in accordance with the City Master Drainage Plan. In March 2022, City Council approved a loan from the Public Facilities Fund to the Storm Drain Capital Projects Fund to facilitate payment to the developer. The Storm Drain Capital Projects Fund will repay this amount plus interest to the Public Facilities Fund over a ten-year period at a rate equivalent to the City’s calculated annual investment portfolio monthly yield. The balance outstanding at June 30, 2023 is \$340,956 including principal and interest

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 7 – Interfund Transactions (Continued)

C. Transfers In and Out

For the year ended June 30, 2023, interfund transfers are as follows:

Transfer Out	Transfers In					Total
	General Fund	Successor Agency Housing	Nonmajor Governmental Funds	Enterprise - Water	Internal Service Funds	
General Fund	\$ -	\$ 25,000	\$ 655,250	\$ -	\$ 86,880	\$ 767,130
Nonmajor Governmental	2,534,120	-	-	30,000	-	2,564,120
Total	<u>\$ 2,534,120</u>	<u>\$ 25,000</u>	<u>\$ 655,250</u>	<u>\$ 30,000</u>	<u>\$ 86,880</u>	<u>\$ 3,331,250</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, 2023

Note 8 – Capital Assets

A. Governmental Activities

Summary of changes in capital assets for the governmental activities for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Transfers of CIP	Contributions Between Activities	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:						
Art and historical treasures	\$ 9,532,194	\$ 41,000	\$ -	\$ -	\$ -	\$ 9,573,194
Land	53,189,126	-	-	-	-	53,189,126
Construction in progress	22,153,378	(5,173,532)	-	20,454,531	(191,259)	37,243,118
Total capital assets, not being depreciated	84,874,698	(5,132,532)	-	20,454,531	(191,259)	100,005,438
Capital assets, being depreciated:						
Land improvements	41,536,163	1,021,208	-	-	-	42,557,371
Buildings	223,343,668	-	-	-	-	223,343,668
Machinery and equipment	36,295,386	585,932	-	708,243	-	37,589,561
Motorized vehicles	29,478,643	61,272	383,378	1,915,854	(211,167)	31,627,980
Infrastructure	334,464,586	3,464,120	-	108,836	-	338,037,542
Golf Course	4,326,835	-	-	-	-	4,326,835
Radio Rights	3,230,225	-	-	-	-	3,230,225
Total capital assets, being depreciated	672,675,506	5,132,532	383,378	2,732,933	(211,167)	680,713,182
Less accumulated depreciation						
Land improvements	(39,749,000)	-	-	(713,037)	-	(40,462,037)
Buildings	(142,860,857)	-	-	(5,670,678)	-	(148,531,535)
Machinery and equipment	(32,171,482)	-	-	(1,218,406)	-	(33,389,888)
Motorized vehicles	(26,227,209)	-	-	(1,553,670)	211,167	(27,569,712)
Infrastructure	(230,872,463)	-	-	(5,520,962)	-	(236,393,425)
Golf Course	(2,836,481)	-	-	(144,228)	-	(2,980,709)
Radio Rights	(969,067)	-	-	(161,511)	-	(1,130,578)
Total accumulated depreciation	(475,686,559)	-	-	(14,982,492)	211,167	(490,457,884)
Total capital assets, being depreciated, net	196,988,947	5,132,532	383,378	(12,249,559)	-	190,255,298
Right-to-Use Lease Assets:						
Land	10,633,166	-	-	11,723	-	10,644,889
Subscription Software	-	-	-	207,875	-	207,875
Total Right-to-Use Lease Assets	10,633,166	-	-	219,598	-	10,852,764
Less accumulated amortization:						
Land	(418,892)	-	-	(421,939)	-	(840,831)
Subscription Software	-	-	-	(88,815)	-	(88,815)
Total accumulated amortization	(418,892)	-	-	(510,754)	-	(929,646)
Total Right-to-Use Lease Assets, Net	10,214,274	-	-	(291,156)	-	9,923,118
Total Governmental Activities capital assets, net	\$ 292,077,919	\$ -	\$ 383,378	\$ 7,913,816	\$ (191,259)	\$ 300,183,854

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Capital Assets (Continued)

A. Governmental Activities (Continued)

Depreciation and amortization expense was charged to the following functions:

General government	\$	3,842,328
Public safety		2,869,398
Public works		5,965,621
Community services		719,293
Community development		162,639
Internal service funds		1,933,967
Total	\$	15,493,246

B. Business-type Activities

Summary of changes in capital assets for the business-type activities for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Transfers of CIP	Contributions Between Activities	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated:						
Land	\$ 3,138,397	\$ -	\$ -	\$ -	\$ -	\$ 3,138,397
Construction in progress	90,640,025	(16,501,194)	-	73,746,068	-	147,884,899
Total capital assets, not being depreciated	93,778,422	(16,501,194)	-	73,746,068	-	151,023,296
Capital assets, being depreciated:						
Land improvements	1,092,101	39,402	-	-	-	1,131,503
Buildings	31,805,187	-	-	-	-	31,805,187
Machinery and equipment	14,443,102	-	-	891,906	-	15,335,008
Motorized vehicles	-	-	(383,378)	383,378	-	-
Water system	171,264,216	16,461,792	-	321,926	-	188,047,934
Electrical system	3,609,179	-	-	-	-	3,609,179
Sewer system	218,077,258	-	-	-	-	218,077,258
Recycled water system	45,340,654	-	-	-	-	45,340,654
Total capital assets, being depreciated	485,631,697	16,501,194	(383,378)	1,597,210	-	503,346,723
Less accumulated depreciation						
Land improvements	(415,076)	-	-	(23,353)	-	(438,429)
Buildings	(22,096,234)	-	-	(412,384)	-	(22,508,618)
Machinery and equipment	(12,252,466)	-	-	(850,762)	-	(13,103,228)
Water system	(65,190,975)	-	-	(4,130,263)	-	(69,321,238)
Electrical system	(3,493,829)	-	-	(44,643)	-	(3,538,472)
Sewer system	(92,821,173)	-	-	(5,093,689)	-	(97,914,862)
Recycled water system	(11,362,192)	-	-	(1,133,516)	-	(12,495,708)
Total accumulated depreciation	(207,631,944)	-	-	(11,688,610)	-	(219,320,554)
Total capital assets, being depreciated, net	277,999,753	16,501,194	(383,378)	(10,091,400)	-	284,026,169
Total Business-type Activities capital assets, net	\$ 371,778,175	\$ -	\$ (383,378)	\$ 63,654,668	\$ -	\$ 435,049,465

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 8 – Capital Assets (Continued)

B. Business-type Activities (Continued)

Depreciation expense was charged to the following functions:

Water	\$ 4,677,411
Wastewater	7,011,199
Total	\$ 11,688,610

C. Component Unit

Property and equipment consisted of the following at June 30, 2023:

	Balance June 30, 2023
Operating equipment and furniture	1,255,898
Tenant improvements	168,745
Computer software	12,050
Right-to-use leased assets	221,308
Total capital assets, being depreciated	1,658,001
Less accumulated depreciation	(986,727)
Total Component Unit capital assets, net	\$ 671,274

Note 9 – Long-Term Debt

A. Governmental Activities

Summary of changes in long-term liabilities for Governmental Activities as of June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Compensated absences	\$ 7,458,707	\$ 1,855,470	\$ (1,976,170)	\$ 7,338,007	\$ 733,800	\$ 6,604,207
Claims payable	17,750,850	1,410,142	(998,442)	18,162,550	3,632,510	14,530,040
Loans payable	1,399,572	-	(335,585)	1,063,987	344,948	719,039
Financed purchase payable	636,393	-	(313,819)	322,574	322,574	-
Leases payable	10,292,731	-	(340,806)	9,951,925	346,957	9,604,968
Subscription payable	-	207,874	(111,678)	96,196	82,254	13,942
2015 Refunding General Obligation Bonds	50,615,000	-	(2,275,000)	48,340,000	2,390,000	45,950,000
Unamortized bond premium	6,100,829	-	(430,647)	5,670,182	-	5,670,182
2013A Lease Revenue Bonds	2,760,000	-	(265,000)	2,495,000	275,000	2,220,000
Unamortized bond discount	(4,782)	-	546	(4,236)	-	(4,236)
Total	\$ 97,009,300	\$ 3,473,486	\$ (7,046,601)	\$ 93,436,185	\$ 8,128,043	\$ 85,308,142

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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, 2023, is \$7,338,007. 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, 2023, is \$18,162,550. For more information, see Note 11.

Loans Payable

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
County of San Diego Loan	\$ 1,399,572	\$ -	\$ (335,585)	\$ 1,063,987	\$ 344,948	\$ 719,039
	<u>\$ 1,399,572</u>	<u>\$ -</u>	<u>\$ (335,585)</u>	<u>\$ 1,063,987</u>	<u>\$ 344,948</u>	<u>\$ 719,039</u>

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, 2023, is \$1,063,987. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 344,948	\$ 29,685	\$ 374,633
2025	354,573	20,062	374,635
2026	364,466	10,168	374,634
Total	<u>\$ 1,063,987</u>	<u>\$ 59,915</u>	<u>\$ 1,123,902</u>

Financed Purchase Payable

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Motorola Radios Equipment	\$ 636,393	\$ -	\$ (313,819)	\$ 322,574	\$ 322,574	\$ -
	<u>\$ 636,393</u>	<u>\$ -</u>	<u>\$ (313,819)</u>	<u>\$ 322,574</u>	<u>\$ 322,574</u>	<u>\$ -</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Financed Purchase Payable (Continued)

Motorola Radios Equipment Financed Purchase Payable

In 2018, the City entered into a financed 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, 2023, is \$322,574. The net carrying amount of the capital assets, classified as machinery and equipment, acquired under the financed purchase totaled \$355,669 at June 30, 2023. 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, 2023, are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2024	\$ 322,574	\$ 8,999	\$ 331,573
Total	<u>\$ 322,574</u>	<u>\$ 8,999</u>	<u>\$ 331,573</u>

Leases Payable

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Leases Payable	10,292,731	-	(340,806)	9,951,925	346,957	9,604,968
	<u>\$ 10,292,731</u>	<u>\$ -</u>	<u>\$ (340,806)</u>	<u>\$ 9,951,925</u>	<u>\$ 346,957</u>	<u>\$ 9,604,968</u>

The City leases land for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2052 and provide for renewal options ranging from 9 months to 5 years. The right-to-use lease assets and the related accumulated amortization are detailed in Note 8.

Principal and interest requirements to maturity under lease agreements are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2024	\$ 346,957	\$ 157,499	\$ 504,456
2025	352,267	152,189	504,456
2026	328,309	146,917	475,226
2027	312,429	141,875	454,304
2028	312,505	136,830	449,335
2029-2033	1,641,212	605,442	2,246,655
2034-2038	1,780,475	466,180	2,246,655
2039-2043	1,931,554	315,101	2,246,655
2044-2048	2,095,452	151,203	2,246,655
2049-2050	850,766	11,662	862,428
Total	<u>\$ 9,951,925</u>	<u>\$ 2,284,899</u>	<u>\$ 12,236,824</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

A. Governmental Activities (Continued)

Subscriptions Payable

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Subscriptions Payable	-	207,874	(111,678)	96,196	82,254	13,942
	\$ -	\$ 207,874	\$ (111,678)	\$ 96,196	\$ 82,254	\$ 13,942

The City has entered into subscription-based information technology arrangements (SBITA) for the use of software for terms for a period of 24-60 months. The SBITA arrangements expire at various dates through 2025. As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$207,875 and \$88,815, respectively. The future subscription payments under the SBITA arrangements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 82,254	\$ 661	\$ 82,915
2025	13,942	129	14,071
Total	\$ 96,196	\$ 790	\$ 96,986

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 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, 2023, the outstanding balance of the Bonds was \$48,340,000 and unamortized bond premium was \$5,670,182. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	2,810,000	2,038,000	4,848,000
2028	2,960,000	1,897,500	4,857,500
2029-2033	17,425,000	7,096,250	24,521,250
2034-2037	17,565,000	2,252,000	19,817,000
Total	\$ 48,340,000	\$ 20,169,500	\$ 68,509,500

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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, 2023, the outstanding balance of these bonds was \$2,495,000 and unamortized bond discount was \$4,236. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 275,000	\$ 87,250	\$ 362,250
2025	285,000	77,972	362,972
2026	295,000	68,000	363,000
2027	305,000	57,309	362,309
2028	315,000	45,875	360,875
2029-2031	1,020,000	61,559	1,081,559
Total	\$ 2,495,000	\$ 397,965	\$ 2,892,965

B. Business-Type Activities

Summary of changes in long-term liabilities for Business-type Activities as of June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Connection rights payable	\$ 12,942,548	\$ -	\$ (9,690)	\$ 12,932,858	\$ -	\$ 12,932,858
Compensated absences	1,555,096	476,494	(421,351)	1,610,239	161,024	1,449,214
Loans payable	53,033,189	16,595,481	(3,083,775)	66,544,895	1,623,166	64,921,729
2019A Water Refunding Bonds	19,195,000	-	(630,000)	18,565,000	665,000	17,900,000
Unamortized bond premium	3,494,272	-	(226,398)	3,267,874	-	3,267,874
2019B Water Refunding Bonds	28,420,000	-	(815,000)	27,605,000	830,000	26,775,000
2021A Wastewater Refunding Bonds	21,550,000	-	-	21,550,000	280,000	21,270,000
Unamortized bond premium	4,523,889	-	(422,739)	4,101,150	-	4,101,150
2015A Wastewater Refunding Revenue Bonds	7,100,000	-	(1,280,000)	5,820,000	1,350,000	4,470,000
Unamortized bond premium	889,983	-	(213,597)	676,386	-	676,386
2015B Wastewater Refunding Revenue Bonds	1,980,000	-	(475,000)	1,505,000	485,000	1,020,000
Unamortized bond discount	(20,275)	-	4,867	(15,408)	-	(15,408)
Total	\$ 154,663,702	\$ 17,071,975	\$ (7,572,683)	\$ 164,162,994	\$ 5,394,190	\$ 158,768,803

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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, 2023 is \$12,932,858.

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, 2023, is \$1,610,239.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Tertiary Treatment Facility Project	\$ 1,440,697	\$ -	\$ (1,440,697)	\$ -	\$ -	\$ -
Gravity Float Line Capital Project	253,815	-	(125,322)	128,493	128,493	-
HARRF Aeration Blower Replacement Project	282,772	-	(92,030)	190,742	94,239	96,503
Alexander Area Phase II Water Line Project	1,519,093	-	(143,588)	1,375,505	147,193	1,228,312
Brine Transmission Line Project	4,756,369	-	(132,136)	4,624,233	134,515	4,489,718
Lindley Reservoir Tank Replacement Project	14,326,608	-	(351,922)	13,974,686	362,479	13,612,207
Recycled Water Easterly Main and Tanks Project	5,453,835	-	(200,902)	5,252,933	145,931	5,107,002
San Pasqual Undergrounding Project	25,000,000	-	(597,178)	24,402,822	610,316	23,792,506
Membrane Filtration Reverse Osmosis Facility	-	15,194,636	-	15,194,636	-	15,194,636
Recycled Water Easterly Agriculture Distribution System	-	1,400,845	-	1,400,845	-	1,400,845
Total	\$ 53,033,189	\$ 16,595,481	\$ (3,083,775)	\$ 66,544,895	\$ 1,623,166	\$ 64,921,729

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 ended 2021. The principal and interest on the second phase loan was due annually on April 1 for \$1,728,852 commencing 2004 and ended in 2023. The outstanding balance at June 30, 2023, is \$0.

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, 2023, is \$128,493.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

Gravity Float Line Capital Project (Continued)

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 128,493	\$ 2,427	\$ 130,920
Total	<u>\$ 128,493</u>	<u>\$ 2,427</u>	<u>\$ 130,920</u>

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, 2023, is \$190,742. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 94,239	\$ 4,577	\$ 98,816
2025	96,503	2,317	98,820
Total	<u>\$ 190,742</u>	<u>\$ 6,894</u>	<u>\$ 197,636</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.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

Alexander Area Phase II Water Line Project (Continued)

The outstanding balance at June 30, 2023, is \$1,375,505. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 147,193	\$ 33,497	\$ 180,690
2025	150,899	29,791	180,690
2026	154,698	25,992	180,690
2027	158,592	22,098	180,690
2028	162,584	18,106	180,690
2029-2032	601,539	30,456	631,995
Total	<u>\$ 1,375,505</u>	<u>\$ 159,940</u>	<u>\$ 1,535,445</u>

Brine Transmission Line Project

In October 2017, the City entered a construction installment sale agreement with the State Water Resources Control Board for funding for construction of a 15-inch brine transmission pipeline from Broadway to the Hale Avenue Resource Recovery Facility. A total of \$5,019,938 in project costs were incurred and submitted to the State for reimbursement. Repayment begins October 23, 2020, with semi-annual payments of principal and interest of \$217,751, including interest at the rate of 1.8%. The repayment period ends on October 23, 2049. Principal and interest payments on the loans are payable from the Wastewater Fund consisting of sewer rates, fees, and charges. The outstanding balance at June 30, 2023, is \$4,624,233.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 134,515	\$ 83,236	\$ 217,751
2025	136,936	80,815	217,751
2026	139,401	78,350	217,751
2027	141,910	75,841	217,751
2028	144,465	73,286	217,751
2029-2033	762,277	326,478	1,088,755
2034-2038	833,397	255,358	1,088,755
2039-2043	911,152	177,603	1,088,755
2044-2048	996,160	92,594	1,088,754
2049-2050	424,020	11,483	435,503
Total	<u>\$ 4,624,233</u>	<u>\$ 1,255,044</u>	<u>\$ 5,879,277</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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 project is expected to be completed in 2023. The loan will be funded from revenues of the Water Fund. The outstanding balance at June 30, 2023, is \$13,974,686.

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 362,479	\$ 413,803	\$ 776,282
2025	373,354	402,766	776,120
2026	384,554	391,397	775,951
2027	396,091	379,688	775,779
2028	407,974	367,626	775,600
2029-2033	2,230,968	1,644,168	3,875,136
2034-2038	2,586,303	1,283,502	3,869,805
2039-2043	2,998,235	865,392	3,863,627
2044-2048	3,475,776	380,688	3,856,464
2049	758,952	11,384	770,336
Total	\$ 13,974,686	\$ 6,140,414	\$ 20,115,100

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. Repayment of the loan began in February 2022, with semi-annual payments of interest and principal of approximately \$240,484. The loan will be funded from revenues of the Wastewater Fund. The outstanding balance at June 30, 2023, is \$5,252,933.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

Recycled Water Easterly Main and Tanks Project (Continued)

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 145,931	\$ 94,553	\$ 240,484
2025	148,558	91,926	240,484
2026	151,232	89,252	240,484
2027	153,954	86,530	240,484
2028	156,725	83,759	240,484
2029-2033	826,973	375,448	1,202,421
2034-2038	904,129	298,292	1,202,421
2039-2043	988,483	213,938	1,202,421
2044-2048	1,080,707	121,714	1,202,421
2049-2051	696,241	25,213	721,454
Total	<u>\$ 5,252,933</u>	<u>\$ 1,480,625</u>	<u>\$ 6,733,558</u>

San Pasqual Undergrounding Project

In September 2021, the City of Escondido entered into an installment sale agreement with the California Infrastructure and Economic Development Bank (IBank) for the San Pasqual Undergrounding Project. The IBank loan is provided through IBank’s Infrastructure State Revolving Fund (ISRF) Loan Program. The loan amount approved is \$25 million with a term of 30 years at an annual interest rate of 2.20%. Repayment of the loan will begin on August 1, 2022, with annual payments of interest and principal of approximately \$1.1 million. The project is expected to be completed in 2024. The loan will be funded from revenues of the Water Fund. The outstanding balance at June 30, 2023, is \$24,402,822. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 610,316	\$ 530,149	\$ 1,140,465
2025	623,743	516,574	1,140,317
2026	637,466	502,701	1,140,167
2027	651,490	488,522	1,140,012
2028	665,823	539,671	1,205,494
2029-2033	3,555,387	2,438,737	5,994,124
2034-2038	3,964,070	1,969,829	5,933,899
2039-2043	4,419,731	1,447,020	5,866,751
2044-2048	4,927,769	864,116	5,791,885
2049-2052	4,347,027	226,828	4,573,855
Total	<u>\$ 24,402,822</u>	<u>\$ 9,524,146</u>	<u>\$ 33,926,968</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

Loans Payable (Continued)

Membrane Filtration Reverse Osmosis Project

In July 2021, the City of Escondido entered into a construction installment sale agreement with the State Water Resources Control Board for funding of up to \$45 million for the Membrane Filtration Reverse Osmosis Project. This is a project within the Agricultural Recycled Water and Potable Reuse Program and will construct a facility to remove salt from the recycled water supply via microfiltration and reverse osmosis. The lower salt concentration is needed if the water is to be used for crop irrigation. In June 2023, the City's Wastewater Fund received the first disbursement. The interest rate on the loan is 1.8% and the repayment period for the loan is 30 years, beginning one year after completion of construction of the project, which is currently projected for fiscal year 2025. The outstanding balance at June 30, 2023, is \$15,194,636.

Recycled Water Easterly Agriculture Distribution System Project

In January 2021, the City of Escondido entered into a construction installment sale agreement with the State Water Resources Control Board for funding of up to \$4.3 million for the Recycled Water Easterly Agriculture Distribution System Project. This is a project within the Agricultural Recycled Water and Potable Reuse Program. This project will construct approximately 11,000 feet of distribution pipeline and 8 service connections to supply recycled water to agricultural customers. Two recycled water emergency storage ponds are also included within the project. In March 2023, the City's Wastewater Fund received the first disbursement. The interest rate on the loan is 1.4% and the repayment period for the loan is 30 years, beginning one year after completion of construction of the project, which is currently projected for fiscal year 2025. The outstanding balance at June 30, 2023, is \$1,400,845.

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 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, 2023, the outstanding balance of the Bonds was \$18,565,000 and unamortized bond premium was \$3,267,874.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2019A Water Refunding Revenue Bonds (Continued)

The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	890,000	727,450	1,617,450
2028	935,000	681,825	1,616,825
2029-2033	4,020,000	2,711,025	6,731,025
2034-2038	10,455,000	1,339,700	11,794,700
Total	<u>\$ 18,565,000</u>	<u>\$ 7,787,975</u>	<u>\$ 26,352,975</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 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, 2023, the outstanding balance of the Bonds was \$27,605,000. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	910,000	806,284	1,716,284
2028	935,000	781,868	1,716,868
2029-2033	6,750,000	3,445,915	10,195,915
2034-2038	3,305,000	2,461,244	5,766,244
2039-2042	13,135,000	942,523	14,077,523
Total	<u>\$ 27,605,000</u>	<u>\$ 10,982,806</u>	<u>\$ 38,587,806</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

2021A Wastewater Revenue Bonds

In November 2021, the City of Escondido issued \$21,550,000 of Refunding Revenue Bonds (Wastewater System), Series 2021A. Proceeds from the issuance were used to refund the 2012 Escondido Joint Powers Financing Authority Wastewater Revenue Bonds and to pay the costs of issuing the Bonds. The Bonds bear interest ranging from 1.32% to 1.73% per annum payable on March 1 and September 1 of each year commencing September 1, 2022. The Bonds mature starting September 1, 2023 and end on September 1, 2041. Bonds with stated maturities on or after March 1, 2032 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, 2031 at a price without premium, equal to the principal amount plus accrued interest to the redemption date. The outstanding balance at June 30, 2023, was \$21,550,000 and unamortized bond premium is \$4,101,150. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 280,000	\$ 831,787	\$ 1,111,787
2025	295,000	824,344	1,119,344
2026	295,000	820,656	1,115,656
2027	305,000	816,906	1,121,906
2028	1,020,000	794,600	1,814,600
2029-2033	5,740,000	3,315,200	9,055,200
2034-2038	6,965,000	2,048,300	9,013,300
2039-2042	6,650,000	545,000	7,195,000
Total	<u>\$ 21,550,000</u>	<u>\$ 9,996,793</u>	<u>\$ 31,546,793</u>

2015A Wastewater Refunding Revenue Bonds

In April 2015, the City issued \$14,645,000 of Refunding Revenue Bonds (Wastewater System), Series 2015A. Proceeds from the issuance were used to refund the 2004A COP Bonds and pay the costs of issuing the Bonds. The 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, 2023, the outstanding balance of the Bonds was \$5,820,000 and unamortized bond premium was \$676,386. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
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	<u>\$ 5,820,000</u>	<u>\$ 600,000</u>	<u>\$ 6,420,000</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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 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, 2023, the outstanding balance of the Bonds was \$1,505,000 and unamortized bond discount was \$15,408. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 485,000	\$ 39,162	\$ 524,162
2025	505,000	24,313	529,313
2026	515,000	8,368	523,368
Total	<u>\$ 1,505,000</u>	<u>\$ 71,843</u>	<u>\$ 1,576,843</u>

Pledged Revenue

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

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Charges for services	\$ 18,278,381	\$ 11,016,045	60.27%
Loan repayment revenue	360,694	360,694	100.00%

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – 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, 2023, the City met this requirement, as follows:

	Water	Wastewater
Gross revenues, excluding intergovernmental revenue and developer contributions	\$ 69,148,659	\$ 42,823,732
Operating and maintenance expenses, excluding depreciation, interest and transfers	61,610,593	31,194,646
Net revenues	7,538,066	11,629,086
Amount required:		
Debt service payments	5,511,170	5,504,875
Coverage required	1.20	1.15
Amount required	6,613,404	6,330,606
Excess of net revenues	\$ 924,662	\$ 5,298,480

C. Fiduciary Funds

Summary of changes in long-term liabilities for Fiduciary Funds as of June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Advances from the City of Escondido - Street Fund	959,515	115,142	(150,000)	924,657	150,000	774,657
Total	\$ 959,515	\$ 115,142	\$ (150,000)	\$ 924,657	\$ 150,000	\$ 774,657

Advances from the City of Escondido

The Community Development Commission Debt Service Fund had received monies from the General Fund and Street Special Revenue Fund for use in its operations and capital improvement projects. These advances were absorbed by the Successor Agency at February 1, 2012, and recorded on the ROPS to be an enforceable obligation. At June 30, 2023, the outstanding balance of the advance from the Street Special Revenue Fund totaled \$924,657.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

D. Component Unit

Summary of changes in long-term liabilities for Component Unit as of June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Note Payable to the City of Escondido	\$ 122,139	\$ -	\$ (74,902)	\$ 47,237	\$ 34,755	\$ 12,482
Lease payable	-	221,787	-	221,787	54,319	167,468
Total	\$ 122,139	\$ 221,787	\$ (74,902)	\$ 269,024	\$ 89,074	\$ 179,950

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 \$13,878 at June 30, 2023. The note is not secured by any collateral. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 13,878	\$ 60	\$ 13,938
Total	\$ 13,878	\$ 60	\$ 13,938

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 \$33,329 at June 30, 2023. The note is not secured by any collateral. The annual debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 20,869	\$ 731	\$ 21,600
2025	12,460	128	12,588
Total	\$ 33,329	\$ 859	\$ 34,188

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 9 – Long-Term Debt (Continued)

D. Component Unit (Continued)

Leases Payable

The Foundation has one operating lease for office equipment. During 2023, the Foundation entered into a lease agreement for office equipment. The lease has a term of five years and doesn't include options to extend. The lease agreement does not contain any residual value guarantees or restrictive covenants. Lease expense for this lease was \$46,586 for the year ended June 30, 2023. As the rate implicit in the Foundation's leases is not readily determinable, the Foundation has made an accounting policy to apply a risk-free rate as the discount rate used to measure lease liabilities and right-to-use leased assets at commencement of a lease. The Foundation's operating lease has weighted average remaining lease terms of 3.96 years and weighted average discount rate of 1.36% as of June 30, 2023. The maturities of lease liabilities as of June 30, 2023 are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>
2024	\$ 54,319
2025	55,445
2026	56,202
2027	<u>55,821</u>
Total	<u>\$ 221,787</u>

Note 10 – Debt without City's Commitment

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, 2023, the 98-1 Limited Obligation Refunding Bonds outstanding were \$1,175,000.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 10 – Debt without City’s Commitment (Continued)

Special Assessment Debt (Continued)

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, 2023, the 2006-01 Special Tax Bonds outstanding were \$10,570,000.

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, 2023, the outstanding principal of Community Facilities District No. 2000-01 (Hidden Trails) Special Tax Refunding bonds, Series 2013 was \$1,375,000.

In July 2022, the City issued \$11,945,000 in Special Tax Refunding Bonds for Community Facility District No. 2020-2 (The Villages). Interest payments commenced on September 1, 2022, and are paid semiannually thereafter on September 1 and March 1 of each year. Principal payments are paid annually in amounts ranging from \$20,000 to \$1,045,000, commencing September 1, 2023 and ending September 1, 2052. On June 30, 2023, the outstanding principal of Community Facilities District No. 2020-2 (The Villages) Special Tax Refunding bonds, Series 2022 was \$11,945,000.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 11 – 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, 2023, the City has recorded general self-insurance and workers' compensation liabilities of \$2,657,550 and \$15,503,000 respectively, for a total of \$18,162,550. Changes in the City's liability for claims payable for the past three fiscal years are summarized as follows:

Fiscal Year	Beginning Balance	Claims Incurred and Charges in Estimates	Less Claim Payments	Ending Balance
2020-21	17,875,600	2,345,605	(2,692,405)	17,528,800
2021-22	17,528,800	2,912,401	(2,690,351)	17,750,850
2022-23	17,750,850	1,410,142	(998,442)	18,162,550

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, 2023

Note 12 – Fund Balance

A. Fund Balance Classification

At June 30, 2023, fund balances are classified as follows:

	General	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
		Successor Agency Housing	American Rescue Plan Act		
Fund Balances:					
Nonspendable					
Inventory and prepaid items	\$ -	\$ -	\$ -	\$ 546,589	\$ 546,589
Deposits	-	-	-	67,750	67,750
Loans receivable	200,000	-	-	-	200,000
Daley Ranch Permanent Fund	-	-	-	251,079	251,079
Total nonspendable	200,000	-	-	865,418	1,065,418
Restricted for					
Housing & community development	-	48,930,980	-	19,168,815	68,099,795
Investment in Section 115 Trust	31,788,596	-	-	-	31,788,596
Debt service	-	-	-	4,633,966	4,633,966
Capital projects	3,029,859	-	-	10,946,021	13,975,880
Citywide services	-	-	-	7,018	7,018
Community services	139,515	-	-	-	139,515
Street maintenance	-	-	-	15,419,343	15,419,343
Landscape and assessment districts	-	-	-	1,610,331	1,610,331
SB1186 - CASPs	211,335	-	-	-	211,335
PEG fees	2,193,387	-	-	-	2,193,387
Vehicle Parking District	-	-	-	26,389	26,389
Daley Ranch	-	-	-	571,388	571,388
Park development	-	-	-	4,130,679	4,130,679
Public art	-	-	-	1,032,408	1,032,408
Total restricted	37,362,692	48,930,980	-	57,546,358	143,840,030
Committed to					
Reserves	17,392,319	-	-	-	17,392,319
Capital projects	-	-	-	5,238,175	5,238,175
Community services	109,684	-	-	-	109,684
Total committed	17,502,003	-	-	5,238,175	22,740,178
Assigned to					
Carryovers	518,152	-	-	-	518,152
Underground waivers	1,976,440	-	-	-	1,976,440
Library Trust	456,936	-	-	-	456,936
Capital Projects	-	-	-	-	-
Investment in Section 115 Trust	-	-	-	-	-
Total assigned	2,951,528	-	-	-	2,951,528
Unassigned (deficit)	12,860,165	-	-	(3,359,480)	9,500,685
Total Fund Balances	\$ 70,876,388	\$ 48,930,980	\$ -	\$ 60,290,471	\$ 180,097,839

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 12 – Fund Balance (Continued)

B. General Fund Reserve

The General Fund Reserves portion of fund balance is committed by City Council to maintain adequate levels of fund balance to mitigate current and future risks and to provide for cash flow requirements and contingencies for unseen operating or capital needs the City. The Reserve balance is available to fund one-time unanticipated expenditure requirements, local disasters, or 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.

Note 13 – City Employees Retirement Plan

A. CalPERS

Plan Description

The City of Escondido contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2021 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, 2023, 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	10.560%	10.560%	10.560%

* Plan is closed to new entrants

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Benefits Provided (continued)

	Safety Plan		
	Tier 1 *	Tier 2 *	PEPRA (Tier 3)
Hire date	Fire - prior to May 27, 2012, Police - prior to September 30, 2012	Fire - May 27, 2012 and after Police - September 30, 2012 and after	January 1, 2013 and after
Benefit formula	3% @ 50	2% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	3.000% - 3.000%, 50 yrs - 55+ yrs, respectively	2.000% - 2.700%, 50 yrs - 55+ yrs, respectively	2.000% - 2.700%, 50 yrs - 57+ yrs, respectively
Required employee contribution rates	9.000%	9.000%	13.000%
Required employer contribution rates	17.520%	17.520%	20.520%

* Plan is closed to new entrants

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms of the plan:

Description	Number of members	
	Miscellaneous	Safety
Active members	584	234
Transferred members	372	63
Terminated members	491	78
Retired members and beneficiaries	802	371
Total Members	<u>2,249</u>	<u>746</u>

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. Employer contributions for the miscellaneous and safety plans for the year ended June 30, 2023, was \$18,692,523 and \$16,431,115, respectively.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions		
Discount Rate	6.90%	6.90%
Inflation	2.300%	2.300%
Salary Increases	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative Expenses; includes Inflation	7.00% 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	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2020. Pre-retirement and Postretirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Net Pension Liability (Continued)

Long-term Expected Rate of Return (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

<u>Assets Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return^{(1),(2)}</u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.590%

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021 Asset Liability Management Study

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-2021. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability/(Assets)
Miscellaneous Plan	(a)	(b)	(c)=(a)-(b)
Balance at: 6/30/2021 (Valuation Date)	\$ 475,866,352	\$ 384,189,243	\$ 91,677,109
Changes Recognized for the Measurement Period:			
Service Cost	7,521,173	-	7,521,173
Interest on the Total Pension Liability	33,033,259	-	33,033,259
Changes of Assumptions	14,803,465	-	14,803,465
Difference between Expected and Actual Experience	(2,541,370)	-	(2,541,370)
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	17,350,538	(17,350,538)
Contributions from Employees	-	3,249,143	(3,249,143)
Net Investment Income ⁽¹⁾	-	(29,074,831)	29,074,831
Benefit Payments including Refunds of Employee Contributions	(26,292,253)	(26,292,253)	-
Administrative Expense	-	(239,327)	239,327
Net Changes During 2021-22	26,524,274	(35,006,730)	61,531,004
Balance at: 6/30/2022 (Measurement Date)	<u>\$ 502,390,626</u>	<u>\$ 349,182,513</u>	<u>\$ 153,208,113</u>
	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability/(Assets)
Safety Plan	(a)	(b)	(c)=(a)-(b)
Balance at: 6/30/2021 (Valuation Date)	\$ 453,831,947	\$ 374,155,773	\$ 79,676,174
Changes Recognized for the Measurement Period:			
Service Cost	8,959,002	-	8,959,002
Interest on the Total Pension Liability	32,077,856	-	32,077,856
Changes of Assumptions	17,595,741	-	17,595,741
Difference between Expected and Actual Experience	758,426	-	758,426
Contribution from the Employer	-	15,013,579	(15,013,579)
Contributions from Employees	-	3,334,366	(3,334,366)
Net Investment Income ⁽¹⁾	-	(28,358,042)	28,358,042
Benefit Payments including Refunds of Employee Contributions	(23,538,303)	(23,538,303)	-
Administrative Expense	-	(233,077)	233,077
Net Changes During 2021-22	35,852,722	(33,781,477)	69,634,199
Balance at: 6/30/2022 (Measurement Date)	<u>\$ 489,684,669</u>	<u>\$ 340,374,296</u>	<u>\$ 149,310,373</u>

⁽¹⁾ Net of administrative expenses.

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

Changes in Net Pension Liability (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Miscellaneous Plan	\$ 217,166,444	\$ 153,208,113	\$ 100,158,434
Safety Plan	217,588,516	149,310,373	93,532,377
Total Plans	<u>\$ 434,754,960</u>	<u>\$ 302,518,486</u>	<u>\$ 193,690,811</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, 2022, the City incurred a pension expense of \$18,604,662 and \$19,119,249 for Miscellaneous and Safety plans, respectively. As of the measurement date of June 30, 2022, 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	\$ 18,692,523	\$ -	\$ 16,431,115	\$ -
Changes of Assumptions	9,698,822	-	13,304,097	-
Differences between Expected and Actual Experiences	478,867	(1,665,036)	2,113,521	(305,212)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>17,381,025</u>	<u>-</u>	<u>17,094,443</u>	<u>-</u>
	<u>\$ 46,251,237</u>	<u>\$ (1,665,036)</u>	<u>\$ 48,943,176</u>	<u>\$ (305,212)</u>

CITY OF ESCONDIDO
Notes to Basic Financial Statements (Continued)
For the Year Ended June 30, 2023

Note 13 – City Employees Retirement Plan (Continued)

A. CalPERS (Continued)

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

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over five 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.

The \$18,692,523 and \$16,431,115 reported as deferred outflows of resources related to pensions for the miscellaneous plan and safety plan, respectively, resulting from the City’s contributions subsequent to the measurement date June 30, 2022 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
June 30:	Miscellaneous Plan	Safety Plan
2023	\$ 7,462,905	\$ 7,727,105
2024	6,221,089	7,418,195
2025	1,137,189	5,819,026
2026	11,072,495	11,242,523
2027	-	-
Thereafter	-	-
Total	\$ 25,893,678	\$ 32,206,849

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, 2023, the City's total covered payroll was \$1,965,223. The City made employer contributions of \$0, and employees contributed \$147,392 (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, 2023

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

On February 8, 2006, the City entered into a developer agreement with Palomar Pomerado Health (Hospital). The Hospital established a bank account in the amount of \$13 million (deposit) to construct certain Citracado Parkway improvements (project). The City is entitled to draw from the deposit so long as the funds are used exclusively on the project. At June 30, 2023, the balance is \$5,108,944.

Note 15 – Contingencies and Commitments

A. Litigation

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

B. Grants

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

C. Construction Commitments

The City has several outstanding or planned construction projects evidenced by contractual commitments with contractors. As of June 30, 2023, the City’s outstanding commitments are as follows:

Project Name	Contract Amount	Expenditures to date as of June 30, 2023	Remaining Commitments
Citracado Parkway Project	\$ 26,683,235	\$ 11,725,262	\$ 14,957,973
Lake Wohlford Dam Project	23,069,725	13,575,040	9,494,685
Membrane Filtration Reverse Osmosis	69,990,800	58,381,665	11,609,135
San Pasqual Undergrouding Project	44,789,191	37,424,773	7,364,418
Trunk Main Expansion - Auto Pkwy to HARRF	14,703,440	3,775,583	10,927,857



Required Supplementary Information



CITY OF ESCONDIDO
Required Supplementary Information
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Sales tax	\$ 51,012,200	\$ 51,012,200	\$ 47,103,024	\$ (3,909,176)
Property taxes	32,780,100	32,780,100	34,913,385	2,133,285
Other taxes	14,617,860	14,659,860	20,092,019	5,432,159
Licenses and permits	1,778,500	1,778,500	1,996,753	218,253
Fines and forfeits	832,500	832,500	795,770	(36,730)
Intergovernmental	3,450,000	4,055,720	4,896,604	840,884
Charges for services	10,698,650	11,597,480	15,102,258	3,504,778
Lease income	3,775,920	3,775,920	3,933,494	157,574
Investment income	581,150	581,150	3,381,542	2,800,392
Miscellaneous	166,500	166,500	225,416	58,916
Total revenues	119,693,380	121,239,930	132,440,265	11,200,335
EXPENDITURES:				
General Government				
City council	345,510	345,510	353,394	(7,884)
City manager	1,296,630	1,522,475	1,736,466	(213,991)
City attorney	147,870	171,230	205,301	(34,071)
City clerk	640,840	649,685	622,414	27,271
City treasurer	213,080	214,165	232,904	(18,739)
Finance	1,425,700	1,460,080	1,653,307	(193,227)
Human resources	665,305	682,195	476,357	205,838
Information systems	1,752,810	1,802,190	1,476,086	326,104
Other general government	2,195,914	1,747,219	1,439,202	308,017
Public Safety				
Police	52,423,439	53,147,009	50,885,700	2,261,309
Fire	30,634,686	31,972,406	31,042,364	930,042
Public Works				
Public works	11,171,779	11,882,324	11,803,185	79,139
Community Services				
Community services	6,035,978	6,277,758	6,149,091	128,667
Library	3,661,960	3,661,960	3,701,457	(39,497)
California Center for the Arts	2,480,730	2,480,730	2,836,893	(356,163)
Development Services				
Planning	2,103,050	2,159,815	1,940,501	219,314
Building	1,502,130	1,661,680	1,528,326	133,354
Engineering	2,824,114	3,066,084	2,713,497	352,587
Code enforcement	1,063,970	1,065,050	865,144	199,906
Capital Outlay	1,550,450	1,550,450	1,550,450	-
Debt Service:				
Principal retirements	572,270	572,270	572,220	50
Software principal retirements	111,678	111,678	111,678	-
Lease principal retirements	340,806	340,806	340,806	-
Interest and fiscal charges	212,118	212,118	212,089	29
Total expenditures	125,372,817	128,756,887	124,448,832	4,308,055

CITY OF ESCONDIDO
Required Supplementary Information
General Fund
Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual	Variance Over (Under)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,679,437)	(7,516,957)	7,991,433	15,508,390
OTHER FINANCING SOURCES (USES)				
Debt issuance	48,963	48,963	48,963	-
Transfers in	2,534,120	2,534,120	2,534,120	-
Transfers (out)	(767,130)	(767,130)	(767,130)	-
Total other financial sources (uses)	1,815,953	1,815,953	1,815,953	-
NET CHANGE IN FUND BALANCE	(3,863,484)	(5,701,004)	9,807,386	15,508,390
FUND BALANCE:				
Beginning of Year	61,069,002	61,069,002	61,069,002	-
End of Year	<u>\$ 57,205,518</u>	<u>\$ 55,367,998</u>	<u>\$ 70,876,388</u>	<u>\$ 15,508,390</u>

CITY OF ESCONDIDO
Required Supplementary Information
Successor Agency Housing Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Lease income	\$ 160,000	\$ 160,000	\$ 156,085	\$ (3,915)
Investment income	-	-	572,744	572,744
Miscellaneous	1,000	1,000	158	(842)
Total revenues	<u>161,000</u>	<u>161,000</u>	<u>728,987</u>	<u>567,987</u>
EXPENDITURES:				
Current:				
Development services	728,770	728,770	541,260	187,510
Total expenditures	<u>728,770</u>	<u>728,770</u>	<u>541,260</u>	<u>187,510</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(567,770)</u>	<u>(567,770)</u>	<u>187,727</u>	<u>755,497</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(542,770)</u>	<u>(542,770)</u>	<u>212,727</u>	<u>755,497</u>
FUND BALANCE:				
Beginning of Year	48,718,253	48,718,253	48,718,253	-
End of Year	<u>\$ 48,175,483</u>	<u>\$ 48,175,483</u>	<u>\$ 48,930,980</u>	<u>\$ 755,497</u>

CITY OF ESCONDIDO
Required Supplementary Information
American Rescue Plan Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 3,735,030	\$ 3,735,030	\$ 5,246,218	\$ 1,511,188
Total revenues	<u>3,735,030</u>	<u>3,735,030</u>	<u>5,246,218</u>	<u>1,511,188</u>
EXPENDITURES:				
Current:				
General government	283,620	283,620	283,612	8
Public safety	3,735,030	3,735,030	3,735,030	-
Public works	199,800	199,800	199,794	6
Community services	35,375	35,375	35,375	-
Development services	325,195	325,195	325,195	-
Capital outlay	20,808,595	19,220,973	667,212	18,553,761
Total expenditures	<u>25,387,615</u>	<u>23,799,993</u>	<u>5,246,218</u>	<u>18,553,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,652,585)</u>	<u>(20,064,963)</u>	<u>-</u>	<u>20,064,963</u>
NET CHANGE IN FUND BALANCE	(21,652,585)	(20,064,963)	-	20,064,963
FUND BALANCE:				
Beginning of Year	-	-	-	-
End of Year	<u>\$ (21,652,585)</u>	<u>\$ (20,064,963)</u>	<u>\$ -</u>	<u>\$ 20,064,963</u>

CITY OF ESCONDIDO
Required Supplementary Information
American Rescue Plan Act Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget Amounts	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 3,735,030	\$ 3,735,030	\$ 5,246,218	\$ 1,511,188
Total revenues	<u>3,735,030</u>	<u>3,735,030</u>	<u>5,246,218</u>	<u>1,511,188</u>
EXPENDITURES:				
Current:				
General government	283,620	283,620	283,612	8
Public safety	3,735,030	3,735,030	3,735,030	-
Public works	199,800	199,800	199,794	6
Community services	35,375	35,375	35,375	-
Development services	325,195	325,195	325,195	-
Capital outlay	20,808,595	19,220,973	667,212	18,553,761
Total expenditures	<u>25,387,615</u>	<u>23,799,993</u>	<u>5,246,218</u>	<u>18,553,775</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(21,652,585)</u>	<u>(20,064,963)</u>	<u>-</u>	<u>20,064,963</u>
NET CHANGE IN FUND BALANCE	(21,652,585)	(20,064,963)	-	20,064,963
FUND BALANCE:				
Beginning of Year	-	-	-	-
End of Year	<u>\$ (21,652,585)</u>	<u>\$ (20,064,963)</u>	<u>\$ -</u>	<u>\$ 20,064,963</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	2021-22	2020-21	2019-20	2018-19	2017-18
TOTAL PENSION LIABILITY					
Service Cost	\$ 7,521,173	\$ 6,730,454	\$ 6,596,060	\$ 6,589,855	\$ 7,086,737
Interest	33,033,259	32,355,527	31,234,511	30,075,271	28,726,687
Changes of Benefits Terms	-	-	-	-	-
Changes in Assumptions	14,803,465	-	-	-	(2,390,700)
Difference Between expected and Actual Experience	(2,541,370)	1,676,037	1,757,818	3,980,050	(1,867,216)
Benefit Payments, Including Refunds of Employee Contributions	(26,292,253)	(24,758,487)	(23,032,041)	(21,393,785)	(19,973,641)
Net Change in Total Pension Liability	\$ 26,524,274	\$ 16,003,531	\$ 16,556,348	\$ 19,251,391	\$ 11,581,867
Total Pension Liability - Beginning	475,866,352	459,862,821	443,306,473	424,055,082	412,473,215
Total Pension Liability - Ending (a)	\$ 502,390,626	\$ 475,866,352	\$ 459,862,821	\$ 443,306,473	\$ 424,055,082
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 17,350,538	\$ 15,884,869	\$ 14,696,078	\$ 13,300,378	\$ 11,929,230
Contribution - Employee	3,249,143	3,108,863	3,151,859	2,790,203	2,810,647
Net Investment Income ⁽²⁾	(29,074,831)	72,179,923	15,427,822	19,150,898	23,296,317
Benefit Payments, Including Refunds of Employee Contributions	(26,292,253)	(24,758,487)	(23,032,041)	(21,393,785)	(19,973,641)
Plan to Plan Resource Movement	-	-	-	-	(684)
Administrative Expense	(239,327)	(317,754)	(434,603)	(210,265)	(432,948)
Other Miscellaneous Income/(Expense) ⁽³⁾	-	-	-	684	(822,175)
Net Change in Fiduciary Net Position	\$ (35,006,730)	\$ 66,097,414	\$ 9,809,115	\$ 13,638,113	\$ 16,806,746
Plan Fiduciary Net Position - Beginning	384,189,243	318,091,829	308,282,714	294,644,601	277,837,855
Plan Fiduciary Net Position - Ending (b)	\$ 349,182,513	\$ 384,189,243	\$ 318,091,829	\$ 308,282,714	\$ 294,644,601
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 153,208,113	\$ 91,677,109	\$ 141,770,992	\$ 135,023,759	\$ 129,410,481
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	80.73%	69.17%	69.54%	69.48%
Covered Payroll	\$ 40,724,910	\$ 37,685,287	\$ 37,403,038	\$ 35,526,739	\$ 37,294,690
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	376.20%	243.27%	379.04%	380.06%	346.99%

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

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

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

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 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: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of 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	2016-17	2015-16	2014-15	2013-14 ⁽¹⁾
TOTAL PENSION LIABILITY				
Service Cost	\$ 7,098,079	\$ 6,041,393	\$ 6,086,726	\$ 6,187,698
Interest	27,888,570	26,975,771	25,822,523	24,823,748
Changes of Benefits Terms	-	-	-	-
Changes in Assumptions	22,286,442	-	(6,078,768)	-
Difference Between expected and Actual Experience	(1,062,074)	(607,786)	(3,440,683)	-
Benefit Payments, Including Refunds of Employee Contributions	(18,028,629)	(16,660,225)	(15,747,072)	(14,003,896)
Net Change in Total Pension Liability	\$ 38,182,388	\$ 15,749,153	\$ 6,642,726	\$ 17,007,550
Total Pension Liability - Beginning	374,290,827	358,541,674	351,898,948	334,891,398
Total Pension Liability - Ending (a)	\$ 412,473,215	\$ 374,290,827	\$ 358,541,674	\$ 351,898,948
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 11,179,205	\$ 10,112,332	\$ 8,956,819	\$ 8,191,219
Contribution - Employee	2,789,527	2,818,117	2,702,365	2,751,097
Net Investment Income ⁽²⁾	28,354,307	1,306,944	5,794,332	38,132,668
Benefit Payments, Including Refunds of Employee Contributions	(18,028,629)	(16,660,225)	(15,747,072)	(14,003,896)
Plan to Plan Resource Movement	-	-	(741)	-
Administrative Expense	(374,893)	(156,322)	(288,739)	-
Other Miscellaneous Income/(Expense) ⁽³⁾	-	-	-	-
Net Change in Fiduciary Net Position	\$ 23,919,517	\$ (2,579,154)	\$ 1,416,964	\$ 35,071,088
Plan Fiduciary Net Position - Beginning	253,918,338	256,497,492	255,080,528	220,009,440
Plan Fiduciary Net Position - Ending (b)	\$ 277,837,855	\$ 253,918,338	\$ 256,497,492	\$ 255,080,528
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 134,635,360	\$ 120,372,489	\$ 102,044,182	\$ 96,818,420
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.36%	67.84%	71.54%	72.49%
Covered Payroll	\$ 37,199,720	\$ 34,850,841	\$ 34,030,669	\$ 32,920,288
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	361.93%	345.39%	299.86%	294.10%

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

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

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

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 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: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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

MEASUREMENT PERIOD	2021-22	2020-21	2019-20	2018-19	2017-18
TOTAL PENSION LIABILITY					
Service Cost	\$ 8,959,002	\$ 8,040,737	\$ 8,034,036	\$ 7,977,162	\$ 7,860,653
Interest	32,077,856	30,745,736	29,392,100	28,267,807	26,945,680
Changes of Benefits Terms	-	-	-	-	-
Changes in Assumptions	17,595,741	-	-	-	(1,803,722)
Difference Between expected and Actual Experience	758,426	2,563,889	(1,009,543)	1,855,614	(1,997,161)
Benefit Payments, Including Refunds of Employee Contributions	(23,538,303)	(21,888,917)	(20,233,865)	(18,845,100)	(17,612,750)
Net Change in Total Pension Liability	\$ 35,852,722	\$ 19,461,445	\$ 16,182,728	\$ 19,255,483	\$ 13,392,700
Total Pension Liability - Beginning	453,831,947	434,370,502	418,187,774	398,932,291	385,539,591
Total Pension Liability - Ending (a)	\$ 489,684,669	\$ 453,831,947	\$ 434,370,502	\$ 418,187,774	\$ 398,932,291
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 15,013,579	\$ 13,974,176	\$ 12,682,525	\$ 11,295,735	\$ 10,527,707
Contribution - Employee	3,334,366	3,278,329	3,156,851	2,743,929	2,757,287
Net Investment Income ⁽²⁾	(28,358,042)	70,063,163	14,925,922	18,673,377	22,392,729
Benefit Payments, Including Refunds of Employee Contributions	(23,538,303)	(21,888,917)	(20,233,865)	(18,845,100)	(17,612,750)
Plan to Plan Resource Movement	-	-	-	160,070	(661)
Administrative Expense	(233,077)	(308,710)	(421,525)	(203,455)	(418,008)
Other Miscellaneous Income/(Expense) ⁽³⁾	-	-	-	661	(793,803)
Net Change in Fiduciary Net Position	\$ (33,781,477)	\$ 65,118,041	\$ 10,109,908	\$ 13,825,217	\$ 16,852,501
Plan Fiduciary Net Position - Beginning	374,155,773	309,037,732	298,927,824	285,102,607	268,250,106
Plan Fiduciary Net Position - Ending (b)	\$ 340,374,296	\$ 374,155,773	\$ 309,037,732	\$ 298,927,824	\$ 285,102,607
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 149,310,373	\$ 79,676,174	\$ 125,332,770	\$ 119,259,950	\$ 113,829,684
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.51%	82.44%	71.15%	71.48%	71.47%
Covered Payroll	\$ 28,663,807	\$ 27,580,822	\$ 27,406,087	\$ 26,395,214	\$ 25,864,216
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	520.90%	288.88%	457.32%	451.82%	440.10%

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

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

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

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 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: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of 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	2016-17	2015-16	2014-15	2013-14 ⁽¹⁾
TOTAL PENSION LIABILITY				
Service Cost	\$ 7,712,365	\$ 6,945,677	\$ 6,321,850	\$ 5,878,133
Interest	26,029,723	25,001,133	23,398,715	22,099,344
Changes of Benefits Terms	-	-	-	-
Changes in Assumptions	22,546,727	-	(5,933,256)	-
Difference Between expected and Actual Experience	(1,522,544)	5,753,055	2,817,273	-
Benefit Payments, Including Refunds of Employee Contributions	(16,796,782)	(15,432,111)	(14,245,717)	(13,505,688)
Net Change in Total Pension Liability	\$ 37,969,489	\$ 22,267,754	\$ 12,358,865	\$ 14,471,789
Total Pension Liability - Beginning	347,570,102	325,302,348	312,943,483	298,471,694
Total Pension Liability - Ending (a)	\$ 385,539,591	\$ 347,570,102	\$ 325,302,348	\$ 312,943,483
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	\$ 9,490,834	\$ 9,136,622	\$ 9,066,062	\$ 7,687,967
Contribution - Employee	2,397,909	2,460,227	2,322,205	2,079,491
Net Investment Income ⁽²⁾	27,240,685	1,283,251	5,455,063	36,944,486
Benefit Payments, Including Refunds of Employee Contributions	(16,796,782)	(15,432,111)	(14,245,717)	(13,505,688)
Plan to Plan Resource Movement	-	-	-	-
Administrative Expense	(363,617)	(151,743)	(280,190)	-
Other Miscellaneous Income/(Expense) ⁽³⁾	-	-	-	-
Net Change in Fiduciary Net Position	\$ 21,969,029	\$ (2,703,754)	\$ 2,317,423	\$ 33,206,256
Plan Fiduciary Net Position - Beginning	246,281,077	248,984,831	246,667,408	213,461,153
Plan Fiduciary Net Position - Ending (b)	\$ 268,250,106	\$ 246,281,077	\$ 248,984,831	\$ 246,667,409
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 117,289,485	\$ 101,289,025	\$ 76,317,517	\$ 66,276,074
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.58%	70.86%	76.54%	78.82%
Covered Payroll	\$ 25,070,264	\$ 25,315,004	\$ 23,096,046	\$ 20,583,139
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	467.84%	400.11%	330.44%	321.99%

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

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

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

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2019 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: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. None in 2019-2021. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Actuarially Determined Contribution	\$ 18,692,523	\$ 17,350,538	\$ 15,884,869	\$ 14,696,078	\$ 13,300,378
Contribution in Relation to the Actuarially Determined Contribution	<u>(18,692,523)</u>	<u>(17,350,538)</u>	<u>(15,884,869)</u>	<u>(14,696,078)</u>	<u>(13,300,378)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 42,183,242	\$ 40,724,910	\$ 37,685,287	\$ 37,403,038	\$ 35,526,739
Contributions as a Percentage of Covered Payroll	44.31%	42.60%	42.15%	39.29%	37.44%

⁽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 2021-22 was from the June 30, 2019 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	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment rate of return	7.00% net of pension investment and administrative expenses, including inflation.
Retirement age	3% @ 60, 2% @ 60, and 2% @ 62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u> ⁽¹⁾
Actuarially Determined Contribution	\$ 11,929,230	\$ 11,179,205	\$ 10,112,303	\$ 8,956,958	\$ 8,191,219
Contribution in Relation to the Actuarially Determined Contribution	<u>(11,929,230)</u>	<u>(11,179,205)</u>	<u>(10,112,303)</u>	<u>(8,956,958)</u>	<u>(8,191,219)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 37,294,690	\$ 37,199,720	\$ 34,850,841	\$ 34,030,669	\$ 32,920,288
Contributions as a Percentage of Covered Payroll	31.99%	30.05%	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 2021-22 was from the June 30, 2019 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	2.75%
Investment rate of return	7.00% net of pension investment and administrative expenses, including inflation.
Retirement age	3% @ 60, 2% @ 60, and 2% @ 62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

CITY OF ESCONDIDO
Notes to Required Supplementary Information
June 30, 2023

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, 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, American Rescue Plan Act Fund, Street, Community Services, Community Development Block Grant, Landscape and Assessment District, Law Enforcement, HOME, Miscellaneous Grants, CFD 2020-01 Services, and the Vehicle Parking District Funds.

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:

- 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.

COMMUNITY FACILITIES DISTRICT NO. 2020-01 SERVICES FUND

This fund was established to account for transactions related to Community Facilities District No. 2020-1 (“Services”) which was formed under the Mello-Roos Community Facilities Act of 1982 to fund public.

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.

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.

CITY OF ESCONDIDO
Non-Major Governmental Funds

CAPITAL PROJECT FUNDS (continued)

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, 2023

	Special Revenue			
	Street	Community Services and Development	Community Development Block Grant	Landscape and Assessment District
ASSETS				
Cash and investments	\$ 11,527,191	\$ 4,528,399	\$ -	\$ 1,626,180
Cash and investments with fiscal agent	2,562,518	1,230,625	-	-
Receivable:				
Accounts	926,453	1,707	-	-
Interest	38,714	15,986	-	4,786
Taxes	-	-	-	4,100
Loans	-	-	231,659	-
Due from other governments	-	-	1,042,726	-
Due from Successor Agency	924,657	-	-	-
Inventory	-	13,976	-	-
Prepaid items	-	6,296	526,317	-
Deposits	-	67,750	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 15,979,533	\$ 5,864,739	\$ 1,800,702	\$ 1,635,066
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,322,350	\$ 80,029	\$ 22,156	\$ 24,735
Deposits payable	-	-	-	-
Retention payable	25,120	-	-	-
Accrued expenditures	-	20,473	3,227	-
Due to other funds	-	-	927,575	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	1,347,470	100,502	952,958	24,735
Deferred inflows of resources:				
Unavailable revenue	776,425	-	428,924	-
Total deferred inflows of resources	776,425	-	428,924	-
Fund balances:				
Nonspendable	-	88,022	526,317	-
Restricted	13,855,638	5,676,215	-	1,610,331
Committed	-	-	-	-
Unassigned (deficit)	-	-	(107,497)	-
Total fund balances	13,855,638	5,764,237	418,820	1,610,331
Total liabilities, deferred inflows of resources and fund balances	\$ 15,979,533	\$ 5,864,739	\$ 1,800,702	\$ 1,635,066

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous Grants	CFD 2020-01 Services
ASSETS				
Cash and investments	\$ 1,042,286	\$ 1,570,882	\$ 5,239,876	\$ -
Cash and investments with fiscal agent	-	-	-	-
Receivable:				
Accounts	1,714,431	-	-	-
Interest	3,442	7,182,095	-	7,018
Taxes	-	-	-	-
Loans	-	17,586,776	-	-
Due from other governments	696,568	5,641	2,589,195	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 3,456,727	\$ 26,345,394	\$ 7,829,071	\$ 7,018
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,230	\$ -	\$ 118,992	\$ -
Deposits payable	-	-	-	-
Retention payable	-	-	-	-
Accrued expenditures	5,480	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	3,408,358	-	7,699,231	-
Advances from other funds	-	-	-	-
Total liabilities	3,435,068	-	7,818,223	-
Deferred inflows of resources:				
Unavailable revenue	447,350	7,176,579	1,774,058	-
Total deferred inflows of resources	447,350	7,176,579	1,774,058	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	19,168,815	-	7,018
Committed	-	-	-	-
Unassigned (deficit)	(425,691)	-	(1,763,210)	-
Total fund balances	(425,691)	19,168,815	(1,763,210)	7,018
Total liabilities, deferred inflows of resources and fund balances	\$ 3,456,727	\$ 26,345,394	\$ 7,829,071	\$ 7,018

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue	Debt Service		Capital Projects
	Vehicle Parking District	General Obligation	Golf Course	Street Improvement
ASSETS				
Cash and investments	\$ 26,347	\$ 4,569,294	\$ 1,234	\$ 1,995,390
Cash and investments with fiscal agent	-	-	93	-
Receivable:				
Accounts	-	-	-	-
Interest	145	11,428	53	7,674
Taxes	-	51,864	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	3,002,072
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	200,000
Total assets	\$ 26,492	\$ 4,632,586	\$ 1,380	\$ 5,205,136
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 104	\$ -	\$ -	\$ 618,914
Deposits payable	-	-	-	-
Retention payable	-	-	-	20,444
Accrued expenditures	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenues	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	104	-	-	639,358
Deferred inflows of resources:				
Unavailable revenue	-	-	-	3,002,072
Total deferred inflows of resources	-	-	-	3,002,072
Fund balances:				
Nonspendable	-	-	-	-
Restricted	26,388	4,632,586	1,380	1,563,706
Committed	-	-	-	-
Unassigned (deficit)	-	-	-	-
Total fund balances	26,388	4,632,586	1,380	1,563,706
Total liabilities, deferred inflows of resources and fund balances	\$ 26,492	\$ 4,632,586	\$ 1,380	\$ 5,205,136

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Capital Projects			
	Storm Drain	General Capital Projects	County Transportation Street Projects	Public Facilities
ASSETS				
Cash and investments	\$ 928,456	\$ 5,986,977	\$ -	\$ 7,112,368
Cash and investments with fiscal agent	428,108	-	-	1,812,672
Receivable:				
Accounts	-	18,239	-	6,452
Interest	2,983	18,053	1,076	22,135
Taxes	-	-	-	-
Loans	-	-	-	47,234
Due from other governments	-	-	1,943,097	-
Due from Successor Agency	-	-	-	-
Inventory	-	-	-	-
Prepaid items	-	-	-	-
Deposits	-	-	-	-
Advances to other funds	-	-	-	340,956
Total assets	\$ 1,359,547	\$ 6,023,269	\$ 1,944,173	\$ 9,341,817
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 76,697	\$ 971,418	\$ 93,491
Deposits payable	-	29,292	-	-
Retention payable	-	-	34,564	-
Accrued expenditures	-	-	-	-
Due to other funds	-	-	58,176	-
Unearned revenues	-	-	-	-
Advances from other funds	340,956	-	-	-
Total liabilities	340,956	105,989	1,064,158	93,491
Deferred inflows of resources:				
Unavailable revenue	-	-	1,943,097	-
Total deferred inflows of resources	-	-	1,943,097	-
Fund balances:				
Nonspendable	-	-	-	-
Restricted	1,018,591	679,105	-	9,248,326
Committed	-	5,238,175	-	-
Unassigned (deficit)	-	-	(1,063,082)	-
Total fund balances	1,018,591	5,917,280	(1,063,082)	9,248,326
Total liabilities, deferred inflows of resources and fund balances	\$ 1,359,547	\$ 6,023,269	\$ 1,944,173	\$ 9,341,817

CITY OF ESCONDIDO
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2023

	Permanent	Total
	Daley Ranch	Nonmajor Governmental Funds
ASSETS		
Cash and investments	\$ 308,408	\$ 46,463,288
Cash and investments with fiscal agent	-	6,034,016
Receivable:		
Accounts	-	2,667,282
Interest	930	7,316,518
Taxes	-	55,964
Loans	-	17,865,669
Due from other governments	-	9,279,299
Due from Successor Agency	-	924,657
Inventory	-	13,976
Prepaid items	-	532,613
Deposits	-	67,750
Advances to other funds	-	540,956
Total assets	\$ 309,338	\$ 91,761,988
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ -	\$ 3,350,116
Deposits payable	-	29,292
Retention payable	-	80,128
Accrued expenditures	-	29,180
Due to other funds	-	985,751
Unearned revenues	-	11,107,589
Advances from other funds	-	340,956
Total liabilities	-	15,923,012
Deferred inflows of resources:		
Unavailable revenue	-	15,548,505
Total deferred inflows of resources	-	15,548,505
Fund balances:		
Nonspendable	251,079	865,418
Restricted	58,259	57,546,358
Committed	-	5,238,175
Unassigned (deficit)	-	(3,359,480)
Total fund balances	309,338	60,290,471
Total liabilities, deferred inflows of resources and fund balances	\$ 309,338	\$ 91,761,988

CITY OF ESCONDIDO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue			
	Street	Community Services and Development	Community Development Block Grant	Landscape and Assessment District
REVENUES:				
Intergovernmental	\$ 7,201,252	\$ -	\$ 1,972,733	\$ -
Charges for services	911,517	1,307,506	-	-
Special assessments	-	-	-	931,038
Investment income	334,884	248,553	2,033	24,426
Miscellaneous	-	6,510	-	8,935
Total revenues	8,447,653	1,562,569	1,974,766	964,399
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	943,780
Community services	-	960,530	1,308,091	-
Development services	1,516,140	-	-	-
Capital outlay	7,577,946	1,476,412	111,442	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	9,094,086	2,436,942	1,419,533	943,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(646,433)	(874,373)	555,233	20,619
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,055,000)	-	-	-
Total other financing sources (uses)	(2,055,000)	-	-	-
NET CHANGE IN FUND BALANCES	(2,701,433)	(874,373)	555,233	20,619
FUND BALANCES:				
Beginning of year	16,557,071	6,638,610	(136,413)	1,589,712
End of year	\$ 13,855,638	\$ 5,764,237	\$ 418,820	\$ 1,610,331

CITY OF ESCONDIDO

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue			
	Law Enforcement	HOME	Miscellaneous Grants	CFD 2020-01 Services
REVENUES:				
Intergovernmental	\$ 1,448,905	\$ 132,623	\$ 1,961,126	\$ -
Charges for services	-	-	-	-
Special assessments	-	-	-	358,853
Investment income	3,654	46,589	-	-
Miscellaneous	-	-	-	-
Total revenues	1,452,559	179,212	1,961,126	358,853
EXPENDITURES:				
Current:				
General government	-	-	-	5,644
Public safety	1,388,487	-	-	-
Public works	-	-	-	-
Community services	-	-	163,185	-
Development services	-	70,077	1,023,102	-
Capital outlay	(134,495)	-	1,059,424	-
Debt services:				
Principal retirements	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	1,253,992	70,077	2,245,711	5,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	198,567	109,135	(284,585)	353,209
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(479,120)
Total other financing sources (uses)	-	-	-	(479,120)
NET CHANGE IN FUND BALANCES	198,567	109,135	(284,585)	(125,911)
FUND BALANCES:				
Beginning of year	(624,258)	19,059,680	(1,478,625)	132,929
End of year	\$ (425,691)	\$ 19,168,815	\$ (1,763,210)	\$ 7,018

CITY OF ESCONDIDO

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue	Debt Service		Capital Projects
	Vehicle Parking District	General Obligation	Golf Course	Street Improvement
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,088,014
Charges for services	-	-	-	18,925
Special assessments	-	4,899,075	-	-
Investment income	495	26,019	215	188,646
Miscellaneous	-	-	-	-
Total revenues	495	4,925,094	215	2,295,585
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	106,955	-	-	-
Community services	-	-	-	-
Development services	-	-	-	55,120
Capital outlay	-	-	-	5,118,614
Debt services:				
Principal retirements	-	2,275,000	265,000	-
Interest and fiscal charges	-	2,475,105	97,601	-
Total expenditures	106,955	4,750,105	362,601	5,173,734
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(106,460)	174,989	(362,386)	(2,878,149)
OTHER FINANCING SOURCES (USES)				
Transfers in	112,400	-	362,750	-
Transfers out	-	-	-	-
Total other financing sources (uses)	112,400	-	362,750	-
NET CHANGE IN FUND BALANCES	5,940	174,989	364	(2,878,149)
FUND BALANCES:				
Beginning of year	20,448	4,457,597	1,016	4,441,855
End of year	\$ 26,388	\$ 4,632,586	\$ 1,380	\$ 1,563,706

CITY OF ESCONDIDO

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

Nonmajor Governmental Funds For the Year Ended June 30, 2023

	Capital Projects			
	Storm Drain	General Capital Projects	County Transportation Street Projects	Public Facilities
REVENUES:				
Intergovernmental	\$ -	\$ 605,158	\$ 5,575,552	\$ -
Charges for services	74,270	-	-	581,748
Special assessments	-	-	-	-
Investment income	16,810	85,821	3,666	151,332
Miscellaneous	-	-	-	-
Total revenues	91,080	690,979	5,579,218	733,080
EXPENDITURES:				
Current:				
General government	-	137,902	-	-
Public safety	-	96,906	-	-
Public works	-	-	-	-
Community services	-	-	-	249,219
Development services	7,368	-	459,650	125,875
Capital outlay	65,835	832,106	3,714,516	(34,480)
Debt services:				
Principal retirements	-	-	-	77,184
Interest and fiscal charges	-	-	-	8,982
Total expenditures	73,203	1,066,914	4,174,166	426,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,877	(375,935)	1,405,052	306,300
OTHER FINANCING SOURCES (USES)				
Transfers in	-	180,100	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	180,100	-	-
NET CHANGE IN FUND BALANCES	17,877	(195,835)	1,405,052	306,300
FUND BALANCES:				
Beginning of year	1,000,714	6,113,115	(2,468,134)	8,942,026
End of year	\$ 1,018,591	\$ 5,917,280	\$ (1,063,082)	\$ 9,248,326

CITY OF ESCONDIDO

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

Nonmajor Governmental Funds For the Year Ended June 30, 2023

	Permanent	
	Daley Ranch	Total Nonmajor Governmental Funds
REVENUES:		
Intergovernmental	\$ -	\$ 20,985,363
Charges for services	745	2,894,711
Special assessments	-	6,188,966
Investment income	5,220	1,138,363
Miscellaneous	-	15,445
Total revenues	5,965	31,222,848
EXPENDITURES:		
Current:		
General government	-	143,546
Public safety	-	1,485,393
Public works	-	1,050,735
Community services	-	2,681,025
Development services	-	3,257,332
Capital outlay	-	19,787,320
Debt services:		
Principal retirements	-	2,617,184
Interest and fiscal charges	-	2,581,688
Total expenditures	-	33,604,223
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,965	(2,381,375)
OTHER FINANCING SOURCES (USES)		
Transfers in	-	655,250
Transfers out	(30,000)	(2,564,120)
Total other financing sources (uses)	(30,000)	(1,908,870)
NET CHANGE IN FUND BALANCES	(24,035)	(4,290,245)
FUND BALANCES:		
Beginning of year	333,373	64,580,716
End of year	\$ 309,338	\$ 60,290,471

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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 4,431,300	\$ 7,201,252	\$ 2,769,952
Charges for services	-	911,517	911,517
Investment income	15,000	334,884	319,884
Total revenues	4,446,300	8,447,653	4,001,353
EXPENDITURES:			
Current:			
Development services	5,678,977	1,516,140	4,162,837
Capital outlay	33,281,265	7,577,946	25,703,319
Total expenditures	38,960,242	9,094,086	29,866,156
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,513,942)	(646,433)	33,867,509
OTHER FINANCING SOURCES (USES)			
Transfers out	(2,055,000)	(2,055,000)	-
Total other financing sources (uses)	(2,055,000)	(2,055,000)	-
NET CHANGE IN FUND BALANCE	(36,568,942)	(2,701,433)	33,867,509
FUND BALANCE:			
Beginning of year	16,557,071	16,557,071	-
End of year	\$ (20,011,871)	\$ 13,855,638	\$ 33,867,509

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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 5,662,360	\$ 1,307,506	\$ (4,354,854)
Investment income	32,970	248,553	215,583
Miscellaneous	-	6,510	6,510
Total revenues	<u>5,695,330</u>	<u>1,562,569</u>	<u>(4,132,761)</u>
EXPENDITURES:			
Current:			
Community services	937,960	960,530	(22,570)
Capital outlay	10,489,110	1,476,412	9,012,698
Total expenditures	<u>11,427,070</u>	<u>2,436,942</u>	<u>8,990,128</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,731,740)</u>	<u>(874,373)</u>	<u>4,857,367</u>
NET CHANGE IN FUND BALANCE	(5,731,740)	(874,373)	4,857,367
FUND BALANCE:			
Beginning of year	6,638,610	6,638,610	-
End of year	<u>\$ 906,870</u>	<u>\$ 5,764,237</u>	<u>\$ 4,857,367</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,800,000	\$ 1,972,733	\$ 172,733
Investment income	-	2,033	2,033
Total revenues	<u>1,800,000</u>	<u>1,974,766</u>	<u>174,766</u>
EXPENDITURES:			
Current:			
Community services	7,075,365	1,308,091	5,767,274
Capital outlay	111,445	111,442	3
Total expenditures	<u>7,186,810</u>	<u>1,419,533</u>	<u>5,767,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,386,810)</u>	<u>555,233</u>	<u>5,942,043</u>
NET CHANGE IN FUND BALANCE	(5,386,810)	555,233	5,942,043
FUND BALANCE:			
Beginning of year	(136,413)	(136,413)	-
End of year	<u>\$ (5,523,223)</u>	<u>\$ 418,820</u>	<u>\$ 5,942,043</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Special assessments	\$ 939,140	\$ 931,038	\$ (8,102)
Investment income	-	24,426	24,426
Miscellaneous	8,940	8,935	(5)
Total revenues	<u>948,080</u>	<u>964,399</u>	<u>16,319</u>
EXPENDITURES:			
Current:			
Public works	1,336,060	943,780	392,280
Total expenditures	<u>1,336,060</u>	<u>943,780</u>	<u>392,280</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(387,980)</u>	<u>20,619</u>	<u>408,599</u>
NET CHANGE IN FUND BALANCE	(387,980)	20,619	408,599
FUND BALANCE:			
Beginning of year	1,589,712	1,589,712	-
End of year	<u>\$ 1,201,732</u>	<u>\$ 1,610,331</u>	<u>\$ 408,599</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 2,354,340	\$ 1,448,905	\$ (905,435)
Investment income	-	3,654	3,654
Miscellaneous	271,068	-	(271,068)
Total revenues	<u>2,625,408</u>	<u>1,452,559</u>	<u>(1,172,849)</u>
EXPENDITURES:			
Current:			
Public safety	4,789,970	1,388,487	3,401,483
Capital outlay	-	(134,495)	134,495
Total expenditures	<u>4,789,970</u>	<u>1,253,992</u>	<u>3,535,978</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,164,562)</u>	<u>198,567</u>	<u>2,363,129</u>
NET CHANGE IN FUND BALANCE	(2,164,562)	198,567	2,363,129
FUND BALANCE:			
Beginning of year	(624,258)	(624,258)	-
End of year	<u>\$ (2,788,820)</u>	<u>\$ (425,691)</u>	<u>\$ 2,363,129</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 650,000	\$ 132,623	\$ (517,377)
Investment income	-	46,589	46,589
Total revenues	<u>650,000</u>	<u>179,212</u>	<u>(470,788)</u>
EXPENDITURES:			
Current:			
Development services	75,000	70,077	4,923
Total expenditures	<u>75,000</u>	<u>70,077</u>	<u>4,923</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>575,000</u>	<u>109,135</u>	<u>(465,865)</u>
NET CHANGE IN FUND BALANCE	575,000	109,135	(465,865)
FUND BALANCE:			
Beginning of year	19,059,680	19,059,680	-
End of year	<u>\$ 19,634,680</u>	<u>\$ 19,168,815</u>	<u>\$ (465,865)</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 10,843,580	\$ 1,961,126	\$ (8,882,454)
Total revenues	<u>10,843,580</u>	<u>1,961,126</u>	<u>(8,882,454)</u>
EXPENDITURES:			
Current:			
Community services	20,970,557	163,185	20,807,372
Development services	1,023,110	1,023,102	8
Capital outlay	1,059,425	1,059,424	1
Total expenditures	<u>23,053,092</u>	<u>2,245,711</u>	<u>20,807,381</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,209,512)</u>	<u>(284,585)</u>	<u>11,924,927</u>
NET CHANGE IN FUND BALANCE	(12,209,512)	(284,585)	11,924,927
FUND BALANCE:			
Beginning of year	(1,478,625)	(1,478,625)	-
End of year	<u>\$ (13,688,137)</u>	<u>\$ (1,763,210)</u>	<u>\$ 11,924,927</u>

CITY OF ESCONDIDO
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
CFD 2020-01 Services Special Revenue Fund
For the Year Ended June 30, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Special assessments	\$ 295,000	\$ 358,853	\$ 63,853
Total revenues	<u>295,000</u>	<u>358,853</u>	<u>63,853</u>
EXPENDITURES:			
Current:			
General government	10,000	5,644	4,356
Total expenditures	<u>10,000</u>	<u>5,644</u>	<u>4,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>285,000</u>	<u>353,209</u>	<u>68,209</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(285,000)	(479,120)	(194,120)
Total other financing sources (uses)	<u>(285,000)</u>	<u>(479,120)</u>	<u>(194,120)</u>
NET CHANGE IN FUND BALANCE	-	(125,911)	(125,911)
FUND BALANCE:			
Beginning of year	-	132,929	132,929
End of year	<u>\$ -</u>	<u>\$ 7,018</u>	<u>\$ 7,018</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 495	\$ 495
Total revenues	<u>-</u>	<u>495</u>	<u>495</u>
EXPENDITURES:			
Current:			
Public works	112,400	106,955	5,445
Total expenditures	<u>112,400</u>	<u>106,955</u>	<u>5,445</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(112,400)</u>	<u>(106,460)</u>	<u>5,940</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	112,400	112,400	-
Total other financing sources (uses)	<u>112,400</u>	<u>112,400</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	5,940	5,940
FUND BALANCE:			
Beginning of year	20,448	20,448	-
End of year	<u>\$ 20,448</u>	<u>\$ 26,388</u>	<u>\$ 5,940</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Special assessments	\$ 4,733,430	\$ 4,899,075	\$ 165,645
Investment income	19,500	26,019	6,519
Total revenues	<u>4,752,930</u>	<u>4,925,094</u>	<u>172,164</u>
EXPENDITURES:			
Debt services:			
Principal retirements	2,275,000	2,275,000	-
Interest and fiscal charges	2,477,930	2,475,105	2,825
Total expenditures	<u>4,752,930</u>	<u>4,750,105</u>	<u>2,825</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>174,989</u>	<u>174,989</u>
NET CHANGE IN FUND BALANCE	-	174,989	174,989
FUND BALANCE:			
Beginning of year	4,457,597	4,457,597	-
End of year	<u>\$ 4,457,597</u>	<u>\$ 4,632,586</u>	<u>\$ 174,989</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, 2023

	Final Budget Amounts	Actual	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment income	\$ -	\$ 215	\$ 215
Total revenues	<u>-</u>	<u>215</u>	<u>215</u>
EXPENDITURES:			
Debt services:			
Principal retirements	265,000	265,000	-
Interest and fiscal charges	97,750	97,601	149
Total expenditures	<u>362,750</u>	<u>362,601</u>	<u>149</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(362,750)</u>	<u>(362,386)</u>	<u>364</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	362,750	362,750	-
Total other financing sources (uses)	<u>362,750</u>	<u>362,750</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	364	364
FUND BALANCE:			
Beginning of year	1,016	1,016	-
End of year	<u>\$ 1,016</u>	<u>\$ 1,380</u>	<u>\$ 364</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, 2023

	<u>Building Maintenance</u>	<u>Vehicle and Equipment Maintenance</u>	<u>Central Services</u>	<u>Network and Systems Administration</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 910,070	\$ 9,093,387	\$ 719,695	\$ 738,613
Receivables (Net):				
Accounts	-	-	-	-
Interest	2,468	27,812	2,413	1,784
Inventory	33,962	96,507	495,359	-
Deposits	-	-	-	-
Total Current Assets	<u>946,500</u>	<u>9,217,706</u>	<u>1,217,467</u>	<u>740,397</u>
Noncurrent Assets:				
Capital assets:				
Being depreciated, net	<u>1,227,782</u>	<u>4,885,997</u>	<u>25,789</u>	<u>203,814</u>
Total Noncurrent Assets	<u>1,227,782</u>	<u>4,885,997</u>	<u>25,789</u>	<u>203,814</u>
Total Assets	<u>2,174,282</u>	<u>14,103,703</u>	<u>1,243,256</u>	<u>944,211</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	<u>1,258,349</u>	<u>857,214</u>	<u>252,589</u>	<u>836,036</u>
Total Deferred Outflows of Resources	<u>1,258,349</u>	<u>857,214</u>	<u>252,589</u>	<u>836,036</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	249,377	368,196	58,360	26,519
Accrued expenses	21,994	14,785	2,644	13,108
Long-term debt, due within one year	<u>9,390</u>	<u>7,757</u>	<u>597</u>	<u>-</u>
Total Current Liabilities	<u>280,761</u>	<u>390,738</u>	<u>61,601</u>	<u>39,627</u>
Noncurrent Liabilities:				
Aggregate net pension liabilities	4,254,373	2,869,795	821,304	2,893,055
Long-term debt, due in more than one year	<u>84,507</u>	<u>69,814</u>	<u>5,373</u>	<u>-</u>
Total Noncurrent Liabilities	<u>4,338,880</u>	<u>2,939,609</u>	<u>826,677</u>	<u>2,893,055</u>
Total Liabilities	<u>4,619,641</u>	<u>3,330,347</u>	<u>888,278</u>	<u>2,932,682</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	<u>31,170</u>	<u>22,530</u>	<u>5,851</u>	<u>21,494</u>
Total Deferred Inflows of Resources	<u>31,170</u>	<u>22,530</u>	<u>5,851</u>	<u>21,494</u>
NET POSITION				
Net investment in capital assets	1,227,782	4,885,997	25,789	203,814
Unrestricted (deficit)	<u>(2,445,962)</u>	<u>6,722,043</u>	<u>575,927</u>	<u>(1,377,743)</u>
Total Net Position	<u>\$ (1,218,180)</u>	<u>\$ 11,608,040</u>	<u>\$ 601,716</u>	<u>\$ (1,173,929)</u>

CITY OF ESCONDIDO
Combining Statement of Net Position (Continued)
Internal Service Funds
June 30, 2023

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
ASSETS				
Current Assets:				
Cash and investments	\$ 16,478,851	\$ 4,539,925	\$ 483,982	\$ 32,964,523
Receivables (Net):				
Accounts	-	-	38,690	38,690
Interest	49,185	12,370	3,780	99,812
Inventory	-	-	-	625,828
Deposits	250,000	-	62,600	312,600
Total Current Assets	16,778,036	4,552,295	589,052	34,041,453
Noncurrent Assets:				
Capital assets:				
Being depreciated, net	-	-	-	6,343,382
Total Noncurrent Assets	-	-	-	6,343,382
Total Assets	16,778,036	4,552,295	589,052	40,384,835
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	96,826	-	249,130	3,550,144
Total Deferred Outflows of Resources	96,826	-	249,130	3,550,144
LIABILITIES				
Current Liabilities:				
Accounts payable	407,323	20,507	64,955	1,195,237
Accrued expenses	1,472	-	28,581	82,584
Long-term debt, due within one year	3,101,508	531,510	2,165	3,652,927
Total Current Liabilities	3,510,303	552,017	95,701	4,930,748
Noncurrent Liabilities:				
Aggregate net pension liabilities	310,364	-	632,314	11,781,205
Long-term debt, due in more than one year	12,408,574	2,126,040	19,482	14,713,790
Total Noncurrent Liabilities	12,718,938	2,126,040	651,796	26,494,995
Total Liabilities	16,229,241	2,678,057	747,497	31,425,743
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	2,763	-	7,260	91,068
Total Deferred Inflows of Resources	2,763	-	7,260	91,068
NET POSITION				
Net investment in capital assets	-	-	-	6,343,382
Unrestricted (deficit)	642,858	1,874,238	83,425	6,074,786
Total Net Position	\$ 642,858	\$ 1,874,238	\$ 83,425	\$ 12,418,168

CITY OF ESCONDIDO
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
Operating Revenues:				
Charges for services	\$ 6,254,510	\$ 7,385,230	\$ 1,172,040	\$ 2,379,330
Total Operating Revenues	<u>6,254,510</u>	<u>7,385,230</u>	<u>1,172,040</u>	<u>2,379,330</u>
Operating Expenses:				
Personnel services	2,201,067	1,526,031	325,774	1,316,004
Administrative expenses	45,317	51,230	120,599	36,900
Benefit claims	-	-	-	-
Supplies	84,134	71,637	93,539	18,193
Repairs and maintenance	403,473	1,272,807	26,320	327
Depreciation	81,388	1,760,746	3,270	88,564
Utilities	1,453,364	5,073	198,790	10,124
Fuel	-	1,593,571	-	-
Professional services	1,411,918	95,896	177,647	4,514
Insurance premiums	111,530	68,460	22,090	27,080
Other	86,735	770,652	167,235	716,834
Total Operating Expenses	<u>5,878,926</u>	<u>7,216,103</u>	<u>1,135,264</u>	<u>2,218,540</u>
Operating Income (Loss)	<u>375,584</u>	<u>169,127</u>	<u>36,776</u>	<u>160,790</u>
Nonoperating Revenues (Expenses):				
Investment income	23,381	86,250	15,166	19,315
Miscellaneous	3,910	104,786	3,522	-
Total Nonoperating Revenues (Expenses)	<u>27,291</u>	<u>191,036</u>	<u>18,688</u>	<u>19,315</u>
Income Before Transfers and Capital Contributions	<u>402,875</u>	<u>360,163</u>	<u>55,464</u>	<u>180,105</u>
Transfers in	86,880	-	-	-
Capital Contributions:				
Developer contributions	-	1,460,861	-	-
Total Transfers and Capital Contributions	<u>86,880</u>	<u>1,460,861</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>489,755</u>	<u>1,821,024</u>	<u>55,464</u>	<u>180,105</u>
Net Position at Beginning of Year	<u>(1,707,935)</u>	<u>9,787,016</u>	<u>546,252</u>	<u>(1,354,034)</u>
Net Position at End of Year	<u>\$ (1,218,180)</u>	<u>\$ 11,608,040</u>	<u>\$ 601,716</u>	<u>\$ (1,173,929)</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, 2023

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Operating Revenues:				
Charges for services	\$ 5,866,980	\$ 4,968,850	\$ 12,116,314	\$ 40,143,254
Total Operating Revenues	<u>5,866,980</u>	<u>4,968,850</u>	<u>12,116,314</u>	<u>40,143,254</u>
Operating Expenses:				
Personnel services	180,201	-	433,368	5,982,445
Administrative expenses	362,080	1,678,100	154,940	2,449,166
Benefit claims	1,149,520	-	523,549	1,673,069
Supplies	1,498	-	1,190	270,191
Repairs and maintenance	-	-	-	1,702,927
Depreciation	-	-	-	1,933,968
Utilities	1,149	-	8,370	1,676,870
Fuel	-	-	-	1,593,571
Professional services	2,490,291	283,605	116,500	4,580,371
Insurance premiums	1,021,583	1,634,139	12,631,690	15,516,572
Other	3,641	13,530	39,250	1,797,877
Total Operating Expenses	<u>5,209,963</u>	<u>3,609,374</u>	<u>13,908,857</u>	<u>39,177,027</u>
Operating Income (Loss)	<u>657,017</u>	<u>1,359,476</u>	<u>(1,792,543)</u>	<u>966,227</u>
Nonoperating Revenues (Expenses):				
Investment income	129,484	(92,914)	20,044	200,726
Miscellaneous	913	-	17,915	131,046
Total Nonoperating Revenues (Expenses)	<u>130,397</u>	<u>(92,914)</u>	<u>37,959</u>	<u>331,772</u>
Income Before Transfers and Capital Contributions	<u>787,414</u>	<u>1,266,562</u>	<u>(1,754,584)</u>	<u>1,297,999</u>
Transfers in	-	-	-	86,880
Capital Contributions:				
Developer contributions	-	-	-	1,460,861
Total Transfers and Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,741</u>
Changes in Net Position	<u>787,414</u>	<u>1,266,562</u>	<u>(1,754,584)</u>	<u>2,845,740</u>
Net Position at Beginning of Year	<u>(144,556)</u>	<u>607,676</u>	<u>1,838,009</u>	<u>9,572,428</u>
Net Position at End of Year	<u>\$ 642,858</u>	<u>\$ 1,874,238</u>	<u>\$ 83,425</u>	<u>\$ 12,418,168</u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
Cash Flows from Operating Activities:				
Cash received from customers	\$ 6,267,693	\$ 7,385,230	\$ 1,161,194	\$ 2,379,330
Cash paid to employees for services	(2,521,175)	(1,801,482)	(480,095)	(1,442,567)
Cash paid to other suppliers of goods and services	(3,674,945)	(3,771,469)	(723,389)	(755,702)
Cash from other sources	3,910	6,042	3,522	-
Net Cash Provided by (Used in) Operating Activities	<u>75,483</u>	<u>1,818,321</u>	<u>(38,768)</u>	<u>181,061</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from (paid to) other funds	86,880	-	-	-
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>86,880</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	-	(1,048,093)	(4,990)	(47,836)
Sale of capital assets	-	253,887	-	-
Net Cash (Used in) Capital and Related Financing Activities	<u>-</u>	<u>(794,206)</u>	<u>(4,990)</u>	<u>(47,836)</u>
Cash Flows from Investing Activities:				
Investment income	22,603	77,171	14,471	18,551
Net Cash Provided by (Used in) Investing Activities	<u>22,603</u>	<u>77,171</u>	<u>14,471</u>	<u>18,551</u>
Net increase (decrease) in cash and cash equivalents	184,966	1,101,286	(29,287)	151,776
Cash and cash equivalents:				
Beginning of year	725,104	7,992,101	748,982	586,837
End of year	<u>\$ 910,070</u>	<u>\$ 9,093,387</u>	<u>\$ 719,695</u>	<u>\$ 738,613</u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	Workers' Compensation	General Liability Self-Insurance	Insurance	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 5,866,980	\$ 4,968,850	\$ 12,120,936	\$ 40,150,213
Cash paid to employees for services	(525,434)	(1,678,100)	(603,645)	(9,052,498)
Cash paid to other suppliers of goods and services	(3,400,178)	(2,577,483)	(13,328,901)	(28,232,067)
Cash from other sources	913	-	17,915	32,302
Net Cash Provided by (Used in) Operating Activities	<u>1,942,281</u>	<u>713,267</u>	<u>(1,793,695)</u>	<u>2,897,950</u>
Cash Flows from Noncapital Financing Activities:				
Cash received from other funds	-	-	-	86,880
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,880</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase and construction of capital assets	-	-	-	(1,100,919)
Sale of capital assets	-	-	-	253,887
Net Cash (Used in) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(847,032)</u>
Cash Flows from Investing Activities:				
Investment income	113,994	(96,025)	20,079	170,844
Net Cash Provided by (Used in) Investing Activities	<u>113,994</u>	<u>(96,025)</u>	<u>20,079</u>	<u>170,844</u>
Net increase (decrease) in cash and cash equivalents	2,056,275	617,242	(1,773,616)	2,308,642
Cash and cash equivalents:				
Beginning of year	14,422,576	3,922,683	2,257,598	30,655,881
End of year	<u>\$ 16,478,851</u>	<u>\$ 4,539,925</u>	<u>\$ 483,982</u>	<u>\$ 32,964,523</u>

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	Building Maintenance	Vehicle and Equipment Maintenance	Central Services	Network and Systems Administration
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 375,584	\$ 169,127	\$ 36,776	\$ 160,790
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	81,388	1,760,746	3,270	88,564
Cash from other sources	3,910	6,042	3,522	-
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	13,183	-	(10,846)	-
Inventories	44,716	10,951	(2,531)	-
Deferred outflows of resources related to pensions	(696,673)	(514,673)	(132,163)	(482,207)
Accounts payable	(168,507)	95,676	(35,237)	21,370
Accrued expenses	(50,334)	(30,957)	(6,659)	(32,151)
Compensated absences	(51,203)	(163,483)	(1,026)	-
Pension liability	1,616,926	1,168,740	303,501	1,114,969
Deferred inflows of resources related to pensions	(1,093,507)	(683,848)	(197,375)	(690,274)
Estimated claims payable	-	-	-	-
Total adjustments	(300,101)	1,649,194	(75,544)	20,271
Net Cash Provided by (Used for) Operating Activities	\$ 75,483	\$ 1,818,321	\$ (38,768)	\$ 181,061
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ -	\$ -	\$ -	\$ -
Total noncash investing, capital and financing activities	\$ -	\$ -	\$ -	\$ -

CITY OF ESCONDIDO
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Year Ended June 30, 2023

	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)	\$ 657,017	\$ 1,359,476	\$ (1,792,543)	\$ 966,227
Adjustment to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	-	1,933,968
Cash from other sources	913	-	17,915	32,302
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
Accounts receivable	-	-	4,622	6,959
Inventories	-	-	-	53,136
Deferred outflows of resources related to pensions	(63,186)	-	(167,159)	(2,056,061)
Accounts payable	219,504	(9,909)	(3,053)	119,844
Accrued expenses	(3,007)	-	(23,416)	(146,524)
Compensated absences	1,597	-	(943)	(215,058)
Pension liability	143,350	-	376,589	4,724,075
Deferred inflows of resources related to pensions	(61,907)	-	(205,707)	(2,932,618)
Estimated claims payable	1,048,000	(636,300)	-	411,700
Total adjustments	<u>1,285,264</u>	<u>(646,209)</u>	<u>(1,152)</u>	<u>1,931,723</u>
Net Cash Provided by Operating Activities	<u>\$ 1,942,281</u>	<u>\$ 713,267</u>	<u>\$ (1,793,695)</u>	<u>\$ 2,897,950</u>
Noncash Investing, Capital and Financing Activities:				
Contributed property, plant and equipment	\$ -	\$ -	\$ -	\$ -
Total noncash investing, capital and financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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.

THE VILLAGES PROJECT FUND

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 in July 2022 to finance certain public improvements needed with respect to the development of property located within the district, including public improvements to be owned by the City and water and sewer facilities to be owned and operated by the Rincon Del Diablo Municipal Water District.

THE ECLIPSE AND MOUNTAIN HOUSE PROJECT FUND

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. Once development of the projects are near completion, bonds will be issued to finance certain public improvements needed with respect to the development of property located within the district, including public improvements to be owned by the City.

CITY OF ESCONDIDO
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2023

	Hidden Trails Community Facilities District	Eureka Ranch Community Facilities District	Rancho San Pasqual	The Villages
ASSETS				
Cash and investments	\$ 178,215	\$ 816,579	\$ 329,811	\$ 398,344
Cash and investments with fiscal agent	13	144	365,561	1,069,789
Receivables:				
Interest	449	1,923	787	1,288
Taxes	1,525	458	1,961	12,668
Total assets	<u>180,202</u>	<u>819,104</u>	<u>698,120</u>	<u>1,482,089</u>
NET POSITION				
Net position restricted for individuals, organizations, and other governments	<u>180,202</u>	<u>819,104</u>	<u>698,120</u>	<u>1,482,089</u>
Total Net Position	<u><u>\$ 180,202</u></u>	<u><u>\$ 819,104</u></u>	<u><u>\$ 698,120</u></u>	<u><u>\$ 1,482,089</u></u>

CITY OF ESCONDIDO
Combining Statement of Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
June 30, 2023

	Eclipse and Mountain House	Total	
ASSETS			
Cash and investments	\$ 94,799	\$ 1,817,748	
Cash and investments with fiscal agent	-	1,435,507	
Receivables:			
Interest	95	4,542	
Taxes	5,042	21,654	
Total assets	99,936	3,279,451	
NET POSITION			
Net position restricted for individuals, organizations, and other governments	99,936	3,279,451	
Total Net Position	\$ 99,936	\$ 3,279,451	

CITY OF ESCONDIDO
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	Hidden Trails Community Facilities District	Eureka Ranch Community Facilities District	Rancho San Pasqual	The Villages
ADDITIONS:				
Special assessments	\$ 210,841	\$ 1,053,912	\$ 362,717	\$ 2,588,509
Interest and change in fair value of investments	1,680	7,072	14,576	4,190
Total Additions	<u>212,521</u>	<u>1,060,984</u>	<u>377,293</u>	<u>2,592,699</u>
DEDUCTIONS:				
Administrative expenses	18,084	43,868	14,131	1,316,138
Payments on conduit bonds - principal	125,000	525,000	255,000	-
Payments on conduit bonds - interest	66,444	502,875	74,242	364,986
Total Deductions	<u>209,528</u>	<u>1,071,743</u>	<u>343,373</u>	<u>1,681,124</u>
Changes in Net Position	2,993	(10,759)	33,920	911,575
NET POSITION:				
Beginning of year	<u>177,209</u>	<u>829,863</u>	<u>664,200</u>	<u>570,514</u>
End of year	<u>\$ 180,202</u>	<u>\$ 819,104</u>	<u>\$ 698,120</u>	<u>\$ 1,482,089</u>

CITY OF ESCONDIDO
Combining Statement of Changes in Fiduciary Net Position (Continued)
Fiduciary Funds - Custodial Funds
For the Year Ended June 30, 2023

	Eclipse and Mountain House	Total
ADDITIONS:		
Special assessments	\$ 128,052	\$ 4,344,031
Interest and change in fair value of investments	191	27,709
Total Additions	128,243	4,371,740
DEDUCTIONS:		
Administrative expenses	28,307	1,420,528
Payments on conduit bonds - principal	-	905,000
Payments on conduit bonds - interest	-	1,008,547
Total Deductions	28,307	3,334,075
Changes in Net Position	99,936	1,037,665
NET POSITION:		
Beginning of year	-	2,241,786
End of year	\$ 99,936	\$ 3,279,451



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)

	2014	2015	2016	2017	2018
Governmental Activities:					
Net investment in capital assets	\$ 207,003,751	\$ 201,314,048	\$ 223,906,554	\$ 218,477,270	\$ 218,992,174
Restricted	92,356,580	90,509,538	96,530,455	100,550,008	104,851,906
Unrestricted	24,555,904	(124,495,479)	(121,164,871)	(99,262,303)	(112,191,974)
Total Governmental Activities Net Position	\$ 323,916,235	\$ 167,328,107	\$ 199,272,138	\$ 219,764,975	\$ 211,652,106
Business-type Activities:					
Net investment in capital assets	\$ 151,539,613	\$ 158,231,376	\$ 172,888,190	\$ 188,875,729	\$ 183,764,968
Restricted	-	-	-	-	3,642,092
Unrestricted	57,540,105	28,819,831	22,072,596	9,234,771	21,293,844
Total Business-type Activities Net Position	\$ 209,079,718	\$ 187,051,207	\$ 194,960,786	\$ 198,110,500	\$ 208,700,904
Primary Government:					
Net investment in capital assets	\$ 358,543,364	\$ 359,545,424	\$ 396,794,744	\$ 407,352,999	\$ 402,757,142
Restricted	92,356,580	90,509,538	96,530,455	100,550,008	108,493,998
Unrestricted	82,096,009	(95,675,648)	(99,092,275)	(90,027,532)	(90,898,130)
Total Primary Government Activities Net Position	\$ 532,995,953	\$ 354,379,314	\$ 394,232,924	\$ 417,875,475	\$ 420,353,010

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)

	2019	2020	2021	2022	2023
Governmental Activities:					
Net investment in capital assets	\$ 218,870,698	\$ 221,761,230	\$ 221,473,365	\$ 219,632,631	\$ 231,896,273
Restricted	115,547,295	124,688,550	151,769,546	162,675,947	165,073,815
Unrestricted	(124,447,522)	(133,063,895)	(141,744,978)	(118,853,522)	(112,995,110)
Total Governmental Activities Net Position	\$ 209,970,471	\$ 213,385,885	\$ 231,497,933	\$ 263,455,056	\$ 283,974,978
Business-type Activities:					
Net investment in capital assets	\$ 195,706,168	\$ 184,746,125	\$ 199,326,286	\$ 223,858,484	\$ 281,165,049
Restricted	1,095,891	15,665,650	10,655,617	28,963,855	5,371,302
Unrestricted	20,679,543	25,669,085	31,939,666	10,870,402	472,348
Total Business-type Activities Net Position	\$ 217,481,602	\$ 226,080,860	\$ 241,921,569	\$ 263,692,741	\$ 287,008,699
Primary Government:					
Net investment in capital assets	\$ 414,576,866	\$ 406,507,355	\$ 420,799,651	\$ 443,491,115	\$ 513,061,322
Restricted	116,643,186	140,354,200	162,425,163	191,639,802	170,445,117
Unrestricted	(103,767,979)	(107,394,810)	(109,805,312)	(107,983,120)	(112,522,762)
Total Primary Government Activities Net Position	\$ 427,452,073	\$ 439,466,745	\$ 473,419,502	\$ 527,147,797	\$ 570,983,677

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)

	2014	2015	2016	2017	2018
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 6,817,120	\$ 6,412,164	\$ 8,852,170	\$ 9,357,787	\$ 11,319,840
Public safety	64,735,010	62,464,110	65,521,010	71,876,096	80,848,786
Community services	13,824,749	12,485,541	12,559,645	12,571,637	13,453,775
Public works	22,830,644	24,390,896	20,066,941	22,107,665	25,876,603
Community development	4,442,510	4,652,366	4,643,576	5,077,618	5,516,258
Interest and fiscal charges	3,709,135	4,655,972	2,952,792	2,646,232	2,849,950
Total Governmental Activities Expenses	116,359,168	115,061,049	114,596,134	123,637,035	139,865,212
Business-type Activities:					
Water	51,937,493	51,558,727	49,844,796	57,314,740	62,431,613
Wastewater	28,748,596	29,740,987	30,565,986	32,361,361	32,843,118
Total Business-type Activities Expenses	80,686,089	81,299,714	80,410,782	89,676,101	95,274,731
Total Primary Government Expenses	<u>\$ 197,045,257</u>	<u>\$ 196,360,763</u>	<u>\$ 195,006,916</u>	<u>\$ 213,313,136</u>	<u>\$ 235,139,943</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 1,049,402	\$ 261,135	\$ 479,655	\$ 300,203	\$ 681,369
Public safety	8,217,629	9,450,880	9,292,514	10,251,178	11,190,662
Community services	4,104,210	4,042,601	3,807,474	3,739,242	3,634,653
Public works	1,554,453	1,292,959	2,280,973	2,424,590	1,738,505
Community development	1,351,882	1,615,495	1,811,997	1,973,600	1,763,863
Operating grants and contributions	13,031,177	9,216,428	10,604,522	9,441,222	9,980,538
Capital grants and contributions	3,331,901	2,855,849	4,787,949	6,622,075	9,564,799
Total Governmental Activities Program Revenues	32,640,654	28,735,347	33,065,084	34,752,110	38,554,389
Business-type Activities:					
Charges for services:					
Water	54,411,250	54,323,287	51,055,900	55,442,545	61,551,122
Wastewater	29,413,549	32,014,382	33,594,079	34,166,698	34,464,076
Operating grants and contributions	243,302	533,816	70,130	30,832	143,298
Capital grants and contributions	1,879,809	2,972,993	1,355,692	1,766,559	7,846,908
Total Business-type Activities Program Revenues	85,947,910	89,844,478	86,075,801	91,406,634	104,005,404
Total Primary Government Program Revenues	<u>\$ 118,588,564</u>	<u>\$ 118,579,825</u>	<u>\$ 119,140,885</u>	<u>\$ 126,158,744</u>	<u>\$ 142,559,793</u>

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

	2019	2020	2021	2022	2023
<u>Expenses</u>					
Governmental Activities:					
General government	\$ 11,594,163	\$ 14,133,562	\$ 14,943,541	\$ 10,258,342	\$ 13,662,634
Public safety	80,834,482	87,387,146	84,691,286	73,817,032	92,177,826
Community services	14,394,666	14,854,363	14,044,934	14,906,208	16,150,522
Public works	27,320,553	25,322,314	20,683,917	13,815,377	19,018,581
Community development	5,388,553	6,217,692	5,113,312	18,924,626	11,321,013
Interest and fiscal charges	2,695,321	2,552,817	2,414,298	2,444,385	2,383,091
Total Governmental Activities Expenses	142,227,738	150,467,894	141,891,288	134,165,970	154,713,667
Business-type Activities:					
Water	60,286,760	62,805,742	69,582,076	69,297,563	68,809,459
Wastewater	33,669,077	36,482,537	38,337,115	35,770,779	40,241,339
Total Business-type Activities Expenses	93,955,837	99,288,279	107,919,191	105,068,342	109,050,798
Total Primary Government Expenses	<u>\$ 236,183,575</u>	<u>\$ 249,756,173</u>	<u>\$ 249,810,479</u>	<u>\$ 239,234,312</u>	<u>\$ 263,764,465</u>
<u>Program Revenues</u>					
Governmental activities:					
Charges for services:					
General government	\$ 700,526	\$ 829,648	\$ 688,165	\$ 2,459,670	\$ 608,153
Public safety	11,701,922	11,433,902	11,542,555	11,865,776	13,111,749
Community services	3,668,178	2,522,517	3,001,163	3,874,868	4,906,934
Public works	2,276,458	2,466,849	2,532,205	2,406,021	2,326,802
Community development	1,501,441	3,387,612	3,619,039	3,183,155	8,820,205
Operating grants and contributions	15,008,732	12,072,370	19,055,188	15,519,185	20,795,187
Capital grants and contributions	7,654,270	6,812,806	15,330,083	12,015,086	9,540,146
Total Governmental Activities Program Revenues	42,511,527	39,525,704	55,768,398	51,323,761	60,109,176
Business-type Activities:					
Charges for services:					
Water	57,495,553	60,636,276	73,069,548	71,138,194	66,282,444
Wastewater	35,780,554	36,064,926	37,147,393	41,370,100	40,673,365
Operating grants and contributions	152,007	75,098	16,916	272,843	60,658
Capital grants and contributions	4,859,530	6,374,790	12,849,613	13,697,769	23,800,987
Total Business-type Activities Program Revenues	98,287,644	103,151,090	123,083,470	126,478,906	130,817,454
Total Primary Government Program Revenues	<u>\$ 140,799,171</u>	<u>\$ 142,676,794</u>	<u>\$ 178,851,868</u>	<u>\$ 177,802,667</u>	<u>\$ 190,926,630</u>

(Continued)

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

	2014	2015	2016	2017	2018
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (83,718,514)	\$ (86,325,702)	\$ (81,531,050)	\$ (88,884,925)	\$ (101,310,823)
Business-type activities	5,261,821	8,544,764	5,665,019	1,730,533	9,112,999
Total Primary Government Net Expense	<u>\$ (78,456,693)</u>	<u>\$ (77,780,938)</u>	<u>\$ (75,866,031)</u>	<u>\$ (87,154,392)</u>	<u>\$ (92,197,824)</u>
<u>General Revenues and Other</u> <u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 27,366,084	\$ 29,447,205	\$ 32,080,999	\$ 37,905,908	\$ 42,100,337
Property taxes	16,805,289	16,953,228	17,039,019	17,779,603	19,968,848
Franchise tax	4,694,252	5,147,696	6,110,634	4,997,491	6,673,212
Payments in lieu of taxes	20,075,228	20,531,727	18,648,743	13,680,629	13,140,350
Other taxes	4,218,914	4,411,676	4,616,524	5,026,190	4,352,631
Investment earnings	4,153,899	4,309,471	4,445,175	4,353,656	4,903,198
Sale of capital assets	-	138,304	173,750	-	1,449,580
Miscellaneous	892,851	362,066	564,129	3,249,318	559,798
Transfers	125,000	(54,620)	25,000	25,000	50,000
Extraordinary item: Gain/(loss)	-	-	30,722,560	22,359,967	-
Total Governmental Activities	<u>78,331,517</u>	<u>81,246,753</u>	<u>114,426,533</u>	<u>109,377,762</u>	<u>93,197,954</u>
Business-type activities:					
Investment earnings	1,577,693	1,699,516	2,043,040	1,338,109	1,350,539
Miscellaneous	161,086	176,720	226,520	106,072	176,866
Transfers	(125,000)	54,620	(25,000)	(25,000)	(50,000)
Extraordinary item: Loss on chemical tank spill	-	-	-	-	-
Total Business-type Activities	<u>1,613,779</u>	<u>1,930,856</u>	<u>2,244,560</u>	<u>1,419,181</u>	<u>1,477,405</u>
Total Primary Government	<u>\$ 79,945,296</u>	<u>\$ 83,177,609</u>	<u>\$ 116,671,093</u>	<u>\$ 110,796,943</u>	<u>\$ 94,675,359</u>
<u>Change in Net Position</u>					
Governmental activities	\$ (5,386,997)	\$ (5,078,949)	\$ 31,944,031	\$ 20,492,837	\$ (8,112,869)
Business-type activities	6,875,600	10,475,620	7,909,579	3,149,714	10,590,404
Total primary government	<u>\$ 1,488,603</u>	<u>\$ 5,396,671</u>	<u>\$ 39,853,610</u>	<u>\$ 23,642,551</u>	<u>\$ 2,477,535</u>

Source:

City of Escondido Finance Department.

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

	2019	2020	2021	2022	2023
<u>Net (Expense)/Revenue</u>					
Governmental activities	\$ (99,716,211)	\$ (110,939,190)	\$ (86,122,890)	\$ (82,842,209)	\$ (94,604,491)
Business-type activities	4,331,807	3,862,811	15,164,279	21,410,564	21,766,656
Total Primary Government Net Expense	<u>\$ (95,384,404)</u>	<u>\$ (107,076,379)</u>	<u>\$ (70,958,611)</u>	<u>\$ (61,431,645)</u>	<u>\$ (72,837,835)</u>
<u>General Revenues and Other</u> <u>Changes in Net Position</u>					
Governmental activities:					
Taxes:					
Sales taxes	\$ 44,601,539	\$ 42,665,081	\$ 46,937,129	\$ 52,639,592	\$ 47,103,024
Property taxes	20,665,489	21,704,880	23,164,029	24,239,543	25,429,997
Franchise tax	6,083,566	6,093,168	6,886,816	5,953,212	7,216,374
Payments in lieu of taxes	13,906,639	14,631,684	15,465,008	18,169,990	21,068,963
Other taxes	4,454,434	4,626,355	4,889,389	6,130,957	6,189,144
Investment earnings	7,221,048	7,414,032	6,007,169	(668,283)	7,834,357
Sale of capital assets	465,008	14,935,539	261,625	-	-
Miscellaneous	581,853	2,118,865	623,773	793,487	312,554
Transfers	25,000	195,000	-	(30,000)	(30,000)
Extraordinary item: Gain/(loss)	-	-	-	-	-
Total Governmental Activities	<u>98,004,576</u>	<u>114,384,604</u>	<u>104,234,938</u>	<u>107,228,498</u>	<u>115,124,413</u>
Business-type activities:					
Investment earnings	4,078,342	4,210,650	513,100	(1,830,352)	1,347,150
Miscellaneous	395,549	720,797	163,330	2,009,232	172,152
Transfers	(25,000)	(195,000)	-	30,000	30,000
Extraordinary item: Loss on chemical tank spill	-	-	-	-	-
Total Business-type Activities	<u>4,448,891</u>	<u>4,736,447</u>	<u>676,430</u>	<u>208,880</u>	<u>1,549,302</u>
Total Primary Government	<u>\$ 102,453,467</u>	<u>\$ 119,121,051</u>	<u>\$ 104,911,368</u>	<u>\$ 107,437,378</u>	<u>\$ 116,673,715</u>
<u>Change in Net Position</u>					
Governmental activities	\$ (1,711,635)	\$ 3,445,414	\$ 18,112,048	\$ 24,386,289	\$ 20,519,922
Business-type activities	8,780,698	8,599,258	15,840,709	21,619,444	23,315,958
Total primary government	<u>\$ 7,069,063</u>	<u>\$ 12,044,672</u>	<u>\$ 33,952,757</u>	<u>\$ 46,005,733</u>	<u>\$ 43,835,880</u>

Source:

City of Escondido Finance Department.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund					
Nonspendable	\$ 217,690	\$ 183,403	\$ 179,185	\$ 9,991,902	\$ 9,991,902
Restricted	-	-	-	-	1,997,186
Committed to	17,319,659	17,281,659	16,892,319	17,921,319	17,392,319
Assigned to	897,465	681,822	941,262	1,541,101	1,762,773
Unassigned	1,753,519	-	1,961,211	1,712,930	2,839,620
Total General Fund	<u>\$ 20,188,333</u>	<u>\$ 18,146,884</u>	<u>\$ 19,973,977</u>	<u>\$ 31,167,252</u>	<u>\$ 33,983,800</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ 333,590	\$ 373,620
Restricted for	81,559,045	78,261,012	84,682,384	86,075,428	87,811,164
Committed to	2,008,525	1,860,686	984,157	1,656,212	698,161
Assigned to	139,653	488	-	-	-
Unassigned	(1,149,954)	(1,184,683)	(846,790)	(1,354,541)	(1,347,939)
Total All Other Governmental Funds	<u>\$ 82,557,269</u>	<u>\$ 78,937,503</u>	<u>\$ 84,819,751</u>	<u>\$ 86,710,689</u>	<u>\$ 87,535,006</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)

	2019	2020	2021	2022	2023
General Fund					
Nonspendable	\$ 5,187,424	\$ 1,865,098	\$ -	\$ -	\$ 200,000
Restricted	7,013,035	13,572,027	15,301,704	28,876,086	37,362,692
Committed to	17,392,319	17,392,319	17,392,319	17,500,736	17,502,003
Assigned to	2,297,428	2,364,520	14,423,119	14,026,663	2,951,528
Unassigned	1,888,896	1,894,735	1,603,254	665,517	12,860,165
Total General Fund	<u>\$33,779,102</u>	<u>\$37,088,699</u>	<u>\$ 48,720,396</u>	<u>\$ 61,069,002</u>	<u>\$ 70,876,388</u>
All Other Governmental Funds					
Nonspendable	\$ 282,173	\$ 294,171	\$ 282,413	\$ 281,067	\$ 865,418
Restricted for	90,532,465	93,753,131	107,266,960	112,138,541	106,477,338
Committed to	796,697	764,863	5,171,026	5,586,791	5,238,175
Assigned to	-	-	-	-	-
Unassigned	(50,146)	(1,516,035)	(2,091,521)	(4,707,430)	(3,359,480)
Total All Other Governmental Funds	<u>\$91,561,189</u>	<u>\$93,296,130</u>	<u>\$ 110,628,878</u>	<u>\$113,298,969</u>	<u>\$ 109,221,451</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)

	2014	2015	2016	2017	2018
<u>Revenues</u>					
Taxes	\$ 57,289,455	\$ 59,989,511	\$ 64,220,119	\$ 62,296,112	\$ 86,246,378
Licenses and permits	991,164	862,280	934,455	1,222,686	1,183,587
Fines and forfeits	1,184,292	1,151,366	1,344,221	1,186,276	1,076,387
Intergovernmental	23,708,589	22,900,854	24,648,821	23,485,944	17,091,365
Charges for services	12,513,585	13,670,047	13,509,208	16,154,072	16,305,361
Special assessments	5,796,337	5,970,331	5,567,955	5,589,696	797,529
Lease income	205,259	203,599	3,502,021	3,632,770	3,951,092
Investment income	895,826	941,778	1,245,689	540,184	481,733
Miscellaneous	4,265,979	4,544,360	1,574,553	2,298,139	467,910
Total Revenues	106,850,486	110,234,126	116,547,042	116,405,879	127,601,342
<u>Expenditures</u>					
General government	5,811,016	6,086,111	6,447,372	6,251,493	6,212,196
Public safety	57,874,021	61,843,630	64,266,503	65,038,985	67,917,569
Public works	15,189,340	17,407,197	14,442,206	16,592,694	20,020,822
Community services	12,128,504	11,744,673	12,080,978	11,825,028	12,096,472
Community development	4,238,194	4,585,497	4,985,006	5,078,286	4,944,488
Capital outlay	5,550,440	2,966,301	3,919,203	6,084,281	10,522,490
Debt service:					
Principal retirements	2,528,361	74,848,007	243,360	1,592,870	2,616,218
Interest and fiscal charges	3,737,237	5,637,963	2,351,824	3,235,906	3,216,739
Total Expenditures	107,057,113	185,119,379	108,736,452	115,699,543	127,546,994
Excess (Deficiency) of Revenues Over Expenditures	(206,627)	(74,885,253)	7,810,590	706,336	54,348
<u>Other Financing Sources (Uses)</u>					
Issuance of debt	-	70,660,479	-	3,230,225	2,095,893
Sale of capital assets	1,346,540	138,304	173,751	-	1,724,580
Transfers in	5,035,243	3,173,695	2,968,322	3,765,952	5,615,293
Transfers out	(6,734,743)	(4,748,440)	(3,243,322)	(4,450,952)	(5,849,248)
Total Other Financing Sources (Uses)	(352,960)	69,224,038	(101,249)	2,545,225	3,586,518
Special item:					
Extraordinary item: Gain/(loss)	-	-	-	9,832,652	-
Net Change in Fund Balance	\$ (559,587)	\$ (5,661,215)	\$ 7,709,341	\$ 13,084,213	\$ 3,640,866
Debt service as a percentage of noncapital expenditures	6.2%	5.4%	2.5%	4.4%	5.0%

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)

	2019	2020	2021	2022	2023
<u>Revenues</u>					
Taxes	\$ 89,722,666	\$ 89,863,291	\$ 97,342,370	\$ 102,401,706	\$ 102,108,428
Licenses and permits	888,019	923,125	2,433,872	2,157,445	1,996,753
Fines and forfeits	1,257,729	1,122,485	864,799	880,874	795,770
Intergovernmental	18,031,912	16,966,436	20,976,786	24,204,645	31,128,185
Charges for services	15,438,111	14,314,208	19,272,322	18,303,849	17,996,969
Special assessments	831,574	852,395	844,356	5,719,440	6,188,966
Lease income	3,998,929	3,828,840	4,292,952	4,076,313	4,089,579
Investment income	3,130,835	3,585,146	9,476,604	(1,793,867)	5,092,649
Miscellaneous	824,270	2,109,526	828,754	808,956	241,019
Total Revenues	134,124,045	133,565,452	156,332,815	156,759,361	169,638,318
<u>Expenditures</u>					
General government	6,404,132	7,953,939	10,194,155	8,702,273	8,622,589
Public safety	70,183,327	73,271,168	73,537,275	79,596,254	87,148,487
Public works	20,583,634	19,157,773	14,862,569	11,592,375	13,053,714
Community services	12,982,171	12,278,475	12,964,749	13,588,568	15,403,841
Community development	4,777,498	5,386,850	4,842,967	19,389,907	11,171,255
Capital outlay	7,606,834	8,155,234	4,912,206	9,740,977	22,004,982
Debt service:					
Principal retirements	2,702,509	2,817,359	2,936,927	3,398,078	3,641,889
Interest and fiscal charges	3,133,810	3,024,656	2,897,077	2,939,106	2,793,776
Total Expenditures	128,373,915	132,045,454	127,147,925	148,947,538	163,840,533
Excess (Deficiency) of Revenues					
Over Expenditures	5,750,130	1,519,998	29,184,890	7,811,823	5,797,785
<u>Other Financing Sources (Uses)</u>					
Issuance of debt	-	-	-	-	48,963
Sale of capital assets	-	4,135,540	261,625	-	-
Transfers in	4,056,429	4,440,745	10,144,702	3,094,750	3,214,370
Transfers out	(5,985,074)	(5,051,745)	(10,626,772)	(3,458,710)	(3,331,250)
Total Other Financing Sources (Uses)	(1,928,645)	3,524,540	(220,445)	(363,960)	(67,917)
Special item:					
Extraordinary item: Gain/(loss)	-	-	-	-	-
Net Change in Fund Balance	\$ 3,821,485	\$ 5,044,538	\$ 28,964,445	\$ 7,447,863	\$ 5,729,868
Debt service as a percentage of noncapital expenditures	4.8%	4.7%	4.8%	4.6%	4.5%

Source:

City of Escondido Finance Department.

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

Fiscal Year Ended June 30	Secured ⁽¹⁾				
	Residential	Commercial	Industrial	Other	Total
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
2022	13,974,742,893	2,676,123,166	1,069,355,700	691,960,027	18,412,181,786
2023	15,026,427,114	2,793,925,519	1,128,731,824	684,387,875	19,633,472,332

Fiscal Year Ended June 30	Unsecured	Less: Exemptions	Taxable	Total
			Assessed Value	Direct Tax Rate ⁽²⁾
2014	465,412,975	(622,608,050)	11,957,307,897	0.103
2015	494,147,367	(625,897,200)	12,582,053,811	0.103
2016	501,273,002	(659,335,434)	13,188,040,566	0.103
2017	505,626,175	(739,647,768)	13,842,421,924	0.103
2018	507,918,480	(756,770,988)	14,783,197,498	0.103
2019	559,432,166	(809,077,827)	15,656,339,077	0.103
2020	563,144,195	(842,196,425)	16,482,592,718	0.103
2021	603,919,710	(970,806,705)	17,395,247,702	0.103
2022	486,066,875	(892,967,747)	18,005,280,914	0.103
2023	575,624,137	(891,381,491)	19,317,714,978	0.103

Notes:

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

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

(2) Total direct tax rate is the city share of the 1% Proposition 13 tax only for TRA 004-013 and rounded.

Source:

County of San Diego Auditor and Controller's Office, Avenu Insights & Analytics

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			Voter Approved Debt	Total Tax Rate	
			School District	San Diego County	All Other			
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
2022	0.103	0.103	0.710	0.157	0.030	1.000	0.150	1.150
2023	0.103	0.103	0.710	0.157	0.030	1.000	0.150	1.150

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, Avenu Insights & Analytics
 TRA 004-013 is represented in this table

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

Taxpayer	2023			2014		
	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	\$249,901,919	1	1.29 %	\$241,191,837	1	2.02 %
H S R E Palomar M O B LLC	101,511,134	2	0.53			
Casa Vallecitos Ltd	74,217,603	3	0.38			
Morningview Terrace Apartments Ca LLC	53,501,156	4	0.28	47,867,853	3	0.40
Frit Escondido Promenade L L C	53,147,672	5	0.28	44,976,286	5	0.38
740-86 E Mission (Ca) LP	52,498,152	6	0.27			
Luna Properties L L C	45,410,865	7	0.24	41,561,396	7	0.35
Brixmor Felicita Town Center LLC	43,855,171	8	0.23			
S I V Escondido North Sd LLC	41,847,988	9	0.22			
Terrace Gardens Apartments Ca LLP	38,736,945	10	0.20			
Prebys Conrad Trust				87,707,026	2	0.73
Cox Communications California				45,128,774	4	0.38
Vons				42,442,374	6	0.35
Garrick Motors				32,877,777	9	0.27
O C S D Holdings				34,820,125	8	0.29
Felicita Garp LLC				31,352,452	10	0.26
TOTAL	\$754,628,605		3.92 %	\$649,925,900		5.43 %

Notes:

(1) Net assessed valuation for 2022-23 is \$19,317,714,978

(2) Net assessed valuation for 2013-14 is \$11,957,307,897

Source:

County of San Diego Auditor and Controller's Office, Avenu Insights & Analytics

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
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
2022	15,346,044	14,929,833	97.29	157,165	15,086,998	98.31
2023	16,929,979	15,821,801	93.45	249,052	16,070,853	94.93

Source:

County of San Diego Auditor and Controller's Office.

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

2023		2014	
Business Name	Business Category	Business Name	Business Category
7-Eleven Food Stores	Food Markets	Acura	Auto Sales - New
Arco AM/PM Mini Marts	Service Stations	Apro	Energy Sales
BMW of Escondido	Auto Sales - New	Brecht Mini	Auto Sales - New
Carmax Auto Superstores	Auto Sales - Used	Carmax Auto Superstores	Auto Sales - Used
Distributors	Bldg.Matls-Whsle	Truck	Auto Sales - New
Dixieline Home Center	Bldg.Matls-Retail	Heller Ford Suzuki	Auto Sales - New
Ford of Escondido	Auto Sales - New	Home Depot	Bldg.Matls-Retail
Genesis of Escondido	Auto Sales - New	Honda	Auto Sales - New
Home Depot	Bldg.Matls-Retail	Jack Powell Chrysler Plymouth	Auto Sales - New
Jack Powell Chrysler Jeep Dodge	Auto Sales - New	Lexus Escondido	Auto Sales - New
Lexus Escondido	Auto Sales - New	Lowe's Home Improvement	Bldg.Matls-Retail
Lowe's Home Centers	Bldg.Matls-Retail	Macy's Department Store	Department Stores
Mercedes-Benz of Escondido	Auto Sales - New	Mazda of Escondido	Auto Sales - New
Mossy Nissan Escondido	Auto Sales - New	Mercedes-Benz of Escondido	Auto Sales - New
GMC	Auto Sales - New	Mossy Nissan Escondido	Auto Sales - New
North County Kia	Auto Sales - New	Mossy Volkswagen	Auto Sales - New
Quality Chevrolet	Auto Sales - New	GMC	Auto Sales - New
Ross Stores	Apparel Stores	Nordstrom Department Store	Department Stores
Shell Service Stations	Service Stations	Pine Tree Lumber	Bldg.Matls-Retail
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
United Oil Service Stations	Service Stations	Toyota Recondition Center	Auto Sales - New
Vons Service Stations	Service Stations	Vons Grocery Company	Food Markets
Wal Mart Stores	Department Stores	Wal Mart Stores	Department Stores

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	2014Q1	2015Q1	2016Q1	2017Q1	2018Q1
Accommodation and Food Services	\$ 2,087,299	\$ 2,292,004	\$ 2,435,056	\$ 2,584,463	\$ 2,727,812
Agriculture, Forestry, Fishing and Hunting	240,739	210,200	267,553	225,947	170,963
Arts, Entertainment, and Recreation	8,242	8,529	8,839	8,704	8,573
Educational Services	20,477	26,579	25,383	27,853	25,986
Information	97,442	115,502	101,649	130,276	102,630
Manufacturing	564,174	537,669	610,741	703,184	749,756
Mining, Quarrying, and Oil and Gas Extraction	735,239	848,373	839,797	925,079	1,044,356
Other Services (except Public Administration)	361,661	377,567	412,205	429,879	439,191
Professional, Scientific, and Technical Services	106,241	100,298	108,201	104,556	107,443
Real Estate and Rental and Leasing	51,462	68,532	60,852	60,820	74,335
Retail Trade	21,442,911	22,207,634	23,037,254	23,103,774	23,368,651
Utilities	1,502,636	1,829,374	2,270,644	2,419,692	2,735,848
All Other NAICS Sectors	672,949	681,413	544,482	507,472	570,789
Total	\$ 27,891,474	\$ 29,303,675	\$ 30,722,656	\$ 31,231,700	\$ 32,126,332

Notes:

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

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

Source:

Avenu Insights & Analytics

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

Category Name	2019Q1	2020Q1	2021Q1	2022Q1	2023Q1
Accommodation and Food Services	\$ 2,774,470	\$ 2,810,274	\$ 2,459,533	\$ 3,296,240	\$ 3,557,786
Agriculture, Forestry, Fishing and Hunting	251,539	271,382	203,773	270,327	263,208
Arts, Entertainment, and Recreation	8,728	8,807	2,924	9,537	10,516
Educational Services	27,563	20,310	72,507	11,266	14,965
Information	98,728	93,997	56,685	67,381	62,932
Manufacturing	752,335	800,599	749,440	922,439	909,393
Mining, Quarrying, and Oil and Gas Extraction	977,365	979,607	841,215	945,508	1,036,678
Other Services (except Public Administration)	467,567	482,540	431,505	507,752	585,117
Professional, Scientific, and Technical Services	94,907	92,085	58,793	86,170	82,987
Real Estate and Rental and Leasing	129,677	139,655	128,705	127,839	135,914
Retail Trade	23,269,993	23,451,424	22,858,305	28,621,505	28,200,746
Utilities	2,609,945	2,721,665	2,879,412	3,034,338	1,113,923
All Other NAICS Sectors	576,018	585,446	549,971	632,076	2,574,158
Total	\$ 32,038,835	\$ 32,457,791	\$ 31,292,767	\$ 38,532,379	\$ 38,548,323

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 CDTFSA standards.

Source:

Avenu Insights & Analytics

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

Fiscal Year Ended June 30	Governmental Activities (1)						Total Governmental Activities
	General Obligation Bonds	Lease Revenue Bonds	Certificates of Participation	Loans Payable	Financed Purchase Payable	Leases & Subscription Payable	
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
2022	56,715,830	2,755,217	-	1,399,572	636,393	10,292,731	71,799,743
2023	54,010,182	2,490,764	-	1,063,987	322,574	10,048,121	67,935,628

Notes:

(1) Details regarding the City's outstanding debt can be found in Note 9 of the financial statements

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 Business Activities	Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Lease Revenue Bonds	Loans Payable				
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
2022	87,006,577	53,033,190	140,039,767	211,839,510	4.80	1,406
2023	83,075,002	68,035,702	151,110,704	219,046,332	3.75	1,462

Notes:

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

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	Loans Payable	Financed Purchase Payable	Leases & Subscription Payable	Total		
2014	74,638,440	645,000	888,366	-	-	76,171,806	0.64	518
2015	70,635,357	-	779,130	1,046,067	-	72,460,554	0.58	492
2016	70,204,710	-	666,456	874,856	-	71,746,022	0.54	476
2017	68,714,064	-	3,496,159	709,677	-	72,919,900	0.53	481
2018	66,503,417	-	3,085,997	2,348,521	-	71,937,935	0.49	475
2019	64,202,770	-	2,674,999	1,892,577	-	68,770,346	0.44	450
2020	61,807,123	-	2,258,338	1,423,757	-	65,489,218	0.40	428
2021	59,311,477	-	1,831,313	941,695	-	62,084,485	0.36	409
2022	56,715,830	-	1,399,572	636,393	10,292,731	69,044,526	0.40	458
2023	54,010,182	-	1,063,987	322,574	10,048,121	65,444,864	0.34	437

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, 2023

2022-23 Assessed Valuation		\$ 19,737,582,836	
Redevelopment Agency Incremental Valuation		3,888,252,430	
Adjusted Assessed Valuation		<u>\$ 15,849,330,406</u>	
	Percentage Applicable ⁽¹⁾	Outstanding Debt 06/30/23	Estimated Share of Overlapping Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	0.567 %	\$ 19,215,000	\$ 108,945
Palomar Community College District	13.435	641,965,146	86,249,539
San Marcos Unified School District School	3.595	268,478,476	9,652,708
Escondido Union High School District	79.164	76,648,138	60,677,570
Escondido Union School District	78.936	165,824,622	130,894,821
San Pasqual Union School District	114.985	35,069	40,324
Palomar Pomerado Hospital District	19.612	400,167,282	78,481,849
City of Escondido	100.000	54,010,182	54,010,182
City of Escondido Community Facilities District No. 2020-02	100.000	11,945,000	11,945,000
City of Escondido Community Facilities District No. 2006-01	100.000	10,570,000	10,570,000
City of Escondido Hidden Trails Community Facilities District	100.000	1,375,000	1,375,000
City of Escondido 1915 Act Bonds	100.000	1,175,000	1,175,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>1,651,408,915</u>	<u>445,180,938</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	3.242	229,680,000	7,446,069
San Diego County Pension Obligation Bonds	3.721	277,990,000	10,344,039
San Diego County Superintendent of School Obligations	3.405	6,935,000	236,123
Palomar Community College District Certificates of Participation	14.456	1,310,000	189,374
San Marcos Unified School General Fund Obligations	3.665	67,817,862	2,485,254
Escondido Union High School District Certificates of Participation	797.952	4,755,000	37,942,620
Escondido Union School District Certificates of Participation	32.721	28,789,003	9,419,928
City of Escondido General Fund Obligations	100.000	11,434,682	11,434,682
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>628,711,547</u>	<u>79,498,089</u>
TOTAL CITY DIRECT DEBT			\$ 11,434,682
TOTAL OVERLAPPING DEBT			\$ 513,244,345
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 524,679,027 ⁽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 financed purchase obligations.

RATIOS TO 2022-23 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	2.34 %
Combined Direct Debt (\$565,444,864)	0.07
Combined Total Debt	3.31

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

	2014	2015	2016	2017	2018
Assessed valuation	\$9,841,518,516	\$10,389,492,632	\$10,901,050,697	\$11,397,164,781	\$12,065,097,152
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	2,460,379,629	2,597,373,158	2,725,262,674	2,849,291,195	3,016,274,288
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	369,056,944	389,605,974	408,789,401	427,393,679	452,441,143
Total Debt Applicable to Limit:					
General Obligation Bonds	73,965,000	61,520,000	61,520,000	60,460,000	58,680,000
Legal Debt Margin	<u>\$ 295,091,944</u>	<u>\$ 328,085,974</u>	<u>\$ 347,269,401</u>	<u>\$ 366,933,679</u>	<u>\$ 393,761,143</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	20%	16%	15%	14%	13%

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

	2019	2020	2021	2022	2023
Assessed valuation	\$12,707,545,218	\$13,330,606,284	\$14,101,521,001	\$14,541,843,183	\$15,849,330,406
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	3,176,886,305	3,332,651,571	3,525,380,250	3,635,460,796	3,962,332,602
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	476,532,946	499,897,735.65	528,807,037.54	545,319,119.36	594,349,890.23
Total Debt Applicable to Limit:					
General Obligation Bonds	56,810,000	61,807,123	59,311,477	56,715,830	54,010,182
Legal Debt Margin	<u>\$ 419,722,946</u>	<u>\$ 438,090,613</u>	<u>\$ 469,495,561</u>	<u>\$ 488,603,289</u>	<u>\$ 540,339,708</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	12%	12%	11%	10%	9%

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

2013A Lease Revenue Refunding Bonds

Fiscal Year Ended June 30	Loan Payment Revenue	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	363,569	-	363,569	260,000	103,569	363,569	1.00
2023	360,694	-	360,694	265,000	95,694	360,694	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	
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	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-

Water and Wastewater Revenue Refunding Bonds

Fiscal Year Ended June 30	Charges for Services and Other Revenue	Less Operating Expenses	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	117,648,656	91,484,587	26,164,069	3,260,000	3,508,781	6,768,781	3.87
2023	111,032,391	92,754,010	18,278,381	3,200,000	3,168,934	6,368,934	2.87

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 - Hidden Trails

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	206,304	-	206,304	115,000	70,956	185,956	1.11
2023	191,444	-	191,444	125,000	66,444	191,444	1.00

Special Assessment Debt - Eureka Ranch

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	1,057,859	-	1,057,859	500,000	526,000	1,026,000	1.03
2023	1,027,875	-	1,027,875	525,000	502,875	1,027,875	1.00

Special Assessment Debt - Auto Parkway

Fiscal Year Ended June 30	Special Assessment Collections	Less: Expenditures	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-

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 - Rancho San Pasqual

Fiscal Year Ended <u>June 30</u>	Special Assessment <u>Collections</u>	Less: <u>Expenditures</u>	Net Available <u>Revenue</u>	Debt Service		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>		
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
2022	364,050	-	364,050	245,000	88,492	333,492	1.09
2023	329,242	-	329,242	255,000	74,242	329,242	1.00

Special Assessment Debt - The Villages

Fiscal Year Ended <u>June 30</u>	Special Assessment <u>Collections</u>	Less: <u>Expenditures</u>	Net Available <u>Revenue</u>	Debt Service		<u>Total</u>	<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>		
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-
2023	364,986	-	364,986	-	364,986	364,986	1.00

Notes:

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

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population ⁽¹⁾	Personal Income (in millions) ⁽²⁾	Per Capita Income ⁽²⁾	Unemployment Rate ⁽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
2021	150,679	5,035	33,421	2.5
2022	149,799	5,839	38,982	3.4

Notes:

The California Department of Finance demographics estimates now incorporate 2020 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

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

Sources:

Avenu Insights & Analytics, U.S. Census Bureau

CITY OF ESCONDIDO
Principal Employers
Current Year and Nine Years Ago

Employer	2023		2014	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Palomar Medical Center	2,906	4.21 %	3,290	4.83 %
Escondido Union School District	2,077	3.01	1,804	2.65
City of Escondido ⁽¹⁾	959	1.39	1,082	1.59
Escondido Union High School District	881	1.28	862	1.27
Toyota of Escondido	368	0.53		
Bergelectric	354	0.51		
Home Depot	332	0.48	310	0.46
Vons Grocery Stores (3 locations)	266	0.39	364	0.53
The Classical Academies (Escondido locations)	225	0.33	340	0.50
Ne-Mo's Bakery	216	0.03		
Welk Group Inc			1,200	1.76
San Diego Wild Animal Park			1,100	1.62
Nordstrom Inc ⁽²⁾			290	0.43
Palomar Community College District			211	0.31

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 2022-23 is 69,000

(1) Includes FT and PT employees

(2) Nordstrom has closed this location

Sources:

Avenu Insights & Analytics.

2013-14 previously published ACFR

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

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	111	107	113	120	123	115	114	111	117	114
Public Safety	383	365	383	398	397	397	394	384	388	376
Public Works	148	140	118	111	107	105	111	112	124	120
Community Development	36	37	38	37	37	36	33	32	31	29
Community Services	206	174	168	167	94	105	71	83	98	107
Housing & Neighborhood Services	10	9	10	9	10	9	8	8	7	8
Water	114	118	115	117	115	121	121	123	122	121
Wastewater	82	78	73	73	71	72	75	75	71	69
Total	<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>	<u>958</u>	<u>944</u>

Source:

City of Escondido Finance Department.

CITY OF ESCONDIDO
Operating Indicators by Function
Last Ten Fiscal Years

Function	2014	2015	2016	2017	2018
Police:					
Physical Arrests	5,740	4,923	5,114	5,533	5,763
Traffic Violations	8,454	8,528	7,038	6,912	5,779
Parking Violations	4,328	5,571	6,052	6,218	6,752
Fire:					
Number of Calls Answered	13,139	13,450	14,553	15,369	16,710
Number of Inspections Conducted	1,496	2,590	2,086	1,826	3,624
Public Works⁽¹⁾:					
Street Resurfacing (miles)	18.6	44.0	63.5	67.0	94.0
Parks and Recreation⁽²⁾:					
Number of Recreation Classes	2,410	1,070	808	577	640
Number of Facility Rentals	1,975	1,770	1,857	3,056	3,482
Golf Rounds Played	97,094	94,917	99,130	97,394	99,817
Water:					
Number of Service Connections	26,536	26,567	26,617	26,694	26,884
Average Daily Consumption (gallons)	22,579,315	19,500,000	16,680,000	17,206,595	19,431,105
Sewer:					
Number of Service Connections	27,102	27,139	27,048	27,070	48,092
Average Daily Treatment (gallons)	12,100,000	11,900,000	11,700,000	12,600,000	12,300,000

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	2019	2020	2021	2022	2023
Police:					
Physical Arrests	5,491	5,074	4,616	5,039	4,222
Traffic Violations	7,221	5,300	4,561	3,993	3,816
Parking Violations	7,509	5,305	5,757	7,101	6,247
Fire:					
Number of Calls Answered	16,154	15,962	16,119	17,261	17,740
Number of Inspections Conducted	4,082	2,734	3,772	3,224	2,697
Public Works⁽¹⁾:					
Street Resurfacing (miles)	98.0	71.0	77.0	50.0	0.0
Parks and Recreation⁽²⁾:					
Number of Recreation Classes	728	523	464	760	840
Number of Facility Rentals	3,000	2,860	1,678	3,698	4,137
Golf Rounds Played	96,709	90,173	123,786	117,337	102,269
Water:					
Number of Service Connections	27,052	27,078	27,286	27,340	27,383
Average Daily Consumption (gallons)	17,120,000	18,413,863	18,640,684	19,930,000	17,860,000
Sewer:					
Number of Service Connections	48,161	48,425	48,823	49,018	49,169
Average Daily Treatment (gallons)	13,400,000	13,876,317	12,628,496	12,600,000	12,800,000

Note:

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

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

Source:

City of Escondido.

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

Function	2014	2015	2016	2017	2018
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	7	7	7	7	7
Public Works:					
Streets (miles)	305.0	306.2	307.4	323.0	363.8
Streetlights	6,487	6,488	6,489	6,489	6,489
Traffic Signals	152	153	155	155	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)	431	423	423	430	436
Maximum Daily Plant Capacity (gallons)	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
Sewer:					
Sanitary Sewers (miles)	379	374	380	380	389
Storm Drains (miles)	377	411	411	221	200
Maximum Daily Treatment Capacity (gallons)	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000

Source:


City of Escondido.

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

Function	2019	2020	2021	2022	2023
Police:					
Stations	1	1	1	1	1
Fire:					
Stations	7	7	7	7	7
Public Works:					
Streets (miles)	331.0	298.0	291.0	293.0	294.0
Streetlights	6,635	6,635	6,790	6,796	6,797
Traffic Signals	165	165	170	170	172
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)	436	436	440	440	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)	389	367	367	380	380
Storm Drains (miles)	200	171	192	175	175
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
Annual Comprehensive Financial Report
June 30, 2023