



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020



**SAN MARCOS**  
Discover Life's Possibilities



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

CITY MANAGER: JACK GRIFFIN  
FINANCE DIRECTOR: LISA FOWLER

Prepared by the City of San Marcos Finance Department



## MISSION STATEMENT

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The City of San Marcos strives to improve the quality of life for those who live, work or visit San Marcos by providing a safe, family-oriented atmosphere that is rich and diverse in cultural and natural resources while promoting economic and educational opportunities.

**SAN MARCOS**  
Discover Life's Possibilities

# *City of San Marcos*

## **Comprehensive Annual Financial Report For the Year Ended June 30, 2020**

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# *City of San Marcos*

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## *Transmittal Letter.....*

January 6, 2020

Members of the Council and Citizens of San Marcos:

It is our pleasure to present the City of San Marcos (City) fiscal year 2019-20 Comprehensive Annual Financial Report (CAFR). This report has been prepared in conformity with generally accepted accounting principles (GAAP) and has been audited in accordance with generally accepted auditing standards by Rogers, Anderson, Malody & Scott, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, if any, and evaluating the overall financial statement presentation. The auditors concluded that there was a reasonable basis for rendering an unmodified (clean) opinion. The independent auditors' report is presented as the first component of the financial section of this report.

The CAFR consists of management's representations concerning the finances of the City. 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 has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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 misstatements. Management asserts that, to the best of our knowledge and belief, this report is complete and reliable in all material respects.

GAAP requires that a narrative introduction, overview, and analysis be provided along with the financial statements in the form of Management's Discussion and Analysis (MD&A). The City's MD&A can be found immediately following the report of the independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction.



## **CITY OF SAN MARCOS PROFILE**

The City was incorporated in 1963 and chartered on July 4, 1994. According to historical legends, the Spaniards, while pursuing the Native Americans in the late 18<sup>th</sup> century, came upon a fertile valley, which was named Los Vallecitos de San Marcos (Little Valleys of Saint Mark). Today, often nicknamed still as “Valley of Discovery”, the City offers rugged beautiful rolling hills, bustling commercial districts, and leading educational institutions.

The City is located approximately twenty-four miles north of downtown San Diego and ninety miles south of Los Angeles, in the northern coastal/inland region of San Diego County (County). The Cerros Las Posas, Merriam and San Marcos foothills and a series of valleys are the chief topographic features. The City is accessible to San Diego, Orange, Imperial, San Bernardino, Riverside and Los Angeles counties. It is situated along the State Highway 78 corridor (78 Corridor) and is bordered by Escondido to the east, Vista to the north and west, Carlsbad to the south and west and unincorporated areas of the San Diego County to the north and south. The City’s sphere of influence extends covers approximately thirty-three square miles.

The City continues to be the smallest yet fastest growing population along the 78 Corridor with an estimated population of 98,369 as reported by the Department of Finance. The City’s population has grown an average of 1.7% a year since 2012 and is projected to grow by an additional 9% or 12,130 people by 2025.

The City continues to have the largest amount of available residential land in North County with a median household income of \$76,272, one of the highest along the 78 corridor.

The City delivers a full range of municipal services under the Council-Manager form of government, and offers an outstanding quality of life for its residents. Public facilities include an expanding citywide trail system, a variety of parks, recreational facilities and a County library. The City provides a diverse array of services for seniors and youth, extensive continuing educational programs, concerts, team sports, and special events.

### **City Council:**

The City Council is comprised of five council members for a term of four years, on a staggered basis. The Mayor is directly elected, at large, for a four-year term. The City Council appoints the City Manager and the City Attorney. The City Council, the City’s chief policy-making body, enacts laws known as ordinances, sets policies known as resolutions and adopts an annual operating and Capital Improvement Program budget. The City Council also oversees a variety of advisory commissions, such as the Traffic Commission and Planning Commission, to address specific issues. These advisory commission members are appointed by the City Council.



## **ECONOMIC CONDITIONS AND OUTLOOK**

### **Education & Employment:**

The City is home to several academic institutions with the second highest educational attainment among the five 78 corridor cities. The City is home to the San Marcos Unified School District (SMUSD) which has achieved local and state recognition for the excellence and is ranked fifth in the county. A number of higher education institutions, including California State University San Marcos and Palomar College, also have established campuses in the City. The continued growth of these academic institutions contributes to the creation, support and sustainability of a professional workforce within the City.

The City is home to a diverse and well balanced base of employers including wholesale trade, retail trade, food services, healthcare and manufacturing. Prior to the COVID-19 global pandemic, the City was the home of approximately 46,259 jobs, over 4,330 businesses with an unemployment rate below 3%. In March 2020, many employers were forced to shut down to mitigate the spread of the virus and by May 2020 the unemployment rate increased to almost 30%. Although the rate has dropped in recent months, it is unknown how the continuance of ordered shutdowns will impact employment rates moving forward.

### **Real Estate Market:**

Real estate values in the City have seen an average annual appreciation of 4.14% since 2000 with median home prices reported at \$612,250 in 2019, slightly below the County median of \$637,000. The City continues to have potential for new development in the future and continues to see a steady stream of housing stock construction at a stable rate compared to other cities throughout the region.

### **Local Trends:**

The City continues to create interest in infill development opportunities with new commercial, residential and mixed-use development projects to produce additional revenue streams. However, the COVID-19 global pandemic has significantly impacted many of the retailers, manufacturers and food service providers that call San Marcos home. The City continues to support businesses through the COVID-19 global pandemic as they navigate operations under State and County orders. In response to social distancing requirements, the City has temporarily changed the rules regarding outdoor uses and is now allowing restaurants, retail and other activities in parking lots, as well as sidewalk patios, as allowed by State and County health orders. The City has also changed its regulations to allow some signage without permits and an array of additional changes to help businesses and community organizations adjust to the economic impacts of the COVID-19 global pandemic.



Property tax revenue remains stable and unaffected by current conditions. The San Diego County Assessor's Office has estimated a preliminary property assessment roll value reflecting a 4% increase to the City's 2019-20 assessed value.

Sales tax revenue decreased, by approximately 12%, in 2020 compared to 2019 receipts. There is an optimistic expectation that 2021 sales tax revenue will not decrease further and may produce a minimal increase compared to 2020.

### **Capital & Infrastructure Improvements:**

As North San Diego County continues to grow the challenges of increased traffic and congestion, affordable housing, and demand for services intensifies. The City Council continues to balance these competing priorities within the framework of their strategic themes of dynamic and responsive service delivery, economic development, good governance, quality of life, and planning for the future through the Capital Improvement Program (CIP).

The CIP budget reflects the City's foreseeable needs over the next five years and is developed in accordance with the City Council adopted policies and priorities in mind. The proposed FY 2020-21 through FY 2024-25 CIP budget appropriation was \$29.4 million. The majority of this appropriation will be focused in the "Creek District" projects, which are intended to mitigate traffic congestion, provide recreational opportunities and additional services for the community.

The City Council's adoption of the Fiscal Management Policy provides for a general fund contribution to the City's Infrastructure, City Facility and Vehicles and Equipment funds to plan for the rehabilitation and replacement of City infrastructure. Due to the economic conditions imposed by the COVID-19 global pandemic, an appropriation for use in the FY 2020-21 Operating and CIP Budget has not been budgeted.

### **Long Range Financial Forecast:**

A five-year general fund financial forecast (Forecast) is developed as part of the budgeting process which serves to guide the long-range fiscal planning and budget development process. The Forecast details the City's major revenue and expenditure items to provide long-term trend analysis and projections.

Projected revenue is not sufficient to cover budgeted expenditures at this time. The City Council adopted FY 2020-21 Operating budget with expenditures of approximately \$75.6 million, a decrease of \$4.8 million from the prior year adopted budget. The decrease in expenses and revenues are attributed to the economic turbulence brought on by the COVID-19 global pandemic. As a result, the recommended FY 2020-21 operating budget was adopted with the assumption that by fiscal year



end, a projected deficit of \$2.7 million dollars may need to be resolved through the use of reserve funds.

Current economic indicators and revenue forecasts reflect a diminishing positive outlook over the next five years as the City is expected to experience increases in general fund expenditures that may outpace the increases in available revenues, in spite of efforts to diligently reduce expenses. The City has proactively taken steps to mitigate increased costs by increasing employee contributions to the CalPERS retirement plan, capping the City's share of healthcare. Implementation of a second tier retirement plan in 2012 and adoption of the state-mandated third tier pension plan (PEPRA) in 2013 also helps to mitigate future pension cost increases. It will be necessary in the coming years for the City and its collective bargaining groups, through negotiations, to work collaboratively toward solutions to help relieve the City's growing pension burden.

Furthermore, the City continued the 10% wage reduction for all full time non-safety staff and placed a hiring freeze on all vacant positions initiated during the fourth quarter of FY 2019-20 for the FY 2020-21 Operating Budget. As the global and local economies struggle to survive, the continues to create unanticipated and unknown long term effects on future revenue forecasts. The continued loss of sales tax, rental and charges for services is forecasted to create a significant financial challenge for the foreseeable future.

The City's commitment to maintaining the General Fund Reserve Policy, which requires unassigned fund balance (liquid, spendable assets) to be divided into three categories designated as the Catastrophic/Emergency Reserve, One-time Recurring Savings/Opportunity Reserve and Economic Contingency/Pension Stabilization Reserve. At year end, the unassigned general fund balance shall be maintained at a minimum of forty-percent of the annual operating expenditures. This figure is then allocated between the Catastrophic/Emergency Reserve (33.3 percent), One-time Recurring



Savings/Opportunity Reserve (33.3 percent), and Economic Contingency/Pension Budget Stabilization Reserve (33.3 percent). The General Fund Reserve Policy is reviewed annually by the City Council as part of the annual operating budget review and adoption process. Should the projected deficit require the use of reserve funds, the City Council will review the allocation and any changes to the minimum reserve requirement prior to any action taken.

The City continues to focus on the City Council strategic goals such as, comprehensive planning and action in land use and transportation, infrastructure funding, economic development and the development of fiscal policies to provide financial resilience & prosperity, especially in unprecedented times.

## ***SIGNIFICANT EVENTS AND ACCOMPLISHMENTS***

### ***Awards and Recognitions:***

The City is dedicated to meeting the social, recreational, educational, cultural, commercial and retail needs of the community. The City's efforts to continually meet the needs of its citizens have resulted in a variety of awards and recognitions, as follows:

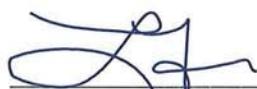
- The City received an award from the Government Finance Officers Association (GFOA) for "excellence in financial reporting" for the FY 2018-19 CAFR.

### ***Acknowledgments:***

Management wishes to express appreciation to staff for their dedication and contribution throughout the year and assistance with the preparation of the CAFR.

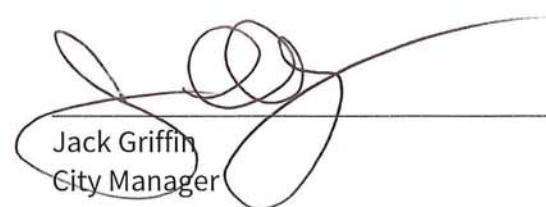
Special acknowledgement must be given to the City Council for their dedication to directing the City's financial in a responsible, professional and progressive manner.

Respectfully submitted,



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Lisa Fowler  
Finance Director



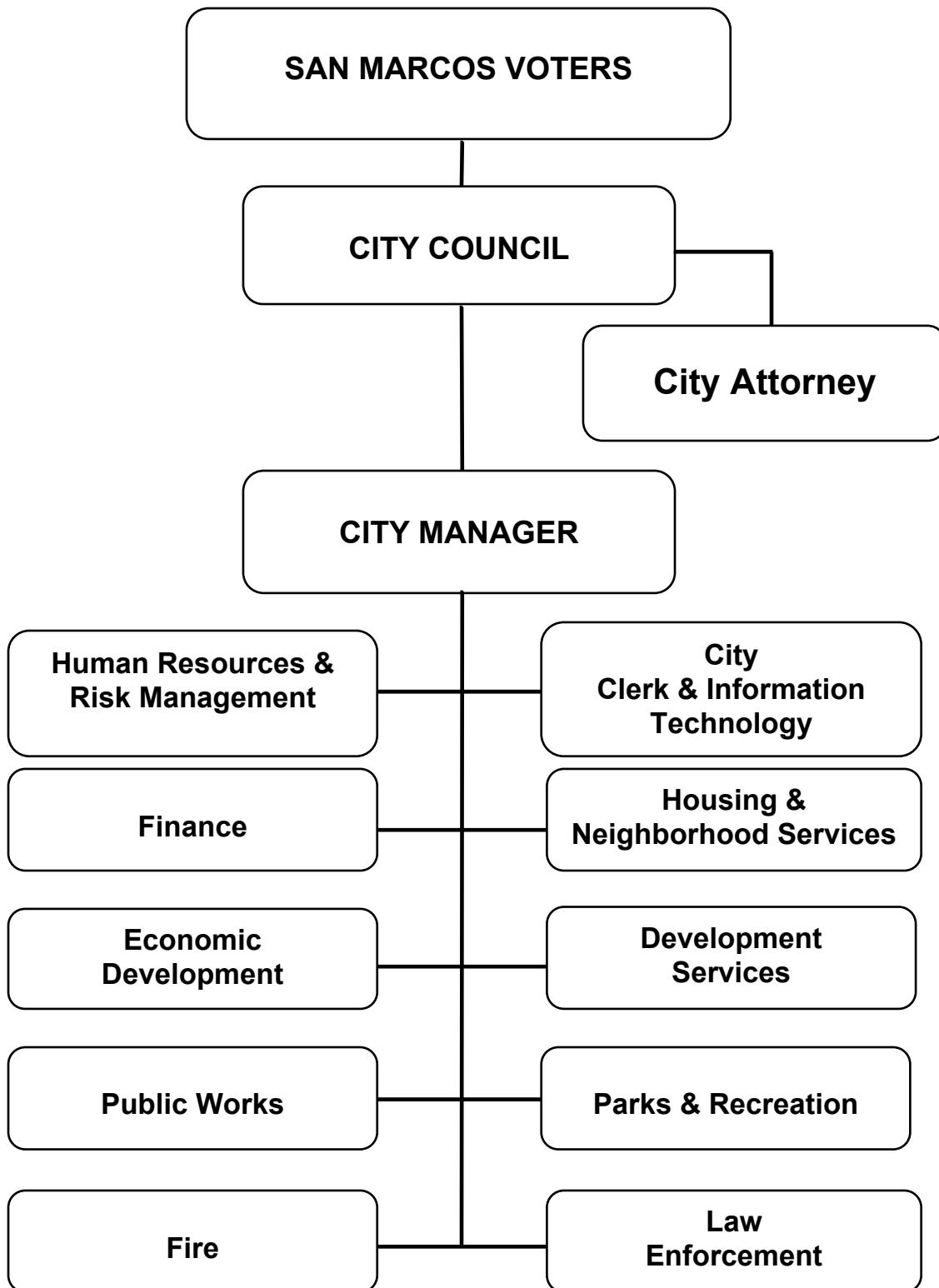
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Jack Griffin  
City Manager

# **City of San Marcos**

## **Organizational Chart**

June 30, 2020



# **City of San Marcos**

## **List of Principal Officials**

June 30, 2020

### **City Council**

Mayor	Rebecca Jones
Mayor Pro Tem	Sharon Jenkins
Council Member	Jay Petrek
Council Member	Maria Nunez
Council Member	Randy Walton

### **Administration**

City Manager/Treasurer	Jack Griffin
Deputy City Manager/Public Works Director	Matthew Little
Deputy City Manager/Human Resources & Risk Director	Michelle Bender
City Attorney	Helen Holmes Peak
City Clerk/IT Director	Phillip Scollick

### **Department/Division Heads**

Development Services Director	Dahvia Lynch
Economic Development Director	Tess Sangster
Finance Director	Lisa Fowler
Fire Chief	Daniel Barron
Parks and Recreation Director	Buck Martin
Sheriff Station Captain	Jason Vickery



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of San Marcos  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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### *Independent Auditor's Report*

#### **PARTNERS**

Brenda L. Odle, CPA, MST  
Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST

The Honorable City Council  
of the City of San Marcos  
San Marcos, California

#### **MANAGERS / STAFF**

Charles De Simoni, CPA  
Gardenya Duran, CPA  
Brianna Schultz, CPA  
Jingjie Wu, CPA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Tara R. Thorp, CPA, MSA  
Laura Arvizu, CPA  
Louis Fernandez, CPA  
Abigail Hernandez Conde, CPA, MSA  
Zoe Xinlu Zhang, CPA, MSA  
John Maldonado, CPA, MSA

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 San Marcos (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### **MEMBERS**

American Institute of  
Certified Public Accountants

PCPS The AICPA Alliance  
for CPA Firms

Governmental Audit  
Quality Center

Employee Benefit Plan  
Audit Quality Center

California Society of  
Certified Public Accountants

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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 from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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 non-major fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and 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 non-major fund financial statements and the non-major fund 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 it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City's internal control over financial reporting and compliance.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
January 6, 2021

# *City of San Marcos*

## **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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The management of the City of San Marcos (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, which can be found beginning on page i of this report.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1,009,737,969 (net position). Of this amount, \$132,800,409 represents unrestricted net position, which represents the majority of investments in real estate and joint venture.
- The City's total net position increased \$12,604,051 from the prior fiscal year mainly attributable to new affordable housing loans to developers and the sale of land held for resale.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$212,985,277, an increase of \$7,619,478 in comparison with the prior year. Approximately 12.9% of this amount or \$27,405,710 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$42,528,748, or approximately 52.4% of total general fund expenditures.

### **OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)**

The discussion and analysis provided here is intended to serve as an introduction to the City of San Marcos' basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**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.

## *City of San Marcos*

### **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. 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 City's net position changed during the current 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements mentioned above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community development, public safety, highways, streets, and parks, and culture and recreation. The business-type activities of the City include Creekside Marketplace.

The government-wide financial statements include not only the City itself (known as the primary government), but also the following component units: the San Marcos Community Foundation (Foundation), the San Marcos Public Facilities Authority (Facilities Authority), the California Mobile Home Financing Authority (CAMPFA), and the San Marcos Public Financing Authority (Financing Authority), for which the City is financially accountable. The Foundation, Facilities Authority, CAMPFA, and the Financing Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 16-18 of this report.

**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 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. Such information may be useful in assessing a government's near-term financing requirements.

## *City of San Marcos*

### **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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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 City'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 twenty-three 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 San Marcos Affordable Housing Fund, and the Capital Improvements Fund, which are considered to be major funds. Data from the other twenty governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget, as noted in the table of contents.

The basic governmental fund financial statements can be found on pages 19-22 of this report.

**Proprietary Funds.** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the activity of Creekside Marketplace, a City-owned shopping center and other non-municipal use leased space.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for these business-type activities, which is considered to be a major fund of the City.

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

## *City of San Marcos*

### **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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The City maintains two different types of fiduciary funds. The Agency Fund account for deposits held in trust for specific purposes and the Private-Purpose Trust Fund account for the City of San Marcos Successor Agency.

The fiduciary fund financial statements can be found on pages 26-27 of this report.

**Notes to Basic Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 30-90 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's schedule of changes in the net pension liability and related ratios (miscellaneous employees), schedule of City's proportionate share of the net pension liability and related ratios as of the measurement date (safety employees), schedules of plan contributions (both miscellaneous and safety employees), schedule of changes in the net OPEB liability and related ratios, and general fund and major special revenue funds' budgetary schedules.

Required supplementary information can be found on pages 91-99 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105-125 of this report.

### **GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$1,009,737,969, at the close of the most recent fiscal year.

## *City of San Marcos*

### **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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#### **City of San Marcos' Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 406,945,617	\$ 384,325,798	\$ 97,806,045	\$ 95,597,747	\$ 504,751,662	\$ 479,923,545
Capital assets, net	600,634,189	598,291,209	-	-	600,634,189	598,291,209
<b>Total assets</b>	<b>1,007,579,806</b>	<b>982,617,007</b>	<b>97,806,045</b>	<b>95,597,747</b>	<b>1,105,385,851</b>	<b>1,078,214,754</b>
Deferred outflows of resources	13,255,642	13,930,209	-	-	13,255,642	13,930,209
Non-current liabilities	83,148,149	76,153,665	-	-	83,148,149	76,153,665
Other liabilities	21,097,320	14,657,598	904,390	303,753	22,001,710	14,961,351
<b>Total Liabilities</b>	<b>104,245,469</b>	<b>90,811,263</b>	<b>904,390</b>	<b>303,753</b>	<b>105,149,859</b>	<b>91,115,016</b>
Deferred inflows of resources	3,753,665	2,930,585	-	-	3,753,665	2,930,585
Net position						
Net investment in capital assets	594,590,985	592,856,145	-	-	594,590,985	592,856,145
Restricted	282,346,575	262,976,841	-	-	282,346,575	262,976,841
Unrestricted	35,898,754	46,006,938	96,901,655	95,293,994	132,800,409	141,300,932
<b>Total net position</b>	<b>\$ 912,836,314</b>	<b>\$ 901,839,924</b>	<b>\$ 96,901,655</b>	<b>\$ 95,293,994</b>	<b>\$ 1,009,737,969</b>	<b>\$ 997,133,918</b>

By far, the largest portion of the City's net position (58.9%) reflects its investment in capital assets (e.g., land, buildings, furniture and infrastructure), 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.

An additional portion of the City's net position (28%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$132,800,409 is unrestricted, however, that amount represents the majority of investments in real estate and joint venture.

At the end of the current fiscal year, the City is able to report positive balances for both the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's overall net position increased \$12,604,051 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

# *City of San Marcos*

## **Management's Discussion and Analysis** **For the Year Ended June 30, 2020**

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**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$10,996,390 from the prior fiscal year for an ending balance of \$912,836,314. The increase in the overall net position of governmental activities is the result of regular current year operating activities along with new affordable housing loans to developers and the sale of land held for resale.

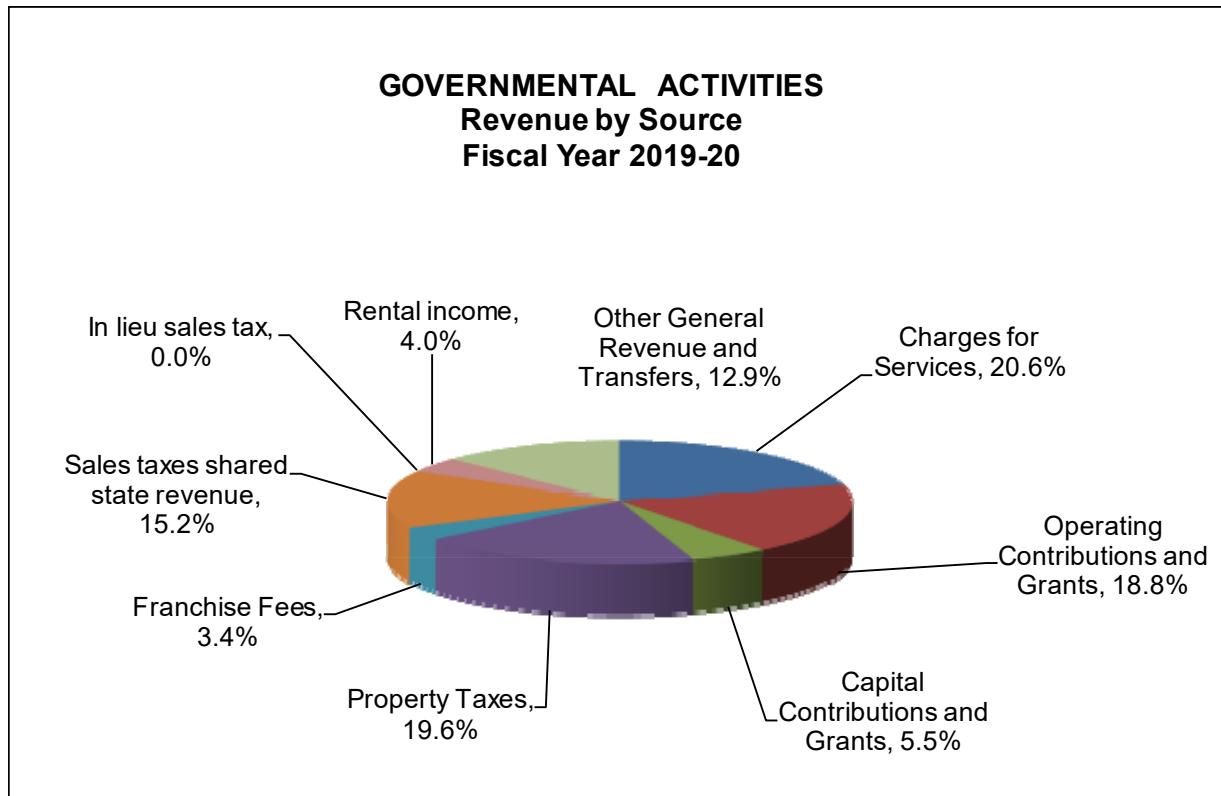
### **City of San Marcos' Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 26,115,996	\$ 26,117,934	\$ 4,808,776	\$ 5,609,161	\$ 30,924,772	\$ 31,727,095
Operating contributions and grants	23,979,367	15,647,743	-	-	23,979,367	15,647,743
Capital contributions and grants	7,053,470	4,578,379	-	-	7,053,470	4,578,379
General revenues:						
Property taxes	24,982,707	24,109,119	-	-	24,982,707	24,109,119
Transient occupancy taxes	1,068,175	1,376,615	-	-	1,068,175	1,376,615
Business license tax	226,950	242,274	-	-	226,950	242,274
Motor vehicle license	79,818	395	-	-	79,818	395
Franchise fees	4,282,862	4,136,203	-	-	4,282,862	4,136,203
Rental income	5,140,403	5,689,979	-	-	5,140,403	5,689,979
Sales taxes shared state revenue, unrestricted	19,295,396	17,651,420	-	-	19,295,396	17,651,420
In lieu sales tax, unrestricted	11,603	12,357	-	-	11,603	12,357
Investment income, restricted	4,845,812	-	-	-	4,845,812	-
Investment income, unrestricted	5,457,297	2,645,824	1,636,309	32,217	7,093,606	2,678,041
Gain (loss) on disposal of capital assets	229,032	4,521,104	-	-	229,032	4,521,104
Miscellaneous	982,103	393,461	1,802	-	983,905	393,461
<b>Total Revenues</b>	<b>123,750,991</b>	<b>107,122,807</b>	<b>6,446,887</b>	<b>5,641,378</b>	<b>130,197,878</b>	<b>112,764,185</b>
<b>Expenses</b>						
General government	26,620,938	24,545,665	-	-	26,620,938	24,545,665
Community development	10,633,598	5,036,267	-	-	10,633,598	5,036,267
Public safety	42,461,674	42,703,434	-	-	42,461,674	42,703,434
Highways, streets and parks	32,330,771	39,333,558	-	-	32,330,771	39,333,558
Culture and recreation	3,980,068	4,025,485	-	-	3,980,068	4,025,485
Interest on long-term debt	227,552	183,846	-	-	227,552	183,846
Creekside Marketplace	-	-	1,339,226	969,539	1,339,226	969,539
<b>Total Expenses</b>	<b>116,254,601</b>	<b>115,828,255</b>	<b>1,339,226</b>	<b>969,539</b>	<b>117,593,827</b>	<b>116,797,794</b>
<b>Increase in Net Position</b>						
Before Transfers	7,496,390	(8,705,448)	5,107,661	4,671,839	12,604,051	(4,033,609)
Transfers	3,500,000	4,350,000	(3,500,000)	(4,350,000)	-	-
Change in Net Position	10,996,390	(4,355,448)	1,607,661	321,839	12,604,051	(4,033,609)
Net Position, Beginning	901,839,924	906,195,372	95,293,994	94,972,155	997,133,918	1,001,167,527
Net Position, Ending	<b>\$ 912,836,314</b>	<b>\$ 901,839,924</b>	<b>\$ 96,901,655</b>	<b>\$ 95,293,994</b>	<b>\$ 1,009,737,969</b>	<b>\$ 997,133,918</b>

# *City of San Marcos*

## **Management's Discussion and Analysis For the Year Ended June 30, 2020**

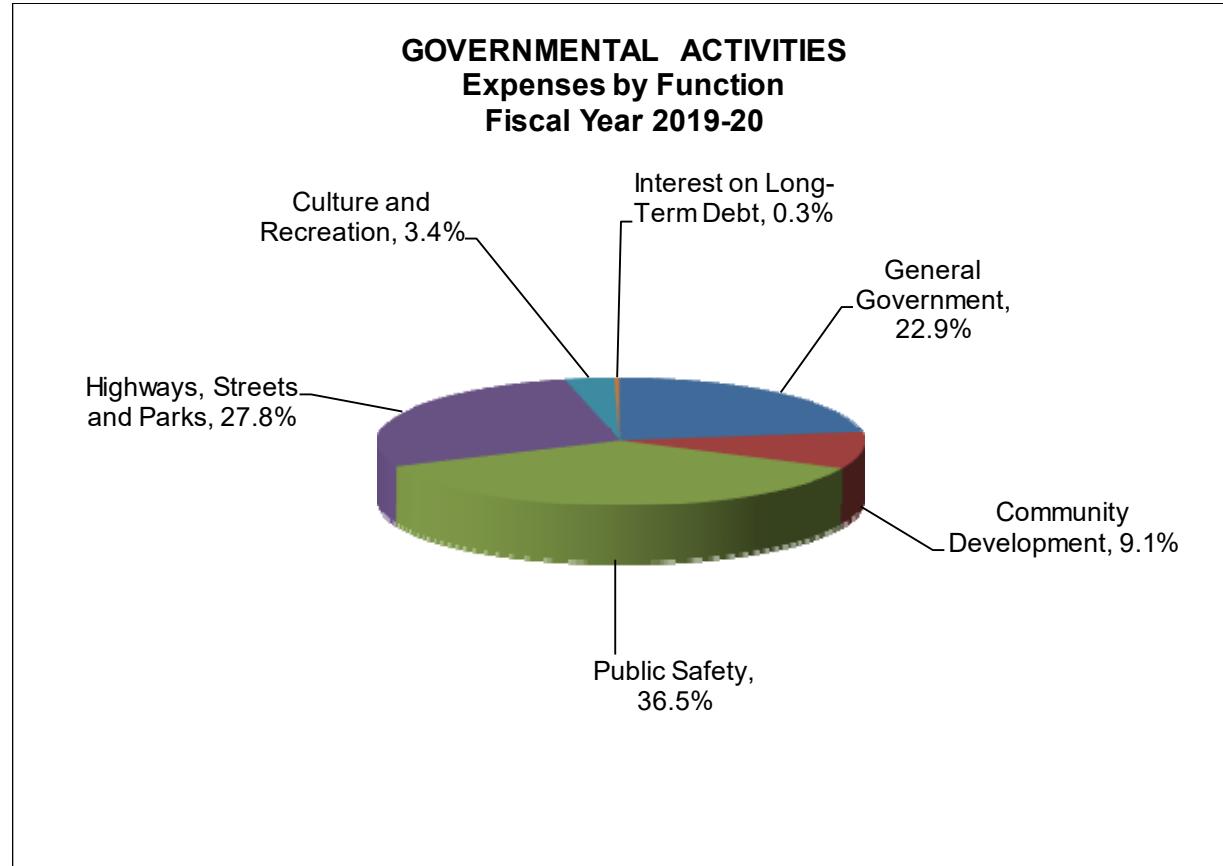
<b>Revenue Source</b>	<b>2020</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 2018</b>	<b>Percent Increase (Decrease)</b>
Charges for services	\$ 26,115,996	20.6%	\$ (1,938)	0.0%
Operating contributions and grants	23,979,367	18.8%	8,331,624	34.7%
Capital contributions and grants	7,053,470	5.5%	2,475,091	35.1%
Property taxes	24,982,707	19.6%	873,588	3.5%
Franchise fees	4,282,862	3.4%	146,659	3.4%
Sales taxes shared state revenue	19,295,396	15.2%	1,643,976	8.5%
In lieu sales tax	11,603	0.0%	(754)	-6.5%
Rental income	5,140,403	4.0%	(549,576)	-10.7%
Other general revenue and transfers	<u>16,389,187</u>	<u>12.9%</u>	<u>2,859,514</u>	<u>17.4%</u>
Total revenue	<u><u>\$ 127,250,991</u></u>	<u><u>100.0%</u></u>	<u><u>\$ 15,778,184</u></u>	<u><u>12.4%</u></u>



# *City of San Marcos*

## **Management's Discussion and Analysis For the Year Ended June 30, 2020**

Function	2020	Percent of Total	Increase (Decrease) From 2018	Percent Increase (Decrease)
General government	\$ 26,620,938	22.9%	\$ 2,075,273	7.8%
Community development	10,633,598	9.1%	5,597,331	52.6%
Public safety	42,461,674	36.5%	(241,760)	-0.6%
Highways, streets and parks	32,330,771	27.8%	(7,002,787)	-21.7%
Culture and recreation	3,980,068	3.4%	(45,417)	-1.1%
Interest on long-term debt	227,552	0.3%	43,706	19.2%
<b>Total expenses</b>	<b>\$ 116,254,601</b>	<b>100.0%</b>	<b>\$ 426,346</b>	<b>0.4%</b>



**Business-type Activities.** For the City's business-type activities, the results for the current fiscal year were positive. Overall net position increased to an ending balance of \$96,901,655. The Creekside Marketplace Enterprise Fund accounts for the activity of a City-owned shopping center. The total increase in net position for business-type activities was \$1,607,661 or 1.69% from the prior fiscal year. This is mostly due to change in fair market value of investments in real estate.

# *City of San Marcos*

## **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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### **FINANCIAL ANALYSIS OF GOVERNMENTAL 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 of San Marcos' *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 discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

At June 30, 2020, the City's governmental funds reported combined fund balances of \$212,985,277, an increase of \$7,619,478 in comparison to the prior year. Approximately 12.9% or \$27,405,710 of this amount constitutes an *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *non-spendable, restricted, or assigned* to indicate that it is 1) not in spendable form (\$62,506,999), 2) restricted for particular purposes (\$113,049,217), or 3) assigned for particular purposes (\$10,023,351).

#### **Major Funds**

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$32,505,397, while the total fund balance increased by \$1,026,594 or 1% to \$107,527,897. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 40.1% of total general fund expenditures, while total fund balance represents approximately 132.5% of that same amount.

The San Marcos Affordable Housing Special Revenue Fund accounts for funds intended to improve or preserve the community's supply of affordable housing. This fund ended the year with a fund balance of \$45,254,867. To assist with the construction of affordable housing projects, \$6,707,592 was loaned to housing developers during the fiscal year. Overall, developer loan activity was up from the prior year.

The Capital Improvement Capital Projects Fund accounts for capital projects funded with Federal and other grants and developer contributions. This fund ended the year with a deficit fund balance of (\$3,507,966).

# *City of San Marcos*

## **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund, as presented in the CAFR and for purposes of financial reporting in conformity with generally accepted accounting principles (GAAP), is comprised of four funds including the General Operating Fund, and the Infrastructure Replacement/Rehabilitation Fund, Facilities Replacement/Rehabilitation Fund, and the Vehicle & Equipment Acquisition/Replacement Fund (Rehabilitation and Replacement Funds). However, in the City's approved budget document, these funds are separately presented.

During the year, amendments to increase original budgeted appropriations were authorized by the City Council minor amendments to reallocate appropriations among departments took place. The movement of the appropriations between departments was not significant and did not increase the overall operating budget. The operating expenditure budget was increased by \$1,963,293 due to an increase in mid-year general operating contract costs, for a total amended expenditure budget of \$86,324,582 for FY 2019-20 inclusive of the General Fund and the Rehabilitation and Replacement Funds. At the time of approval of the mid- year budget adjustments there was no indication of any direct budgetary impacts resulting from the COVID-19 global pandemic.

On March 16, 2020, the City would declare a proclamation of the existence of a local emergency as a result of the COVID-19 global pandemic. Prior to March 2020, the General Fund operating budget was expected to end with a moderate surplus. However, it became evident that the sales tax, rental, and service fee decreases would quickly translate to ending the FY2019-20 budget year with a significant deficit. The General Fund expenses exceeded budgeted revenues by approximately \$6.3 million in FY 2019-20. The deficit is attributed to a COVID-19 imposed revenue crisis.

On June 9, 2020 the City Council approved a plan to balance the FY2019-20 Budget by re-assigning prior one-time general fund revenues from two capital projects, instituting a 10% wage reduction for all full time, non-safety staff, furloughing some part-time staff and establishing a hiring freeze on all vacant positions. This approved plan, while effective in balancing the FY2019-20 budget, did not allow for any availability of any additional one-time revenue or operating surplus to appropriate per the City's Fiscal Management Policy.

The FY2019-20 General Fund Budget was revised and balanced without the use of General Fund reserves, as noted above.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$600,634,189 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, furniture and equipment, and infrastructure. The total increase in capital assets for the current fiscal year was \$2,342,980 or approximately 0.4% due to an increase in construction in progress offset by capital asset dispositions and depreciations.

## *City of San Marcos*

### **Management's Discussion and Analysis** **For the Year Ended June 30, 2020**

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#### **City of San Marcos' Capital Assets** (Net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and Improvements	\$ 320,950,949	\$ 321,361,375	\$ -	\$ -	\$ 320,950,949	\$ 321,361,375
Buildings	40,354,932	41,626,358	-	-	40,354,932	41,626,358
Furniture and Equipment	6,808,289	7,257,776	-	-	6,808,289	7,257,776
Infrastructure	188,143,043	197,900,290	-	-	188,143,043	197,900,290
Construction in progress	44,376,976	30,145,410	-	-	44,376,976	30,145,410
<b>Total</b>	<b>\$ 600,634,189</b>	<b>\$ 598,291,209</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 600,634,189</b>	<b>\$ 598,291,209</b>

The progress and completion of several capital asset & infrastructure improvements during the fiscal year including, but not limited to the completion of the annual street rehabilitation project, design completion of the San Marcos Creek Specific Plan projects and the replacement of Fire Department equipment.

Additional information on the City's capital assets can be found in Note 7 on pages 53-54 of this report.

**Non-Current Liabilities.** At the end of the current fiscal year, the City had total non-current outstanding liabilities of \$83,148,149. Of this amount, \$2,905,000 is debt backed by the full faith and credit of the government. The remainder of the City's long-term obligations comprises pension-related debt, OPEB debt, note and loans payables, worker's compensation claims, compensated absences, and capital leases.

#### **City of San Marcos' Non-Current Outstanding Liabilities**

	Governmental Activities		Net Change
	2020	2019	
Compensated absences	\$ 4,874,760	\$ 4,296,365	\$ 578,395
Claims payable	1,686,697	1,424,859	261,838
Capital leases payable	2,413,785	1,334,885	1,078,900
Loans payable - Safety Center	2,905,000	3,215,000	(310,000)
Loans payable - CEC	777,055	943,664	(166,609)
Net pension liability	63,023,722	58,274,143	4,749,579
Net OPEB liability	7,467,130	6,664,749	802,381
<b>Total</b>	<b>\$ 83,148,149</b>	<b>\$ 76,153,665</b>	<b>\$ 6,994,484</b>

## *City of San Marcos*

### **Management's Discussion and Analysis For the Year Ended June 30, 2020**

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The City's total debt increased by \$6,994,484, or 9.2% during the current fiscal year. The increase was due to change in net pension liability offset by principal reduction as result of on-going debt service payments. Additional information on the City's long-term debt can be found in Note 8, on pages 54-57 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The economy of the City is discussed in the accompanying Transmittal Letter.

The City was faced with financial difficulties, specifically the revenue crisis caused by the impacts of the global pandemic. At the creation and preparation of the FY 2020-21 budget the unemployment rate had risen by 27% and reached an all-time high of 30% by May 2020. The projected deficit that impacted our FY 2019-20 budget continued to be a concern with the development of the FY 2020-21 General Fund operating budget. The approved budget for FY 2020-21 General Fund operating budget projects a 9.1% decrease in spending over the prior year and a 6% decrease in prior year revenue projects at the time of City Council approval.

Our normally anticipated expenditure increases have become a more significant challenge as the economic impacts of the global pandemic, caused by COVID-19 continue. To mitigate the economic challenges created by COVID-19, the City continued the 10% wage reduction for all full time non-safety staff and placed a hiring freeze on all vacant positions initiated during the fourth quarter of FY2019-20. As the global and local economies struggle to survive, this continues to create unanticipated and unknown long term effects on future revenue forecasts. The continued loss of sales tax, rental and charges for services is forecasted to create a significant financial challenge for the foreseeable future.

As a result, the recommended FY 2020-21 operating budget was adopted with the assumption that by fiscal year end, a projected deficit of \$2.7 million dollars may need to be resolved through the use of reserve funds.

### **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. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 1 Civic Center Drive, San Marcos, California, 92069.

# City of San Marcos

## Statement of Net Position June 30, 2020

	Governmental Activities	Business-Type Activities	Total	Permanent Fund Community Foundation
<b>ASSETS</b>				
Cash and investments (note 2)	\$ 146,506,106	\$ 169,120	\$ 146,675,226	\$ 2,177
Cash and investments with fiscal agents (note 2)	914,831	-	914,831	-
Pension trust cash and investments (note 2)	2,492,150	-	2,492,150	-
Investments in real estate (note 2)	53,425,000	95,610,000	149,035,000	-
Investment in joint venture (note 14)	6,794,735	-	6,794,735	-
Receivables:				
Taxes and special assessments	5,439,727	-	5,439,727	-
Accounts	2,543,941	186,054	2,729,995	-
Interest	279,958	1,625	281,583	6
Notes (note 3)	170,775,176	-	170,775,176	-
Other (note 4)	3,781,991	685,505	4,467,496	-
Due from other governments	1,622,490	-	1,622,490	-
Advances to Successor Agency (note 17)	9,754,663	-	9,754,663	-
Deposits	1,846,670	1,153,741	3,000,411	1,227,473
Prepays	26,498	-	26,498	-
Land held for resale	741,681	-	741,681	-
Capital assets, not depreciated (note 7)	365,327,925	-	365,327,925	-
Capital assets, net of depreciation (note 7)	235,306,264	-	235,306,264	-
Total Assets	1,007,579,806	97,806,045	1,105,385,851	1,229,656
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related	12,620,727	-	12,620,727	-
Loss on defeasance of debt	52,636	-	52,636	-
OPEB related	582,279	-	582,279	-
Total Deferred Outflows of Resources	13,255,642	-	13,255,642	-
<b>LIABILITIES</b>				
Accounts payable	15,039,958	657,022	15,696,980	10,251
Accrued liabilities	1,908,729	-	1,908,729	-
Due to other governments	74,650	-	74,650	-
Unearned revenue (note 6)	2,572,611	167,258	2,739,869	-
Deposits payable	1,501,372	80,110	1,581,482	-
Noncurrent liabilities:				
Due within one year (note 8)	4,605,952	-	4,605,952	-
Due in more than one year (note 8)	8,051,345	-	8,051,345	-
Net pension liability, due in more than one year	63,023,722	-	63,023,722	-
Total OPEB liability, due in more than one year	7,467,130	-	7,467,130	-
Total Liabilities	104,245,469	904,390	105,149,859	10,251
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related	1,688,707	-	1,688,707	-
OPEB related	2,064,958	-	2,064,958	-
Total Deferred Inflows of Resources	3,753,665	-	3,753,665	-
<b>NET POSITION</b>				
Net investment in capital assets (note 10)	594,590,985	-	594,590,985	-
Restricted (note 10)	282,346,575	-	282,346,575	1,219,405
Unrestricted	35,898,754	96,901,655	132,800,409	-
Total Net Position	\$ 912,836,314	\$ 96,901,655	\$ 1,009,737,969	\$ 1,219,405

The accompanying notes are an integral part of these financial statements.

# *City of San Marcos*

## **Statement of Activities** **For the Year Ended June 30, 2020**

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Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 26,620,938	\$ 1,580,692	\$ 180,123	\$ -
Community development	10,633,598	1,813,367	12,382,465	746,744
Public safety	42,461,674	11,883,120	294,869	26,323
Highways, streets, and parks	32,330,771	9,294,971	10,865,800	6,280,403
Culture and recreation	3,980,068	1,543,846	256,110	-
Interest on long-term debt	227,552	-	-	-
Total governmental activities	116,254,601	26,115,996	23,979,367	7,053,470
Business-type activities:				
Creekside Marketplace	1,339,226	4,808,776	-	-
Total Primary Government	\$ 117,593,827	\$ 30,924,772	\$ 23,979,367	\$ 7,053,470
<b>Component Unit:</b>				
Permanent Fund Community Foundation	\$ 51,361	\$ -	\$ -	\$ -
Total Component Unit	\$ 51,361	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

	Net (Expense) Revenue and Changes in Net Position			Permanent Fund
	Governmental Activities	Business-Type Activities	Total	Community Foundation
<b>Functions/Programs</b>				
Governmental activities:				
General government	\$ (24,860,123)	\$ -	\$ (24,860,123)	\$ -
Community development	4,308,978	-	4,308,978	-
Public safety	(30,257,362)	-	(30,257,362)	-
Highways, streets, and parks	(5,889,597)	-	(5,889,597)	-
Culture and recreation	(2,180,112)	-	(2,180,112)	-
Interest on long-term debt	(227,552)	-	(227,552)	-
Total governmental activities	(59,105,768)	-	(59,105,768)	-
Business-type activities:				
Creekside Marketplace	-	3,469,550	3,469,550	-
Total Primary Government	(59,105,768)	3,469,550	(55,636,218)	-
<b>Component Unit:</b>				
Permanent Fund Community Foundation	-	-	-	(51,361)
Total Component Unit	-	-	-	(51,361)
General revenues:				
Taxes:				
Property taxes	24,982,707	-	24,982,707	-
Transient occupancy taxes	1,068,175	-	1,068,175	-
Business license tax	226,950	-	226,950	-
Motor vehicle license tax	79,818	-	79,818	-
Franchise fees	4,282,862	-	4,282,862	-
Rental income	5,140,403	-	5,140,403	-
Sales taxes shared state revenue, unrestricted	19,295,396	-	19,295,396	-
Sales tax in lieu, unrestricted	11,603	-	11,603	-
Investment income, restricted	4,845,812	-	4,845,812	19,998
Investment income, unrestricted	5,457,297	1,636,309	7,093,606	-
Gain on disposal and sale of capital assets	229,032	-	229,032	-
Miscellaneous income	982,103	1,802	983,905	26
Transfers (note 5)	3,500,000	(3,500,000)	-	-
Total general revenues and transfers	70,102,158	(1,861,889)	68,240,269	20,024
Change in Net Position	10,996,390	1,607,661	12,604,051	(31,337)
Net Position, Beginning	901,839,924	95,293,994	997,133,918	1,250,742
Net Position, Ending	\$ 912,836,314	\$ 96,901,655	\$ 1,009,737,969	\$ 1,219,405

# City of San Marcos

## Balance Sheet Governmental Funds June 30, 2020

	Special Revenue			Total	
	San Marcos Affordable Housing		Capital Improvements	Non-Major Governmental Funds	Total
	General				
<b>ASSETS</b>					
Cash and investments (note 2)	\$ 44,646,894	\$ 32,886,921	\$ 4,599,186	\$ 64,373,105	\$ 146,506,106
Cash and investments with fiscal agents (note 2)	-	-	-	914,831	914,831
Pension trust cash and investments (note 2)	2,492,150	-	-	-	2,492,150
Investments in real estate (note 2)	53,425,000	-	-	-	53,425,000
Investment in joint venture (note 14)	6,794,735	-	-	-	6,794,735
Receivables:					
Taxes and special assessments	5,383,644	-	-	56,083	5,439,727
Accounts	2,462,415	11,493	-	70,033	2,543,941
Interest	80,618	61,375	8,807	129,158	279,958
Notes, net (note 3)	1,778,108	166,641,203	-	2,355,865	170,775,176
Other, net (note 4)	3,661,475	-	-	120,516	3,781,991
Due from other governments	211,084	-	625,773	785,633	1,622,490
Advances to other funds (note 5)	-	2,395,486	-	-	2,395,486
Due from other funds (note 5)	1,605,670	-	-	-	1,605,670
Advances to Successor Agency (note 17)	-	9,754,663	-	-	9,754,663
Deposits	1,846,670	-	-	-	1,846,670
Land held for resale	440,594	301,087	-	-	741,681
Total Assets	<u>\$ 124,829,057</u>	<u>\$ 212,052,228</u>	<u>\$ 5,233,766</u>	<u>\$ 68,805,224</u>	<u>\$ 410,920,275</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 8,235,196	\$ 66,035	\$ 6,001,131	\$ 737,596	\$ 15,039,958
Accrued liabilities	1,712,567	29,313	2,333	153,041	1,897,254
Due to other governments	-	-	-	74,650	74,650
Advances from other funds (note 5)	2,395,486	-	-	-	2,395,486
Due to other funds (note 5)	-	-	-	1,605,670	1,605,670
Unearned revenue (note 6)	341,138	-	2,231,473	-	2,572,611
Deposits payable	1,319,688	34,498	136,797	10,389	1,501,372
Total Liabilities	<u>14,004,075</u>	<u>129,846</u>	<u>8,371,734</u>	<u>2,581,346</u>	<u>25,087,001</u>
Deferred Inflows of Resources:					
Unavailable revenue (note 6)	<u>3,297,085</u>	<u>166,667,515</u>	<u>369,998</u>	<u>2,513,399</u>	<u>172,847,997</u>
Fund Balances (note 9):					
Nonspendable:					
Land held for resale	440,594	-	-	-	440,594
Deposits	1,846,670	-	-	-	1,846,670
Investments in real estate (note 2)	53,425,000	-	-	-	53,425,000
Investment in joint venture (note 2)	6,794,735	-	-	-	6,794,735
Restricted:					
Affordable housing	-	45,254,867	-	-	45,254,867
Transportation	-	-	-	9,537,834	9,537,834
Lighting and landscape	-	-	-	15,084,990	15,084,990
Pension trust	2,492,150	-	-	-	2,492,150
Capital improvements	-	-	-	1,004,808	1,004,808
Public facilities	-	-	-	36,476,935	36,476,935
Other purposes	-	-	-	3,197,633	3,197,633
Assigned (note 9)	10,023,351	-	-	-	10,023,351
Unassigned (deficit)	32,505,397	-	(3,507,966)	(1,591,721)	27,405,710
Total Fund Balances	<u>107,527,897</u>	<u>45,254,867</u>	<u>(3,507,966)</u>	<u>63,710,479</u>	<u>212,985,277</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 124,829,057</u>	<u>\$ 212,052,228</u>	<u>\$ 5,233,766</u>	<u>\$ 68,805,224</u>	<u>\$ 410,920,275</u>

The accompanying notes are an integral part of these financial statements.

## *City of San Marcos*

### **Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2020**

---

Fund balances of governmental funds	\$ 212,985,277
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Certain prepaid insurance costs associated with the issuance of long-term debt are amortized over the period which the debt is outstanding. The costs are reported as expenditures of the current period in the governmental funds.	26,498
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	
Capital assets, not depreciated	\$ 365,327,925
Capital assets, being depreciated	482,607,245
Less: accumulated depreciation	<u>(247,300,981)</u>
	600,634,189
Deferred loss on defeasance of debt is deferred and amortized over the life of the bonds in the Statement of Net Position.	52,636
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. Therefore, interest payable is not reported as a liability in governmental funds.	(11,475)
Deferred inflows and outflows of resources related to pensions have not been reported in the governmental funds.	
Pension related deferred outflows of resources	12,620,727
Pension related deferred inflows of resources	<u>(1,688,707)</u>
	10,932,020
Deferred inflows and outflows of resources related to OPEB have not been reported in the governmental funds.	
OPEB related deferred outflows of resources	582,279
OPEB related deferred inflows of resources	<u>(2,064,958)</u>
	(1,482,679)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(4,874,760)
Claims payable	(1,686,697)
Capital lease financing	(2,413,785)
Loans payable	(3,682,055)
Net pension liability	(63,023,722)
Net OPEB liability	<u>(7,467,130)</u>
	(83,148,149)
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	
	<u>172,847,997</u>
Net position of governmental activities	<u>\$ 912,836,314</u>

The accompanying notes are an integral part of these financial statements.

# City of San Marcos

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2020

	Special Revenue			Total	
	General	San Marcos Affordable Housing	Capital Improvements	Non-Major Governmental Funds	Total
<b>REVENUES</b>					
Taxes and special assessments	\$ 26,277,833	\$ -	\$ -	\$ 8,796,620	\$ 35,074,453
Licenses and permits	4,982,848	-	-	-	4,982,848
Intergovernmental	19,867,675	-	5,058,299	5,282,898	30,208,872
Charges for services	15,608,463	-	-	-	15,608,463
Developer fees	13,653	2,192,801	-	5,569,200	7,775,654
Fines and forfeitures	389,034	-	-	-	389,034
Investment and rental income	9,695,374	7,002,917	134,071	2,530,945	19,363,307
Miscellaneous	835,714	385,568	137,808	197,899	1,556,989
Total Revenues	77,670,594	9,581,286	5,330,178	22,377,562	114,959,620
<b>EXPENDITURES</b>					
Current:					
General government	24,006,989	467,220	-	-	24,474,209
Community development	4,264,514	5,298,407	-	361,011	9,923,932
Public safety	39,103,687	-	-	-	39,103,687
Highways, streets and parks	9,914,162	-	-	8,768,700	18,682,862
Culture and recreation	3,072,974	-	-	341,077	3,414,051
Capital outlay	146,327	-	16,540,081	75,603	16,762,011
Debt service:					
Principal	508,181	-	-	399,285	907,466
Interest and fiscal charges	139,780	-	-	80,203	219,983
Total Expenditures	81,156,614	5,765,627	16,540,081	10,025,879	113,488,201
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,486,020)	3,815,659	(11,209,903)	12,351,683	1,471,419
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases	1,509,757	-	-	-	1,509,757
Sale of general capital assets	1,138,302	-	-	-	1,138,302
Transfers in (note 5)	5,349,708	142,500	7,949,686	1,280,214	14,722,108
Transfers out (note 5)	(3,485,153)	-	(268,973)	(7,467,982)	(11,222,108)
Total Other Financing Sources (Uses)	4,512,614	142,500	7,680,713	(6,187,768)	6,148,059
Net Change in Fund Balances	1,026,594	3,958,159	(3,529,190)	6,163,915	7,619,478
Fund Balances, Beginning	106,501,303	41,296,708	21,224	57,546,564	205,365,799
Fund Balances, Ending	\$ 107,527,897	\$ 45,254,867	\$ (3,507,966)	\$ 63,710,479	\$ 212,985,277

The accompanying notes are an integral part of these financial statements.

## *City of San Marcos*

### **Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2020**

---

Net change in fund balances - total governmental funds \$ 7,619,478

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 those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset expenditures capitalized	\$ 17,994,174
Depreciation expense, net of deletions to capital assets	<u>(15,651,194)</u>
	2,342,980

Certain revenues in the governmental funds are deferred inflows of resources because they are measurable but not available under the modified accrual basis of accounting. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the year.

Long-term loans receivable	8,562,339
----------------------------	-----------

The issuance of long-term debt (i.e. bonds, capital leases) 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. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments on long-term debt	907,466
Capital leases	(1,509,757)
Changes in pension related items	(5,928,187)
Changes in OPEB related items	<u>(150,127)</u> (6,680,605)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(578,395)
Change in claims payable	(261,838)
Change in accrued interest	1,224
Amortization of prepaid insurance	(2,944)
Amortization of deferred loss	<u>(5,849)</u> (847,802)
Change in net position of governmental activities	\$ <u>10,996,390</u>

# *City of San Marcos*

## **Statement of Net Position Proprietary Funds June 30, 2020**

	Enterprise Fund	Creekside	Marketplace
<b>ASSETS</b>			
Current Assets:			
Cash and investments (note 2)	\$ 169,120		
Investments in real estate (note 2)	95,610,000		
Receivables:			
Accounts	186,054		
Interest	1,625		
Deposits	1,153,741		
Total Current Assets	<u>97,120,540</u>		
Noncurrent Assets:			
Other receivable (note 4)	<u>685,505</u>		
Total Noncurrent Assets	<u>685,505</u>		
Total Assets	<u>97,806,045</u>		
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	657,022		
Deposits payable	80,110		
Unearned revenue	167,258		
Total Liabilities	<u>904,390</u>		
<b>NET POSITION</b>			
Unrestricted	<u>96,901,655</u>		
Total Net Position	<u>\$ 96,901,655</u>		

The accompanying notes are an integral part of these financial statements.

*City of San Marcos*

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

---

	Enterprise Fund	Creekside	Marketplace
<b>OPERATING REVENUES</b>			
Rental income	\$ 4,209,605		
Common area maintenance charges	<u>599,171</u>		
Total Operating Revenues	<u>4,808,776</u>		
<b>OPERATING EXPENSES</b>			
Property management	439,835		
Janitorial	184,791		
Repair and maintenance	<u>714,600</u>		
Total Operating Expenses	<u>1,339,226</u>		
Operating Income	3,469,550		
<b>NON-OPERATING REVENUES</b>			
Investment income	1,636,309		
Other revenues	<u>1,802</u>		
Total Non-Operating Revenues	<u>1,638,111</u>		
Income Before Transfers	5,107,661		
<b>TRANSFERS</b>			
Transfers out (note 5)	<u>(3,500,000)</u>		
Total Transfers	<u>(3,500,000)</u>		
Change in Net Position	1,607,661		
Net Position, Beginning	<u>95,293,994</u>		
Net Position, Ending	<u>\$ 96,901,655</u>		

The accompanying notes are an integral part of these financial statements.

# City of San Marcos

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2020

	Enterprise Fund Creekside Marketplace
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 4,177,998
Payments to suppliers for goods and services	(1,339,226)
Other revenues	<u>1,802</u>
Net cash provided by operating activities	<u>2,840,574</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Receipts from settlement agreement	14,620
Transfer to general fund	<u>(3,500,000)</u>
Net cash (used for) noncapital financing activities	<u>(3,485,380)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>27,697</u>
Net increase (decrease) in cash and cash equivalents	(617,109)
Cash and cash equivalents, beginning	<u>786,229</u>
Cash and cash equivalents, ending	<u>\$ 169,120</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 3,469,550
Adjustments to reconcile operating income to net cash provided by operating activities:	
Other revenues	1,802
(Increase) decrease in operating receivables:	
Accounts receivable	(105,481)
Deposit receivable	(1,125,934)
Increase (decrease) in operating liabilities:	
Accounts payable	614,433
Unearned revenue	<u>(13,796)</u>
Net cash provided by for operating activities	<u>\$ 2,840,574</u>

The accompanying notes are an integral part of these financial statements.

# *City of San Marcos*

## **Statement of Fiduciary Net Position** **Fiduciary Funds** **June 30, 2020**

---

	<u>Agency Funds</u>	<u>Private-Purpose Trust Funds</u>
<b>ASSETS</b>		
Cash and investments (note 2)	\$ 3,865,960	\$ 1,828,547
Receivables:		
Accounts	67,763	-
Special assessments	33,347	-
Interest	121	23,061
Direct financing lease	-	1,950,717
Prepaid expenses	-	296,515
Restricted Assets:		
Cash and investments with fiscal agents (note 2)	<u>11,779,108</u>	<u>51,557,360</u>
Total Assets	<u>\$ 15,746,299</u>	<u>55,656,200</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on defeasance of debt		<u>10,005,594</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 43,347	3,314
Accrued liabilities	-	8,460
Accrued interest payable	-	2,456,801
Due to other governments	-	5,755
Deposits payable	3,917,172	-
Due to bondholders	11,785,780	-
Noncurrent Liabilities:		
Due within one year	-	12,375,000
Due in more than one year	<u>-</u>	<u>257,897,863</u>
Total Liabilities	<u>\$ 15,746,299</u>	<u>272,747,193</u>
<b>NET POSITION (DEFICIT)</b>		
Held in trust for other taxing entities		<u>\$ (207,085,399)</u>

# *City of San Marcos*

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

---

	<b>Private-Purpose Trust Funds</b>
<b>ADDITIONS</b>	
Tax	\$ 24,115,538
Income from property and investments	872,279
Other revenue	<u>137,404</u>
 Total Additions	 <u>25,125,221</u>
<b>DEDUCTIONS</b>	
General and administrative	3,813,392
Interest expense and fees	<u>10,535,969</u>
 Total Deductions	 <u>14,349,361</u>
 Change in Net Position	 10,775,860
 Net Position (Deficit), Beginning	 <u>(217,861,259)</u>
 Net Position (Deficit), Ending	 <u>\$ (207,085,399)</u>

The accompanying notes are an integral part of these financial statements.

# *City of San Marcos*

## **Index to Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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# *City of San Marcos*

## **Index to Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A) Description of Reporting Entity**

The City of San Marcos, California (the City) was incorporated on January 25, 1963 and became a Charter City on July 4, 1994. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: general government, community development, public safety, highways, streets and parks, public works, and culture and recreation.

These financial statements present the financial status of the City and its component units, which are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

#### **Component Units**

Component units are entities for which the City is considered to be financially accountable, in accordance with generally accepted accounting principles. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and (1) it is able to impose its will on that organization, or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and data from these units are combined with data of the primary government. Based on the criteria above, the City has four component units, one discretely presented component unit and three blended component units. These component units are described as follows:

#### **Discretely Presented Component Unit**

- The *San Marcos Community Foundation* (Foundation) was established, and by-laws were adopted on October 27, 1987. On June 10, 1988, the San Marcos Community Foundation was incorporated and organized under the California Nonprofit Public Benefit Corporation Law for public and charitable purposes. As part of the by-laws, the City of San Marcos is to provide financial and investment services to the Foundation at no cost. The Foundation provides financial and other assistance to worthy programs which benefit the City and residents of San Marcos. Assets of the Foundation are reported in a Permanent Fund as only the interest earnings on the original principal of \$1,000,000 can be spent on Foundation activity. The amount that is available for spending is the balance over the original endowment and is reported on the balance sheet as restricted fund balance. No less than 4% or more than 5% of total assets may be distributed in any one year as long as total assets do not fall below the original principal.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **A) Description of Reporting Entity, (continued)**

##### **Component Units, (continued)**

###### **Blended Component Units**

- The *San Marcos Public Facilities Authority* (Facilities Authority) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The Facilities Authority exists under a Joint Exercise of Power Agreement dated June 1989, between the City of San Marcos and the former Redevelopment Agency of the City of San Marcos (now the Successor Agency). Its purpose is to facilitate financing for public capital improvements of the City and the Agency.
- The *California Mobilehome Financing Authority* (CAMPFA) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. CAMPFA exists under a Joint Exercise of Powers Agreement dated May 9, 1995, between the City of San Marcos and the former Redevelopment Agency of the City of San Marcos (now the Successor Agency). Its purpose is to facilitate financing for public capital improvements to be owned by its members and to establish a vehicle which may reduce local borrowing costs and promote the greater use of existing and new financial instruments and mechanisms.
- The *San Marcos Public Financing Authority* (Financing Authority) was established pursuant to a Joint Exercise of Powers Agreement, dated December 14, 1993, a subsequently amended and restated by an Amended and Restated Joint Exercise of Powers Agreement, dated January 10, 2012, each by and between the City and the Fire Protection District (FPD). The Financing Authority was created for the purpose of financing and refinancing of public capital improvements for, and working capital requirements of, the City, the FPD or any other local agency, including community facilities districts created by the City or the FPD, through the construction and/or acquisition by the Financing Authority of such public capital improvements and/or by the Financing Authority of bonds of the City, FPD or any other local agency pursuant the bond purchase agreements and/or the lending of funds by the Financing Authority to the City, the FPD or any other local agency. The Financing Authority is governed by a board of five directors, which is composed of the member of the City Council. The Executive Director of the Financing Authority is the City Manager of the City. The Financing Authority is specifically granted all of the powers specified in the Bond Law, including but not limited to the power to issue bonds and to sell such bonds to public or private purchasers at public or negotiated sale. The Financing Authority is entitled to exercise powers common to its members and necessary to accomplish the purpose for which it was formed. The Financing Authority has no independent staff, and consequently it will be completely dependent upon the officers and employees of the City to administer its program.

Separate financial statements are not prepared for these entities.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **B) Basis of Presentation**

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

#### **Government-Wide Financial Statements**

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City and its blended component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not classified as program revenues are reported as general revenues.

As a general rule the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions has not been eliminated in the statement of activities.

#### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-Wide Financial Statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the Fund Financial Statements.

#### **C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund Financial Statements. Agency funds use the accrual basis of accounting, but have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Property taxes are recognized as revenues in the year for which they are levied.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **C) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (continued)**

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or 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. Reimbursements under state and federal grants are accrued if received within 180 days. Revenues that are accrued generally include real property taxes, sales tax, transient occupancy taxes, franchise fees, vehicle license fees, highway users' tax, interest, and some state and federal grants.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

#### **D) Fund Classifications**

The City reports the following major governmental funds:

##### **General Fund**

The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

##### **San Marcos Affordable Housing Fund**

The San Marcos Affordable Housing Fund accounts for the in-lieu revenue received from developers to provide for affordable housing. The fund also accounts for the low and moderate income housing receivables of the former City of San Marcos Redevelopment Agency.

##### **Capital Improvements Fund**

The Capital Improvements Fund is used to account for capital projects funded with Federal and other grants and developer contributions.

The City reports the following major proprietary fund:

##### **Creekside Marketplace Fund**

The Creekside Marketplace Fund accounts for the activities of a City-owned shopping center.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **D) Fund Classifications, (continued)**

Additionally, the City reports the following fund types:

##### **Agency Funds**

The Agency Funds account for assets held by the City in a custodial capacity. These funds include refundable deposits and also account for the collection of special assessments levied on various Assessment Districts and Community Facilities Districts property owners for the payment of debt service on no commitment debt.

##### **Private-Purpose Trust Fund**

The Private-Purpose Trust Fund accounts for the activities of the Redevelopment Obligation Retirement Funds, which accumulates resources for obligations previously incurred by the former City of San Marcos Redevelopment Agency.

#### **E) Financial Statement Elements**

##### **(1) Cash and Investments**

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the month-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

##### **(2) Receivables and Payables**

Activity 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). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **E) Financial Statement Elements, (continued)**

##### **(2) Receivables and Payables, (continued)**

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

##### **(3) Prepaid Items**

Certain payments to vendors for costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

##### **(4) Land Held for Resale**

Land held for resale is valued at the lower of cost or market once such amount becomes determinable upon entering into a contract for sale. Land held for resale is reflected as nonspendable or restricted fund balance in the fund financial statements to indicate that the asset does not constitute available, spendable resources.

##### **(5) Notes Receivable**

The accompanying financial statements reflect the recording of certain notes receivable that represent loans made to private developers and other parties. In certain cases, the amount of collection is dependent upon future residual receipts to be generated by the property or contingent upon the ability of the owner to sell the property at an amount sufficient to pay all liens against the property.

##### **(6) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position (balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **E) Financial Statement Elements, (continued)**

##### **(7) Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources, such as taxes, are reported as general revenues rather than program revenues.

##### **(8) Property Taxes**

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Diego (the 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 assessed value. The assessed value can only increase each year by inflation with a maximum of 2%. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

##### **(9) Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services and lease revenue. The City also recognizes new account charges, late fees and contributions from other agencies as operating revenues. Operating expenses for the enterprise funds include the cost of sales and services, and general and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **E) Financial Statement Elements, (continued)**

##### **(10) Capital Assets**

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the enterprise funds in the fund financial statements. Capital assets are defined by the government as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated acquisition value at the time of acquisition.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives. Depreciation starts the year following acquisition.

	<u>Years</u>
Buildings	50
Furniture and Equipment	5-10
Infrastructure	20-50

##### **(11) Compensated Absences**

Vacation pay is payable to employees at the time used or upon termination of employment. Sick leave accrued but unused is cumulative from year to year. Employees are allowed to cash out sick leave hours over certain balances once a year and upon termination. All vacation pay and applicable sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All compensated absences are liquidated in the General Fund.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **E) Financial Statement Elements, (continued)**

##### **(12) Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

##### **(13) Postemployment Benefits other than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are reported at fair value.

GASB Statement No. 75, which was implemented in the current year, requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

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

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **E) Financial Statement Elements, (continued)**

##### **(14) Pension Plans**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2018
Measurement Date (MD)	June 30, 2019
Measurement Period (MP)	July 1, 2018 to June 30, 2019

##### **(15) Reclassifications and Eliminations**

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that the expenses are reported only once in the function in which they are allocated.

##### **(16) Use of Estimates**

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

#### **E) Financial Statement Elements, (continued)**

##### **(17) Fund Balances**

Fund balances are reported in the fund financial statements in the following classifications:

**Nonspendable Fund Balance** – this includes amounts that cannot be spent because they are either not spendable in physical form (such as inventory) or that are legally or contractually required to be maintained intact (such as endowments).

**Restricted Fund Balance** – this includes amounts that can be spent only for specific purposes stipulated by external legal requirements imposed by other governments, external resource providers, or creditors. Restrictions imposed by the City Council do not create restricted fund balance unless the legal document that initially authorized the revenue (associated with that portion of fund balance) also included language that specified the limited use for which the authorized revenues were to be expended.

**Committed Fund Balance** – this includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that it employed to previously commit those amounts. If the Council action that limits the use of the funds was separate from the action that initially created the revenues that form the basis for the fund balance, then the resultant fund balance is considered to be committed, not restricted. The City Council considers a resolution to constitute a formal action of the City Council for the purposes of establishing committed fund balance.

**Assigned Fund Balance** – this includes amounts that are intended to be used for specific purposes as indicated either by the City Council or by persons to whom the City Council has delegated the authority to assign amounts for specific purposes. The City Council has not delegated such authority to others in the City, and therefore retains its authority to assign fund balance.

**Unassigned Fund Balance** – this includes negative fund balance in governmental funds and the remaining spendable amounts which are not included in one of the other classifications in the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the City Council.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **2) CASH AND INVESTMENTS**

Cash and investments are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 146,675,226
Cash and investments with fiscal agents	914,831
Pension trust cash and investments	2,492,150
Investments in real estate	149,035,000
Investment in joint venture	6,794,735
Statement of fiduciary net position:	
Cash and investments	5,694,507
Cash and investments with fiscal agents	<u>63,336,468</u>
Total Cash and Investments	<u>\$ 374,942,917</u>

Cash and investments at June 30, 2020 consisted of the following:

Demand deposits	\$ 16,140,723
Local Agency Investment Pool (LAIF)	29,113,979
California Asset Management Pool (CAMP)	41,696,987
Federal Agency Securities	28,097,529
U.S. Treasury Obligations	17,249,715
U.S. Corporate	16,343,409
Municipal Obligations	800,153
Asset-Backed Securities	3,173,272
Foreign Corporate	2,073,547
Money Market Mutual Funds	64,423,868
Real Estate	149,035,000
Joint Venture	<u>6,794,735</u>
Total Cash and Investments	<u>\$ 374,942,917</u>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **2) CASH AND INVESTMENTS, (continued)**

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

The table below identifies the investment types that are authorized by the California Government Code and the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

<u>Investment Type Authorized by State Law</u>	<u>Authorized By City Policy</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
Federal Agency Securities	Yes	5 years	None	None
Bankers' Acceptances	Yes	180 days	40%	10%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	30 days	50%	None
Reverse Repurchase Agreements	No	1 year	20%	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	10%	None
Asset-Backed Securities	Yes	5 years	10%	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	\$75 million per entity
California Asset Management Program (CAMP)	Yes	N/A	None	None
County Pooled Investment Funds	No	N/A	None	None

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **2) CASH AND INVESTMENTS, (continued)**

#### Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee 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
Federal Agency Securities	None	None	None
Bankers' Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Repurchase Agreements	180 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 million per entity
Investment Contracts	None	None	None

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **2) CASH AND INVESTMENTS, (continued)**

#### 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 is the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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

Investment Type	Total	12 Months or Less	13 to 36 Months	37 to 60 Months	N/A
Federal Agency Securities	\$ 28,097,529	\$ 6,160,191	\$ 6,321,579	\$ 15,615,759	\$ -
U.S. Treasury Obligations	14,671,180	-	3,831,168	10,840,012	-
U.S. Corporate	16,343,409	3,596,875	1,995,499	10,751,035	-
Municipal Obligations	800,153	-	-	800,153	-
Asset-Backed Securities	3,173,272	277,595	676,169	2,219,508	-
CMO	2,073,547	336,926	988,972	747,649	-
Money Market Mutual Funds	2,706,193	2,706,193	-	-	-
LAIF	29,113,979	29,113,979	-	-	-
CAMP	41,696,987	41,696,987	-	-	-
Held by bond trustees:					
Money Market Mutual Funds	61,717,675	61,717,675	-	-	-
U.S. Treasury Obligations	2,578,535	-	2,578,535	-	-
Real Estate	149,035,000	-	-	-	\$ 149,035,000
Total	<u>\$ 352,007,459</u>	<u>\$ 145,606,421</u>	<u>\$ 16,391,922</u>	<u>\$ 40,974,116</u>	<u>\$ 149,035,000</u>

#### 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.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **2) CASH AND INVESTMENTS, (continued)**

#### Credit Risk, (continued)

Presented below is the minimum rating required by the California Government Code, the City's investment policy, or debt agreements and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	Standard & Poor's Rating as of Year End
Federal Agency Securities	\$ 28,097,529	N/A	N/A
U.S. Treasury Obligations	14,671,180	N/A	N/A
U.S. Corporate	16,343,409	N/A	N/A
Municipal Obligations	800,153	N/A	N/A
Asset-Backed Securities	3,173,272	N/A	AAA
Foreign Corporate	2,073,547	N/A	AA-
Money Market Mutual Funds	2,706,193	N/A	AAA
LAIF	29,113,979	N/A	Not Rated
CAMP	41,696,987	N/A	AAA
Held by bond trustees:			
Money Market Mutual Funds	61,717,675	A	AAA
U.S. Treasury Obligations	2,578,535	N/A	N/A
Real Estate	<u>149,035,000</u>	N/A	Not Rated
Total	<u>\$ 352,007,459</u>		

#### Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer other than external investment pools and mutual funds that represent 5% or more of the total City investments (or 5% or more of any major fund or non-major funds in the aggregate) must be disclosed. There are no investments at June 30, 2020 that meet the above criteria.

#### 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.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **2) CASH AND INVESTMENTS, (continued)**

#### Custodial Credit Risk, (continued)

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The City's investment policy requires that all securities owned by the City be held in safekeeping by a third party bank trust department acting as agent for the City under the terms of a custody agreement executed by the bank and by the City. At June 30, 2020, the City deposits (bank balances) were collateralized under California Law.

#### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account that is regulated by the California Government Code under the oversight of the State Treasurer, Director of Finance and State Controller. The City may invest up to \$75 million in LAIF funds. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. All investments with LAIF are secured by the full faith and credit of the State of California. Separate LAIF financial statements are available from the California State Treasurer's Office on the Internet at <http://www.treasurer.ca.gov>.

The value of the City's investment in this pool is based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). LAIF's (and the City's) exposure to risk (credit, market or legal) is not currently available.

#### Investment in California Asset Management Program Pool

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Trust's activities are directed by a Board of Trustees, all of whom are employees of the California public agencies which are participants in the Trust.

The Pool's investments are limited to investments permitted by subdivision (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. CAMP is not registered with the Securities and Exchange Commission.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **2) CASH AND INVESTMENTS, (continued)**

#### Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, that can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs, and Level 3 inputs have the lowest priority and consist of unobservable inputs for an asset or liability. The valuation method used for rental properties is the Leased Fee Market method, which is dependent on the income generated from the rental properties.

The following table presents the balances of the assets measured at fair value on a recurring basis of June 30, 2020.

Investments by Fair Value Level	Fair Value Measurement Using			
	Total	Level 1	Level 2	Level 3
Federal Agency Securities	\$ 28,097,529	\$ -	\$ 28,097,529	\$ -
U.S. Treasury Obligations	14,671,180	-	14,671,180	-
U.S. Corporate	16,343,409	-	16,343,409	-
Municipal Obligations	800,153	-	800,153	-
Asset-Backed Securities	3,173,272	-	3,173,272	-
Foreign Corporate	2,073,547	-	2,073,547	-
Held by bond trustees:				
U.S. Treasury Obligations	2,578,535	-	2,578,535	-
Real Estate	149,035,000	-	-	149,035,000
Total Investments by Fair Value Level	216,772,625	\$ -	\$ 67,737,625	\$ 149,035,000
Not subject to the fair value hierarchy:				
LAIF	29,113,979			
CAMP	41,696,987			
Money Market Mutual Funds	2,706,193			
Held by bond trustees:				
Money Market Mutual Funds	61,717,675			
Total	<u>\$ 352,007,459</u>			

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **3) NOTES RECEIVABLE**

At June 30, 2020, notes receivable consisted of the following:

The City loaned \$1,700,000 to AOA San Marcos LLC for construction financing of a mixed use complex. The loan is payable in full in June, 2024 and bears an interest rate of 5.25% per annum. Due to the long-term nature of the loan, unavailable revenue has been recorded in the General Fund. The balance at June 30, 2020 includes accrued interest of \$78,108.

\$ 1,778,108

The City of San Marcos affordable housing program has made various loans to individuals to acquire and own property within mobile home parks. These loans are at various low simple interest rates. Principal and interest are due in 30 years from the date of the note unless the property is sold or the individual no longer qualifies under low or moderate income requirements. Due to the long-term nature of the loans, unavailable revenue has been recorded in the Affordable Housing Special Revenue Fund.

1,061,919

The City and former City of San Marcos Redevelopment Agency made several loans to various housing developers for the acquisition, construction or rehabilitation of low and moderate housing. Upon the dissolution of the Redevelopment Agency, these loans were transferred to the City's affordable housing program. The loans were made in fiscal years 1997 through 2011 at various amounts and at interest rates ranging from 0.25% to 5.9% per annum. Principal and interest are due at various maturity dates but no later than 55 years from the date of the note. Due to the long-term nature of the loans, unavailable revenue has been recorded in the Affordable Housing Special Revenue Fund.

159,877,369

In June 2001, the City loaned \$1,320,000 to a developer for the acquisition, development and construction of a commercial pad. The loan has a term of thirty years and bears an interest rate of 3%. Payments from residual receipts, if any, are to be made on an annual basis beginning with May 15 of the year first following the date the project is completed. Due to the long-term nature of the loan, unavailable revenue has been recorded in the Affordable Housing Special Revenue Fund. The balance at June 30, 2020 includes accrued interest of \$472,667.

1,792,667

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **3) NOTES RECEIVABLE, (continued)**

In December 2004, the City loaned \$700,000 to Assisted Living Foundation of America (ALFA), a non-profit corporation, to assist with the development of a 120-unit senior housing project. The loan is payable in full on June 1, 2038 and bears an interest rate of 1%. Due to the long-term nature of the loan, unavailable has been recorded in the Affordable Housing Special Revenue Fund. The balance at June 30, 2020 includes accrued interest of \$100,722.

\$ 800,722

The City made two loans for a total amount of \$1,845,625 to ALFA to assist with the development of a 100-unit affordable rental housing project. The loan is payable in full on June 1, 2040 and bears an interest rate of 3%. Due to the long-term nature of the loan, unavailable revenue has been recorded in the Affordable Housing Special Revenue Fund. The balance at June 30, 2020 includes accrued interest of \$596,123.

2,441,748

The City has provided loans to several individuals under a Federal (HOME) and a State (CalHOME) mortgage assistance loan programs. The loans are to be repaid in 30 years and bear an interest rate of 3%. Due to the long-term nature of these loans, unavailable revenue has been recorded in the HOME Grant and the CalHOME Grant Special Revenue Funds.

2,355,865

The former City of San Marcos Redevelopment Agency provided loans to individuals under a mortgage assistance program. The loans are to be repaid in 30 years and bear an interest of 3%. Upon the dissolution of the Redevelopment Agency, these loans were transferred to the City's affordable housing program. Due to the long-term nature of the loans, unavailable revenue has been recorded in the Affordable Housing Special Revenue Fund.

666,778

Total notes receivable

\$ 170,775,176

## *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

#### 4) OTHER RECEIVABLES

At June 30, 2020, other receivables consisted of the following:

### Governmental Funds:

The City has entered into an agreement with a property owner whereby certain public facilities fees are being deferred. The revenue has been deferred in the governmental funds.

\$ 120,516

In March 2020, the City set aside up to \$3,000,000 of the City's General Fund Reserves for a short term business loan program. This program was created in response to the significant negative impact the Covid-19 emergency situation caused the City's local business community.

2,944,800

## Other miscellaneous receivables

716,675

#### Total other receivables – governmental funds

\$ 3,781,991

### Proprietary Funds:

In June 2004, the City entered into a Release and Settlement Agreement with a contractor whereby \$974,652 is to be remitted to the City over the next fifty years as compensation for the loss of lease space. Payments of \$1,624 are to be made on the fifteenth day of each month beginning on or about June 15, 2005 through May 15, 2055.

\$ 685,505

## 5) INTERFUND RECEIVABLES AND TRANSFERS

Short term loans between funds (Due to/Due from) were as follows at June 30, 2020:

Receivable Fund	Payable Fund	Amount
General Fund	Non-Major Governmental Funds	\$ 1,605,670

The loans from the General Fund to the Non-Major Governmental Funds were made to eliminate short-term cash deficits.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **5) INTERFUND RECEIVABLES AND TRANSFERS, (continued)**

Long term loans between funds (Advances to/Advances from) were as follows at June 30, 2020:

Receivable Fund	Payable Fund	Amount
San Marcos Affordable Housing	General Fund	<u>\$ 2,395,486</u>

The loan from the San Marcos Affordable Housing Fund to the General Fund was made for the purchase of a proportional share of the Next Generation Regional Communications System (NextGen RCS), which provides public safety and public service radio communications to San Diego and Imperial Counties.

Interfund transfers were as follows:

	Transfers In					Total Transfers Out
	General Fund	San Marcos Affordable Housing	Capital Improvements	Non-Major Governmental Funds		
Transfers Out:						
General Fund	\$ -	\$ 142,500	\$ 2,331,412	\$ 1,011,241	\$ 3,485,153	
Capital Improvements	-	-	-	268,973	268,973	
Creekside Marketplace						
Enterprise Fund	3,500,000	-	-	-	-	3,500,000
Non-major Governmental Funds	1,849,708	-	5,618,274	-	7,467,982	
Total Transfers In:	<u>\$ 5,349,708</u>	<u>\$ 142,500</u>	<u>\$ 7,949,686</u>	<u>\$ 1,280,214</u>	<u>\$ 14,722,108</u>	

All of the transfers were made as budgeted. The transfer of \$3,500,000 was transferred from the Creekside Marketplace Enterprise Fund to the General Fund to fund operations. \$2,331,412 from the General Fund to the Capital Improvements Fund was to fund Capital Improvement projects. \$1,011,241 from General Fund to the Non-Major Governmental Funds was for operational activities. The \$5,618,274 transfers from the Non-Major Governmental Funds to the Capital Improvements Fund were also to fund the CIP projects. Of the \$1,849,708 transfers from the Non-Major Governmental Funds to the General Fund, \$1,833,776 was transferred to fund lighting and landscaping costs.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **6) UNAVAILABLE/UNEARNED REVENUE**

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable Revenue	Unearned Revenue	Total
Revenue received prior to recognition period	\$ -	\$ 341,138	\$ 341,138
Revenue received from developers prior to earning	-	2,231,473	2,231,473
Revenues earned but not available within 60 days after the close of the fiscal year	713,220	-	713,220
Fees receivable from property owners under various agreements	649,401	-	649,401
Long-term loans to mobile home owners	1,061,919	-	1,061,919
Long-term loans to individuals under a mortgage assistance program	3,038,643	-	3,038,643
Long-term loans to developers for the acquisition, construction or rehabilitation of affordable housing	165,592,147	-	165,592,147
Long-term loan to a developer for the acquisition, development and construction of a commercial pad	1,792,667	-	1,792,667
 Total unavailable/earned revenue for governmental funds	 \$ 172,847,997	 \$ 2,572,611	 \$ 175,420,608

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **7) CAPITAL ASSETS**

Capital asset activity was as follows for the year ended June 30, 2020:

<b>Governmental Activities:</b>	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
Capital assets, not depreciated:				
Land	\$ 255,357,172	\$ -	\$ (909,270)	\$ 254,447,902
Land improvements	66,004,203	498,844	-	66,503,047
Construction in progress	30,145,410	17,341,619	(3,110,053)	44,376,976
Total capital assets, not depreciated	<u>351,506,785</u>	<u>17,840,463</u>	<u>(4,019,323)</u>	<u>365,327,925</u>
Capital assets, being depreciated:				
Buildings	73,062,865	193,707	-	73,256,572
Furniture and equipment	20,836,955	1,322,465	-	22,159,420
Infrastructure	385,443,661	1,747,592	-	387,191,253
Total capital assets, being depreciated	<u>479,343,481</u>	<u>3,263,764</u>	<u>-</u>	<u>482,607,245</u>
Less accumulated depreciation for:				
Buildings	(31,436,507)	(1,465,133)	-	(32,901,640)
Furniture and equipment	(13,579,179)	(1,771,952)	-	(15,351,131)
Infrastructure	(187,543,371)	(11,504,839)	-	(199,048,210)
Total accumulated depreciation	<u>(232,559,057)</u>	<u>(14,741,924)</u>	<u>-</u>	<u>(247,300,981)</u>
Total capital assets, being depreciated, net	<u>246,784,424</u>	<u>(11,478,160)</u>	<u>-</u>	<u>235,306,264</u>
Total governmental activities	<u>\$ 598,291,209</u>	<u>\$ 6,362,303</u>	<u>\$ (4,019,323)</u>	<u>\$ 600,634,189</u>

Current year deletions to construction in progress include project costs of \$622,865 that were deemed not viable during the planning and design phase of the project.

# City of San Marcos

## Notes to Basic Financial Statements For the Year Ended June 30, 2020

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### 7) CAPITAL ASSETS, (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

#### Governmental Activities:

General government	\$ 983,114
Public safety	1,523,934
Highways, streets and parks	12,105,505
Culture and recreation	<u>129,371</u>
 Total depreciation expense – governmental activities	<u><u>\$ 14,741,924</u></u>

Assets acquired through capital leases are as follows:

Equipment	\$ 3,355,838
Less: Accumulated depreciation	<u>(225,568)</u>
 Total	<u><u>\$ 3,130,270</u></u>

### 8) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for Governmental Activities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
<b>Governmental Activities:</b>					
<b>Long-term debt</b>					
<i>Direct borrowing:</i>					
Loans payable	\$ 943,664	\$ -	\$ (166,609)	\$ 777,055	\$ 168,302
Safety center private placement financing	<u>3,215,000</u>	<u>-</u>	<u>(310,000)</u>	<u>2,905,000</u>	<u>320,000</u>
Subtotal long-term debt	<u>4,158,664</u>	<u>-</u>	<u>(476,609)</u>	<u>3,682,055</u>	<u>488,302</u>
<b>Other long-term liabilities</b>					
Compensated absences	4,296,365	3,395,208	(2,816,813)	4,874,760	3,019,342
Claims payable	1,424,859	1,070,445	(808,607)	1,686,697	600,000
Capital leases payable	1,334,885	1,509,757	(430,857)	2,413,785	498,308
Subtotal other long-term liabilities	<u>7,056,109</u>	<u>5,975,410</u>	<u>(4,056,277)</u>	<u>8,975,242</u>	<u>4,117,650</u>
Total long-term liabilities	<u><u>\$ 11,214,773</u></u>	<u><u>\$ 5,975,410</u></u>	<u><u>\$ (4,532,886)</u></u>	<u><u>\$ 12,657,297</u></u>	<u><u>\$ 4,605,952</u></u>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **8) LONG-TERM LIABILITIES, (continued)**

The entire net pension and net OPEB liabilities are reported as a noncurrent liabilities in the accompanying Statement of Net Position in accordance with GASB Statement Nos. 68 and 75, respectively. Net pension and net OPEB liabilities are generally liquidated by the City's General Fund. See notes 11 and 12, respectively, for more information.

#### Loans Payable - Direct Borrowing

In December 2012, the City entered into a loan agreement with the California Energy Resources Conservation and Development Commission (the Energy Commission) for the amount of \$602,188. The loan was used to fund various energy savings projects at the City Hall and Public Works Buildings. Semi-annual payments of \$39,344 from the General Fund, including interest at the rate of 1.0%, are due each December 22 and June 22 through year 2021. Semiannual payments due to the Energy Commission shall be made from saving in energy costs or other legally available funds as the City chooses. In the event annual cost savings fail to equal or exceed the amount due under the loan agreement, the agreement may be renegotiated to assure that the repayment amount does not exceed the actual energy savings or avoided costs resulting from the project.

\$ 78,100

In March 2014, the City entered into a loan agreement with the California Energy Resources Conservation and Development Commission (the Energy Commission) for a preliminarily approved amount of \$1,100,000, at an annual interest rate of 1.0%. The loan is for an energy savings project consisting of retrofitting 2,000 LED streetlight fixtures throughout the City. The City receives the loan proceeds on a cost reimbursement basis. The project was completed, and the amount of the loan was finalized on May 3, 2016 at \$1,049,332. The semi-annual loan repayments of \$48,484 from the Community Facilities District 98-02 and the Street Light District Special Revenue Funds are due each December 22 and June 22 through year 2027. In the event annual cost savings fail to equal or exceed the amount due under the loan agreement, the agreement may be renegotiated to assure that the repayment amount does not exceed the actual energy savings or avoided costs resulting from the project.

698,955

Total loans payable \$ 777,055

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **8) LONG-TERM LIABILITIES, (continued)**

#### Loans Payable - Direct Borrowing, (continued)

The annual requirements to amortize the loans payable are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 168,302	\$ 7,352	\$ 175,654
2022	91,106	5,861	96,967
2023	92,020	4,948	96,968
2024	92,931	4,035	96,966
2025	93,874	3,094	96,968
2026-2029	<u>238,822</u>	<u>3,596</u>	<u>242,418</u>
<b>Total</b>	<b><u>\$ 777,055</u></b>	<b><u>\$ 28,886</u></b>	<b><u>\$ 805,941</u></b>

#### Safety Center Private Placement Financing – Direct Borrowing

In November 2017, the San Marcos Public Financing Authority entered into a private placement financing agreement in the amount of \$3,535,000 to refund the San Marcos Public Facilities Authority 2006 Lease Revenue Refunding Bonds for the construction of a safety center. The interest and principal are due semi-annually on May 1 and November 1 commencing May 1, 2018 at interest rate of 2.37%. Payments due are funded by the revenues generated from the use of the safety center from various entities. The reserve requirement was fully funded at the end of the fiscal year.

\$ 2,905,000

Debt service requirements to maturity are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 320,000	\$ 68,849	\$ 388,849
2022	335,000	61,265	396,265
2023	340,000	53,325	393,325
2024	345,000	45,267	390,267
2025	350,000	37,091	387,091
2026-2030	<u>1,215,000</u>	<u>63,040</u>	<u>1,278,040</u>
<b>Total</b>	<b><u>\$ 2,905,000</u></b>	<b><u>\$ 328,837</u></b>	<b><u>\$ 3,233,837</u></b>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **8) LONG-TERM LIABILITIES, (continued)**

#### Compensated Absences

GASB Statement No. 16 identifies certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

City employees accumulate earned but unused benefits that can be converted to cash at termination of employment. The accrued liability for these vested benefits, payable in accordance with various collective bargaining agreements, totals \$4,874,760 as of June 30, 2020.

#### Claims Payable

Claim and judgment liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The City records the estimated loss, net of any insurance coverage under its self-insurance program (See note 13). The amount outstanding as of June 30, 2020 was \$1,686,697.

#### Capital Leases Payable

Future lease payments under the capital lease are as follows:

Year Ending June 30,	Amount
2021	\$ 570,480
2022	569,480
2023	544,248
2024	394,695
2025	<u>553,820</u>
Total minimum lease payments	2,632,723
Less amount representing interest	<u>(218,938)</u>
Net present value of minimum lease payments	<u><u>\$ 2,413,785</u></u>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **9) FUND BALANCE CLASSIFICATIONS**

Fund balance for governmental funds are classified as (1) nonspendable, (2) restricted, (3) assigned, or (4) unassigned. The details of the governmental fund balances as of June 30, 2020 are presented below:

	General	San Marcos Affordable Housing	Capital Improvements	Total Non-Major Governmental Funds	Total
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Land held for resale	\$ 440,594	\$ -	\$ -	\$ -	\$ 440,594
Deposits	1,846,670	-	-	-	1,846,670
Investments in real estate	53,425,000	-	-	-	53,425,000
Investment in joint venture	6,794,735	-	-	-	6,794,735
<b>Subtotal</b>	<b>62,506,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,506,999</b>
<b>Restricted for:</b>					
Affordable housing	-	45,254,867	-	-	45,254,867
Transportation	-	-	-	9,537,834	9,537,834
Lighting and landscape	-	-	-	15,084,990	15,084,990
Pension trust	2,492,150	-	-	-	2,492,150
Capital improvements	-	-	-	1,004,808	1,004,808
Public facilities	-	-	-	36,476,935	36,476,935
Other purposes	-	-	-	3,197,633	3,197,633
<b>Subtotal</b>	<b>2,492,150</b>	<b>45,254,867</b>	<b>-</b>	<b>65,302,200</b>	<b>113,049,217</b>
<b>Assigned to:</b>					
Vehicle & equipment acquisition/ replacement	607,462	-	-	-	607,462
City facilities replacement/ rehabilitation	3,835,975	-	-	-	3,835,975
City infrastructure replacement/ rehabilitation	5,579,914	-	-	-	5,579,914
<b>Subtotal</b>	<b>10,023,351</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,023,351</b>
<b>Unassigned</b>	<b>32,505,397</b>	<b>-</b>	<b>(3,507,966)</b>	<b>(1,591,721)</b>	<b>27,405,710</b>
<b>Total</b>	<b>\$ 107,527,897</b>	<b>\$ 45,254,867</b>	<b>\$ (3,507,966)</b>	<b>\$ 63,710,479</b>	<b>\$ 212,985,277</b>

# City of San Marcos

## Notes to Basic Financial Statements For the Year Ended June 30, 2020

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### 10) NET POSITION CLASSIFICATIONS

Net position for governmental activities and business-type activities is classified as (1) net investment in capital assets, (2) restricted, or (3) unrestricted. The details of the net position as of June 30, 2020 are presented below:

	Governmental Activities	Business-Type Activities	Total	Permanent Fund Community Foundation
<b>Net Investment in Capital Assets:</b>				
Capital assets, net of accumulated depreciation	\$ 600,634,189	\$ -	\$ 600,634,189	\$ -
Loss on defeasance of debt	52,636	-	52,636	-
Less capital related debt balances:				
Private placement financing	(2,905,000)	-	(2,905,000)	-
Capital leases payable	(2,413,785)	-	(2,413,785)	-
Loans payable	(777,055)	-	(777,055)	-
<b>Total Net Investment in Capital Assets</b>	<b>594,590,985</b>	<b>-</b>	<b>594,590,985</b>	<b>-</b>
<b>Restricted for:</b>				
Permanent fund - not expendable	-	-	-	1,000,000
Permanent fund - expendable	-	-	-	219,405
Affordable housing	214,394,691	-	214,394,691	-
Transportation	9,539,280	-	9,539,280	-
Lighting and landscape	15,104,188	-	15,104,188	-
Pension trust	2,492,150	-	2,492,150	-
Capital improvements	1,004,808	-	1,004,808	-
Public facilities	36,613,825	-	36,613,825	-
Other purposes	3,197,633	-	3,197,633	-
<b>Total Restricted</b>	<b>282,346,575</b>	<b>-</b>	<b>282,346,575</b>	<b>1,219,405</b>
<b>Unrestricted</b>	<b>35,898,754</b>	<b>96,901,655</b>	<b>132,800,409</b>	<b>-</b>
<b>Total</b>	<b>\$ 912,836,314</b>	<b>\$ 96,901,655</b>	<b>\$ 1,009,737,969</b>	<b>\$ 1,219,405</b>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **11) RETIREMENT PLAN**

#### **A) General Information about the Pension Plans**

##### **Plan Descriptions**

The Plans consist of an agent multiple-employer defined benefit pension plan and a public agency cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS).

##### *Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan*

The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). 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 plan's June 30, 2018 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

##### *Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors four rate plans (one miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

##### **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. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **11) RETIREMENT PLAN, (continued)**

#### **A) General Information about the Pension Plans, (continued)**

##### **Benefits Provided, (continued)**

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<b>Miscellaneous Plan</b>		
	<b>Prior to May 15, 2012</b>	<b>On or After May 15, 2012</b>	<b>On or After January 1, 2013</b>
Hire date			
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.50%
Required employer contribution rates	11.484%	11.484%	11.484%

	<b>Safety Plan</b>		
	<b>Prior to May 15, 2012</b>	<b>On or After May 15, 2012</b>	<b>On or After January 1, 2013</b>
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.75%
Required employer contribution rates	23.654%	20.603%	13.786%

##### **Employees Covered**

At June 30, 2018 (valuation date), the following employees were covered by the benefit terms:

	<b>Miscellaneous Plan</b>
Inactive employees or beneficiaries currently receiving benefits	183
Inactive employees entitled to but not yet receiving benefits	297
Active employees	200
<b>Total</b>	<b>680</b>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **11) RETIREMENT PLAN, (continued)**

#### **A) General Information about the Pension Plans, (continued)**

##### **Contributions**

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 CalPERS' annual actuarial valuation process.

##### *Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan*

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were \$5,024,888.

##### *Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan*

For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's 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 contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2020 were \$2,639,604. The actual employer payments of \$2,456,542 made to CalPERS by the City during the measurement period ended June 30, 2019 differed from the City's proportionate share of the employer's contributions of \$2,678,660 by \$222,118, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

#### **B) Net Pension Liability**

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **11) RETIREMENT PLAN, (continued)**

#### **B) Net Pension Liability, (continued)**

##### **Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method:	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by entry age and service
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of scale MP-2016 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 December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov).

##### **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 San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### 11) RETIREMENT PLAN, (continued)

#### B) Net Pension Liability, (continued)

##### Long-term Expected Rate of Return

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class <sup>1</sup>	Current Target Allocation	Real Return Years 1 - 10 <sup>2</sup>	Real Return Year 11+ <sup>3</sup>
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	-	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real assets	13%	3.75%	4.93%
Liquidity	1%	-	(0.92%)
Total	<u><u>100%</u></u>		

<sup>1</sup>In the System's CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

<sup>2</sup>An expected inflation of 2% used for this period

<sup>3</sup>An expected inflation of 2.92% used for this period

##### Change of Assumptions

There were no changes in assumptions.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **11) RETIREMENT PLAN, (continued)**

#### **B) Net Pension Liability, (continued)**

##### **Discount Rate**

The discount rate used to measure the total pension liability for PERF C was 7.15%. 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.

##### **Pension Plan Fiduciary Net Position**

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website, at [www.calpers.ca.gov](http://www.calpers.ca.gov). The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

# City of San Marcos

## Notes to Basic Financial Statements For the Year Ended June 30, 2020

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### 11) RETIREMENT PLAN, (continued)

#### C) Changes in Net Pension Liability

##### **Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan**

The following table shows the Plan's change in net pension liability over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
<b>Balance at: 6/30/2018 (VD)</b>	<b>\$ 137,527,387</b>	<b>\$ 96,863,846</b>	<b>\$ 40,663,541</b>
<b>Changes Recognized for the Measurement Period:</b>			
• Service Cost	2,938,266	-	2,938,266
• Interest on the Total Pension Liability	9,846,868	-	9,846,868
• Changes of Benefit Terms	-	-	-
• Changes of Assumptions	-	-	-
• Differences between Expected and Actual Experience	2,125,402	-	2,125,402
• Net Plan to Plan Resource Movement	-	-	-
• Contributions from Employers	-	4,615,503	(4,615,503)
• Contributions from Employees	-	1,104,152	(1,104,152)
• Net Investment Income	-	6,421,470	(6,421,470)
• Benefit Payments, including Refunds of Employee Contributions	(6,806,974)	(6,806,974)	-
• Administrative Expense	-	(69,124)	69,124
• Other Miscellaneous Income/(Expense)	-	225	(225)
<b>Net Changes during 2018-19</b>	<b>8,103,562</b>	<b>5,265,252</b>	<b>2,838,310</b>
<b>Balance at: 6/30/2019 (MD)</b>	<b>\$ 145,630,949</b>	<b>\$ 102,129,098</b>	<b>\$ 43,501,851</b>

Valuation Date (VD), Measurement Date (MD).

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### 11) RETIREMENT PLAN, (continued)

#### C) Changes in Net Pension Liability, (continued)

##### **Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan**

The following table shows the cost sharing, multiple-employer Plans' proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2018 (VD)	\$ 76,083,067	\$ 58,472,465	\$ 17,610,602
Balance at: 6/30/2019 (MD)	80,601,541	61,079,670	19,521,871
Net changes during 2018-19	4,518,474	2,607,205	1,911,269

Valuation Date (VD), Measurement Date (MD).

The City's net pension liability for each of the cost sharing, multiple-employer Plans is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The City's proportionate share of the net pension liability for the safety Plan as of June 30, 2018 and 2019 measurement dates was as follows:

	Safety Plan
Proportion - June 30, 2018	0.30014%
Proportion - June 30, 2019	0.31272%
Change - Increase (Decrease)	0.01258%

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### 11) RETIREMENT PLAN, (continued)

#### C) Changes in Net Pension Liability, (continued)

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

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

	<b>Discount Rate - 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
Miscellaneous Plans' Net Pension Liability	\$ 63,194,868	\$ 43,501,851	\$ 27,286,280
Safety Plans' Net Pension Liability	\$ 30,567,779	\$ 19,521,871	\$ 10,465,956

#### Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

#### Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, 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:

Net difference between  
projected and actual earnings  
on pension plan investments      5 year straight-line amortization

All other amounts

Straight-line amortization over the expected  
average remaining services lives (EARSL) of  
all members that are provided with benefits  
(active, inactive and retired) as of the beginning  
of the measurement period

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **11) RETIREMENT PLAN, (continued)**

#### **C) Changes in Net Pension Liability, (continued)**

##### **Recognition of Gains and Losses**

For the agent, multiple employer plan, the expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). For the cost sharing, multiple employer plan, the EARSL is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost Sharing Multiple-Employer Plan (PERF C).

The EARSL for the Plan for the measurement date ending June 30, 2019 is 3.1 years, which was obtained by dividing the total service years of 2,118 (the sum of remaining service lifetimes of the active employees) by 674 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

The EARSL for PERF C for the measurement period ending June 30, 2019 is 3.8 years, which was obtained by dividing the total service years of 530,470 (the sum of remaining service lifetimes of the active employees) by 140,593 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **11) RETIREMENT PLAN, (continued)**

#### **D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

##### Miscellaneous – Agent, Multiple-Employer Defined Benefit Pension Plan

As of the start of the measurement period (July 1, 2018), the net pension liability was \$40,663,541. For the measurement period ending June 30, 2019 (the measurement date), the City incurred a pension expense of \$8,834,991 for the Plan. A complete breakdown of the pension expense is as follows:

<b>Description</b>	<b>Amount</b>
Service Cost	\$ 2,938,266
Interest on Total Pension Liability	9,846,868
Recognized Changes of Assumptions	2,129,827
Recognized Differences between Expected and Actual Experience	738,485
Employee Contributions	(1,104,152)
Projected Earnings on Pension Plan Investments	(6,876,850)
Recognized Differences between Projected and Actual	
Earnings on Plan Investments	1,093,648
Administrative Expense	69,124
Other Miscellaneous (Income)/Expense	(225)
<b>Total Pension Expense</b>	<b>\$ 8,834,991</b>

##### Safety – Cost Sharing, Multiple-Employer Defined Benefit Pension Plan

As of the start of the measurement period (July 1, 2018), the net pension liability for the safety plans is \$17,610,602. For the measurement period ending June 30, 2019 (the measurement date), the City incurred a pension expense of \$4,760,174 for the safety plan.

The aggregate amount of pension expenses for the Miscellaneous and Safety plans for the measurement period ending June 30, 2019 is \$13,595,165.

# City of San Marcos

## Notes to Basic Financial Statements For the Year Ended June 30, 2020

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### 11) RETIREMENT PLAN, (continued)

#### D) Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

As of June 30, 2020, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 1,546,044	\$ (22,489)	\$ 1,274,602	\$ -
Changes of Assumptions	242,144	(349,932)	800,167	(156,152)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(536,124)	-	(268,557)
Change in Employer's Proportion	-	-	1,093,278	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	(355,453)
Pension Contributions Subsequent to Measurement Date	5,024,888	-	2,639,604	-
	<u>\$ 6,813,076</u>	<u>\$ (908,545)</u>	<u>\$ 5,807,651</u>	<u>\$ (780,162)</u>

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. The \$5,024,888 and \$2,639,604 reported as deferred outflows of resources related to the contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources, Net	
	Miscellaneous	Safety
2021	\$ 1,012,471	\$ 1,795,235
2022	(120,711)	225,759
2023	(103,193)	314,639
2024	91,076	52,252
2025	-	-
Thereafter	-	-

#### D) Payable to the Pension Plan

The City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

## *City of San Marcos*

### **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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#### **11) RETIREMENT PLAN, (continued)**

##### **E) Defined Contribution Pension Plan**

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is administered as part of the City's 457 plan. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and the City Council has resolved to pay 1.9% for City employees of the required contribution. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the year ended June 30, 2020, the City's total payroll and covered payroll for part-time employees was \$1,228,191. The City made employer contributions of \$23,335 (1.9% of current covered payroll), and employees contributed \$68,779 (5.6% of current covered payroll).

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### 12) Other Postemployment Benefits (OPEB)

#### A) General Information about the OPEB Plans

##### Plan Description

###### *Safety – Agent, Multiple-Employer Defined Benefit Plan*

Effective January 12, 1999, the City of San Marcos City Council and the San Marcos Fire Protection District (SMFPD) Board of Directors authorized the merger of the City and SMFPD contracts for the California Public Employees' Retirement System (CalPERS) for the Safety employees. For Safety retirees who retired before the merger, the City continues to contribute the amount necessary to pay the full cost of enrollment in the CalPERS Health Plan, including the enrollment of eligible family members, as passed by resolution by the SMFPD Board of Directors on April 12, 1977. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree. For Safety retirees who retired after the merger, the City provides the minimum required employer contribution under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree. The scheduled minimum required employer contributions for each eligible retiree under the CalPERS Health Plan are \$139 per month in 2020.

###### *Miscellaneous – Agent, Multiple-Employer Defined Benefit Plan*

For non-safety or Miscellaneous employees, the City offers retirees and eligible dependents to continue on the City's miscellaneous employee health plan until they are eligible for Medicare benefits. Retirees may participate in the health plan at their own cost.

The City does not issue any financial report for the plans. A separate financial report is not prepared for the plans.

##### Employees Covered

As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	239
Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to, but not yet receiving benefits	6
Total	<u>286</u>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### 12) Other Postemployment Benefits (OPEB), (continued)

#### A) General Information about the OPEB Plans, (continued)

##### Contributions

The City pays the portion of the employer related health insurance premiums for the current retirees and their spouses/dependents on a pay-as-you-go basis (no prefunding). For fiscal year ended June 30, 2020, the City paid \$227,858 for other postemployment benefits.

#### B) Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward to determine the June 30, 2019 total OPEB liability, based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions</b>	<b>June 30, 2019 Measurement Date</b>
Actuarial Valuation Date	June 30, 2018
Contribution Policy	No pre-funding
Discount Rate	3.50% at June 30, 2019 (Bond Buyer 20-Bond Index) 3.87% at June 30, 2018 (Bond Buyer 20-Bond Index)
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	Based on CalPERS 1997-2015 Experience Study
Salary increases	3% annually
Medical Trend	Non-Medicare – 7.5% for 2020, decreasing to an ultimate rate of 4.00% in 2076 Medicare – 6.5% for 2020, decreasing to an ultimate rate of 4.00% in 2076
Healthcare Participation	<i>Current Actives:</i> Miscellaneous - 70% Safety - 60% <i>Current Retirees:</i> 100% if covered, 10% re-elect PEMHCA at 65 if waived

##### Discount Rate

A discount rate of 3.50 percent was used in the valuation for measurement date June 30, 2019.

# City of San Marcos

## Notes to Basic Financial Statements For the Year Ended June 30, 2020

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### 12) Other Postemployment Benefits (OPEB), (continued)

#### B) Total OPEB Liability, (continued)

##### Changes in the Total OPEB Liability

The changes in the total OPEB liability for the Plan are as follows:

	(a)	(b) Plan	(a) - (b) = (c)
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019 (6/30/18 measurement date)	<u>\$ 6,664,749</u>	<u>\$ -</u>	<u>\$ 6,664,749</u>
Changes recognized for the measurement period:			
Service cost	409,539	-	409,539
Interest	269,366	-	269,366
Differences between expected and actual experience	-	-	-
Changes of assumptions	351,334	-	351,334
Benefit payments	(227,858)	-	(227,858)
Net changes	<u>802,381</u>	<u>-</u>	<u>802,381</u>
Balance at June 30, 2020 (6/30/19 measurement date)	<u>\$ 7,467,130</u>	<u>\$ -</u>	<u>\$ 7,467,130</u>

##### Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 8,567,586	\$ 7,467,130	\$ 6,574,760

##### Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 6,332,512	\$ 7,467,130	\$ 8,921,067

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **12) Other Postemployment Benefits (OPEB), (continued)**

#### **B) Total OPEB Liability, (continued)**

##### OPEB Plan Fiduciary Net Position

As the City is not prefunding with an OPEB trust, Plan Fiduciary Net Position was \$0 at the June 30, 2019 measurement date. The City does not have assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

##### Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The net difference between projected and actual earnings on OPEB plan investments is amortized using the straight-line method over 5 years, while all other amounts are amortized over the expected average remaining service lifetime (EARSL) of plan participants.

##### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$417,669. As of fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes between expected and actual experience	\$ -	\$ (1,434,868)
Changes of assumptions	314,737	(630,090)
Contributions to OPEB plan subsequent to the measurement date	267,542	-
<b>Total</b>	<b>\$ 582,279</b>	<b>\$ (2,064,958)</b>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### 12) Other Postemployment Benefits (OPEB), (continued)

#### B) Net OPEB Liability, (continued)

##### OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB, (continued)

The \$267,542 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows or inflows of resources related to OPEB will be recognized as expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ (261,766)
2022	(261,766)
2023	(261,766)
2024	(261,766)
2025	(261,766)
Thereafter	<u>(441,391)</u>
	<u><u>\$ (1,750,221)</u></u>

### 13) INSURANCE

#### A) California Joint Powers Insurance Authority

##### (1) Description of Self-Insurance Pool Pursuant the Joint Powers Agreement

The City of San Marcos is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **13) INSURANCE, (continued)**

#### **A) California Joint Powers Insurance Authority, (continued)**

##### **(2) Self-Insurance Programs of the Authority**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

##### **Primary Liability Program**

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpi.org/coverage/risk-sharing-pools/>.

##### **(3) Purchased Insurance**

##### **Pollution Legal Liability Insurance**

The City of San Marcos participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of San Marcos. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **13) INSURANCE, (continued)**

#### **A) California Joint Powers Insurance Authority, (continued)**

##### **(3) Purchased Insurance, (continued)**

###### **Property Insurance**

The City of San Marcos participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of San Marcos property is currently insured according to a schedule of covered property submitted by the City of San Marcos to the Authority. City of San Marcos property currently has all-risk property insurance protection in the amount of \$184,411,231. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

###### **Earthquake and Flood Insurance**

The City of San Marcos purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of San Marcos property currently has earthquake protection in the amount of \$151,415,315. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

###### **Crime Insurance**

The City of San Marcos purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

###### **Special Event Tenant User Liability Insurance**

The City of San Marcos further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of San Marcos according to a schedule. The City of San Marcos then pays for the insurance. The insurance is facilitated by the Authority.

##### **(4) Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2019-20.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **13) INSURANCE, (continued)**

#### **B) Public Agency Self-Insurance System (PASIS)**

##### **Workers Compensation**

The City is a member of the Public Agency Self-Insurance System (PASIS) which is a joint powers authority of nine fire districts in San Diego County and the City of San Marcos. PASIS' purpose is to provide for payment of workers' compensation claims, purchase claims examiner services, general counsel services and excess insurance coverage. Members are responsible for paying their own claims and related expenses.

For claims arising prior to July 1, 2001, the City was responsible for the first \$250,000 of each loss. For claims arising during the year ended June 30, 2002, the deductible amount was \$400,000. For claims arising between July 1, 2002 and June 30, 2009, the deductible amount was \$500,000. The deductible for claims arising after June 30, 2009 is \$300,000. PASIS carries excess insurance through a commercial insurance company to cover amounts over the self-insured retention. PASIS requires the City to maintain a minimum of \$300,000 cash deposit with PASIS. At June 30, 2020, the City had \$733,455 on deposit with PASIS and claims payable of \$1,689,697.

### **14) JOINT VENTURES**

#### **North County Dispatch Joint Powers Authority**

The City is a member of the North County Dispatch Joint Powers Authority (the JPA). The JPA was formed on June 11, 1984, and other member agencies include the Rancho Santa Fe Fire Protection District, the North County Fire Protection District and the cities of Vista, Solana Beach, Oceanside, Encinitas, and Carlsbad. The purpose of the JPA is to provide dispatching and emergency communication services for fire protection, security, and medical services. Each member provides an annually determined contribution towards the ongoing operation. In the event of dissolution of the JPA, available assets shall be distributed to the member agencies in proportion to the aggregate contribution made by each member agency during the entire term of the agreement.

The activities of the JPA are supervised by a board consisting of eight directors who are appointed by each member's governing body.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **14) JOINT VENTURES, (continued)**

#### North County Dispatch Joint Powers Authority, (continued)

Summarized audited information of the JPA for the fiscal year ended June 30, 2020, the most current available information, is as follows:

Assets	\$ 7,033,253
Deferred outflows	1,786,632
Liabilities	(676,896)
Deferred inflows	<u>(1,025,369)</u>
Net position	<u><u>\$ 7,117,620</u></u>
Revenues	\$ 5,597,084
Expenses	<u>(4,645,265)</u>
Change in net position	<u><u>\$ 951,819</u></u>

The City's share of the JPA's assets, liabilities, equity, and changes therein during the year is not available and is not material to the City's financial statements. Separate financial statements of the JPA are available at 16936 El Fuego Drive (P.O. Box 410), Rancho Santa Fe, CA 92067.

#### Rancheros Commercial Park

The former City of San Marcos Redevelopment Agency (the Agency) entered into a Disposition and Development Agreement with LBP Partnership on March 6, 1989. In accordance with that Agreement, the Agency and LBP Partnership formed a Limited Partnership known as Rancheros Commercial Park, a Limited Partnership. The purpose of this Limited Partnership was to engage in the business of leasing, developing, constructing, maintaining and operating certain commercial/industrial property. Each of the Partners leased to the Partnership certain real property owned by the General and Limited Partners. The capital contributions to be made by Partners were to be adjusted to match, on a percentage basis, the proportionate land areas leased by the Partners to the Partnership. The net profits of the Partnership are allocated to, and net losses suffered by the Partnership are borne by, the Partners in proportion to their respective contributions of capital and real estate. On March 26, 2010, the Agency's interest in this partnership was transferred to the City. The City's equity interest in this Limited Partnership is \$6,794,735 as of June 30, 2020. Separate financial statements for this joint venture are not available.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **15) ASSESSMENT DISTRICT, COMMUNITY FACILITIES DISTRICTS BONDS AND CONDUIT DEBT**

Bonds issued to finance public improvement projects in certain assessment districts and community facilities districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for the collection of special assessments from the property owners and the payment of principal and interest to the bondholders. The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying financial statements. The balance in the reserve account at the end of the fiscal year for each bond issue was above the reserve requirement.

Type of Debt	Amount of Issue	Outstanding June 30, 2020
City of San Marcos Community Facilities District No. 88-1, Special Tax Refunding Bonds, Series 2012, (Improvement Area No. 1, 2, 3 )	\$ 22,425,000	\$ 8,691,013
City of San Marcos Community Facilities District No. 99-01, Special Revenue Refunding Bonds, Series 2012 D (Improvement Area C2B, I1, I2)	12,585,000	9,885,000
City of San Marcos Community Facilities District No. 2002-01 (University Commons), Special Tax Refunding Bonds, Series 2012A (Improvement Area No. 1)	13,820,000	10,825,000
City of San Marcos Community Facilities District No. 2002-01 (University Commons), Special Tax Refunding Bonds, Series 2012B (Improvement Area No. 1)	4,240,000	50,000
City of San Marcos Community Facilities District No. 99-01, 2007 Special Tax Refunding Bonds (Improvement Area D2L, D2U, D3, D4, E1, E2, H2, H3)	26,405,000	16,455,000
City of San Marcos Community Facilities District No. 99-01, 2014 Special Tax Refunding Bonds (Improvement Area A1, A2, B1, B2, C1, D1, F2/V2, G3, H1A, H1B, J, M, N1, N2, R1, R2, V1A, CFD 91-01)	32,395,000	25,590,000
<b>Total</b>	<b>\$111,870,000</b>	<b>\$ 71,496,013</b>

## *City of San Marcos*

### **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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#### **15) ASSESSMENT DISTRICT, COMMUNITY FACILITIES DISTRICTS BONDS AND CONDUIT DEBT, (continued)**

The City, the Successor Agency to the former Redevelopment Agency, the San Marcos Public Facilities Authority, San Marcos Public Financing Authority, and the California Mobile Home Financing Authority have issued bonds to provide financing for the acquisition, construction and/or development of various residential dwelling units, industrial facilities, school facilities, facilities for the elderly and rental housing for low and moderate income persons. However, neither the faith and credit nor the general taxing power of the City, Successor Agency or Authorities have been pledged to the payments of the bonds. Furthermore, the City, Agency or Authorities do not have any obligations for the payments of the bonds in the case of default. Therefore, none of the following obligations are included in the accompanying financial statements.

<u>Type of Debt</u>	<u>Outstanding June 30, 2020</u>
\$39,815,000 Successor Agency to the San Marcos Redevelopment Agency 2018 Pass-Through Tax Revenue Refunding Bonds Project Area #3 - San Marcos Unified School District	<u>\$ 38,630,000</u>

#### **16) COMMITMENTS AND CONTINGENT LIABILITIES**

The City is a defendant in certain legal actions arising in the normal course of operations. The amount of loss, if any, that may result from those actions cannot be reasonably estimated at this time.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of San Marcos that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City resolution number 2012-7607.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligation of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former Redevelopment Agency due to the City are valid enforceable obligations payable by the Successor Agency Trust under the requirements of the Bill. The ability of the Successor Agency to repay the City is dependent upon the sufficiency of available tax revenues to fund such repayment. Revenues are only available for repayment to the extent that all other obligations of the Successor Agency have been provided for in accordance with a complex computation set forth in California Assembly Bill No. 1484. The City believes that there will be sufficient tax revenue to permit eventual repayment in full to the City.

After the date of dissolution, the assets and activities of the dissolved Redevelopment Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City, pending the liquidation and distribution of the assets and liabilities of the former Redevelopment Agency to other taxing entities in accordance with state law.

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, (continued)**

#### Net Investment in Direct Financing Lease

In fiscal year 1992-93, the former San Marcos Redevelopment Agency entered into a direct financing lease with the San Marcos Unified School District whereby the Agency had agreed to lease 50% of the Public Works Yard to the School District, with a purchase option at the end of the lease. The lease was amended in fiscal year 2001-02 due to the refinancing of the Civic Center/Public Works Yard Bond issue. Upon the dissolution of the Redevelopment Agency, this lease was transferred to the Successor Agency of the former Redevelopment Agency.

The terms of the amended lease call for semi-annual payments of \$98,906 including interest at 5.87% each July and January 15 commencing July 15, 2002 to July 15, 2031 and payments of \$62,663 with no interest from July 15, 2002 to July 15, 2022. A net investment in direct financing lease has been recorded in the Successor Agency Trust to account for the net present value of the lease payments at June 30, 2020.

The following lists the components of the net investment in the direct financing lease as of June 30, 2020:

Total minimum lease payments to be received	\$ 2,828,982
Less unearned income	<u>(878,265)</u>
Net investment in direct financing lease	<u>\$ 1,950,717</u>

At June 30, 2020, the future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 323,138
2022	323,138
2023	260,475
2024	260,475
2025	260,475
2026-2030	1,302,375
2030-2032	<u>98,906</u>
Total	<u>\$ 2,828,982</u>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, (continued)**

#### Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Bonds payable	\$241,880,000	\$ -	\$ (12,010,000)	\$ 229,870,000	\$ 12,375,000
Plus (less) deferred amounts:					
Issuance premium	9,610,592	-	(505,821)	9,104,771	-
Issuance discount	(1,889,309)	-	157,442	(1,731,867)	-
Total bonds payable	249,601,283	-	(12,358,379)	237,242,904	12,375,000
Cooperation agreement	23,275,296	-	-	23,275,296	-
Advance from San Marcos					
Affordable Housing Fund	12,254,663	-	(2,500,000)	9,754,663	-
Due to other governments	281,875	-	(281,875)	-	-
Total	\$285,413,117	\$ -	\$ (15,140,254)	\$ 270,272,863	\$ 12,375,000

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, (continued)**

#### **Bonds Payable**

In December 2017, the Successor Agency to the San Marcos Redevelopment Agency (Agency) issued \$47,800,000 Tax Allocation Refunding Bonds, Series 2017, to refund the outstanding \$52,805,000 San Marcos Redevelopment Agency Housing Set-Aside Tax Allocation Bonds, Series 2010, (Taxable). The bonds consist entirely of serial bonds of \$47,800,000 maturing from 2018 to 2030 in annual installments of \$3,150,000 to \$4,595,000. Interest is payable semi-annually on April 1 and October 1 commencing April 1, 2018 at rates ranging from 1.5% to 3.25%. Bonds maturing on or after October 1, 2028 are subject to optional redemption, in whole or in part, on any date on or after October 1, 2027. A discount of \$1,000,315 is being amortized over the life of the debt. The reserve requirement was met by the issuance of a municipal bond debt service reserve insurance policy issued by Assured Guaranty Municipal Corp. at the end of the fiscal year.

\$ 40,055,000

In July 2015, the Successor Agency to the San Marcos Redevelopment Agency (Agency) issued \$84,710,000 Tax Allocation Refunding Bonds, Series 2015A, to refund certain outstanding obligations of the Agency. The bonds consists of serial bonds of \$84,710,000 maturing from 2016 to 2034 on October 1 in annual installments of \$2,705,000 to \$6,985,000. Interest is payable semi-annually on October 1 and April 1 commencing October 1, 2015 at rates ranging from 2.00% to 5.00%. Bonds maturing on and after October 1, 2026 are subject to redemption in whole or in part at the option of the Agency on any date on or after October 1, 2025. An original issue premium of \$12,381,067 is being amortized over the life of the debt. The reserve requirement was fully funded at the end of the fiscal year.

71,410,000

In July 2015, the Successor Agency to the San Marcos Redevelopment Agency (Agency) issued \$139,285,000 Taxable Tax Allocation Refunding Bonds, Series 2015B, to refund certain outstanding obligations of the Agency. The bonds consist of serial bonds of \$44,160,000 maturing from 2016 to 2025 in annual installments of \$5,125,000 to \$6,410,000 and term bonds of \$95,125,000 maturing from 2024 to 2038. Interest is payable semi-annually on October 1 and April 1 commencing October 1, 2015 at rates ranging from 1.09% to 5.002%. Bonds maturing on or after October 1, 2026, other than the Term Bonds maturing on October 1, 2029, are subject to optional redemption, in whole or in part, on any date on or after October 1, 2025. Bonds maturing on October 1, 2024, October 1, 2027, October 1, 2029, October 1, 2034, and October 1, 2038 are subject to redemption in whole, or in part by lot, on October 1, of each year commencing October 1, 2023. A net original discount of \$747,191 is being amortized over the life of the debt. The reserve requirement was fully funded at the end of the fiscal year.

118,405,000

Total bonds payable

\$ 229,870,000

## *City of San Marcos*

### **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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#### **17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, (continued)**

##### **Bonds Payable, (continued)**

In January 2011, the former Redevelopment Agency issued \$52,805,000 2010 Tax Allocation Bonds to finance costs of low and moderate income housing projects, including the acquisition of land and improvements and the construction of certain infrastructure improvements. The bonds consist of serial bonds of \$10,590,000 maturing from 2013 to 2021 in annual installments of \$1,655,000 to \$2,565,000 and term bonds of \$42,215,000 maturing from 2018 to 2030. Interest is payable semi-annually on April 1 and October 1 commencing April 1, 2011 at rates ranging from 3.25% to 8.5%.

These bonds were paid in full in the current year by the Successor Agency to the San Marcos Redevelopment Agency Taxable Tax Allocation Refunding Bonds, Series 2017. As a result of the current refunding, the Successor Agency decreased its debt service cash flow by \$15,193,410, resulting in an economic gain of \$7,052,139 (calculated as the difference between the debt service payments under the old and new debt discounted to present value using the effective interest rate).

Bond debt service requirements to maturity are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 12,375,000	\$ 12,286,380	\$ 24,661,380
2022	12,800,000	11,754,491	24,554,491
2023	13,210,000	11,196,091	24,406,091
2024	13,690,000	10,599,741	24,289,741
2025	13,765,000	9,938,635	23,703,635
2026-2030	77,515,000	39,023,424	116,538,424
2031-2035	60,995,000	15,537,496	76,532,496
2036-2040	<u>25,520,000</u>	<u>2,830,634</u>	<u>28,350,634</u>
<b>Total</b>	<b><u>\$ 229,870,000</u></b>	<b><u>\$ 113,166,892</u></b>	<b><u>\$ 343,036,892</u></b>

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **17) SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, (continued)**

#### Cooperation Agreement

In fiscal year 1993-94, the former Redevelopment Agency entered into a cooperation agreement with the County of San Diego (the County) to alleviate any financial burden or detriment caused to the County as a result of amending the Redevelopment Plan for Project Area No. 1. The amount owed to the County increases each year by an annual amount equal to the County's portion of actual Agency tax revenue after deducting the housing set-aside. The unpaid principal and interest amount bears a 4% annual interest rate between fiscal year 1993-94 and the trigger year (the fiscal year in which the amount of tax revenue that has been allocated and paid to the Agency exceeds the amount of \$100,000,000) and a floating interest rate thereafter. Payments consisting of 68% of the County's portion of tax increment are to be made annually beginning in the trigger year. Beginning in fiscal year 2012-13, the Agency is to annually pay the County the following percentages of gross Agency tax revenue:

2018-19 through 2022-23	30%
2023-24 through 2027-28	35%
2028-29 through 2032-33	40%
2033-34 through 2037-38	45%
2038-39 and thereafter	50%

Once the County has been fully paid all principal and interest, if the Agency is still entitled to receive Agency tax revenue, annual payments to the County will equal the County's portion after deducting the housing set-aside.

\$ 23,275,296

#### Advance from the City of San Marcos

The San Marcos Affordable Housing Fund loaned \$24,383,743 to the Fiduciary Funds to fund the fiscal years 2009-10 and 2010-11 Supplemental Educational Revenue Augmentation Fund (SERAFF) payments. The loans bear an interest rate equal to the City's average portfolio rate and are to be repaid subject to Health & Safety Code Section 34176(d), under the provisions of Assembly Bill 1X 26 that provides for the dissolution of all redevelopment agencies in the State of California.

\$ 9,754,663

# *City of San Marcos*

## **Notes to Basic Financial Statements For the Year Ended June 30, 2020**

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### **18) OTHER REQUIRED NOTE DISCLOSURES**

#### Deficit Fund Balances

As of June 30, 2020, the following non-major funds presented a negative fund balance.

<u>Governmental Funds - Non-Major</u>	
Capital Projects Funds	
Transportation Sales Tax	\$ (1,591,721)

The Capital Projects Fund's deficit fund balance will be remedied by requesting reimbursement of CIP expenses.

### **19) COVID-19 CONSIDERATIONS**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. As a result, the outbreak has caused uncertainty in the financial markets. Although the City's services are considered essential, the City's office was closed to the public. Some of the City's major revenue sources have been directly impacted by these events, however it is uncertain whether this matter will negatively impact the City. Therefore, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

# City of San Marcos

## Required Supplementary Information Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Years\*

### Miscellaneous Plan

	Measurement Period 6/30/2014	Measurement Period 6/30/2015
<b>TOTAL PENSION LIABILITY</b>		
Service Cost	\$ 2,750,478	\$ 2,559,947
Interest	7,817,338	8,083,219
Difference Between Expected and Actual Experience	-	(2,717,435)
Changes of Assumptions	-	(2,000,140)
Benefit Payments, Including Refunds of Employee Contributions	(4,059,146)	(4,587,163)
<b>Net Change in Total Pension Liability</b>	<b>6,508,670</b>	<b>1,338,428</b>
<b>Total Pension Liability - Beginning</b>	<b>104,885,512</b>	<b>111,394,182</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 111,394,182</b>	<b>\$ 112,732,610</b>
<b>PLAN FIDUCIARY NET POSITION</b>		
Net Plan to Plan Resource Movement	\$ -	\$ -
Contributions - Employer	3,469,533	4,558,184
Contributions - Employee	1,094,087	1,302,378
Net Investment Income	10,830,423	1,709,531
Benefit Payments, Including Refunds of Employee Contributions	(4,059,146)	(4,587,163)
Administrative Expense	-	(85,688)
Other Miscellaneous Income/(Expense) <sup>1</sup>	-	-
<b>Net Change in Fiduciary Net Position</b>	<b>11,334,897</b>	<b>2,897,242</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>61,873,569</b>	<b>73,208,466</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 73,208,466</b>	<b>\$ 76,105,708</b>
<b>Plan Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 38,185,716</b>	<b>\$ 36,626,902</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>65.72%</b>	<b>67.51%</b>
<b>Covered Payroll</b>	<b>\$ 12,556,977</b>	<b>\$ 14,085,514</b>
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>304.10%</b>	<b>260.03%</b>

\* Measurement period June 30, 2014 was the first year of implementation, therefore, only six years are presented.

#### Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting 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.

<sup>1</sup> During fiscal year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, 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 Report for Pensions (GASB 68).

*City of San Marcos*

**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios (continued)**  
**Last Ten Years\***

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**Miscellaneous Plan, (continued)**

Measurement Period 6/30/2016	Measurement Period 6/30/2017	Measurement Period 6/30/2018	Measurement Period 6/30/2019
\$ 2,553,229	\$ 2,805,674	\$ 2,898,829	\$ 2,938,266
8,584,986	8,918,976	9,287,287	9,846,868
898,809	(697,183)	283,350	2,125,402
-	7,506,452	(933,150)	-
(5,372,003)	(5,737,609)	(6,202,870)	(6,806,974)
<b>6,665,021</b>	<b>12,796,310</b>	<b>5,333,446</b>	<b>8,103,562</b>
<b>112,732,610</b>	<b>119,397,631</b>	<b>132,193,941</b>	<b>137,527,387</b>
<b>\$ 119,397,631</b>	<b>\$ 132,193,941</b>	<b>\$ 137,527,387</b>	<b>\$ 145,630,949</b>
\$ -	\$ -	\$ (225)	\$ -
4,385,959	9,542,711	4,278,656	4,615,503
1,348,496	1,169,316	1,126,769	1,104,152
438,181	8,627,538	7,721,226	6,421,470
(5,372,003)	(5,737,609)	(6,202,870)	(6,806,974)
(46,382)	(113,479)	(140,788)	(69,124)
-	-	(267,358)	225
<b>754,251</b>	<b>13,488,477</b>	<b>6,515,410</b>	<b>5,265,252</b>
<b>76,105,708</b>	<b>76,859,959</b>	<b>90,348,436</b>	<b>96,863,846</b>
<b>\$ 76,859,959</b>	<b>\$ 90,348,436</b>	<b>\$ 96,863,846</b>	<b>\$ 102,129,098</b>
<b>\$ 42,537,672</b>	<b>\$ 41,845,505</b>	<b>\$ 40,663,541</b>	<b>\$ 43,501,851</b>
<b>64.37%</b>	<b>68.35%</b>	<b>70.43%</b>	<b>70.13%</b>
<b>\$ 14,012,521</b>	<b>\$ 14,219,367</b>	<b>\$ 14,197,035</b>	<b>\$ 14,148,630</b>
<b>303.57%</b>	<b>294.29%</b>	<b>286.42%</b>	<b>307.46%</b>

# *City of San Marcos*

## **Required Supplementary Information Schedule of Plan Contributions – Agent Plan Last Ten Years\***

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### **Miscellaneous Plan**

Fiscal Year	Contributions in Relation to the			Contributions as a Percentage of	
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Covered Payroll
6/30/2015	\$ 4,708,421	\$ (4,708,421)	\$ -	\$ 14,085,514	33.43%
6/30/2016	3,975,080	(3,975,080)	-	14,012,521	28.37%
6/30/2017	4,499,034	(9,499,034)	(5,000,000)	14,219,367	66.80%
6/30/2018	4,274,518	(4,274,518)	-	14,197,035	30.11%
6/30/2019	4,613,016	(4,613,016)	-	14,148,630	32.60%
6/30/2020	5,024,888	(5,024,888)	-	13,872,161	36.22%

\* Fiscal year 2014-15 (measurement date June 30, 2014) was the first year of implementation, therefore, only six years are presented.

#### **Notes to Schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2018, Funding Valuation Report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2018, Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2018, Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

## *City of San Marcos*

### **Required Supplementary Information**

#### **Schedule of City's Proportionate Share of the Plan's Net Pension Liability**

#### **and Related Ratios as of the Measurement Date**

#### **Last Ten Years\***

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### **Safety Plan**

Measurement Date	Employer's Proportion of the Collective Net Pension Liability <sup>1</sup>	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Collective Net Pension Liability as a Percentage of the Employer's Covered Payroll	Pension Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2014	0.234342%	\$ 9,862,978	\$ 6,222,192	158.51%	81.42%
6/30/2015	0.166126%	11,402,729	6,725,963	169.53%	80.23%
6/30/2016	0.171957%	14,879,594	8,996,362	165.40%	75.77%
6/30/2017	0.175583%	17,413,036	6,816,670	255.45%	75.12%
6/30/2018	0.182753%	17,610,602	6,582,579	267.53%	76.85%
6/30/2019	0.190512%	19,521,871	6,690,455	291.79%	75.78%

<sup>1</sup> Proportion of the collective net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

\* Measurement period June 30, 2014 was the first year of implementation, therefore, only six years are presented.

## *City of San Marcos*

### **Required Supplementary Information Schedule of Plan Contributions – Cost Sharing Plan Last Ten Years\***

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#### **Safety Plan**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2015	\$ 1,938,477	\$ (1,938,477)	\$ -	\$ 6,725,963	28.82%
6/30/2016	1,976,541	(1,976,541)	-	8,996,362	21.97%
6/30/2017	1,550,376	(1,550,376)	-	6,816,670	22.74%
6/30/2018	2,179,053	(2,179,053)	-	6,582,579	33.10%
6/30/2019	2,456,542	(2,456,542)	-	6,690,455	36.72%
6/30/2020	2,639,604	(2,639,604)	-	6,854,243	38.51%

\* Fiscal year 2014-15 (measurement date June 30, 2014) was the first year of implementation, therefore, only six years are presented.

#### **Notes to Schedule:**

Change in Benefit Terms: None

Changes in Assumptions: There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting 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 San Marcos*

## **Required Supplementary Information**

### **Schedule of Changes in the Net OPEB Liability and Related Ratios**

#### **as of the Measurement Date**

#### **Last Ten Years\***

<b>Fiscal Year Measurement Period</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 600,000	\$ 533,323	\$ 409,539
Interest	248,000	302,110	269,366
Differences between expected and actual experience	-	(1,812,466)	-
Changes of assumptions	(815,000)	(130,218)	351,334
Benefit payments	(206,000)	(267,000)	(227,858)
Net change in total OPEB liability	(173,000)	(1,374,251)	802,381
Total OPEB liability - beginning	<u>8,212,000</u>	<u>8,039,000</u>	<u>6,664,749</u>
Total OPEB liability - ending (a)	<u>8,039,000</u>	<u>6,664,749</u>	<u>7,467,130</u>
<b>Plan Fiduciary Net Position</b>			
Contributions – employer	-	-	-
Net investment income	-	-	-
Benefit payments	-	-	-
Administrative expense	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	-	-	-
Net OPEB liability - ending (a) - (b)	<u>\$ 8,039,000</u>	<u>\$ 6,664,749</u>	<u>\$ 7,467,130</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 25,017,697	\$ 24,297,000	\$ 23,281,622
Total OPEB liability as a percentage of covered- employee payroll	32.1%	27.4%	32.1%

\* Fiscal year 2017-18 (measurement date June 30, 2017) was the first year of implementation, therefore, only three years are presented.

# City of San Marcos

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund For the Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and special assessments	\$ 25,627,293	\$ 26,272,119	\$ 26,277,833	\$ 5,714
Licenses and permits	5,176,737	5,176,737	4,982,848	(193,889)
Intergovernmental	18,258,515	20,340,907	19,867,675	(473,232)
Charges for services	18,454,450	17,828,104	15,608,463	(2,219,641)
Developer fees	24,445	24,445	13,653	(10,792)
Fines and forfeitures	480,163	480,163	389,034	(91,129)
Investment and rental income	7,560,355	6,486,701	9,695,374	3,208,673
Miscellaneous	447,279	568,324	835,714	267,390
Total Revenues	76,029,237	77,177,500	77,670,594	493,094
<b>EXPENDITURES</b>				
Current:				
General government	21,715,065	23,051,673	24,006,989	(955,316)
Community development	4,300,374	5,199,213	4,264,514	934,699
Public safety	40,291,542	40,309,086	39,103,687	1,205,399
Highways, streets and parks	11,140,191	11,143,591	9,914,162	1,229,429
Culture and recreation	3,603,748	3,706,423	3,072,974	633,449
Capital outlay	10,593,902	10,890,766	146,327	10,744,439
Debt service:				
Principal	638,246	583,746	508,181	75,565
Interest and fiscal charges	91,281	91,281	139,780	(48,499)
Total Expenditures	92,374,349	94,975,779	81,156,614	13,819,165
Excess (Deficiency) of Revenues over Expenditures	(16,345,112)	(17,798,279)	(3,486,020)	14,312,259
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital leases	-	-	1,509,757	1,509,757
Sale of general capital assets	60,000	60,000	1,138,302	1,078,302
Transfers in	6,536,386	3,552,501	5,349,708	1,797,207
Transfers out	(2,932,885)	(5,097,432)	(3,485,153)	1,612,279
Total Other Financing Sources (Uses)	3,663,501	(1,484,931)	4,512,614	5,997,545
Net Change in Fund Balance	(12,681,611)	(19,283,210)	1,026,594	20,309,804
Fund Balance, Beginning	106,501,303	106,501,303	106,501,303	-
Fund Balance, Ending	\$ 93,819,692	\$ 87,218,093	\$ 107,527,897	\$ 20,309,804

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
San Marcos Affordable Housing  
For the Year Ended June 30, 2020**

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Developer fees	\$ 1,750,000	\$ 1,750,000	\$ 2,192,801	\$ 442,801
Investment and rental income	344,693	344,693	7,002,917	6,658,224
Miscellaneous	653,036	593,036	385,568	(207,468)
Total Revenues	<u>2,747,729</u>	<u>2,687,729</u>	<u>9,581,286</u>	<u>6,893,557</u>
<b>EXPENDITURES</b>				
Current:				
General government	480,426	480,426	467,220	13,206
Community development	10,698,824	11,638,824	5,298,407	6,340,417
Total Expenditures	<u>11,179,250</u>	<u>12,119,250</u>	<u>5,765,627</u>	<u>6,353,623</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,431,521)</u>	<u>(9,431,521)</u>	<u>3,815,659</u>	<u>13,247,180</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	142,500	142,500	142,500	-
Transfers out	-	(500,000)	-	500,000
Total Other Financing Sources	<u>142,500</u>	<u>(357,500)</u>	<u>142,500</u>	<u>500,000</u>
Net Change in Fund Balance	(8,289,021)	(9,789,021)	3,958,159	13,747,180
Fund Balance, Beginning	<u>41,296,708</u>	<u>41,296,708</u>	<u>41,296,708</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 33,007,687</u>	<u>\$ 31,507,687</u>	<u>\$ 45,254,867</u>	<u>\$ 13,747,180</u>

# *City of San Marcos*

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

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### **1) BUDGETARY INFORMATION**

The City adopts an operating budget annually during June to be effective July 1, for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year and cannot legally be exceeded except by subsequent amendments of the budget by the City Council.

Budgets for all governmental type funds are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Annual budgets are adopted for the General, Special Revenue, Debt Service Funds with the exception of the HOME Grant and State CASp Fee Special Revenue Funds. Annual budgets are not adopted for all of the Capital Projects Funds. Therefore, budget and actual financial statements have not been prepared for them because a comparison of such budgetary amounts to annual revenues and expenditures is not meaningful.

The City uses an encumbrance system as an extension of normal budgetary accounting for the General, Special Revenue, and Capital Projects Funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically re-appropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end unless City Council takes action in the form of a resolution to continue the appropriations into the following fiscal year.

# *City of San Marcos*

## **Non-Major Governmental Funds**

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### **Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

**The Gas Tax Fund** is used to account for the Highway Users Tax revenues received from the State of California under Sections 2105, 2106, 2107, & 2107.5 of the California Streets and Highways Code. These funds are used by the Public Works Street Maintenance Division and are earmarked for the maintenance, rehabilitation or improvement of public streets.

**The Traffic Safety Fund** is used to account for traffic safety expenditures. Financing is provided by City-assessed traffic signal fees and traffic fines collected by the State.

**The Community Facilities District 98-02 Fund** is used to account for the costs of providing street lighting, traffic signals, and landscape services including parks, medians, parkways and trails, to certain properties. Properties within the Community Facilities District 98-02 are assessed for a portion of the annual costs and legally required operating and capital replacement reserves.

**The Street Lighting District Fund** is used to account for the costs of providing street lighting and landscaping services to certain properties. The benefiting properties are assessed for a portion of the costs.

**The Senior Nutrition Grant Fund** is used to account for Federal grant revenues received through the County of San Diego for the operations of the Senior Nutrition Program.

**The Community Development Block Grant Fund** is used to account for transactions related to the Community Development Block Grant Program provided by the Federal Government. Funds are mostly utilized for capital improvement projects benefiting low and moderate income areas within the City.

**The HOME Grant Fund** is used to account for transactions related to the HOME Grant provided by the Federal Government. The grant is used to fund the San Marcos Mortgage Assistance Program.

**The Center Drive Maintenance District Fund** is used to account for the cost of providing street maintenance services to certain properties. The benefiting properties are assessed for a portion of the costs.

**The Art in Public Places Fund** is used to account for public art in-lieu fee, which was created to assist in promoting art and cultural initiatives that enrich the artistic and educational climate of the City. The City Council designated the San Marcos Community Foundation to implement a grant program, which makes available funding to eligible organizations implementing artistic and cultural events and/or activities that generally benefit the San Marcos community.

**The Public, Education and Government Fund (PEG)** is used to account for revenue received from local cable operators in San Marcos. PEG payments are calculated as 1 percent of gross receipts received by cable operators and may be used for capital equipment purchases that support airing public meetings on the City's PEG channel.

# *City of San Marcos*

## **Non-Major Governmental Funds**

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### **Special Revenue Funds, (continued)**

**The Congestion Management CFD Fund** is used to account for the future costs of providing intra City public transportation services, facilities, and equipment. Properties within the CFD fund 2011-01 are assessed for a portion of the costs.

**The CalHOME Grant Fund** is used to account for transactions related to the CalHOME Grant provided by the State of California. The grant is used to help fund the San Marcos Mortgage Assistance Program.

**The State CASp Fee Fund** is used to account for the Certified Access Specialists (CASp) fee collected through business licenses. The CASp fee is mandated by the California SB 1186, AB 1379 and Government Code Section 4467 and its purpose is to increase disability access and compliance with construction-related accessibility requirements. The majority of the fee is retained by the City to support the CASp program and the remainder is sent to the California Department of General Services, Division of State Architect (DSA) to maintain oversight of the CASp program.

**The Gas Tax RMRA Fund** is used account for the Road Maintenance and Rehabilitation (RMRA) revenues received from the State of California under the California Streets and Highways Code Section 2032. These funds are earmarked for specific capital improvement program projects involving the rehabilitation or improvement of public streets.

### **Debt Service Funds**

Debt service funds are used to account for debt service transactions including revenue collection and payments of principal and interest on long-term obligations.

**The San Marcos Public Facilities Authority Fund** is used to account for the accumulation of resources for and the payment of principal and interest of the various debt obligations of the San Marcos Public Facilities Authority.

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**The Public Facility Fund** is used to account for the accumulation of resources for the payment of public facility related costs. The primary funding source is developer fees.

**The Community Facilities District 99-1 Fund** is used to account for the proceeds of bonds issued by the City of San Marcos Community Facilities District 99-1 pursuant to the Mello-Roos Community Facilities Act of 1982. The proceeds are used to finance, refinance or provide reimbursement for the cost of land, buildings, equipment and other public capital improvements.

**The Transportation Sales Tax Fund** is used to account for receipts and expenditures of money associated with the widening of State Highway 78, local streets and roads maintenance, and other local public capital improvements.

## *City of San Marcos*

### **Non-Major Governmental Funds**

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**The Community Facilities District 02-01 Fund** is used to account for the proceeds of bonds issued by the City of San Marcos Community facilities District 02-01 pursuant to the Mello-Roos Community Facilities Act of 1982. The proceeds are used to finance, refinance or provide reimbursement for the cost of land, buildings, equipment and other public capital improvements.

**The Transportation Impact Fee Fund** is used to account for fees collected by the County of San Diego Department of Public Works for future road improvements as a result of indirect impacts of private developments occurring in the unincorporated area within the City's boundaries. The fees will be used for qualifying congestion relief type improvements.

# City of San Marcos

## Combining Balance Sheet Non-Major Governmental Funds June 30, 2020

	Total Special Revenue Funds	San Marcos Public Facilities Authority	Total Capital Projects Funds	Total Non-Major Governmental Funds
<b>ASSETS</b>				
Cash and investments (note 2)	\$ 27,450,701	\$ 58,751	\$ 36,863,653	\$ 64,373,105
Cash and investments with fiscal agents (note 2)	-	207,999	706,832	914,831
Receivables:				
Taxes and special assessments	56,083	-	-	56,083
Accounts	53,659	-	16,374	70,033
Interest	54,764	38	74,356	129,158
Notes, net (note 3)	2,355,865	-	-	2,355,865
Other, net (note 4)	-	-	120,516	120,516
Due from other governments	785,633	-	-	785,633
<b>Total Assets</b>	<b>\$ 30,756,705</b>	<b>\$ 266,788</b>	<b>\$ 37,781,731</b>	<b>\$ 68,805,224</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 737,596	\$ -	\$ -	\$ 737,596
Accrued liabilities	152,713	-	328	153,041
Due to other governments	-	-	74,650	74,650
Due to other funds (note 5)	13,949	-	1,591,721	1,605,670
Deposits payable	10,389	-	-	10,389
<b>Total Liabilities</b>	<b>914,647</b>	<b>-</b>	<b>1,666,699</b>	<b>2,581,346</b>
Deferred Inflows of Resources:				
Unavailable revenue (note 6)	2,376,509	-	136,890	2,513,399
Fund Balances:				
Restricted:				
Transportation	9,449,714	-	88,120	9,537,834
Lighting and landscaping	15,084,990	-	-	15,084,990
Capital improvements	-	-	1,004,808	1,004,808
Public facilities	-	-	36,476,935	36,476,935
Other purposes	2,930,845	266,788	-	3,197,633
Unassigned	-	-	(1,591,721)	(1,591,721)
<b>Total Fund Balances</b>	<b>27,465,549</b>	<b>266,788</b>	<b>35,978,142</b>	<b>63,710,479</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 30,756,705</b>	<b>\$ 266,788</b>	<b>\$ 37,781,731</b>	<b>\$ 68,805,224</b>

# City of San Marcos

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non-Major Governmental Funds For the Year Ended June 30, 2020

	Total Special Revenue Funds	Total Debt Service Funds		Total Capital Projects Funds	Total Non-Major Governmental Funds
		San Marcos Public Facilities Authority			
<b>REVENUES</b>					
Taxes and special assessments	\$ 8,796,620	\$ -	\$ -	\$ 8,796,620	
Intergovernmental	4,937,797	-	345,101		5,282,898
Developer fees	20,177	-	5,549,023		5,569,200
Investment and rental income	817,951	570,866	1,142,128		2,530,945
Miscellaneous	197,899	-	-		197,899
<b>Total Revenues</b>	<b>14,770,444</b>	<b>570,866</b>	<b>7,036,252</b>		<b>22,377,562</b>
<b>EXPENDITURES</b>					
Current:					
Community development	361,011	-	-		361,011
Highways, streets and parks	8,768,700	-	-		8,768,700
Culture and recreation	341,077	-	-		341,077
Capital outlay	625	-	74,978		75,603
Debt service:					
Principal	89,285	310,000	-		399,285
Interest and fiscal charges	7,681	72,522	-		80,203
<b>Total Expenditures</b>	<b>9,568,379</b>	<b>382,522</b>	<b>74,978</b>		<b>10,025,879</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>5,202,065</b>	<b>188,344</b>	<b>6,961,274</b>		<b>12,351,683</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in (note 5)	1,280,214	-	-		1,280,214
Transfers out (note 5)	(3,258,941)	-	(4,209,041)		(7,467,982)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,978,727)</b>	<b>-</b>	<b>(4,209,041)</b>		<b>(6,187,768)</b>
Net Change in Fund Balances	3,223,338	188,344	2,752,233		6,163,915
Fund Balances, Beginning	<b>24,242,211</b>	<b>78,444</b>	<b>33,225,909</b>		<b>57,546,564</b>
<b>Fund Balances, Ending</b>	<b>\$ 27,465,549</b>	<b>\$ 266,788</b>	<b>\$ 35,978,142</b>		<b>\$ 63,710,479</b>

# City of San Marcos

## Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2020

	Gas Tax	Traffic Safety	Community Facilities District 98-02	Street Lighting District	Senior Nutrition Grant	Community Development Block Grant
<b>ASSETS</b>						
Cash and investments	\$ 2,647,487	\$ 1,182,275	\$ 15,644,536	\$ 94,511	\$ 17,219	\$ -
Receivables:						
Taxes and special assessments	-	-	37,012	2,604	-	-
Accounts	-	-	19,823	25,512	-	-
Interest	5,146	2,395	31,621	-	-	-
Notes, net	-	-	-	-	-	-
Due from other governments	-	9,438	-	-	13,782	502,243
Total Assets	\$ 2,652,633	\$ 1,194,108	\$ 15,732,992	\$ 122,627	\$ 31,001	\$ 502,243
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 37,906	\$ 27,201	\$ 552,396	\$ 86,393	\$ 7,152	\$ 20,771
Accrued liabilities	56,711	-	76,480	8,347	6,566	4,609
Due to other funds	-	-	-	-	-	13,949
Deposits payable	-	10,389	-	-	-	-
Total Liabilities	94,617	37,590	628,876	94,740	13,718	39,329
Deferred Inflows of Resources:						
Unavailable revenue	-	-	19,126	72	-	-
Fund Balances (Deficit):						
Restricted						
Transportation	2,558,016	1,156,518	-	27,815	-	-
Lighting and landscaping	-	-	15,084,990	-	-	-
Other purposes	-	-	-	-	17,283	462,914
Total Fund Balances	2,558,016	1,156,518	15,084,990	27,815	17,283	462,914
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,652,633	\$ 1,194,108	\$ 15,732,992	\$ 122,627	\$ 31,001	\$ 502,243

HOME Grant	Center Drive Maintenance District	Art in Public Places	Public, Education and Government	Congestion Management CFD	CalHOME Grant	State CASp Fee	Gas Tax RMRA	Total
\$ 33,484	\$ 109,588	\$ 1,000,014	\$ 1,332,583	\$ 2,253,854	\$ 16,890	\$ 56,366	\$ 3,061,894	\$ 27,450,701
-	10	-	-	16,457	-	-	-	56,083
-	-	-	6,678	1,446	200	-	-	53,659
-	245	1,981	2,979	4,412	-	-	5,985	54,764
1,464,179	-	-	-	-	891,686	-	-	2,355,865
-	-	-	-	-	-	-	260,170	785,633
<u>\$ 1,497,663</u>	<u>\$ 109,843</u>	<u>\$ 1,001,995</u>	<u>\$ 1,342,240</u>	<u>\$ 2,276,169</u>	<u>\$ 908,776</u>	<u>\$ 56,366</u>	<u>\$ 3,328,049</u>	<u>\$ 30,756,705</u>
\$ -	\$ 4,918	\$ -	\$ -	\$ 332	\$ -	\$ 527	\$ -	\$ 737,596
-	-	-	-	-	-	-	-	152,713
-	-	-	-	-	-	-	-	13,949
-	-	-	-	-	-	-	-	10,389
-	<u>4,918</u>	<u>-</u>	<u>-</u>	<u>332</u>	<u>-</u>	<u>527</u>	<u>-</u>	<u>914,647</u>
<u>1,464,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,446</u>	<u>891,686</u>	<u>-</u>	<u>-</u>	<u>2,376,509</u>
-	104,925	-	-	2,274,391	-	-	3,328,049	9,449,714
-	-	-	-	-	-	-	-	15,084,990
33,484	-	1,001,995	1,342,240	-	17,090	55,839	-	2,930,845
33,484	104,925	1,001,995	1,342,240	2,274,391	17,090	55,839	3,328,049	27,465,549
<u>\$ 1,497,663</u>	<u>\$ 109,843</u>	<u>\$ 1,001,995</u>	<u>\$ 1,342,240</u>	<u>\$ 2,276,169</u>	<u>\$ 908,776</u>	<u>\$ 56,366</u>	<u>\$ 3,328,049</u>	<u>\$ 30,756,705</u>

# City of San Marcos

## Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non-Major Special Revenue Funds For the Year Ended June 30, 2020

	Gas Tax	Traffic Safety	Community Facilities District 98-02	Street Lighting District	Senior Nutrition Grant	Community Development Block Grant
<b>REVENUES</b>						
Taxes and special assessments	\$ -	\$ -	\$ 7,639,192	\$ 529,971	\$ -	\$ -
Intergovernmental	2,254,940	140,919	-	-	91,455	746,744
Developer fees	-	-	-	-	-	-
Investment and rental income	74,983	32,601	457,823	(2,528)	(1,036)	-
Miscellaneous	-	-	2,890	-	19,472	-
<b>Total Revenues</b>	<b>2,329,923</b>	<b>173,520</b>	<b>8,099,905</b>	<b>527,443</b>	<b>109,891</b>	<b>746,744</b>
<b>EXPENDITURES</b>						
Current:						
Community development	-	-	-	-	-	195,504
Highways, streets and parks	1,621,581	56,862	5,780,007	1,302,368	-	-
Culture and recreation	-	-	-	-	281,167	-
Capital outlay	-	625	-	-	-	-
Debt Service:						
Principal	-	-	65,804	23,481	-	-
Interest and fiscal charges	-	-	5,661	2,020	-	-
<b>Total Expenditures</b>	<b>1,621,581</b>	<b>57,487</b>	<b>5,851,472</b>	<b>1,327,869</b>	<b>281,167</b>	<b>195,504</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	708,342	116,033	2,248,433	(800,426)	(171,276)	551,240
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,325	267,648	-	828,241	183,000	-
Transfers out	-	-	(1,878,963)	-	-	(74,285)
<b>Total Other Financing Sources (Uses)</b>	<b>1,325</b>	<b>267,648</b>	<b>(1,878,963)</b>	<b>828,241</b>	<b>183,000</b>	<b>(74,285)</b>
Net Change in Fund Balances	709,667	383,681	369,470	27,815	11,724	476,955
Fund Balances (Deficit), Beginning	1,848,349	772,837	14,715,520	-	5,559	(14,041)
Fund Balances, Ending	\$ 2,558,016	\$ 1,156,518	\$ 15,084,990	\$ 27,815	\$ 17,283	\$ 462,914

HOME Grant	Center Drive Maintenance District	Art in Public Places	Public, Education and Government	Congestion Management CFD	CalHOME Grant	State CASp Fee	Gas Tax RMRA	Total
\$ -	\$ 33,337	\$ -	\$ 49,190	\$ 544,930	\$ -	\$ -	\$ -	\$ 8,796,620
-	-	-	-	-	-	-	1,703,739	4,937,797
-	-	-	-	-	-	20,177	-	20,177
-	3,379	30,731	50,512	62,806	21,309	-	87,371	817,951
69,997	-	-	-	-	105,540	-	-	197,899
69,997	36,716	30,731	99,702	607,736	126,849	20,177	1,791,110	14,770,444
37,170	-	-	12,097	-	114,840	1,400	-	361,011
-	5,500	-	-	2,382	-	-	-	8,768,700
-	-	59,910	-	-	-	-	-	341,077
-	-	-	-	-	-	-	-	625
-	-	-	-	-	-	-	-	89,285
-	-	-	-	-	-	-	-	7,681
37,170	5,500	59,910	12,097	2,382	114,840	1,400	-	9,568,379
32,827	31,216	(29,179)	87,605	605,354	12,009	18,777	1,791,110	5,202,065
-	-	-	-	-	-	-	-	1,280,214
-	(15,932)	-	(539,595)	-	-	-	(750,166)	(3,258,941)
-	(15,932)	-	(539,595)	-	-	-	(750,166)	(1,978,727)
32,827	15,284	(29,179)	(451,990)	605,354	12,009	18,777	1,040,944	3,223,338
657	89,641	1,031,174	1,794,230	1,669,037	5,081	37,062	2,287,105	24,242,211
\$ 33,484	\$ 104,925	\$ 1,001,995	\$ 1,342,240	\$ 2,274,391	\$ 17,090	\$ 55,839	\$ 3,328,049	\$ 27,465,549

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Gas Tax Special Revenue Fund  
For the Year Ended June 30, 2020**

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	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 2,519,188	\$ 2,519,188	\$ 2,254,940	\$ (264,248)
Investment and rental income	17,446	17,446	74,983	57,537
Total Revenues	<u>2,536,634</u>	<u>2,536,634</u>	<u>2,329,923</u>	<u>(206,711)</u>
<b>EXPENDITURES</b>				
Current:				
Highways, streets and parks	1,919,790	1,919,790	1,621,581	298,209
Total Expenditures	<u>1,919,790</u>	<u>1,919,790</u>	<u>1,621,581</u>	<u>298,209</u>
Excess (deficiency) of revenues over expenditures	<u>616,844</u>	<u>616,844</u>	<u>708,342</u>	<u>91,498</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,325	1,325
Transfers out	-	(1,759,534)	-	1,759,534
Total other financing sources (uses)	<u>-</u>	<u>(1,759,534)</u>	<u>1,325</u>	<u>1,760,859</u>
Net Change in Fund Balance	616,844	(1,142,690)	709,667	1,852,357
Fund Balance, Beginning	<u>1,848,349</u>	<u>1,848,349</u>	<u>1,848,349</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,465,193</u>	<u>\$ 705,659</u>	<u>\$ 2,558,016</u>	<u>\$ 1,852,357</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Traffic Safety Special Revenue Fund  
For the Year Ended June 30, 2020**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 150,000	\$ 150,000	\$ 140,919	\$ (9,081)
Investment and rental income	<u>36,315</u>	<u>36,315</u>	<u>32,601</u>	<u>(3,714)</u>
Total Revenues	<u>186,315</u>	<u>186,315</u>	<u>173,520</u>	<u>(12,795)</u>
<b>EXPENDITURES</b>				
Current:				
Highways, streets and parks	185,000	177,000	56,862	120,138
Capital outlay	<u>-</u>	<u>-</u>	<u>625</u>	<u>(625)</u>
Total Expenditures	<u>185,000</u>	<u>177,000</u>	<u>57,487</u>	<u>119,513</u>
Excess (deficiency) of revenues over expenditures	<u>1,315</u>	<u>9,315</u>	<u>116,033</u>	<u>106,718</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>267,648</u>	<u>267,648</u>
Transfers out	<u>-</u>	<u>(816,501)</u>	<u>-</u>	<u>816,501</u>
Total other financing sources (uses)	<u>-</u>	<u>(816,501)</u>	<u>267,648</u>	<u>1,084,149</u>
Net Change in Fund Balance	1,315	(807,186)	383,681	1,190,867
Fund Balance, Beginning	<u>772,837</u>	<u>772,837</u>	<u>772,837</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 774,152</u>	<u>\$ (34,349)</u>	<u>\$ 1,156,518</u>	<u>\$ 1,190,867</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Community Facilities District 98-02 Special Revenue Fund  
For the Year Ended June 30, 2020**

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	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and special assessments	\$ 7,388,652	\$ 7,388,652	\$ 7,639,192	\$ 250,540
Investment and rental income	86,254	86,254	457,823	371,569
Miscellaneous	25,000	25,000	2,890	(22,110)
Total Revenues	<u>7,499,906</u>	<u>7,499,906</u>	<u>8,099,905</u>	<u>599,999</u>
<b>EXPENDITURES</b>				
Current:				
Highways, streets and parks	6,155,781	6,110,481	5,780,007	330,474
Debt Service:				
Principal	65,166	65,804	65,804	-
Interest and fiscal charges	6,299	5,661	5,661	-
Total Expenditures	<u>6,227,246</u>	<u>6,181,946</u>	<u>5,851,472</u>	<u>330,474</u>
Excess of Revenues Over Expenditures	<u>1,272,660</u>	<u>1,317,960</u>	<u>2,248,433</u>	<u>930,473</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(473,500)</u>	<u>(1,878,965)</u>	<u>(1,878,963)</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>(473,500)</u>	<u>(1,878,965)</u>	<u>(1,878,963)</u>	<u>2</u>
Net Change in Fund Balance	799,160	(561,005)	369,470	930,475
Fund Balance, Beginning	<u>14,715,520</u>	<u>14,715,520</u>	<u>14,715,520</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 15,514,680</u>	<u>\$ 14,154,515</u>	<u>\$ 15,084,990</u>	<u>\$ 930,475</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Street Lighting District Special Revenue Fund  
For the Year Ended June 30, 2020**

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	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$ 552,500	\$ 552,500	\$ 529,971	\$ (22,529)
Investment and rental income	750	750	(2,528)	(3,278)
Miscellaneous	6,000	6,000	-	(6,000)
Total Revenues	<u>559,250</u>	<u>559,250</u>	<u>527,443</u>	<u>(31,807)</u>
<b>EXPENDITURES</b>				
Current:				
Highways, streets and parks	1,240,258	1,302,368	1,302,368	-
Debt Service:				
Principal	23,255	23,481	23,481	-
Interest and fiscal charges	2,248	2,022	2,020	2
Total Expenditures	<u>1,265,761</u>	<u>1,327,871</u>	<u>1,327,869</u>	<u>2</u>
Excess of Revenues Over (Under) Expenditures	<u>(706,511)</u>	<u>(768,621)</u>	<u>(800,426)</u>	<u>(31,805)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>706,511</u>	<u>706,511</u>	<u>828,241</u>	<u>121,730</u>
Total Other Financing Sources	<u>706,511</u>	<u>706,511</u>	<u>828,241</u>	<u>121,730</u>
Net Change in Fund Balance	-	(62,110)	27,815	89,925
Fund Balance, Beginning	-	-	-	-
Fund Balance, Ending	\$ -	\$ (62,110)	\$ 27,815	\$ 89,925

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Senior Nutrition Grant Special Revenue Fund  
For the Year Ended June 30, 2020**

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	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 65,000	\$ 65,000		\$ 91,455	\$ 26,455
Investment and rental income	400	400		(1,036)	(1,436)
Miscellaneous	30,700	30,700		19,472	(11,228)
Total Revenues	<u>96,100</u>	<u>96,100</u>		<u>109,891</u>	<u>13,791</u>
<b>EXPENDITURES</b>					
Current:					
Culture and recreation	<u>314,191</u>	<u>320,001</u>		<u>281,167</u>	<u>38,834</u>
Total Expenditures	<u>314,191</u>	<u>320,001</u>		<u>281,167</u>	<u>38,834</u>
Excess of Revenues (Deficiency) Over (Under) Expenditures	<u>(218,091)</u>	<u>(223,901)</u>		<u>(171,276)</u>	<u>52,625</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	210,000	183,000		183,000	-
Transfers out	<u>(27,000)</u>	<u>-</u>		<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>183,000</u>	<u>183,000</u>		<u>183,000</u>	<u>-</u>
Net Change in Fund Balance	<u>(35,091)</u>	<u>(40,901)</u>		<u>11,724</u>	<u>52,625</u>
Fund Balance, Beginning	<u>5,559</u>	<u>5,559</u>		<u>5,559</u>	<u>-</u>
Fund Balance, Ending	<u>\$ (29,532)</u>	<u>\$ (35,342)</u>		<u>\$ 17,283</u>	<u>\$ 52,625</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Community Development Block Grant Special Revenue Fund  
For the Year Ended June 30, 2020**

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	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 463,987	\$ 890,473	\$ 746,744	\$ (143,729)
Total Revenues	<u>463,987</u>	<u>890,473</u>	<u>746,744</u>	<u>(143,729)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>181,030</u>	<u>195,620</u>	<u>195,504</u>	<u>116</u>
Total Expenditures	<u>181,030</u>	<u>195,620</u>	<u>195,504</u>	<u>116</u>
Excess (deficiency) of revenues over expenditures	<u>282,957</u>	<u>694,853</u>	<u>551,240</u>	<u>(143,613)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>-</u>	<u>(715,000)</u>	<u>(74,285)</u>	<u>640,715</u>
Total other financing sources (uses)	<u>-</u>	<u>(715,000)</u>	<u>(74,285)</u>	<u>640,715</u>
Net Change in Fund Balance	<u>282,957</u>	<u>(20,147)</u>	<u>476,955</u>	<u>497,102</u>
Fund Balance (Deficit), Beginning	<u>(14,041)</u>	<u>(14,041)</u>	<u>(14,041)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 268,916</u>	<u>\$ (34,188)</u>	<u>\$ 462,914</u>	<u>\$ 497,102</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Center Drive Maintenance District Special Revenue Fund  
For the Year Ended June 30, 2020**

---

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and special assessments	\$ 15,482	\$ 15,482	\$ 33,337	\$ 17,855
Investment and rental income	2,243	2,243	3,379	1,136
Total Revenues	<u>17,725</u>	<u>17,725</u>	<u>36,716</u>	<u>18,991</u>
<b>EXPENDITURES</b>				
Current:				
Highways, streets and parks	7,118	9,228	5,500	3,728
Total Expenditures	<u>7,118</u>	<u>9,228</u>	<u>5,500</u>	<u>3,728</u>
Excess of Revenues Over Expenditures	10,607	8,497	31,216	22,719
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(10,500)	(10,500)	(15,932)	(5,432)
Total Other Financing Sources (Uses)	<u>(10,500)</u>	<u>(10,500)</u>	<u>(15,932)</u>	<u>(5,432)</u>
Net Change in Fund Balance	107	(2,003)	15,284	17,287
Fund Balance, Beginning	<u>89,641</u>	<u>89,641</u>	<u>89,641</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 89,748</u>	<u>\$ 87,638</u>	<u>\$ 104,925</u>	<u>\$ 17,287</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Art in Public Places Special Revenue Fund  
For the Year Ended June 30, 2020**

---

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Developer fees	\$ 25,137	\$ 25,137	\$ -	\$ (25,137)
Investment and rental income	6,400	6,400	30,731	24,331
Total Revenues	<u>31,537</u>	<u>31,537</u>	<u>30,731</u>	<u>(806)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>8,500</u>	<u>61,087</u>	<u>59,910</u>	<u>1,177</u>
Total Expenditures	<u>8,500</u>	<u>61,087</u>	<u>59,910</u>	<u>1,177</u>
Net Change in Fund Balance	23,037	(29,550)	(29,179)	371
Fund Balance, Beginning	<u>1,031,174</u>	<u>1,031,174</u>	<u>1,031,174</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,054,211</u>	<u>\$ 1,001,624</u>	<u>\$ 1,001,995</u>	<u>\$ 371</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Public, Education and Government Special Revenue Fund  
For the Year Ended June 30, 2020**

---

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and special assessments	\$ 200,000	\$ 200,000	\$ 49,190	\$ (150,810)
Investment and rental income	11,742	11,742	50,512	38,770
Total Revenues	<u>211,742</u>	<u>211,742</u>	<u>99,702</u>	<u>(112,040)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	-	12,100	12,097	3
Highways, streets and parks	40,000	27,900	-	27,900
Capital outlay	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total Expenditures	<u>790,000</u>	<u>790,000</u>	<u>12,097</u>	<u>777,903</u>
Excess (deficiency) of revenues over expenditures	<u>(578,258)</u>	<u>(578,258)</u>	<u>87,605</u>	<u>665,863</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(750,000)	(539,595)	210,405
Total other financing sources (uses)	-	(750,000)	(539,595)	210,405
Net Change in Fund Balance	(578,258)	(1,328,258)	(451,990)	876,268
Fund Balance, Beginning	<u>1,794,230</u>	<u>1,794,230</u>	<u>1,794,230</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,215,972</u>	<u>\$ 465,972</u>	<u>\$ 1,342,240</u>	<u>\$ 876,268</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Congestion Management CFD Special Revenue Fund  
For the Year Ended June 30, 2020**

---

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes and special assessments	\$ 546,161	\$ 546,161	\$ 544,930	\$ (1,231)
Investment and rental income	4,442	4,442	62,806	58,364
Total Revenues	<u>550,603</u>	<u>550,603</u>	<u>607,736</u>	<u>57,133</u>
<b>EXPENDITURES</b>				
Current:				
Highway, streets and parks	20,000	25,030	2,382	22,648
Total expenditures	<u>20,000</u>	<u>25,030</u>	<u>2,382</u>	<u>22,648</u>
Net Change in Fund Balance	530,603	525,573	605,354	79,781
Fund Balance, Beginning	<u>1,669,037</u>	<u>1,669,037</u>	<u>1,669,037</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 2,199,640</u>	<u>\$ 2,194,610</u>	<u>\$ 2,274,391</u>	<u>\$ 79,781</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
CalHOME Grant Special Revenue Fund  
For the Year Ended June 30, 2020**

---

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Investment and rental income	\$ -	\$ -	\$ 21,309	\$ 21,309
Miscellaneous	<u>56,350</u>	<u>116,350</u>	<u>105,540</u>	<u>(10,810)</u>
Total Revenues	<u>56,350</u>	<u>116,350</u>	<u>126,849</u>	<u>10,499</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>56,350</u>	<u>116,350</u>	<u>114,840</u>	<u>1,510</u>
Total Expenditures	<u>56,350</u>	<u>116,350</u>	<u>114,840</u>	<u>1,510</u>
Net Change in Fund Balance	-	-	12,009	12,009
Fund Balance, Beginning	<u>5,081</u>	<u>5,081</u>	<u>5,081</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 5,081</u>	<u>\$ 5,081</u>	<u>\$ 17,090</u>	<u>\$ 12,009</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
Gas Tax RMRA Special Revenue Fund  
For the Year Ended June 30, 2020**

---

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,585,117	\$ 1,585,117	\$ 1,703,739	\$ 118,622
Investment and rental income	300	300	87,371	87,071
Total Revenues	<u>1,585,417</u>	<u>1,585,417</u>	<u>1,791,110</u>	<u>205,693</u>
<b>EXPENDITURES</b>				
Current:				
Highways, streets and parks	75,000	75,000	-	75,000
Capital outlay	<u>1,561,666</u>	<u>1,561,666</u>	-	<u>1,561,666</u>
Total Expenditures	<u>1,636,666</u>	<u>1,636,666</u>	-	<u>1,636,666</u>
Excess (deficiency) of revenues over expenditures	<u>(51,249)</u>	<u>(51,249)</u>	<u>1,791,110</u>	<u>1,842,359</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	<u>(2,392,448)</u>	<u>(750,166)</u>	<u>1,642,282</u>
Total other financing sources (uses)	-	<u>(2,392,448)</u>	<u>(750,166)</u>	<u>1,642,282</u>
Net Change in Fund Balances	<u>(51,249)</u>	<u>(2,443,697)</u>	<u>1,040,944</u>	<u>3,484,641</u>
Fund Balances, Beginning	<u>2,287,105</u>	<u>2,287,105</u>	<u>2,287,105</u>	-
Fund Balances, Ending	<u>\$ 2,235,856</u>	<u>\$ (156,592)</u>	<u>\$ 3,328,049</u>	<u>\$ 3,484,641</u>

*City of San Marcos*

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
San Marcos Public Facilities Authority Debt Service Fund  
For the Year Ended June 30, 2020**

---

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Investment and rental income	\$ 577,914	\$ 577,914	\$ 570,866	\$ (7,048)
Total Revenues	<u>577,914</u>	<u>577,914</u>	<u>570,866</u>	<u>(7,048)</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	320,000	320,000	310,000	10,000
Interest and fiscal charges	<u>79,988</u>	<u>79,988</u>	<u>72,522</u>	<u>7,466</u>
Total Expenditures	<u>399,988</u>	<u>399,988</u>	<u>382,522</u>	<u>17,466</u>
Net Change in Fund Balance	177,926	177,926	188,344	10,418
Fund Balance, Beginning	<u>78,444</u>	<u>78,444</u>	<u>78,444</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 256,370</u>	<u>\$ 256,370</u>	<u>\$ 266,788</u>	<u>\$ 10,418</u>

*City of San Marcos*

**Combining Balance Sheet**  
**Non-Major Capital Projects Funds**  
**June 30, 2020**

	Public Facility	Community Facilities District 99-1	Transportation Sales Tax
<b>ASSETS</b>			
Cash and investments	\$ 36,478,320	\$ 5,498	\$ -
Cash and investments with fiscal agents	-	706,832	-
Receivables:			
Accounts	16,374	-	-
Interest	73,593	12	-
Other, net	120,516	-	-
<b>Total Assets</b>	<b>\$ 36,688,803</b>	<b>\$ 712,342</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accrued liabilities	\$ 328	\$ -	\$ -
Due to other governments	74,650	-	-
Due to other funds	-	-	1,591,721
<b>Total Liabilities</b>	<b>74,978</b>	<b>-</b>	<b>1,591,721</b>
Deferred Inflows of Resources:			
Unavailable revenue	136,890	-	-
Fund Balances:			
Restricted:			
Transportation	-	-	-
Capital improvements	-	712,342	-
Public facilities	36,476,935	-	-
Unassigned	-	-	(1,591,721)
<b>Total Fund Balances (Deficit)</b>	<b>36,476,935</b>	<b>712,342</b>	<b>(1,591,721)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 36,688,803</b>	<b>\$ 712,342</b>	<b>\$ -</b>

---

Community Facilities District 02-01	Transportation Impact Fee	Total
\$ 291,889	\$ 87,946	\$ 36,863,653
-	-	706,832
-	-	16,374
577	174	74,356
-	-	120,516
<u>\$ 292,466</u>	<u>\$ 88,120</u>	<u>\$ 37,781,731</u>

\$ -	\$ -	\$ 328
-	-	74,650
-	-	1,591,721
-	-	1,666,699
<u>-</u>	<u>-</u>	<u>136,890</u>

-	88,120	88,120
292,466	-	1,004,808
-	-	36,476,935
-	-	(1,591,721)
<u>292,466</u>	<u>88,120</u>	<u>35,978,142</u>
<u>\$ 292,466</u>	<u>\$ 88,120</u>	<u>\$ 37,781,731</u>

*City of San Marcos*

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Capital Projects Funds**  
**For the Year Ended June 30, 2020**

---

	Public Facility	Community Facilities District 99-1	Transportation Sales Tax
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ 345,101
Developer fees	5,549,023	-	-
Investment and rental income	1,121,537	8,678	439
Total Revenues	<u>6,670,560</u>	<u>8,678</u>	<u>345,540</u>
<b>EXPENDITURES</b>			
Current:			
Capital outlay	<u>74,978</u>	-	-
Total Expenditures	<u>74,978</u>	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,595,582</u>	<u>8,678</u>	<u>345,540</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers out (note 5)	<u>(2,714,734)</u>	-	<u>(1,494,307)</u>
Total Other Financing Sources	<u>(2,714,734)</u>	-	<u>(1,494,307)</u>
Net Change in Fund Balances	<u>3,880,848</u>	<u>8,678</u>	<u>(1,148,767)</u>
Fund Balances (Deficit), Beginning	<u>32,596,087</u>	<u>703,664</u>	<u>(442,954)</u>
Fund Balances (Deficit), Ending	<u>\$ 36,476,935</u>	<u>\$ 712,342</u>	<u>\$ (1,591,721)</u>

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Community Facilities District 02-01	Transportation Impact Fee	Total
\$ -	\$ -	\$ 345,101
-	-	5,549,023
8,817	2,657	1,142,128
<u>8,817</u>	<u>2,657</u>	<u>7,036,252</u>
 - -	 - -	 74,978
 - -	 - -	 74,978
 8,817	 2,657	 6,961,274
 - -	 - -	 (4,209,041)
 - -	 - -	 (4,209,041)
 8,817	 2,657	 2,752,233
 283,649	 85,463	 33,225,909
<u>\$ 292,466</u>	<u>\$ 88,120</u>	<u>\$ 35,978,142</u>

*City of San Marcos*

**Combining Balance Sheet**  
**Agency Funds**  
**June 30, 2020**

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	Deposits	Community Facilities District 88-1	Community Facilities District 99-1
<b>ASSETS</b>			
Cash and investments	\$ 3,865,874	\$ 86	\$ -
Restricted Assets:			
Cash and investments with fiscal agents	- -	2,723,246	7,134,675
Receivables:			
Accounts	67,763	- -	- -
Special assessments	- -	2,903	25,564
Interest	- -	20	81
<b>Total Assets</b>	<b>\$ 3,933,637</b>	<b>\$ 2,726,255</b>	<b>\$ 7,160,320</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 16,465	\$ - -	\$ 26,882
Deposits payable	3,917,172	- -	- -
Due to bondholders	- -	2,726,255	7,133,438
<b>Total Liabilities</b>	<b>\$ 3,933,637</b>	<b>\$ 2,726,255</b>	<b>\$ 7,160,320</b>

---

Community  
Facilities

<u>District 02-01</u>	<u>Total</u>
\$ -	\$ 3,865,960
1,921,187	11,779,108
-	67,763
4,880	33,347
20	121
<u>\$ 1,926,087</u>	<u>\$ 15,746,299</u>
\$ -	\$ 43,347
-	3,917,172
<u>1,926,087</u>	<u>11,785,780</u>
<u>\$ 1,926,087</u>	<u>\$ 15,746,299</u>

*City of San Marcos*

**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2020**

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	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b><u>Deposits</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,492,103	\$ 2,679,076	\$ 2,305,305	\$ 3,865,874
Receivables:				
Accounts	<u>-</u>	<u>300,133</u>	<u>232,370</u>	<u>67,763</u>
Total Assets	<u>\$ 3,492,103</u>	<u>\$ 2,979,209</u>	<u>\$ 2,537,675</u>	<u>\$ 3,933,637</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 189,807	\$ 1,656,210	\$ 1,829,552	\$ 16,465
Deposits payable	<u>3,302,296</u>	<u>3,504,072</u>	<u>2,889,196</u>	<u>3,917,172</u>
Total Liabilities	<u>\$ 3,492,103</u>	<u>\$ 5,160,282</u>	<u>\$ 4,718,748</u>	<u>\$ 3,933,637</u>
<b><u>Community Facilities District 88-1</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,285	\$ 1,193,798	\$ 1,196,997	\$ 86
Cash and investments with fiscal agents	<u>4,022,503</u>	<u>1,240,711</u>	<u>2,539,968</u>	<u>2,723,246</u>
Receivables:				
Special assessments	<u>7,083</u>	<u>12,890</u>	<u>17,070</u>	<u>2,903</u>
Interest	<u>196</u>	<u>20</u>	<u>196</u>	<u>20</u>
Total Assets	<u>\$ 4,033,067</u>	<u>\$ 2,447,419</u>	<u>\$ 3,754,231</u>	<u>\$ 2,726,255</u>
<b>LIABILITIES</b>				
Due to bondholders	<u>\$ 4,033,067</u>	<u>\$ 1,506,348</u>	<u>\$ 2,813,160</u>	<u>\$ 2,726,255</u>

*City of San Marcos*

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<b><u>Community Facilities District 99-1</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 11,096	\$ 5,503,323	\$ 5,514,419	\$ -
Cash and investments with fiscal agents	6,922,729	5,918,598	5,706,652	7,134,675
Receivables:				
Special assessments	21,058	72,186	67,680	25,564
Interest	528	81	528	81
Total Assets	<u>\$ 6,955,411</u>	<u>\$ 11,494,188</u>	<u>\$ 11,289,279</u>	<u>\$ 7,160,320</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 57,324	\$ 12,202	\$ 42,644	\$ 26,882
Due to bondholders	<u>6,898,087</u>	<u>5,862,708</u>	<u>5,627,357</u>	<u>7,133,438</u>
Total Liabilities	<u>\$ 6,955,411</u>	<u>\$ 5,874,910</u>	<u>\$ 5,670,001</u>	<u>\$ 7,160,320</u>
<b><u>Community Facilities District 02-01</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 433	\$ 1,082,273	\$ 1,082,706	\$ -
Cash and investments with fiscal agents	1,896,809	1,106,222	1,081,844	1,921,187
Receivables:				
Special assessments	7,521	17,281	19,922	4,880
Interest	103	20	103	20
Total Assets	<u>\$ 1,904,866</u>	<u>\$ 2,205,796</u>	<u>\$ 2,184,575</u>	<u>\$ 1,926,087</u>
<b>LIABILITIES</b>				
Due to bondholders	<u>\$ 1,904,866</u>	<u>\$ 1,126,181</u>	<u>\$ 1,104,960</u>	<u>\$ 1,926,087</u>

*City of San Marcos*

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

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	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b><u>Total - Agency Funds</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,506,917	\$ 10,458,470	\$ 10,099,427	\$ 3,865,960
Cash and investments with fiscal agents	12,842,041	8,265,531	9,328,464	11,779,108
Receivables:				
Accounts	-	300,133	232,370	67,763
Special assessments	35,662	102,357	104,672	33,347
Interest	827	121	827	121
<b>Total Assets</b>	<b>\$ 16,385,447</b>	<b>\$ 19,126,612</b>	<b>\$ 19,765,760</b>	<b>\$ 15,746,299</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 247,131	\$ 1,668,412	\$ 1,872,196	\$ 43,347
Deposits payable	3,302,296	3,504,072	2,889,196	3,917,172
Due to bondholders	12,836,020	8,495,237	9,545,477	11,785,780
<b>Total Liabilities</b>	<b>\$ 16,385,447</b>	<b>\$ 13,667,721</b>	<b>\$ 14,306,869</b>	<b>\$ 15,746,299</b>

# *City of San Marcos*

## **Statistical Section**

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This section of the City's comprehensive annual financial report presents 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.

	<b>CONTENTS</b>	<b>Page</b>
<b>Financial Trends</b>		132
	These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	
<b>Revenue Capacity</b>		142
	These schedules contain information to help the reader assess one of the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>		145
	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>		151
	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>		155
	These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

# City of San Marcos

## Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Governmental Activities:				
Net investment in capital assets	\$ 499,416,669	\$ 658,296,750	\$ 646,769,141	\$ 671,633,533
Restricted for:				
Affordable housing	119,927,089	163,429,723	160,939,069	162,388,168
Lighting and landscape	9,032,742	9,389,874	9,706,762	10,141,062
Capital improvements	-	-	20,320,721	21,071,049
Other purposes	6,026,400	6,506,958	10,295,075	8,955,235
Endowment	1,244,590	1,147,835	1,195,768	1,000,000
Unrestricted	(6,504,167)	64,955,219	57,252,131	60,074,433
Total governmental activities net position	<u><u>\$ 629,143,323</u></u>	<u><u>\$ 903,726,359</u></u>	<u><u>\$ 906,478,667</u></u>	<u><u>\$ 935,263,480</u></u>
Business-type activities:				
Net investment in capital assets	\$ 28,307,420	\$ 27,925,065	\$ 26,725,626	\$ 27,160,354
Unrestricted	8,052,471	6,319,042	5,761,171	4,352,951
Total business-type activities net position	<u><u>\$ 36,359,891</u></u>	<u><u>\$ 34,244,107</u></u>	<u><u>\$ 32,486,797</u></u>	<u><u>\$ 31,513,305</u></u>
Component unit:				
Not expendable	\$ -	\$ -	\$ -	\$ -
Expendable	-	-	-	-
Total component unit net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Primary Government:				
Net investment in capital assets	\$ 527,724,089	\$ 686,221,815	\$ 673,494,767	\$ 698,793,887
Restricted for:				
Affordable housing	119,927,089	163,429,723	160,939,069	162,388,168
Lighting and landscape	9,032,742	9,389,874	9,706,762	10,141,062
Capital improvements	-	-	20,320,721	21,071,049
Other purposes	6,026,400	6,506,958	10,295,075	8,955,235
Endowment	1,244,590	1,147,835	1,195,768	1,000,000
Unrestricted	1,548,304	71,274,261	63,013,302	64,427,384
Total primary government net position	<u><u>\$ 665,503,214</u></u>	<u><u>\$ 937,970,466</u></u>	<u><u>\$ 938,965,464</u></u>	<u><u>\$ 966,776,785</u></u>
Component unit:				
Restricted	\$ -	\$ -	\$ -	\$ -
Total component unit net position	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Source: City of San Marcos, Finance Department

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 647,192,005	\$ 623,187,760	\$ 607,795,162	\$ 599,739,265	\$ 600,656,145	\$ 594,590,985	
174,239,971	182,174,655	192,984,712	197,267,954	204,874,361	214,394,691	
11,266,533	12,073,491	12,410,105	12,833,499	14,734,771	15,104,188	
24,998,414	32,111,994	36,384,666	3,186,646	1,008,537	1,004,808	
7,645,829	2,187,164	2,461,175	44,845,897	42,359,172	51,842,888	
1,000,000	-	-	-	-	-	
3,482,542	48,523,274	60,067,467	48,322,111	46,006,938	35,895,754	
<u>\$ 869,825,294</u>	<u>\$ 900,258,338</u>	<u>\$ 912,103,287</u>	<u>\$ 906,195,372</u>	<u>\$ 909,639,924</u>	<u>\$ 912,833,314</u>	
\$ 34,101,091	\$ -	\$ -	\$ -	\$ -	\$ -	
2,552,732	94,924,105	95,225,519	94,972,155	95,293,994	96,901,655	
<u>\$ 36,653,823</u>	<u>\$ 94,924,105</u>	<u>\$ 95,225,519</u>	<u>\$ 94,972,155</u>	<u>\$ 95,293,994</u>	<u>\$ 96,901,655</u>	
\$ -	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	
-	157,923	230,885	258,593	250,742	219,405	
<u>\$ -</u>	<u>\$ 1,157,923</u>	<u>\$ 1,230,885</u>	<u>\$ 1,258,593</u>	<u>\$ 1,250,742</u>	<u>\$ 1,219,405</u>	
\$ 681,293,096	\$ 623,187,760	\$ 607,795,162	\$ 599,739,265	\$ 600,656,145	\$ 594,590,985	
174,239,971	182,174,655	192,984,712	197,267,954	204,874,361	214,394,691	
11,266,533	12,073,491	12,410,105	12,833,499	14,734,771	15,104,188	
24,998,414	32,111,994	36,384,666	3,186,646	1,008,537	1,004,808	
7,645,829	2,187,164	2,461,175	44,845,897	42,359,172	51,842,888	
1,000,000	-	-	-	-	-	
6,035,274	143,447,379	155,292,986	143,294,266	141,300,932	132,797,409	
<u>\$ 906,479,117</u>	<u>\$ 995,182,443</u>	<u>\$ 1,007,328,806</u>	<u>\$ 1,001,167,527</u>	<u>\$ 1,004,933,918</u>	<u>\$ 1,009,734,969</u>	
\$ -	\$ 1,157,923	\$ 1,230,885	\$ 1,258,593	\$ 1,250,742	\$ 1,219,405	
<u>\$ -</u>	<u>\$ 1,157,923</u>	<u>\$ 1,230,885</u>	<u>\$ 1,258,593</u>	<u>\$ 1,250,742</u>	<u>\$ 1,219,405</u>	

# City of San Marcos

## Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses:				
Governmental Activities:				
General government	\$ 18,106,693	\$ 16,992,317	\$ 15,885,771	\$ 16,447,263
Community development	5,739,531	28,586,547	6,379,029	3,431,958
Public safety	28,216,005	32,163,467	27,531,474	31,398,530
Highways, streets and parks	26,408,488	22,057,522	31,047,726	32,779,655
Culture and recreation	3,079,743	3,163,230	4,992,567	3,022,930
Interest on long-term debt	16,325,714	9,399,083	286,343	272,403
Total governmental activities expenses	<u>97,876,174</u>	<u>112,362,166</u>	<u>86,122,910</u>	<u>87,352,739</u>
Business-type activities:				
Creekside Marketplace	1,296,182	1,060,528	866,501	1,061,134
Total business-type activities expenses	<u>1,296,182</u>	<u>1,060,528</u>	<u>866,501</u>	<u>1,061,134</u>
Total primary government expenses	<u>99,172,356</u>	<u>113,422,694</u>	<u>86,989,411</u>	<u>88,413,873</u>
Component Unit:				
Permanent Fund Community Foundation	-	-	-	-
Total primary government expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Program Revenues:				
Governmental Activities:				
Charges for services:				
General government (2)	\$ 8,017,989	\$ 7,381,025	\$ 8,616,200	\$ 7,515,771
Community development (2)	1,568,683	2,131,886	5,179,421	6,998,956
Public safety	7,623,734	7,266,747	8,012,187	8,636,601
Highways, streets and parks (1) (2)	6,793,677	7,150,548	6,943,057	8,462,005
Culture and recreation (2)	1,825,778	1,837,906	1,878,137	2,105,349
Operating grants and contributions	2,392,703	3,547,679	3,333,506	24,338,152
Capital contributions and grants	25,090,511	15,027,697	20,273,816	2,125,409
Total governmental activities program revenues	<u>53,313,075</u>	<u>44,343,488</u>	<u>54,236,324</u>	<u>60,182,243</u>
Business-type activities:				
Charges for services:				
Creekside Marketplace	3,639,134	3,523,109	3,907,546	4,103,722
Total business-type activities program revenues	<u>3,639,134</u>	<u>3,523,109</u>	<u>3,907,546</u>	<u>4,103,722</u>
Total primary government program revenues	<u>56,952,209</u>	<u>47,866,597</u>	<u>58,143,870</u>	<u>64,285,965</u>
Net (expenses) revenues:				
Governmental activities	(44,563,099)	(68,018,678)	(31,886,586)	(27,170,496)
Business-type activities	2,342,952	2,462,581	3,041,045	3,042,588
Total primary government net (expenses)/revenues	<u>\$ (42,220,147)</u>	<u>\$ (65,556,097)</u>	<u>\$ (28,845,541)</u>	<u>\$ (24,127,908)</u>
Component Unit:				
Permanent Fund Community Foundation	-	-	-	-
Total primary government net (expenses)/revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### Notes:

(1) Amounts have been restated to reflect lighting and landscaping expenditures as part of highways, streets, and parks instead of culture and recreation.

(2) Beginning in fiscal year 2009-2010, all costs relating to the construction inspection function are reported under community development instead of highways, streets, and parks. Also, the storm water management function is under general government instead of highways, streets, and parks.

Source: City of San Marcos, Finance Department

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 16,944,647	\$ 18,256,401	\$ 15,819,492	\$ 19,444,881	\$ 24,545,665	\$ 26,598,227	
7,094,841	12,890,498	1,679,942	6,368,611	5,036,267	10,631,212	
36,059,952	32,564,134	38,312,609	40,504,526	42,703,434	42,461,674	
33,832,005	23,904,189	29,012,619	32,201,548	31,533,558	32,356,482	
5,040,297	3,951,699	3,873,784	4,209,685	4,025,485	3,982,454	
267,688	262,067	243,974	295,292	183,847	227,552	
<u>99,239,430</u>	<u>91,828,988</u>	<u>88,942,420</u>	<u>103,024,543</u>	<u>108,028,256</u>	<u>116,257,601</u>	
 2,053,600	 2,069,680	 1,572,337	 771,106	 969,539	 1,339,226	
<u>2,053,600</u>	<u>2,069,680</u>	<u>1,572,337</u>	<u>771,106</u>	<u>969,539</u>	<u>1,339,226</u>	
 101,293,030	 93,898,668	 90,514,757	 103,795,649	 108,997,795	 117,596,827	
 -                   56,622	 65,283	 69,946	 71,223	 51,361		
<u>\$ -</u>	<u>\$ 56,622</u>	<u>\$ 65,283</u>	<u>\$ 69,946</u>	<u>\$ 71,223</u>	<u>\$ 51,361</u>	
 \$ 1,288,995	 \$ 1,843,724	 \$ 1,151,920	 \$ 1,038,094	 \$ 1,704,211	 \$ 1,580,692	
2,997,665	2,252,007	4,554,470	6,363,423	2,485,165	1,813,367	
8,888,703	9,103,730	10,358,412	10,979,615	12,001,681	11,883,120	
7,455,240	8,196,772	7,931,273	8,605,163	7,860,930	9,294,971	
2,081,035	2,364,561	2,575,892	2,100,449	2,466,095	1,543,846	
16,811,188	11,893,755	13,919,753	11,094,309	17,606,841	23,979,367	
9,843,740	4,294,066	3,523,253	1,345,661	4,437,779	7,053,470	
<u>49,366,566</u>	<u>39,948,615</u>	<u>44,014,973</u>	<u>41,526,714</u>	<u>48,562,702</u>	<u>57,148,833</u>	
 3,470,369	 3,335,509	 4,924,764	 5,188,034	 5,510,983	 4,808,776	
<u>3,470,369</u>	<u>3,335,509</u>	<u>4,924,764</u>	<u>5,188,034</u>	<u>5,510,983</u>	<u>4,808,776</u>	
 52,836,935	 43,284,124	 48,939,737	 46,714,748	 54,073,685	 61,957,609	
 (49,872,864)	 (51,880,373)	 (44,927,447)	 (61,497,829)	 (59,465,554)	 (59,108,768)	
1,416,769	1,265,829	3,352,427	4,416,928	4,541,444	3,469,550	
<u>\$ (48,456,095)</u>	<u>\$ (50,614,544)</u>	<u>\$ (41,575,020)</u>	<u>\$ (57,080,901)</u>	<u>\$ (54,924,110)</u>	<u>\$ (55,639,218)</u>	
 -                   -	 (65,283)	 (69,946)	 (71,223)	 (51,361)		
<u>-</u>	<u>-</u>	<u>(65,283)</u>	<u>(69,946)</u>	<u>(71,223)</u>	<u>(51,361)</u>	

# City of San Marcos

## Changes in Net Position, (continued) Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Positions:				
Governmental activities:				
Taxes:				
Property taxes	\$ 12,490,217	\$ 12,373,080	\$ 12,734,479	\$ 19,036,135
Tax increment, net	21,315,468	36,294,755	11,896,531	-
Transient occupancy taxes	298,459	610,460	713,538	736,035
Business license	188,300	195,134	195,431	194,864
Franchise fees	2,482,704	2,677,551	2,713,099	2,582,279
Gain/(Loss) on sale of capital assets	-	67,970	-	-
Motor vehicle license fees	246,496	382,275	42,071	80,791
Rental income	-	-	-	-
Sales tax shared state revenue and in lieu, unrestricted	12,269,791	13,091,860	13,836,852	14,596,011
Investment income	4,397,830	4,583,907	3,692,241	3,508,350
Other	1,943,136	1,390,381	1,160,059	1,991,861
Transfers	1,200,000	3,167,000	5,100,000	5,000,000
Transfer to Successor Agency	-	-	-	(10,674,712)
Extraordinary gain	-	-	280,624,874	-
Total governmental activities	<u>56,832,401</u>	<u>74,834,373</u>	<u>332,709,175</u>	<u>37,051,614</u>
Business-type activities:				
Investment income	130,563	167,380	137,198	5,469
Other	-	-	-	-
Transfers	(1,200,000)	(3,167,000)	(5,100,000)	(5,000,000)
Total business-type activities	<u>(1,069,437)</u>	<u>(2,999,620)</u>	<u>(4,962,802)</u>	<u>(4,994,531)</u>
Total primary government	<u>55,762,964</u>	<u>71,834,753</u>	<u>327,746,373</u>	<u>32,057,083</u>
Component Unit:				
Investment income, restricted	-	-	-	-
Other	-	-	-	-
Total primary government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position:				
Governmental activities	12,269,302	6,815,695	300,822,589	9,881,118
Business-type activities	1,273,515	(537,039)	(1,921,757)	(1,951,943)
Total primary government	<u>\$ 13,542,817</u>	<u>\$ 6,278,656</u>	<u>\$ 298,900,832</u>	<u>\$ 7,929,175</u>
Component Unit:				
Permanent Fund Community Foundation	-	-	-	-
Total primary government	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: City of San Marcos, Finance Department

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 14,730,525	\$ 16,627,912	\$ 18,604,256	\$ 19,825,953	\$ 21,542,823	\$ 24,982,707	
-	-	-	-	-	-	
794,846	829,724	873,863	978,498	1,303,446	1,068,175	
208,911	213,173	228,040	231,933	232,733	226,950	
3,520,613	3,907,803	4,031,275	3,897,771	4,042,123	4,282,862	
(659,841)	1,810,932	187,956	227,020	258,282	229,032	
-	-	-	-	49,502	79,818	
6,260,337	5,790,384	5,950,030	5,556,365	5,477,226	5,140,403	
15,840,511	16,209,302	16,868,051	16,418,302	17,274,843	19,306,999	
1,108,705	937,647	1,731,178	1,242,804	1,305,351	10,303,109	
489,778	982,947	529,653	96,331	223,593	982,103	
4,250,000	(3,850,425)	4,500,000	3,317,138	5,000,000	3,500,000	
-	-	-	-	-	-	
<u>46,544,385</u>	<u>43,459,399</u>	<u>53,504,302</u>	<u>51,792,115</u>	<u>56,709,922</u>	<u>70,102,158</u>	
50,190	8,184	16,289	2,855	6,759	1,636,309	
-	-	-	-	-	1,802	
<u>(4,250,000)</u>	<u>3,850,425</u>	<u>(4,500,000)</u>	<u>(3,317,138)</u>	<u>(5,000,000)</u>	<u>(3,500,000)</u>	
<u>(4,199,810)</u>	<u>3,858,609</u>	<u>(4,483,711)</u>	<u>(3,314,283)</u>	<u>(4,993,241)</u>	<u>(1,861,889)</u>	
<u>42,344,575</u>	<u>47,318,008</u>	<u>49,020,591</u>	<u>48,477,832</u>	<u>51,716,681</u>	<u>68,240,269</u>	
-	-	(11,645)	138,220	97,654	19,998	
-	-	-	25	-	26	
-	-	(11,645)	138,245	97,654	20,024	
(3,328,479)	(8,420,974)	8,576,855	(9,705,714)	(2,755,632)	10,993,390	
<u>(2,783,041)</u>	<u>5,124,438</u>	<u>(1,131,284)</u>	<u>1,102,645</u>	<u>(451,797)</u>	<u>1,607,661</u>	
<u>\$ (6,111,520)</u>	<u>\$ (3,296,536)</u>	<u>\$ 7,445,571</u>	<u>\$ (8,603,069)</u>	<u>\$ (3,207,429)</u>	<u>\$ 12,601,051</u>	
-	-	(76,928)	68,299	26,431	(31,337)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (76,928)</u>	<u>\$ 68,299</u>	<u>\$ 26,431</u>	<u>\$ (31,337)</u>	

## *City of San Marcos*

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

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	Fiscal Year			
	2011	2012	2013	2014
Nonspendable	\$ 19,463,456	\$ 16,924,452	\$ 16,184,816	\$ 11,938,509
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	35,162,531	34,951,893	44,147,436	51,115,898
<b>Total General Fund</b>	<b>54,625,987</b>	<b>51,876,345</b>	<b>60,332,252</b>	<b>63,054,407</b>
Nonspendable	1,244,590	1,147,835	1,195,768	1,000,000
Restricted	164,514,929	81,486,140	80,423,049	80,658,598
Unassigned	-	-	-	(225)
<b>Total all other governmental funds</b>	<b>165,759,519</b>	<b>82,633,975</b>	<b>81,618,817</b>	<b>81,658,373</b>
<b>Total governmental funds</b>	<b><u>\$ 220,385,506</u></b>	<b><u>\$ 134,510,320</u></b>	<b><u>\$ 141,951,069</u></b>	<b><u>\$ 144,712,780</u></b>

Source: City of San Marcos, Finance Department

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Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 10,451,246	\$ 10,031,405	\$ 66,369,312	\$ 65,059,911	\$ 64,997,746	\$ 62,506,999	2,492,150
-	-	-	-	-	-	10,023,351
5,984,790	5,984,790	11,653,634	11,313,621	11,059,665	32,505,397	
31,887,837	82,608,491	27,053,317	28,500,274	30,443,892		
<u>48,323,873</u>	<u>98,624,686</u>	<u>105,076,263</u>	<u>104,873,806</u>	<u>106,501,303</u>	<u>107,527,897</u>	
1,000,000	-	-	-	-	-	
82,000,192	82,451,468	87,132,962	98,836,674	99,243,047	110,557,067	
(20)	(33,867)	-	(148,263)	(378,551)	(5,099,687)	
<u>83,000,172</u>	<u>82,417,601</u>	<u>87,132,962</u>	<u>98,688,411</u>	<u>98,864,496</u>	<u>105,457,380</u>	
<u>\$ 131,324,045</u>	<u>\$ 181,042,287</u>	<u>\$ 192,209,225</u>	<u>\$ 203,562,217</u>	<u>\$ 205,365,799</u>	<u>\$ 212,985,277</u>	

# City of San Marcos

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues:</b>				
Taxes and special assessments (3)	\$ 87,336,566	\$ 44,811,128	\$ 40,050,764	\$ 37,499,452
Licenses and permits	4,722,075	5,210,749	5,031,124	4,834,181
Intergovernmental (3)	10,725,506	14,657,647	16,273,969	14,879,876
Charges for services	11,273,011	13,430,631	14,423,983	14,014,737
Developer fees	3,734,747	8,822,043	12,333,859	604,325
Fines and forfeitures	284,452	203,253	171,675	379,517
Investment and rental income	9,724,275	8,710,563	8,108,512	8,390,525
Miscellaneous	1,984,750	2,020,386	1,656,624	2,784,337
<b>Total Revenues</b>	<b>129,785,382</b>	<b>97,866,400</b>	<b>98,050,510</b>	<b>83,386,950</b>
<b>Expenditures:</b>				
Current:				
General government (2)	17,457,897	15,640,014	15,237,915	15,683,539
Community development (2)	10,223,010	17,717,361	9,148,706	4,209,639
Public safety	27,317,174	30,262,221	27,156,685	30,863,346
Highways, streets and parks (1) (2)	13,379,798	14,053,498	13,407,088	21,875,374
Culture and recreation (1)	2,814,054	2,984,215	4,819,380	2,948,559
Tax increment distrib. to other gov. agencies	16,266,743	410,877	-	-
SERAFF payment	4,163,078	-	-	-
Capital outlay	26,289,568	20,163,235	16,677,835	8,462,086
Debt service:				
Principal retirement	9,566,685	9,903,628	342,996	430,447
Interest and fiscal charges	15,782,349	9,509,119	277,403	269,039
Cost of issuance	674,238	-	-	-
<b>Total expenditures</b>	<b>143,934,594</b>	<b>120,644,168</b>	<b>87,068,008</b>	<b>84,742,029</b>
<b>Excess/(deficiency) of Revenues Over Expenditures</b>	<b>(14,149,212)</b>	<b>(22,777,768)</b>	<b>10,982,502</b>	<b>(1,355,079)</b>
<b>Other financing sources (uses):</b>				
Issuance of debt	54,779,110	-	-	-
Discount on bonds issued	(1,719,824)	-	-	-
Sale of capital assets	38,876	23,611	6,489	(659,841)
Capital leases	-	-	-	427,300
Partnership contributions	-	-	-	-
Transfers in	14,843,444	65,681,454	11,511,222	5,227,487
Transfers out	(11,676,444)	(60,581,454)	(17,185,934)	(977,487)
<b>Total other financing sources (uses)</b>	<b>56,265,162</b>	<b>5,123,611</b>	<b>(5,668,223)</b>	<b>4,017,459</b>
<b>Net Change in Fund Balances</b>	<b>\$ 42,115,950</b>	<b>\$ (17,654,157)</b>	<b>\$ 5,314,279</b>	<b>\$ 2,662,380</b>
Debt service as a percentage of noncapital expenditures	22.07%	18.82%	0.81%	0.93%

### Notes:

- (1) Amounts have been restated to reflect lighting and landscaping expenditures as part of highways, streets, and parks instead of culture and recreation.
- (2) Beginning in fiscal year 2009-2010, all costs relating to the construction inspection function are reported under community development instead of highways, streets, and parks. Also, the storm water management function is under general government instead of highways, streets, and parks.
- (3) Beginning in fiscal year 2016-2017, all sales tax related revenue is recorded under the intergovernmental revenue category instead of taxes and special assessments revenue category.

Source: City of San Marcos, Finance Department

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 40,746,406	\$ 43,388,689	\$ 28,386,492	\$ 30,734,448	\$ 37,396,482	\$ 35,074,453	
4,896,092	5,190,125	5,184,798	5,567,081	4,829,046	4,982,848	
11,705,953	8,388,620	22,446,951	24,240,158	22,558,222	30,208,872	
14,767,944	15,644,089	15,756,224	16,391,482	16,112,574	15,608,463	
3,085,839	5,680,240	6,770,876	10,269,151	5,217,642	7,775,654	
378,143	492,091	632,114	592,516	498,336	389,034	
9,159,541	9,887,780	9,814,976	8,625,937	11,496,722	19,363,307	
1,307,048	3,003,475	1,656,344	2,170,216	1,873,724	1,556,989	
<u>86,046,966</u>	<u>91,675,109</u>	<u>90,648,775</u>	<u>98,590,989</u>	<u>99,982,748</u>	<u>114,959,620</u>	
 16,082,210	 15,769,553	 20,232,292	 17,619,187	 21,862,137	 24,474,209	
7,282,130	9,218,570	9,224,684	6,419,708	4,795,779	9,921,546	
35,743,282	33,512,449	36,449,543	37,334,894	37,782,655	39,103,687	
20,669,923	16,739,415	19,258,048	18,924,332	18,575,680	18,682,862	
4,904,494	3,611,161	3,814,190	3,930,935	3,759,978	3,416,437	
-	-	-	-	-	-	
3,672,221	11,115,705	10,255,091	6,235,184	19,258,698	16,762,011	
570,876	677,198	970,360	1,474,503	860,105	907,466	
260,465	259,734	286,705	246,947	155,238	219,983	
-	-	-	108,311	-	-	
<u>89,185,601</u>	<u>90,903,785</u>	<u>100,490,913</u>	<u>92,294,001</u>	<u>107,050,270</u>	<u>113,488,201</u>	
<u>(3,138,635)</u>	<u>771,324</u>	<u>(9,842,138)</u>	<u>6,296,988</u>	<u>(7,067,522)</u>	<u>1,471,419</u>	
 12,752	 1,036,580	 -	 -	 -	 -	
-	-	-	-	-	-	
125,074	432,248	2,018,392	-	4,521,104	1,138,302	
(6,537,501)	-	-	-	-	1,509,757	
5,911,842	6,441,564	5,470,561	9,820,141	11,859,523	14,722,108	
(9,762,267)	(1,941,564)	(2,153,423)	(4,820,141)	(7,509,523)	(11,222,108)	
<u>(10,250,100)</u>	<u>5,968,828</u>	<u>5,335,530</u>	<u>5,000,000</u>	<u>8,871,104</u>	<u>6,148,059</u>	
<u>\$ (13,388,735)</u>	<u>\$ 6,740,152</u>	<u>\$ (4,506,608)</u>	<u>\$ 11,296,988</u>	<u>\$ 1,803,582</u>	<u>\$ 7,619,478</u>	
0.95%	0.99%	1.42%	2.12%	1.07%	1.18%	

## *City of San Marcos*

### **Assessed Value and Estimated Actual Value of Taxable Property (1) Last Ten Fiscal Years**

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Fiscal Year	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate (2)
2011	\$ 8,829,981,997	\$ 343,767,058	\$ (432,933,115)	\$ 8,740,815,940	0.0883 %
2012	8,908,023,695	342,676,146	(441,238,868)	8,809,460,973	0.0883
2013	8,949,312,131	351,245,593	(482,223,209)	8,818,334,515	0.0883
2014	9,339,081,684	337,792,578	(503,189,791)	9,173,684,471	0.0883
2015	10,183,486,233	337,507,007	(548,057,005)	9,972,936,235	0.0883
2016	10,811,344,739	329,112,145	(559,042,771)	10,581,414,113	0.0883
2017	11,407,192,886	337,739,348	(570,825,511)	11,174,106,723	0.0883
2018	12,146,122,751	348,333,349	(595,248,906)	11,899,207,194	0.0883
2019	12,991,489,372	370,104,590	(619,191,733)	12,742,402,229	0.0883
2020	13,815,539,662	379,261,628	(579,152,010)	13,615,649,280	0.0883

#### Notes:

(1) 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 re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is re-assessed 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.

(2) Tax Rate Area 13-066.

Source: San Diego County Assessor's Office

## *City of San Marcos*

### **Direct and Overlapping Property Tax Rates (1) Last Ten Fiscal Years (rate per \$100 of assessed value)**

#### Allocation of 1% Ad Valorem Property Taxes

Fiscal Year	City of San Marcos	Overlapping Rates							Total Tax Rate (2)
		San Marcos Unified School District	San Marcos Fire Protection District	San Diego County	Others	Voter Approved Debt			
		Direct Rate							
2011	0.0883 %	0.3805 %	0.0632 %	0.2481 %	0.2200 %	0.0559 %	1.0560 %		
2012	0.0883	0.3805	0.0632	0.2481	0.2200	0.0994	1.0994		
2013	0.0883	0.3805	0.0632	0.2481	0.2200	0.0994	1.0994		
2014	0.0883	0.3805	0.0632	0.2481	0.2200	0.0978	1.0978		
2015	0.0883	0.3805	0.0632	0.2481	0.2200	0.1138	1.1138		
2016	0.0883	0.3805	0.0632	0.2481	0.2200	0.1180	1.1180		
2017	0.0883	0.3805	0.0632	0.2481	0.2200	0.1175	1.1175		
2018	0.0883	0.3805	0.0632	0.2481	0.2200	0.0910	1.0911		
2019	0.0883	0.3805	0.0632	0.2481	0.2200	0.0908	1.0908		
2020	0.0883	0.3805	0.0632	0.2481	0.2200	0.0970	1.0970		

#### Notes:

- (1) Tax rates are for Tax Rate Area 13-066.
- (2) In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1% fixed amount. This 1% is shared by all taxing agencies in which the subject property resides. In addition to the 1% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various voter-approved bonds.

Source: San Diego County Auditor and Controller Office

## *City of San Marcos*

### **Property Tax Levies and Collections Last Ten Fiscal Years (1)**

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Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Collections in Subsequent Years		Total Collections to Date		
		Amount	Percentage of Levy	%	Amount	Percentage	Amount	Percentage	%
2011	\$ 5,605,294	\$ 5,413,368	96.58	%	\$ 125,206		\$ 5,538,574	98.81	%
2012	5,646,455	5,479,552	97.04		107,645		5,587,197	98.95	
2013	5,900,446	5,735,557	97.21		78,614		5,814,171	98.54	
2014	6,281,371	6,071,920	96.67		72,088		6,144,008	97.81	
2015	6,502,541	6,342,713	97.54		76,923		6,419,636	98.73	
2016	6,875,051	6,704,823	97.52		68,390		6,773,213	98.52	
2017	7,280,193	7,082,528	97.28		79,211		7,161,739	98.37	
2018	7,584,842	7,402,491	97.60		72,873		7,475,364	98.56	
2019	8,110,254	7,879,445	97.15		68,736		7,948,181	98.00	
2020	8,257,634	7,990,099	96.76		N/A		7,990,099	96.76	

Notes:

(1) The amounts presented include the City and Fire District property taxes.

Source: San Diego County Auditor and Controller Office

## *City of San Marcos*

### Ratios of Outstanding Debt by Type Last Ten Fiscal Years

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Fiscal Year	Revenue Bonds	Notes Payable	Capital Leases	Loans Payable (3)	Total Primary Government	Percentage of Personal Income	Per Capita
2011	\$ 5,599,334	\$ 2,646,245	\$ -	\$ -	\$ 8,245,579	0.21 %	\$ 98
2012	5,376,667	743,880	-	-	6,120,547	0.15	72
2013	5,144,000	635,884	602,188	-	6,382,072	0.15	75
2014	4,901,333	521,949	413,919	530,676	6,367,876	0.14	73
2015	4,653,666	401,747	411,883	469,865	5,937,160	0.12	66
2016	4,390,999	274,934	633,034	1,432,155	6,731,122	0.13	73
2017	4,118,332	141,146	2,250,022	1,271,983	7,781,483	0.14	83
2018 (2)	-	-	1,731,711	4,643,642	6,375,353	0.11	66
2019	-	-	1,334,885	4,158,664	5,493,549	0.09	57
2020	-	-	2,413,785	3,682,055	6,095,840	(4)	63

Note:

- (1) General bonded debt is debt payable with governmental fund resources. Details regarding the City's outstanding debt can be found in the notes to basic financial statements.
- (2) Revenue Bonds refunded as of November 29, 2017
- (3) Beginning 2018 includes Safety Center Private Placement Financing
- (4) Personal income data for 2020 is unavailable.

Source: City of San Marcos, Finance Department

## *City of San Marcos*

### **Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years**

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Fiscal Year	General Obligation Bonds	Revenue Bonds (1)	Total	Percent of Assessed Value (2)	Per Capita	Col N
2011	\$ -	\$ 5,599,334	\$ 5,599,334	0.064	\$ 66	0.064%
2012	-	5,376,667	5,376,667	0.061	63	0.061%
2013	-	5,144,000	5,144,000	0.058	59	0.058%
2014	-	4,901,333	4,901,333	0.053	54	0.053%
2015	-	4,653,666	4,653,666	0.047	51	0.047%
2016	-	4,390,999	4,390,999	0.041	47	0.041%
2017	-	4,118,332	4,118,332	0.037	44	0.037%
2018 (3)	-	-	-	0.000	-	0.000%
2019	-	-	-	0.000	-	0.000%
2020	-	-	-	0.000	-	0.000%

Notes:

- (1) The revenue bonds are secured by lease payments to be made by the City and the County of San Diego.
- (2) Assessed value has been used because actual value of taxable property is not readily available in the State of California.
- (3) Revenue Bonds refunded as of November 29, 2017

Source: City of San Marcos, Finance Department

## *City of San Marcos*

### **Legal Debt Margin Information Last Ten Fiscal Years**

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	Fiscal Year			
	2011	2012	2013	2014
Total assessed valuation	\$ 9,173,749,055	\$ 9,250,699,841	\$ 9,300,557,724	\$ 9,676,874,262
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	2,293,437,264	2,312,674,960	2,325,139,431	2,419,218,566
Debt limit percentage	15%	15%	15%	15%
Debt limit	344,015,590	346,901,244	348,770,915	362,882,785
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 344,015,590</u>	<u>\$ 346,901,244</u>	<u>\$ 348,770,915</u>	<u>\$ 362,882,785</u>
Total debt applicable to the limit as a percentage of debt limit	0.000%	0.000%	0.000%	0.000%

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 the State.

Source: City of San Marcos, Finance Department  
County of San Diego Tax Assessor's Office

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Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 10,520,993,240	\$ 11,140,456,884	\$ 11,744,932,234	\$ 12,494,456,100	\$ 13,361,593,962	\$ 14,194,801,290
25%	25%	25%	25%	25%	25%
2,630,248,310	2,785,114,221	2,936,233,059	3,123,614,025	3,340,398,491	3,548,700,323
15%	15%	15%	15%	15%	15%
394,537,247	417,767,133	440,434,959	468,542,104	501,059,774	532,305,048
-	-	-	-	-	-
<u>\$ 394,537,247</u>	<u>\$ 417,767,133</u>	<u>\$ 440,434,959</u>	<u>\$ 468,542,104</u>	<u>\$ 501,059,774</u>	<u>\$ 532,305,048</u>
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

*City of San Marcos*

**Pledged-Revenue Coverage  
Last Ten Fiscal Years**

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Fiscal Year	Revenue Bonds (1)			Debt Service (2)			Coverage
	Revenue	Principal	Interest				
2011	\$ 469,490	\$ 215,000	\$ 254,490				1.00
2012	470,690	225,000	245,690				1.00
2013	471,490	235,000	236,490				1.00
2014	471,890	245,000	226,890				1.00
2015	466,990	250,000	216,990				1.00
2016	471,524	265,000	206,524				1.00
2017	470,353	275,000	195,353				1.00
2018 (3)	-	-	-				1.00
2019	-	-	-				1.00
2020	-	-	-				1.00

Notes:

- (1) Revenue bonds are secured by lease payments to be made by the City and the County of San Diego.
- (2) Debt service shown is annual debt service.
- (3) Revenue Bonds refunded as of November 29, 2017

Source: City of San Marcos, Finance Department

# City of San Marcos

## Direct and Overlapping Debt As of June 30, 2020

2019-20 Assessed Valuation: (1)	\$13,712,795,280		
	Percentage Applicable (2)	Outstanding Debt June 30, 2020 (3)	Estimated Share of Overlapping Debt
<b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Metropolitan Water District	0.441%	\$ 37,300,000	\$ 164,493
Palomar Community College District	10.647%	610,657,763	65,016,732
San Marcos Unified School District	62.839%	285,225,402	179,232,790
San Marcos Unified School District School Facilities Improvement District No. 1	61.342%	683,194	419,085
San Marcos Unified School District Community Facilities District No. 3	100.000%	670,000	670,000
San Marcos Unified School District Community Facilities District No. 4	64.607%	14,985,000	9,681,359
San Marcos Unified School District Community Facilities District No. 7	100.000%	6,880,000	6,880,000
Other School Districts	Various	817,699,208	387,388
Palomar Pomerado Hospital	11.856%	422,024,019	50,035,168
<b>City of San Marcos</b>	<b>100.000%</b>	<b>-</b>	<b>-</b>
City of San Marcos Community Facilities District No. 88-1	100.000%	8,691,012	8,691,012
City of San Marcos Community Facilities District No. 91-01	100.000%	266,959	266,959
City of San Marcos Community Facilities District No. 99-01	100.000%	51,958,657	51,958,657
City of San Marcos Community Facilities District No. 2002-1	100.000%	10,875,000	10,875,000
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>384,278,643</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
San Diego County General Fund Obligations	2.465%	\$ 231,350,000	5,702,778
San Diego County Pension Obligation Bonds	2.465%	456,040,000	11,241,386
San Diego County Superintendent of Schools Obligations	2.465%	9,350,000	230,478
Palomar Community College District General Fund Obligations	10.647%	1,675,000	178,337
San Marcos Unified School District General Fund Obligations	62.839%	75,119,715	47,204,478
Other School District Certificates of Participation	Various	81,520,000	97,740
<b>City of San Marcos General Fund Obligations</b>	<b>100.000%</b>	<b>2,905,000</b> (4)	<b>2,905,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>67,560,197</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	100.000%	\$ 268,500,000	<b>268,500,000</b>
<b>TOTAL DIRECT DEBT</b>			<b>2,905,000</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>717,433,840</b>
<b>COMBINED TOTAL DEBT (3) (4)</b>			<b>\$ 720,338,840</b>
<b>Direct Debt</b>			<b>0.00%</b>
Total Direct and Overlapping Tax and Assessment Debt			2.80%
<b>Combined Direct Debt (\$2,905,000)</b>			<b>0.02%</b>
Combined Total Debt			5.25%
<b>Ratios to Redevelopment Incremental Valuation (\$9,249,966,254):</b>			
Total Overlapping Tax Increment Debt			2.90%

### Notes:

- (1) Total gross assessed valuation less all other exemptions except homeowners.
- (2) 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.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
- (4) Includes non-bonded capital lease obligations of the City.

Source: California Municipal Statistics, Inc.  
City of San Marcos, Finance Department

## *City of San Marcos*

### **Demographic and Economic Statistics Last Ten Fiscal Years**

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Fiscal Year	Square Miles	Population	Population Percentage Change	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate
2011	33.10	84,586	0.96	\$ 3,958,624,800	\$ 48,260	10.00 %
2012	33.07	85,159	0.68	4,171,939,410	48,990	8.90
2013	33.07	87,165	2.36	4,265,680,770	48,938	7.50
2014	33.07	89,946	3.19	4,626,732,294	51,439	5.00
2015	33.07	92,076	2.37	4,968,697,188	53,963	4.00
2016	33.07	93,242	1.27	5,268,732,452	56,506	3.66
2017	33.07	94,258 (2)	1.09	5,502,782,040	58,380	3.41
2018	33.07	95,768	1.60	5,855,925,896	61,147	3.30
2019	33.07	96,335	0.59	6,139,333,215	63,729	2.80
2020	33.07	97,209	0.91	(3)	(3)	5.68

Notes:

- (1) Data presented is for San Diego/Chula Vista/Carlsbad economic area. FY2019 data was updated.
- (2) Fiscal Year 2017 Population was revised by the State Department of Finance.
- (3) Personal income and per capita personal income data for 2020 is unavailable.

Sources: Population information provided by the State Department of Finance.  
 Personal income data provided by the U.S. Department of Commerce.  
 Unemployment data provided by the California Employment Development Department.

## *City of San Marcos*

### **Principal Employers** **Current Year and Nine Years Ago**

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Employer (1)	2020			2011		
	Number of Employees	Rank	Percent of Total Employment (2)	Number of Employees	Rank	Percent of Total Employment (2)
San Marcos Unified School District	2,407	1	5.20%			
California State University San Marcos	1,791	2	3.87%			
Palomar Community College	1,642	3	3.55%			
Hunter Industries, Inc.	813	4	1.76%	819	1	2.93%
United Parcel Service, Inc.	551	5	1.19%	448	2	1.60%
Southern California Permanente Medical Group	449	6	0.97%	278	8	0.99%
Costco Wholesale	390	7	0.84%	251	9	0.90%
North County Health Services	250	8	0.54%			
Lusardi Construction Co.	250	9	0.54%	300	5	1.07%
Wal-Mart Stores, Inc.	243	10	0.53%	312	4	1.12%
Fluid Components International, LLC	230		0.50%	195	14	0.70%
Village Square Healthcare Center	208		0.45%			
Hollandia Dairy, Inc.	206		0.45%	190	15	0.68%
Hughes Circuits, Inc.	190		0.41%	178	17	0.64%
The Home Depot	180		0.39%	142	19	0.51%
Total	<u>9,800</u>		<u>21.19%</u>	<u>3,113</u>		<u>11.14%</u>

Notes:

(1) Prior to 2016, Schools and the City were not included.

(2) Total Employment as used above represents the total employment of all employers located within the City limits.

Sources: City of San Marcos, Business License Directory  
 City of San Marcos, Economic Development Department  
 California Employment Development Department.

## *City of San Marcos*

### **Full-time and Part-time Employees by Function Last Ten Fiscal Years**

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Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (2)
General government	59	55	58	57	61	56	52	43	67	40
Community development	39	38	39	42	34	26	29	33	40	25
Public safety (1)	97	92	95	97	90	105	108	104	129	108
Highways, streets and parks	76	77	76	76	77	84	88	92	97	82
Culture and recreation	128	126	128	120	149	181	177	158	200	73
Total	<u>399</u>	<u>388</u>	<u>396</u>	<u>392</u>	<u>411</u>	<u>452</u>	<u>454</u>	<u>430</u>	<u>533</u>	<u>328</u>

Note:

(1) Includes Fire services only. Police services are provided to the City by the County.

(2) Due to the COVID-19 pandemic, employment numbers are significantly lower than previous years.

Source: City of San Marcos, Finance Department

# City of San Marcos

## Operating Indicators by Function (1) Last Ten Years

Function/Program	Fiscal Year				
	2011	2012	2013	2014	2015
<b>General Government:</b>					
Number of business licenses issued	5,330	5,455	5,519	5,623	5,593
Number of requests for public information	202	270	253	238	276
Number of new hires including part-time	93	86	85	90	123
Number of invoices processed	13,020	11,810	12,354	13,464	13,342
<b>Public Safety:</b>					
Police:					
Contracts with the San Diego County Sheriff's Department for full service law enforcement					
Fire:					
Number of emergency calls	6,928	7,382	7,287	7,675	8,889
Number of fire inspections	2,101	2,367	3,214	2,953	2,894
<b>Highways and Streets:</b>					
Number of street lights added in current year	36	24	6	19	-
Number of traffic signals added in current year	3	1	-	1	1
Miles of streets swept	14,976	14,976	15,165	15,175	12,090
Miles of centerline streets added	-	-	5	-	-
Storm drain structures cleaned and repaired (2)	474	580	568	597	596
<b>Culture and Recreation (3):</b>					
Number of facility rentals	757	761	768	799	802
Number of swim program participants	34,494	40,820	46,211	52,577	57,009
Number of adult sports participants	35,105	38,897	41,660	46,313	47,094
Number of youth sports participants	18,105	13,714	20,946	22,946	23,014
Number of senior nutrition program meals served	13,295	14,031	13,455	12,775	13,039
<b>Community Development:</b>					
Number of building permits issued	618	866	1,248	1,700	1,877
Approximate number of building inspections conducted	24,888	28,466	15,247	15,713	10,922
Number of new business licenses issued	1,328	1,273	1,316	1,342	1,462

### Note:

- (1) Water and sewage treatment services are provided primarily by the Vallecitos Water District.
- (2) The significant increase in FY2018 was due to equipment acquisition which increased cleaning capabilities.
- (3) Due to the COVID-19 pandemic, many Parks and Recreation programs were shut down from March to June 2020, hence the decrease in number of participants and facility rentals.

Source: Various City of San Marcos Departments

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Fiscal Year				
2016	2017	2018	2019	2020
5,762	5,916	5,898	6,086	5,808
355	346	353	379	492
182	150	144	165	83
12,813	12,287	12,123	12,123	12,290
10,719	11,258	11,458	11,275	10,838
2,419	2,431	3,168	2,748	1,745
5	30	15	6	6
3	1	-	4	3
12,090	12,090	12,157	12,157	12,354
-	-	-	-	-
602	719	1,109	282	487
862	925	931	1,052	641
40,711	38,105	33,955	21,338	11,634
50,814	55,809	59,361	64,025	59,056
26,415	27,013	32,092	33,603	21,256
10,813	10,997	12,024	11,450	11,642
2,390	2,198	2,326	2,337	2,200
12,150	10,641	16,829	11,999	9,127
1,519	1,407	1,346	1,385	1,166

# *City of San Marcos*

## **Capital Asset Statistics by Function/Program Last Ten Fiscal Years**

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<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Public Safety:</b>					
Police (1)					
<b>Fire</b>					
Number of fire stations	4	4	4	4	4
Number of emergency vehicles	31	32	36	38	41
<b>Highways and Streets:</b>					
Miles of streets (2)	241	194	199	197	197
Number of street lights	2,695	2,691	2,702	2,708	2,708
<b>Culture and Recreation:</b>					
Parks (3)	33	34	34	35	35
Acres of park and trail land (3)	379	380	380	384	384
Pools	2	2	2	2	2

### Notes:

- (1) The City contracts with the San Diego County Sheriff's Department for full service law enforcement.
- (2) An audit of the City's street inventory was conducted during FY2012 and it was determined that private streets were being included in the total miles of streets. Private street have now been removed from the total.
- (3) An audit of the City's parks and trails was conducted in FY2018 and it was determined that acres of park land reported in the prior years included trail land. Also, the number of parks has been revised to included parks owned by the City and developers, which the City maintains and has the right to use. The numbers are revised starting in FY2017.

Sources: Various City Departments.

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Fiscal Year				
2016	2017	2018	2019	2020

4	4	4	4	4
44	47	47	50	50
197	197	198	204	204
2,713	2,743	2,758	2,760	2,383
35	36	36	36	37
384	333	333	333	287
2	2	2	2	2