

SB 341 Annual Report
Housing Successor Agency of the Community Development Commission
of the City of Escondido
Fiscal Year End June 30, 2019

The dissolution of the California redevelopment agencies in 2012 resulted in a dramatic change to property tax finance. It eliminated the major source of local publically generated dollars earmarked for affordable housing.

The City of Escondido established a Successor Housing Agency (“SHA”) to the City of Escondido Community Development Commission (“CDC”) on January 25, 2012 by the adoption of Resolution No. 2012-16. The majority of the SHA’s assets were transferred from the CDC when it dissolved pursuant to the Dissolution Act (enacted by Assembly Bills x1 26 and 1484). All “rights, powers, assets, liabilities, duties, and obligations associated with the housing activities of the agency, excluding any amount in the Low and Moderate Income Housing Fund” were transferred from the CDC to the SHA. The transferred assets consisted of loans made to the CDC and land owned by the CDC. Proceeds from these assets will be deposited into the Low and Moderate Income Housing Asset Fund (“Affordable Housing Fund”).

On January 1, 2014, Senate Bill 341 (“SB 341”) became effective. Senate Bill 341 (chapter 796, Statutes of 2013) previously amended Health and Safety Code (“HSC”) Section 34176 to address particular provisions and functions relating to former “redevelopment agencies” and new “housing successor” entities allowed to elect and assume particular functions of redevelopment agencies (RDAs) dissolved in 2012. SB 341 eliminated the former redevelopment agency annual report requirement due to both the Department of Housing and Community Development (“HCD”) and State Controller while RDAs were active. All successor housing entities are now required to comply with different annual report requirements. In accordance with HSC Section 34176.1(f), specific data must now be reported annually for the Affordable Housing Fund. Senate Bill 107 (chapter 325, Statutes of 2015, effective January 2016) amended HSC Section 34176.1(f) to add a new reporting item and revise one reporting item.

The housing successor shall conduct, and shall provide to its governing body, an independent financial audit of the Low and Moderate Income Housing Asset Fund within six months after the end of each fiscal year, which may be included in the independent financial audit of the host jurisdiction. If the housing successor is a city or county, it shall also include in its report pursuant to Section 65400 of the Government Code and post on its Internet Web site all of the following information for the previous fiscal year.

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1	The amount the city, county, or city and county received pursuant to subparagraph (A) of paragraph (3) of subdivision (b) of Section 34191.4.
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The Department of Finance approved the repayment of an advance. A loan repayment from the Successor Agency to the City in the amount of \$1,941,247 was made during calendar year 2018. The Successor Housing Agency received \$388,250 in July 2018 and \$929,045 in June 2019 as a result of that repayment.

2	The amount deposited to the Low and Moderate Income Housing Asset Fund, distinguishing between amounts deposited pursuant to subparagraphs (B) and (C) of paragraph (3) of subdivision (b) of Section 34191.4, amounts deposited for other items listed on the Recognized Obligation Payment Schedule, and other amounts deposited.
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The SHA deposited \$2,371,961 into the Affordable Housing Fund during fiscal year 2017-18. This consisted of a percentage of the loan repayment from Escondido's Successor Agency to the City of Escondido, rents, promissory note and loan repayments, reimbursements and interest income.

Revenue Source	Amount
Escondido Views/Mountain Shadows Rents	\$171,379
Former CDC Promissory Note Repayments	\$743,475
Sale of Real Property	\$82,880
Interest Income	\$210,037
Other Revenues	<u>\$1,164,190</u>
	\$2,371,961

3	A statement of the balance in the fund as of the close of the fiscal year, distinguishing any amounts held for items listed on the Recognized Obligation Payment Schedule from other amounts.
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Low and Moderate Housing Funds (as of July 1, 2019)	\$44,301.476
Land Held for Resale	(\$1,969,237)
Loans Receivable	<u>(\$37,680,473)</u>
Available Funds	\$6,621,003

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4	<p>A description of expenditures from the fund by category, including, but not limited to, expenditures:</p> <p>(A) for monitoring and preserving the long-term affordability of units subject to affordability restrictions or covenants entered into by the redevelopment agency or the housing successor and administering the activities described in paragraphs (2) and (3) of subdivision (a),</p> <p>(B) for homeless prevention and rapid rehousing services for the development of housing described in paragraph (2) of subdivision (a), and</p> <p>(C) for the development of housing pursuant to paragraph (3) of subdivision (a).</p>
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The SHA spent \$454,342 in FY 2018-19.

Administrative Expenses (including monitoring)	\$419,433
Homeless Prevention and Rapid Rehousing	\$7,806
Development of Housing	<u>\$27,103</u>
	\$454,342

Additionally, \$1,000,000 was committed to Veterans Village of San Diego for the construction of affordable housing for veterans on July 17, 2019.

5	<p>As described in paragraph (1) of subdivision (a), the statutory value of real property owned by the housing successor, the value of loans and grants receivable, and the sum of these two amounts.</p>
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Real Property	\$1,969,232
Individual mobile home lots at Mountain Shadows and Escondido Views	
Property located at 542 W 3 rd Avenue & 201 N Pine Street	
Loans Receivable	\$35,711,236
Developer loans and homeowner loans	

6	<p>A description of any transfers made pursuant to paragraph (2) of subdivision (c) in the previous fiscal year and, if still unencumbered, in earlier fiscal years and a description of and status update on any project for which transferred funds have been or will be expended if that project has not yet been placed in service.</p>
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N/A – no transfers made.

7	A description of any project for which the housing successor receives or holds property tax revenue pursuant to the Recognized Obligation Payment Schedule and the status of that project
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The Successor Housing Agency does not receive or hold property tax revenue pursuant to the ROPS.

8	For interests in real property acquired by the former redevelopment agency prior to February 1, 2012, a status update on compliance with Section 33334.16. For interests in real property acquired on or after February 1, 2012, a status update on the project.
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All real property was acquired prior to February 1, 2012. The Successor Housing Agency must initiate development activities on property acquired by the former redevelopment agency within five years after the Department of Finance confirmed the property as a housing asset (February 15, 2018).

The Housing Successor Agency is unable to develop two properties owned by the located at 542 W 3rd Avenue & 201 N Pine Street as affordable housing. The City has been in exclusive discussions with a developer since July 2017. Staff anticipated that the future plans for the property will be finalized in the next couple of months and that sale of the property will occur before the end of the calendar year. Funds from the sale will be deposited into the Affordable Housing Fund for future development.

9	A description of any outstanding obligations pursuant to Section 33413 that remained to transfer to the housing successor on February 1, 2012, of the housing successor's progress in meeting those obligations, and of the housing successor's plans to meet unmet obligations. In addition, the housing successor shall include in the report posted on its Internet Web site the implementation plans of the former redevelopment agency.
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The City of Escondido, as the housing successor agency of the Community Development Commission of the City of Escondido, has no unmet obligations pursuant to Section 33413.

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The information required by subparagraph (B) of paragraph (3) of subdivision (a).

28% of the deed restricted affordable units developed in the past 5 years (7/1/2015 – 6/30/2019) by Escondido's have been restricted to extremely low income households earning a maximum of 30% of AMI (50 of 177 units).

Project Name	Affordable Housing Agreement Date	Number of SHA Deed-Restricted Units	Number of Extremely Low-Income (30%) Units
Crossings @ Escondido Manor	04/15/2015	15	0
Cypress Cove	08/06/2015	0	0
Solutions Escondido	12/17/2015	32	17
557-563 Aster Place	06/08/2017	0	0
Windsor Gardens	08/07/2019	130	33

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The percentage of units of deed-restricted rental housing restricted to seniors and assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the previous 10 years in relation to the aggregate number of units of deed-restricted rental housing assisted individually or jointly by the housing successor, its former redevelopment agency, and its host jurisdiction within the same time period.

26% of the affordable units developed in the past 10 years (7/1/2009 – 6/30/2019) by the former redevelopment agency (Community Development Commission of the City of Escondido), housing successor agency, and the City of Escondido (predominantly using federal HOME funds) have been restricted to seniors (130 of 496 units).

Project Name	Affordable Housing Agreement Date	Number of Affordable Units in Project	Age Restrictions
The Crossings	05/01/2010	54	None
Avocado Court	03/07/2012	35	None
Crossings @ Escondido Manor	04/15/2015	43	None

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Cypress Cove	08/06/2015	198	None
Solutions Escondido	12/17/2015	32	None
557-563 Aster Place	06/08/2017	4	None
Windsor Gardens	08/07/2019	130	62+

12	The amount of any excess surplus, the amount of time that the successor agency has had excess surplus and the housing successor's plan for eliminating the excess surplus.
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The Successor Housing Agency has had an excess surplus in 2018 (\$2,309,797) and 2019 (\$4,009,191). The 2018 SB341 mistakenly does not identify the excess surplus. The City released an Request for Proposals from For-Profit Corporations, Non-Profit Corporations, and Certified Community Housing Development Organizations (CHDOs) seeking to provide long-term affordable rental housing or first-time homebuyer opportunities on March 21, 2019 with a submittal date of May 6, 2019. Three proposals were received. On July 17, 2019, City Council approved funds for all three projects. National CORE received a commitment not to exceed \$3,178,000 for the acquisition and rehabilitation of a 71 unit market rate development on East Valley Parkway in Escondido; this commitment was dependent on receiving commitments from other funding sources. Veterans Village of San Diego received a commitment of \$1,000,000 for the construction a 54-unit development on South Escondido Blvd in Escondido. Residents will predominantly be homeless veterans. San Diego Habitat for Humanity also received HOME funding to develop 10 units of homeownership housing.

The Veterans Village project has gone forward smoothly. \$1,000,000 of SHA funds are anticipated to fund in March or April 2020. A portion of the excess funds identified as of June 30, 2019 will be used to fund this loan.

National CORE was not able to gain other funding commitments in order to purchase the property which they had in escrow. They were relying on County homeless funds. Unfortunately, San Diego County determined that for their first round of Innovation Housing Trust Fund (IHTF), the County had to be the last source in. National CORE did not have enough leverage in the project to be able to apply for state funds or tax credits. They returned the conditional commitment of funds in December 2019.

The City of Escondido has continued to have conversations with developers interested in producing affordable housing in Escondido (especially developments with a homeless set-aside). The City will release a new RFP in March 2020. This RFP will include points for readiness to ensure that only projects that are further along in the development process will receive conditional commitments.

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13	<p>An inventory of homeownership units assisted by the former redevelopment agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund pursuant to subdivision (f) of Section 33334.3. This inventory shall include all of the following:</p> <ul style="list-style-type: none">(A) The number of those units(B) In the first report pursuant to this subdivision, the number of units lost to the portfolio after February 1, 2012, and the reason or reasons for those losses. For all subsequent reports, the number of the units lost to the portfolio in the last fiscal year and the reason for those losses.(C) Any funds returned to the housing successor as part of an adopted program that protects the former redevelopment agency's investment of moneys from the Low and Moderate Income Housing Fund(D) Whether the housing successor has contracted with any outside entity for the management of the units and, if so, the identity of the entity.
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See attached Successor Housing Agency Homeownership Inventory.

SUCCESSOR HOUSING AGENCY HOMEOWNERSHIP INVENTORY

Fiscal Year	LOANS CLOSED PRIOR TO FEB 2012					LOANS CLOSED AFTER FEB 2012			LOANS CLOSED FY 2018/19				
	1121 FTHB LOANS (>80% AMI)					02/2012 through 06/2018			07/2018 through 06/2019				
	Loans Issued	Paid in Full	Voided	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale		
1992-93	0	178,050	10	10	(178,050)								
1996-97													
1999-00	1	216,000	36	34	(204,000)	1	(6,000)						
2000-01	0	276,000	46	46	(276,000)								
2001-02	1	90,000	15	12	(72,000)	2	(12,000)						
2002-03	1	290,000	29	23	(230,000)	4	(40,000)			1	(10,000)		
2003-04	1	150,000	15	10	(100,000)	2	(20,000)	1	(10,000)				
2004-05	1	50,000	2						1	(25,000)			
2005-06	0	50,000	2						1	(25,000)	1	(25,000)	
2006-07	4	400,000	16		1	(25,000)			1	(50,000)	7	(175,000)	
2007-08	24	1,350,000	54	1	(25,000)	4	(100,000)		21	(525,000)	2	(50,000)	
2008-09	27	1,592,365	128	9	(104,600)	13	(145,750)		68	(810,405)	3	(41,250)	
2009-10	19	840,732	71			6	(71,875)		42	(497,029)	1	(7,857)	
2010-11	12	634,605	50			2	(31,740)		35	(428,040)		1	(13,900)
2011-12	13	412,753	34			4	(44,750)		17	(208,608)			
Totals		6,530,505			(1,189,650)	(497,115)	(10,000)	0	184	(2,519,082)	(326,250)	(87,857)	(212,705)
		508	145	39		1	0		15	6	14	0	0

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1,687,846

	1106 FTHB LOANS (<80% AMI)					02/2012 through 06/2018			07/2018 through 06/2019			
	Loans Issued	Paid in Full	Voided	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale	
	1996-97	1	51,310	20	19	(48,310)						
2008-09	6	375,000	15		2	(50,000)			3	(75,000)	3	(75,000)
		426,310				(48,310)	(50,000)	0	3	(75,000)	3	(75,000)
		35	19	2	0	0	0	0	0	0	1	(25,000)
7												0
												0

153,000

	1131 ESC VIEWS/MTN SHADOW LOTS					02/2012 through 06/2018			07/2018 through 06/2019		
	Loans Issued	Paid in Full	Voided	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale
	2002-03	2	380,536	8	6	(284,315)					
2003-04	7	946,833	19	8	(391,039)				4	(194,085)	
2004-05	3	422,024	7	4	(238,003)						
		1,749,393				(913,357)	0	0	0	(194,085)	0
		34	18	0	0	0	0	4	0	0	0
12									0	0	0
									0	0	0
									0	0	0

641,951

	1102 MTN SHADOWS MPROP LOANS					02/2012 through 06/2018			07/2018 through 06/2019			
	Loans Issued	Paid in Full	Voided	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale	Paid in Full	Foreclosure	Short-Sale	
	1991-1994	8	1,164,676	53	38	(856,606)	1	(11,100)	2	(23,137)	4	(88,185)
		1,164,676				(856,606)	0	(11,100)	(23,137)	(88,185)	0	0
		53	38	0	1	2	4	0	0	0	0	
8									0	0	0	
									0	0	0	
									0	0	0	

185,648

LOANS CLOSED PRIOR TO FEB 2012										LOANS CLOSED AFTER FEB 2012				LOANS CLOSED FY 2018/19										
1101 ESCONDIDO VIEWS MPROP LOANS										02/2012 through 06/2018				07/2018 through 06/2019										
1991-1994	12	Loans Issued		Paid in Full		Voided		Foreclosure		Short-Sale		Paid in Full		Foreclosure		Short-Sale		Paid in Full		Foreclosure		Short-Sale		
		1,335,678	69	43	(854,671)			5	(67,251)	1	(1,244)	8	(183,061)											
1,335,678	69	43	(854,671)	0	0	5	1	(1,244)	8	(183,061)	0	0	0	0	0	0	0	0	0	0	0	0		
12			229,451																					
1127 RANCHO ESCONDIDO MPROP LOANS										02/2012 through 06/2018				07/2018 through 06/2019										
1987	0	Loans Issued		Paid in Full		Voided		Foreclosure		Short-Sale		Paid in Full		Foreclosure		Short-Sale		Paid in Full		Foreclosure		Short-Sale		
		355,224	32	25	(276,614)			5	(51,973)	1	(4,302)	1	(22,335)											
355,224	32	25	(276,614)	0	0	5	1	(4,302)	1	(22,335)	0	0	0	0	0	0	0	0	0	0	0	0	0	
0		0																						
1104/1103 REHAB LOANS (SINGLE FAMILY/MOBILEHOME)										02/2012 through 06/2018				07/2018 through 06/2019										
1989-90	5	Loans Issued		Paid in Full		Voided		Foreclosure		Short-Sale		Paid in Full		Foreclosure		Short-Sale		Paid in Full		Foreclosure		Short-Sale		
		404,806.64	43	29	(311,079)			7	(31,924)	1	(434)	1	(4,500)											
418,423.46	38	27	(320,415)					4	(18,593)	2	(7,437)			2	(25,400)									
268,848.68	25	16	(170,831)					3	(16,963)					1	(5,500)									
206,883.37	18	13	(124,808)					2	(11,761)			2	(55,069)			1	(15,247)							
181,124.44	14	9	(109,500)					2	(11,624)			1	(20,000)					1	(20,000)					
105,512.00	12	8	(81,466)					3	(17,536)															
200,315.27	17	9	(120,489)					4	(25,999)			1	(19,883)											
185,254.00	19	16	(165,044)					2	(12,835)			1	(6,500)											
343,104.00	27	21	(275,989)					1	(6,500)			3	(47,690)											
404,884.75	28	25	(379,174)						1	(4,500)	2	(21,211)												
651,318.82	37	32	(584,267)																					
315,696.00	24	13	(190,001)					1	(8,000)			4	(53,785)	1	(7,050)			1	(8,000)					
350,881.00	18	14	(272,881)									1	(25,000)											
240,008.00	15	10	(175,852)						1	(5,495)	2	(32,451)												
108,439.72	6	4	(60,267)								1	(23,314)												
76,795.00	9	2	(10,922)								3	(23,570)												
710,667.00	34	6	(148,355)	1	(34,022)	1	(19,971)				5	(108,800)	4	(76,355)	3	(60,509)	2	(58,967)						
637,495.00	27	4	(101,365)					1	(20,000)			7	(198,818)					1	(20,000)					
519,613.00	23	rdfs	(6,619)								6	(174,788)	1	(19,697)	1	(4,920)								
489,723.00	21	1	(38,055)								4	(84,978)	3	(57,247)	1	(498)	3	(80,000)						
247,671.00	13	rdfs	(1,831)								3	(53,031)	4	(75,000)										
449,191.00	21	rdfs	(12,981)	1	(20,000)						4	(74,788)	1	(20,000)	1	(6,500)								
186,000.00	10	rdfs	(9,752)	1	(20,000)						3	(67,082)				1	(3,137)							
Totals			7,702,655		(3,671,941)	3	(74,022)		(201,706)		(17,866)		(1,095,258)	17	(286,249)	8	(90,811)	8	(186,967)	0	0	0	0	0

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Escondido
Escondido, California
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Other Reporting Required by *Government Auditing Standards*

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

The PNP Group, LLP

San Diego, California
December 13, 2019

CITY OF ESCONDIDO
Balance Sheet
Governmental Funds
June 30, 2019

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

See Accompanying Notes to Basic Financial Statements.

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

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

See Accompanying Notes to Basic Financial Statements.

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

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

See Accompanying Notes to Basic Financial Statements.

CITY OF ESCONDIDO
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds:	\$ 3,821,485
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Amounts reported for governmental activities in the statement of activities are different because:

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

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

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

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

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

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

Change in compensated absences	\$ (358,157)
Change in pension liability	(10,089,915)
Principal retirements	2,702,509
Accrued interest	<u>468,619</u>
	(7,276,944)
Change in net position of governmental activities	\$ (1,711,635)

City of Escondido Community Development Commission
Excess Surplus Calculation
For the Fiscal Year Ended June 30, 2019

	Low and Moderate Housing Funds All Project Areas <u>June 30, 2018</u>	Low and Moderate Housing Funds All Project Areas <u>June 30, 2019</u>
Opening Fund Balance	\$ 42,900,263	\$ 44,301,476
Less Unavailable Amounts:		
Land held for resale	\$ (2,052,117)	\$ (1,969,237)
Loans Receivable	<u>(36,140,109)</u>	<u>(35,711,236)</u>
	<u>(38,192,226)</u>	<u>(37,680,473)</u>
Available Housing Successor Funds	\$ 4,708,037	\$ 6,621,003
Limitation (greater of \$1,000,000 or four years deposits)		
Aggregate amount deposited for last four years:		
2018 - 2019	\$ -	\$ 874,408
2017 - 2018	604,084	604,084
2016 - 2017	512,785	512,785
2015 - 2016	620,535	620,535
2014 - 2015	660,836	-
Total	<u>\$ 2,398,240</u>	<u>\$ 2,611,812</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>2,398,240</u>	<u>2,611,812</u>
Computed Excess/Surplus	<u>\$ 2,309,797</u>	<u>\$ 4,009,191</u>