

CITY OF SAN JACINTO, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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**City of San Jacinto
Annual Financial Report
For the Year Ended June 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of City Council
The City of San Jacinto, California

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of San Jacinto, California (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.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of net pension liability and related ratios as of the measurement date, and the schedule of plan contributions, 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 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 the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
February 25, 2021

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

As management of the City of San Jacinto, we offer readers of the City of San Jacinto's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ending June 30, 2020. We encourage readers to consider the information presented here in conjunction with the City's financial statements, which follow this discussion.

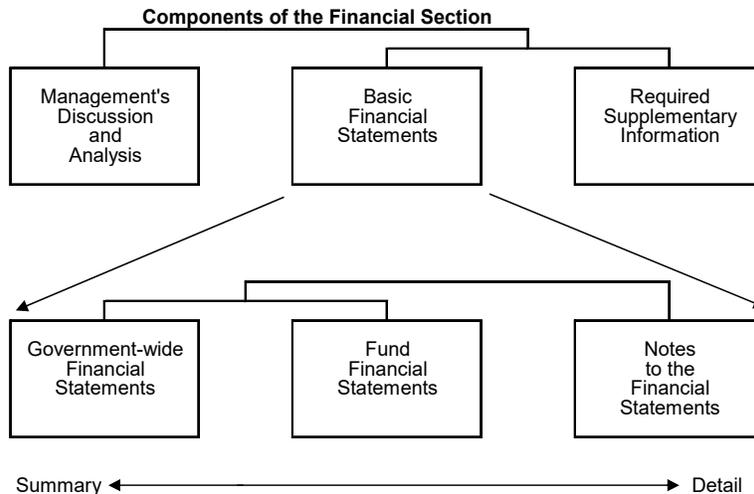
FINANCIAL HIGHLIGHTS

- Total 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 \$146,368,639 (net position). Of this amount, \$8,832,480 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$3,854,674 from the prior fiscal year mainly due to increased program expenses and decreased revenues due to COVID-19 related factors.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$35,227,492, a decrease of \$1,121,028 in comparison with the prior year. Approximately 16.33 percent of this amount (\$5,751,503) 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 unassigned components of fund balance) for the General Fund was \$8,985,312, or approximately 43.45 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (this portion), the basic financial statements, Required Supplementary Information, and optional combining statements for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the City.

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status, in a manner similar to private sector business.
- Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, such as community development, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like businesses, such as utility services.
 - Fiduciary fund statements provide information about financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong.



**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a comparison of actual results with the original and final amended budget for the general fund and each major special revenue fund with an annually adopted budget. In addition to these required elements, we have included combining statements that provide details about our non-major governmental funds, which are presented in total in a column in the basic financial statements.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities. All current year revenues and expenses are reported in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* – All of the City's basic services are included here, such as police, fire, engineering, streets, parks and recreation, history preservation, community development, redevelopment and general government. Taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The City's utility services provided are funded by customer fees.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole.

The City has three types of funds:

- *Governmental funds* – All of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow each of the governmental funds statements.
- *Proprietary funds* – Services for which customer fees are intended to finance the costs of operations are generally reported in proprietary funds. Proprietary funds financial statements, like the government-wide statements, provide both long-term and short-term financial information.
 - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
 - Internal service funds report activities that provide services for the City's other programs and activities, such as the City's self-insurance arrangements.
- *Fiduciary funds* – The City is the trustee for certain assessment and community facilities district funds. It is also responsible for other trust account assets, which because of trust agreements, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

**City of San Jacinto
Government-wide Financial Statements - Summary of Net Position
As of June 30, 2020 and 2019
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Cash and investments, unrestricted	\$ 37,826	\$ 36,462	\$ 4,898	\$ 6,413	\$ 42,724	\$ 42,875
Current and other assets	8,222	10,573	3,254	2,432	11,476	13,005
Capital assets, net	104,987	106,844	13,152	13,418	118,139	120,262
Total assets	151,035	153,879	21,304	22,263	172,339	176,142
Deferred outflow s of resources	2,441	2,486	619	664	3,060	3,150
Long-term liabilities	4,483	4,841	4,302	4,644	8,785	9,485
Other liabilities	15,067	13,956	4,087	4,388	19,154	18,344
Total liabilities	19,550	18,797	8,389	9,032	27,939	27,829
Net position:						
Deferred Inflow s of Resources	948	1,070	144	170	1,092	1,240
Net investment in capital assets	101,349	104,656	8,934	9,260	110,283	113,916
Restricted	27,253	26,264	-	-	27,253	26,264
Unrestricted	4,376	5,578	4,456	4,465	8,832	10,043
Total net position	\$ 132,978	\$ 136,498	\$ 13,390	\$ 13,725	\$ 146,368	\$ 150,223

Net position represents the difference between the City's resources and its obligations. At June 30, 2020, the largest portion of the City's total net position, approximately 75.35 percent, reflects the investment in capital assets less related debt outstanding used to acquire the capital assets. These capital assets are used by the City to provide services to the citizens. Additional capital asset information can be found in the Capital Asset and Debt Administration sections of the MD&A. Restricted net position represents amounts that must be used in accordance with external restrictions. The unrestricted balance of net position may be used at the City's discretion.

The net position of our business-type activities decreased by 2.44 percent to \$13,390,563, and the City generally can only use this net position to finance the continuing operations of the business-type activities.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

**City of San Jacinto
Government-wide Financial Statements - Changes in Net Position
For the year ended June 30, 2020 and 2019
(in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Total Percent Change</u>
	2020	2019	2020	2019	2020	2019	
Revenues							
Program revenues:							
Charges for services	\$ 5,898	\$ 6,681	\$ 17,050	\$ 18,518	\$ 22,948	\$ 25,199	-8.9%
Operating grants and contributions	6,852	6,582	-	-	6,852	6,582	4.1%
Capital grants and contributions	7,711	6,673	-	-	7,711	6,673	15.6%
General revenues:							
Property taxes/property tax in-lieu	7,001	6,669	-	-	7,001	6,669	5.0%
Transient occupancy taxes	23	44	-	-	23	44	-47.7%
Franchise taxes	2,189	2,108	-	-	2,189	2,108	3.8%
Sales taxes	3,254	3,506	-	-	3,254	3,506	-7.2%
Other taxes	211	205	-	-	211	205	2.9%
Other	1,479	1,259	49	92	1,528	1,351	13.1%
Total revenues	<u>34,618</u>	<u>33,727</u>	<u>17,099</u>	<u>18,610</u>	<u>51,717</u>	<u>52,337</u>	-1.2%
Expenses							
Governmental activities:							
General government	3,335	3,157	-	-	3,335	3,157	5.6%
Public safety	16,332	14,999	-	-	16,332	14,999	8.9%
Public works	9,723	8,935	-	-	9,723	8,935	8.8%
Community development	7,753	7,475	-	-	7,753	7,475	3.7%
Culture and leisure	772	756	-	-	772	756	2.1%
Interest on long-term debt	223	193	-	-	223	193	15.5%
Business-type activities:							
Water	-	-	5,764	4,181	5,764	4,181	37.9%
Sewer	-	-	1,232	1,012	1,232	1,012	21.7%
Power	-	-	10,434	10,278	10,434	10,278	1.5%
Non-major	-	-	3	-	3	-	100.0%
Total expenses	<u>38,138</u>	<u>35,515</u>	<u>17,433</u>	<u>15,471</u>	<u>55,571</u>	<u>50,986</u>	9.0%
Increase (decrease) in net position	<u>\$ (3,520)</u>	<u>\$ (1,788)</u>	<u>\$ (334)</u>	<u>\$ 3,139</u>	<u>\$ (3,854)</u>	<u>\$ 1,351</u>	-385.3%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Revenue

The City's total revenue, excluding transfers, was \$51,715,368 for the year ended June 30, 2020. Revenue from governmental activities, excluding transfers, totaled \$34,619,674 and revenue from business-type activities totaled \$17,095,694, excluding transfers. During 2020, capital grants and contributions, restricted to the construction of capital assets, comprised 15 percent of the total revenue of the City, taxes and other general revenues provided 27 percent of the total revenue of the City, and charges for services and operating grants and contributions provided 58 percent of the total revenue of the City.

Most of the revenues remained stable from 2019 to 2020, with decreases due to COVID-19 related factors.

Expenses

The City's expenses totaled \$55,570,042 for the year. Governmental activity expenses totaled \$38,137,549, or 69 percent of total expenses. Business-type activities incurred \$17,432,493 of expenses during the year, or 31 percent of total expenses.

Increases in almost all categories relate to an increase in overall activity, plus a couple of years of Watermaster pre-delivery charges.

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities, and reflects the financial burden that was placed on the City's taxpayers by each of the programs.

**City of San Jacinto
Government-wide Financial Statements - Net Cost of Governmental Activities
For the year ended June 30, 2020 and 2019
(in thousands)**

	Total Cost			Percent Change	Net Cost		
	of Services		Change		of Services		Change
	2020	2019			2020	2019	
General government	\$ 3,335	\$ 3,157	5.6%	\$ 558	\$ 616	-9.4%	
Public safety	16,331	14,999	8.9%	12,283	10,860	13.1%	
Public works	9,723	8,935	8.8%	3,462	4,514	-23.3%	
Community development	7,753	7,475	3.7%	379	(1,359)	-127.9%	
Culture and leisure	772	756	2.1%	772	756	2.1%	
Total	<u>\$ 37,914</u>	<u>\$ 35,322</u>	7.3%	<u>\$ 17,454</u>	<u>\$ 15,387</u>	13.4%	

The cost for all governmental activities this year was \$37,914,724, not including interest expense of \$222,825. The City's taxpayers paid for approximately 33.43 percent of these costs. Fees, grants and contributions funded the balance of the costs of governmental activities.

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

Business-type Activities

Charges for services of the City's business-type activities totaled \$17,049,759. Expenses of business-type activities were \$17,432,493. Capital grants and contributions were not received in the water, solid waste, sewer, and power activities to finance capital improvements. The costs of capital improvements are reported as capital assets in the statement of net position, rather than as expenses in the statement of activities.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide financial statements.

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported combined fund balances at June 30, 2020 of \$35,227,492, a decrease of \$1,121,028 from the previous fiscal year. Within the change of combined fund balances, the General Fund decreased by \$2,145,425, due to revenue decreases from COVID-19 related factors and general increase in expenditures.

**City of San Jacinto
Fund Financial Statements - Fund Balances
As of June 30, 2020 and 2019
(in thousands)**

	<u>2020</u>	<u>2019</u>	Percent Change
Nonspendable:			
Prepays	\$ 41	\$ 50	-18.00%
Total nonspendable fund balances	<u>41</u>	<u>50</u>	-18.00%
Restricted:			
Land held for resale	340	340	0.00%
Advances receivable	2,903	9,624	-69.84%
Special revenue funds	24,639	21,385	15.22%
Total restricted fund balances	<u>27,882</u>	<u>31,349</u>	-11.06%
Assigned:			
Capital projects funds	1,553	1,598	-2.82%
Total assigned fund balances	<u>1,553</u>	<u>1,598</u>	-2.82%
Unassigned:			
General fund	8,985	7,125	26.11%
Special revenue funds	(3,234)	(3,774)	-14.31%
Total unassigned fund balances	<u>5,751</u>	<u>3,351</u>	71.62%
Total fund balance	<u>\$ 35,227</u>	<u>\$ 36,348</u>	-3.08%

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

General Fund Budgetary Highlights

Over the course of the year, the City revised the City budget with adjustments for revenue and expenditure appropriations approved after the original budget was adopted.

Certain capital project appropriations originally budgeted but not expended in fiscal year 2019 were re-appropriated in 2020 as part of the City's capital budget.

After taking into account these adjustments, actual expenditures were \$120,984 under the final budget amounts.

Resources available for appropriation were \$1,754,012 less than the final budgeted amount, primarily due to COVID-19 related factors and budgeted grant revenues not being received during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the City had invested \$118,139,177 in a broad range of capital assets, including police and fire equipment, buildings, parks and park improvements, roads, bridges, and water, solid waste and sewer utility systems.

**City of San Jacinto
Capital Assets
As of June 30, 2020 and 2019
(net of depreciation, in thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Capital assets not being depreciated:						
Land and improvements	\$ 5,793	\$ 5,793	\$ 55	\$ 55	\$ 5,848	\$ 5,848
Construction in progress	8,215	6,856	-	-	8,215	6,856
Depreciable capital assets, net of accumulated depreciation:						
Buildings and system	4,333	4,503	3,545	3,704	7,878	8,207
Machinery and equipment	1,327	1,203	4,287	4,132	5,614	5,335
Improvements other than buildings	1,924	1,972	5,265	5,528	7,189	7,500
Infrastructure	83,395	86,517	-	-	83,395	86,517
Total	\$ 104,987	\$ 106,844	\$ 13,152	\$ 13,419	\$ 118,139	\$ 120,263

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

This year's major capital asset additions included:

Government-wide, governmental activities:

- Two road improvement projects completed at a final cost of \$1,805,060
- New CIP projects of \$2,905,773

Government-wide, business-type activities:

- Bath Well rehab project completed at a total cost of \$308,439.
- Purchase of a vactor truck at a total cost of \$492,782.

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

Long-term Liabilities

At June 30, 2020, the City had \$8,785,781 in long-term liabilities outstanding. More detailed information about the City's total long-term liabilities is presented in Note 6 to the financial statements.

**City of San Jacinto
Outstanding Liabilities
As of June 30, 2020 and 2019
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue and other bonds, net	\$ 355	\$ 623	\$ -	\$ -	\$ 355	\$ 623
Special assessment debt with government commitment, including unpaid interest	1,084	1,084	-	-	1,084	1,084
Loans payable - direct borrowing	2,152	2,171	3,877	4,158	6,029	6,329
Capital leases	402	494	340	418	742	912
Claims and judgments	165	174	-	-	165	174
Compensated absences	325	295	85	68	410	363
Total	\$ 4,483	\$ 4,841	\$ 4,302	\$ 4,644	\$ 8,785	\$ 9,485

**CITY OF SAN JACINTO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Since "the Great Recession," the City has seen very positive signs recently. Even with COVID-19 causing a global pandemic and economic turmoil, the City's limited categories of revenue (such as not having tourism, hospitality and entertainment industries) helped minimize the economic effects on the City. Residential development and home sales have increased dramatically to its best numbers in a decade. Commercial development is strong as well, with several high-profile projects moving forward. The City's ordinances on cannabis cultivation were loosened, with related revenues expected in the next year, which in turn will fund additional public safety staffing. Public safety costs continue to increase, although at a slower rate than previously due to the County's new cost-minded Sheriff. Meanwhile, the City continues to focus on potential commercial growth, economic development, and attracting the businesses desirable to the residents of the City.

The City also placed a transactional-use tax measure (Measure V) on the November 2020 ballot, passing with 69 percent approval. This measure called for a one-cent sales tax increase, effectively doubling the City's sales tax receipts. This dramatic increase in revenue will help the City increase its public safety staffing, as well as other much needed projects.

The General Fund budget for 2020-2021 appropriates \$23,249,063 in operating and capital expenditures, a decrease of 5.6 percent from the prior year.

City utility rates for water were last increased by 5 percent in July 2009, and sewer rates were increased 3 percent in July 2011; however, a rate study and increases were approved by City Council in August 2020 to take effect in 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of San Jacinto Department of Finance, Accounting Division, PO Box 488, San Jacinto, California 92581, or visit the City's web page at www.sanjacinto.gov.

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Basic Financial Statements

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Government-Wide Financial Statements

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**City of San Jacinto
Statement of Net Position
June 30, 2020**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 37,825,884	\$ 4,898,154	\$ 42,724,038
Receivables, net:			
Accounts	457,239	3,096,051	3,553,290
Interest	378,703	-	378,703
Taxes	1,253,830	-	1,253,830
Cash and investments with fiscal agents, restricted	72,364	258	72,622
Notes receivable	3,145,155	-	3,145,155
Due from other governments	1,607,851	-	1,607,851
Deposits with others	922,751	-	922,751
Prepays	42,089	82,891	124,980
Internal balances	1,826	(1,826)	-
Inventories	-	76,863	76,863
Land held for resale	339,807	-	339,807
Capital assets:			
Land and construction in progress	14,008,182	55,222	14,063,404
Other capital assets, net of depreciation	90,979,168	13,096,605	104,075,773
Total assets	<u>151,034,849</u>	<u>21,304,218</u>	<u>172,339,067</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on retirement of bonds	-	28,241	28,241
Pension related	2,441,054	591,060	3,032,114
Total deferred outflows of resources	<u>2,441,054</u>	<u>619,301</u>	<u>3,060,355</u>
LIABILITIES			
Accounts payable and accrued liabilities	4,441,813	1,424,589	5,866,402
Accrued wages	306,000	81,955	387,955
Accrued interest payable	14,459	50,671	65,130
Due to other governments	186,104	-	186,104
Retention payable	64,184	-	64,184
Unearned revenues	39,385	-	39,385
Deposits payable	-	372,897	372,897
Noncurrent liabilities:			
Due within one year	1,056,312	397,736	1,454,048
Due in more than one year	3,427,163	3,904,570	7,331,733
Net pension liability	10,014,544	2,156,328	12,170,872
Total liabilities	<u>19,549,964</u>	<u>8,388,746</u>	<u>27,938,710</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	947,863	144,210	1,092,073
NET POSITION			
Net investment in capital assets	101,349,036	8,934,444	110,283,480
Restricted for:			
Public safety	1,105,755	-	1,105,755
Public works	17,593,522	-	17,593,522
Community development	8,499,239	-	8,499,239
Culture and leisure	54,163	-	54,163
Unrestricted	4,376,361	4,456,119	8,832,480
Total net position	<u>\$ 132,978,076</u>	<u>\$ 13,390,563</u>	<u>\$ 146,368,639</u>

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

**City of San Jacinto
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary government				
Governmental activities:				
General government	\$ 3,334,708	\$ -	\$ 2,776,836	\$ -
Public safety	16,331,677	3,568,858	479,852	-
Public works	9,723,385	208,631	3,008,752	3,043,724
Community development	7,752,752	2,120,889	586,204	4,667,106
Culture and leisure	772,202	-	-	-
Interest on long-term debt	222,825	-	-	-
Total governmental activities	<u>38,137,549</u>	<u>5,898,378</u>	<u>6,851,644</u>	<u>7,710,830</u>
Business-type activities:				
Water	5,764,503	4,167,353	-	-
Sewer	1,231,791	912,065	-	-
Power	10,433,684	11,970,341	-	-
Non-major	2,515	-	-	-
Total business-type activities	<u>17,432,493</u>	<u>17,049,759</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 55,570,042</u>	<u>\$ 22,948,137</u>	<u>\$ 6,851,644</u>	<u>\$ 7,710,830</u>

General revenues:

Taxes:

Property tax, levied for general purpose

Property tax in-lieu of motor vehicle

Transient occupancy taxes

Franchise tax

Sales tax

Other taxes

Unrestricted investment earnings

Gain (loss) on sale of capital assets

Other

Transfers

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

Continued

Net Revenue (Expense) and Change in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (557,872)	\$ -	\$ (557,872)
(12,282,967)	-	(12,282,967)
(3,462,278)	-	(3,462,278)
(378,553)	-	(378,553)
(772,202)	-	(772,202)
(222,825)	-	(222,825)
<u>(17,676,697)</u>	<u>-</u>	<u>(17,676,697)</u>
-	(1,597,150)	(1,597,150)
-	(319,726)	(319,726)
-	1,536,657	1,536,657
-	(2,515)	(2,515)
-	(382,734)	(382,734)
<u>(17,676,697)</u>	<u>(382,734)</u>	<u>(18,059,431)</u>
3,102,660	-	3,102,660
3,898,141	-	3,898,141
22,975	-	22,975
2,188,493	-	2,188,493
3,254,025	-	3,254,025
210,848	-	210,848
937,388	120,386	1,057,774
63,011	(74,451)	(11,440)
481,281	-	481,281
(2,515)	2,515	-
<u>14,156,307</u>	<u>48,450</u>	<u>14,204,757</u>
<u>(3,520,390)</u>	<u>(334,284)</u>	<u>(3,854,674)</u>
<u>136,498,466</u>	<u>13,724,847</u>	<u>150,223,313</u>
<u>\$ 132,978,076</u>	<u>\$ 13,390,563</u>	<u>\$ 146,368,639</u>

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Fund Financial Statements

**City of San Jacinto
Governmental Funds
Balance Sheet
June 30, 2020**

	General	Capital Projects City Capital Projects	Special Revenue Community Facilities District 2003
ASSETS			
Cash and investments	\$ 7,523,022	\$ 7,181,393	\$ -
Restricted cash with fiscal agent	72,364	-	-
Receivables, net:			
Accounts	346,938	-	-
Interest	160,724	-	-
Taxes and assessments	56,943	-	32,979
Notes	180,000	-	-
Prepays	40,987	-	-
Due from other governments	1,023,401	-	-
Due from other funds	678,958	-	-
Advances receivable	5,458,608	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 15,541,945</u>	<u>\$ 7,181,393</u>	<u>\$ 32,979</u>
LIABILITIES			
Accounts payable	\$ 2,755,757	\$ 656,261	\$ 715,948
Accrued payroll	275,920	-	-
Retention payable	-	64,184	-
Due to other funds	-	-	-
Due to other governments	571	41,405	-
Unearned revenue	-	-	-
Advances payable	-	6,419,543	2,830,872
Total liabilities	<u>3,032,248</u>	<u>7,181,393</u>	<u>3,546,820</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	580,162	-	-
FUND BALANCES			
Nonspendable	40,987	-	-
Restricted	2,903,236	-	-
Assigned	-	-	-
Unassigned	8,985,312	-	(3,513,841)
Total fund balances (deficit)	<u>11,929,535</u>	<u>-</u>	<u>(3,513,841)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,541,945</u>	<u>\$ 7,181,393</u>	<u>\$ 32,979</u>

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

Continued

Special Revenue			Total Non-Major Governmental Funds	Total Governmental Funds
Successor Housing Authority	LLPD #2	Assessment District 2003-01		
\$ 228,725	\$ 7,953,000	\$ 5,776,127	\$ 9,096,459	\$ 37,758,726
-	-	-	-	72,364
-	180	-	58,304	405,422
217,979	-	-	-	378,703
-	50,340	14,608	1,098,960	1,253,830
2,965,155	-	-	-	3,145,155
-	-	-	-	40,987
-	-	-	584,450	1,607,851
-	-	-	-	678,958
-	-	-	3,791,807	9,250,415
339,807	-	-	-	339,807
<u>\$ 3,751,666</u>	<u>\$ 8,003,520</u>	<u>\$ 5,790,735</u>	<u>\$ 14,629,980</u>	<u>\$ 54,932,218</u>
\$ 1,000	\$ 169,176	\$ -	\$ 108,980	\$ 4,407,122
-	-	-	14,596	290,516
-	-	-	-	64,184
-	3,631	-	576,402	580,033
-	-	-	144,128	186,104
-	-	-	39,385	39,385
-	-	-	-	9,250,415
<u>1,000</u>	<u>172,807</u>	<u>-</u>	<u>883,491</u>	<u>14,817,759</u>
<u>3,183,134</u>	<u>-</u>	<u>-</u>	<u>1,123,671</u>	<u>4,886,967</u>
-	-	-	-	40,987
567,532	7,830,713	5,790,735	10,789,705	27,881,921
-	-	-	1,553,081	1,553,081
-	-	-	280,032	5,751,503
<u>567,532</u>	<u>7,830,713</u>	<u>5,790,735</u>	<u>12,622,818</u>	<u>35,227,492</u>
<u>\$ 3,751,666</u>	<u>\$ 8,003,520</u>	<u>\$ 5,790,735</u>	<u>\$ 14,629,980</u>	<u>\$ 54,932,218</u>

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

Fund balance of governmental funds	\$ 35,227,492
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Net investment in capital assets have not been included as financial resources in governmental funds.	
Capital assets not being depreciated	14,008,182
Capital assets being depreciated	210,794,188
Accumulated depreciation	(119,815,020)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the Statement of Net Position.	
Compensated absences	(325,233)
Special assessment debt and unmatured interest	(1,084,259)
Pension obligation bonds	(354,861)
Loans/Leases payable	(2,554,055)
Accrued interest payable	(14,459)
Net pension liability	(10,014,544)
Unavailable revenue balances relating to various accounts and loans receivable are not reported as unavailable revenue in the Statement of Net Position since recognition is not based upon measurable and available criteria.	
Various other amounts	401,595
Low and moderate housing loans receivable	3,183,134
Accrued interest on low and moderate housing loans	217,979
Special assessments receivable	1,084,259
Pension related deferred outflows and inflows of resources in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources - pension related items	2,441,054
Deferred inflows of resources - pension related items	(947,863)
Internal Service Funds are used by management to charge costs of certain activities on individual funds. The assets and liabilities of the Internal Service Funds must be added to the Statement of Net Position since revenue recognition is not based upon measurable and available criteria.	
Fund Net Position of Internal Service Funds	730,487
Net position of governmental activities	\$ 132,978,076

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

**City of San Jacinto
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020**

	General	Capital Projects City Capital Projects	Special Revenue Community Facilities District 2003
REVENUES			
Taxes	\$ 8,332,216	\$ -	\$ -
Assessments	-	-	2,568,709
Licenses and permits	1,259,086	-	-
Fines and forfeitures	214,032	-	-
Development fees	124,018	-	-
Intergovernmental	4,107,642	-	-
Charges for services	548,238	-	-
Investment earnings	908,831	-	-
Other/overhead allocations	3,528,259	-	-
Total revenues	<u>19,022,322</u>	<u>-</u>	<u>2,568,709</u>
EXPENDITURES			
Current:			
General government	2,843,580	-	27,129
Public safety	12,674,472	-	3,211,311
Public works	661,847	-	-
Community development	3,293,155	-	-
Culture and leisure	98,959	-	-
Debt service:			
Principal	379,010	-	-
Interest	254,257	-	59,653
Capital outlay	476,430	4,565,512	-
Total expenditures	<u>20,681,710</u>	<u>4,565,512</u>	<u>3,298,093</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,659,388)</u>	<u>(4,565,512)</u>	<u>(729,384)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of property	71,857	-	-
Transfers in	478,187	4,565,512	204,148
Transfers out	(1,036,081)	-	-
Total other financing sources (uses)	<u>(486,037)</u>	<u>4,565,512</u>	<u>204,148</u>
Net change in fund balances	(2,145,425)	-	(525,236)
Fund balances (deficit), beginning of year	14,074,960	-	(2,988,605)
Fund balances (deficit), end of year	<u>\$ 11,929,535</u>	<u>\$ -</u>	<u>\$ (3,513,841)</u>

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

Continued

Special Revenue			Total Non-Major Governmental Funds	Total Governmental Funds
Successor Housing Authority	LLPD #2	Assessment District 2003-01		
\$ -	\$ -	\$ -	\$ 305,099	\$ 8,637,315
-	3,834,381	1,029,523	732,227	8,164,840
-	-	-	-	1,259,086
-	-	-	480,993	695,025
-	5,741	-	314,512	444,271
-	-	-	5,359,947	9,467,589
-	-	-	-	548,238
3,798	154,857	127,412	258,713	1,453,611
59,852	7,500	-	348,112	3,943,723
63,650	4,002,479	1,156,935	7,799,603	34,613,698
2,452	-	-	4,945	2,878,106
-	-	-	213,305	16,099,088
-	-	40,656	1,996,086	2,698,589
-	3,738,007	-	357,971	7,389,133
-	-	-	667,718	766,677
-	-	-	-	379,010
-	-	-	-	313,910
-	63,723	-	110,773	5,216,438
2,452	3,801,730	40,656	3,350,798	35,740,951
61,198	200,749	1,116,279	4,448,805	(1,127,253)
-	-	-	-	71,857
-	-	-	-	5,247,847
-	-	(1,242,243)	(3,035,155)	(5,313,479)
-	-	(1,242,243)	(3,035,155)	6,225
61,198	200,749	(125,964)	1,413,650	(1,121,028)
506,334	7,629,964	5,916,699	11,209,168	36,348,520
\$ 567,532	\$ 7,830,713	\$ 5,790,735	\$ 12,622,818	\$ 35,227,492

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City of San Jacinto
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 \$ (1,121,028)

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 are allocated over their estimated useful lives as depreciation expense or allocated to the appropriate functional expense when the cost is below the capitalization threshold. Additionally, capital contributions are reported as program revenues in the Statement of Activities.

This activity is reconciled as follows:

Cost of assets capitalized less disposals	3,210,267
Depreciation expense	(5,566,826)
Capital contribution	499,987

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund. (557,022)

Long-term debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. Principal repayments of long-term debt are expenditures/uses in the Governmental Funds, but they reduce long-term liabilities in the Government-Wide Statement of Net Position.

Repayments:

2014 pension obligation bonds	268,439
2018 street light financing	19,194
Capital lease - storm drain	91,377

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 the governmental funds.

Change in compensated absences	(30,066)
Change in accrued interest payable	91,085
Pension expense net of adjustments	(522,423)

Internal Service Funds are used by management to charge the cost of insurance to individual funds. The net revenue of the Internal Service Funds are reported with governmental activities. 96,626

Change in net position of governmental activities \$ (3,520,390)

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

**City of San Jacinto
Statement of Net Position
Proprietary Funds
June 30, 2020**

	Business-type Activities Enterprise Funds	
	Water	Sewer
ASSETS		
Current assets:		
Cash and investments	\$ 2,154,467	\$ 2,668,668
Receivables, net:		
Accounts	557,470	265,277
Deposits with others	-	-
Inventories	76,863	-
Prepaid expenses	5,398	5,493
Total current assets	<u>2,794,198</u>	<u>2,939,438</u>
Non-current assets:		
Cash and investments with fiscal agents, restricted	-	258
Capital assets:		
Land	55,222	-
Building and system	6,677,062	31,301
Machinery and equipment	6,527,371	938,885
Improvements other than buildings	6,017,823	3,824,232
Less accumulated depreciation	<u>(8,839,439)</u>	<u>(2,093,252)</u>
Total non-current assets	<u>10,438,039</u>	<u>2,701,424</u>
Total assets	<u>13,232,237</u>	<u>5,640,862</u>
DEFERRED OUTFLOWS OF RESOURCES		
Loss on retirement of bonds	28,241	-
Pension related	394,039	197,021
Total deferred outflows of resources	<u>422,280</u>	<u>197,021</u>
LIABILITIES		
Current liabilities:		
Accounts payable	76,450	224,265
Accrued wages	48,399	29,302
Accrued interest	50,671	-
Deposits payable	372,897	-
Due to other funds	-	-
Long term liabilities, current portion	317,423	80,313
Total current liabilities	<u>865,840</u>	<u>333,880</u>
Non-current liabilities:		
Claims payable	-	-
Long term liabilities, net of current portion	3,608,712	287,407
Net pension liability	1,437,552	718,776
Total non-current liabilities	<u>5,046,264</u>	<u>1,006,183</u>
Total liabilities	<u>5,912,104</u>	<u>1,340,063</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	96,140	48,070
NET POSITION		
Net investment in capital assets	6,561,130	2,360,692
Unrestricted	1,085,143	2,089,058
Total net position	<u>\$ 7,646,273</u>	<u>\$ 4,449,750</u>

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

Continued

Power	Business-type Activities		Total	Governmental
	Enterprise Funds			Activities
	Non-Major Solid	Waste		Internal Service
				Fund
\$ 75,019	\$ -	\$ -	\$ 4,898,154	\$ 67,158
2,271,339	1,965	-	3,096,051	51,817
-	-	-	-	922,751
-	-	-	76,863	-
72,000	-	-	82,891	1,102
<u>2,418,358</u>	<u>1,965</u>	<u>-</u>	<u>8,153,959</u>	<u>1,042,828</u>
-	-	-	258	-
-	-	-	55,222	-
-	-	-	6,708,363	-
14,564	-	-	7,480,820	-
-	-	-	9,842,055	-
(1,942)	-	-	(10,934,633)	-
<u>12,622</u>	<u>-</u>	<u>-</u>	<u>13,152,085</u>	<u>-</u>
<u>2,430,980</u>	<u>1,965</u>	<u>-</u>	<u>21,306,044</u>	<u>1,042,828</u>
-	-	-	28,241	-
-	-	-	591,060	-
-	-	-	619,301	-
1,123,735	139	-	1,424,589	34,691
4,254	-	-	81,955	15,484
-	-	-	50,671	-
-	-	-	372,897	-
-	1,826	-	1,826	97,099
-	-	-	397,736	-
<u>1,127,989</u>	<u>1,965</u>	<u>-</u>	<u>2,329,674</u>	<u>147,274</u>
-	-	-	-	165,067
8,451	-	-	3,904,570	-
-	-	-	2,156,328	-
<u>8,451</u>	<u>-</u>	<u>-</u>	<u>6,060,898</u>	<u>165,067</u>
<u>1,136,440</u>	<u>1,965</u>	<u>-</u>	<u>8,390,572</u>	<u>312,341</u>
-	-	-	144,210	-
12,622	-	-	8,934,444	-
1,281,918	-	-	4,456,119	730,487
<u>\$ 1,294,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,390,563</u>	<u>\$ 730,487</u>

City of San Jacinto
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities	
	Enterprise Funds	
	Water	Sewer
OPERATING REVENUES		
Sales and charges for services	\$ 3,892,703	\$ 908,071
Miscellaneous/sale of ground water	274,650	3,994
Total operating revenues	<u>4,167,353</u>	<u>912,065</u>
OPERATING EXPENSES		
Personnel services	614,067	363,577
Employee benefits	431,086	248,301
Office expense & field supplies	149,143	27,488
Depreciation	761,470	212,277
Outside services	509,940	129,664
Repairs and maintenance	50,298	20,798
Utilities	203,715	3,026
Franchise	-	-
Overhead allocations	762,567	211,312
Watermaster charges	2,136,527	-
Energy purchases	-	-
Claims and judgements	-	-
Miscellaneous	-	-
Total operating expenses	<u>5,618,813</u>	<u>1,216,443</u>
Operating income (loss)	<u>(1,451,460)</u>	<u>(304,378)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment earnings	61,453	58,933
Interest and fiscal charges	(145,690)	(15,348)
Gain (Loss) on disposal of assets	(139,550)	65,099
Total non-operating revenues (expenses)	<u>(223,787)</u>	<u>108,684</u>
Other income before transfers	(1,675,247)	(195,694)
Transfers in	-	-
Transfers out	-	-
Change in net position	<u>(1,675,247)</u>	<u>(195,694)</u>
Net position (deficit), beginning of year	9,321,520	4,645,444
Net position, end of year	<u>\$ 7,646,273</u>	<u>\$ 4,449,750</u>

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

Continued

Business-type Activities Enterprise Funds			Governmental Activities
Power	Non-Major Solid Waste	Total	Internal Service Fund
\$ 11,837,059	\$ -	\$ 16,637,833	\$ 1,043,823
133,282	-	411,926	22,741
<u>11,970,341</u>	<u>-</u>	<u>17,049,759</u>	<u>1,066,564</u>
52,973	-	1,030,617	174,577
30,454	-	709,841	83,393
19,705	-	196,336	10,597
972	-	974,719	-
697,327	261	1,337,192	586,681
-	-	71,096	154,193
-	-	206,741	1,943
-	49	49	-
73,086	-	1,046,965	-
-	-	2,136,527	-
9,559,167	-	9,559,167	-
-	-	-	21,671
-	2,205	2,205	-
<u>10,433,684</u>	<u>2,515</u>	<u>17,271,455</u>	<u>1,033,055</u>
<u>1,536,657</u>	<u>(2,515)</u>	<u>(221,696)</u>	<u>33,509</u>
-	-	120,386	-
-	-	(161,038)	-
-	-	(74,451)	-
-	-	(115,103)	-
1,536,657	(2,515)	(336,799)	33,509
-	2,515	2,515	113,117
-	-	-	(50,000)
<u>1,536,657</u>	<u>-</u>	<u>(334,284)</u>	<u>96,626</u>
(242,117)	-	13,724,847	633,861
<u>\$ 1,294,540</u>	<u>\$ -</u>	<u>\$ 13,390,563</u>	<u>\$ 730,487</u>

**City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds	
	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 4,188,267	\$ 939,936
Cash payments to suppliers	(4,068,317)	(399,474)
Cash payments to employees for services	(933,359)	(557,818)
Net cash provided by (used for) operating activities	(813,409)	(17,356)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	-
Due (to) from other funds	-	-
Net cash provided by (used for) non-capital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition or construction of capital assets	(313,829)	(468,801)
Lease principal paid	-	(77,308)
Bond principal paid	(281,366)	-
Interest and fiscal charges paid	(139,956)	(15,348)
Net cash provided by (used for) capital and related financing activities	(735,151)	(561,457)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	61,453	58,933
Net cash provided by investing activities	61,453	58,933
Net change in cash and cash equivalents	(1,487,107)	(519,880)
Cash and cash equivalents, beginning of year	3,641,574	3,188,806
Cash and cash equivalents, end of year	\$ 2,154,467	\$ 2,668,926
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position:		
Reported on the statement of net position:		
Cash and investments	\$ 2,154,467	\$ 2,668,668
Cash and investments with fiscal agents, restricted	-	258
Totals	\$ 2,154,467	\$ 2,668,926

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

Continued

Business-type Activities - Enterprise Funds			Governmental Activities
Power	Non-Major Solid Waste	Total	Internal Service Fund
\$ 11,373,157	\$ 6,539	\$ 16,507,899	\$ 1,070,196
(10,614,672)	(6,668)	(15,089,131)	(936,269)
(83,697)	-	(1,574,874)	(249,989)
674,788	(129)	(156,106)	(116,062)
-	2,515	2,515	63,117
(599,769)	(2,386)	(602,155)	35,759
(599,769)	129	(599,640)	98,876
-	-	(782,630)	-
-	-	(77,308)	-
-	-	(281,366)	-
-	-	(155,304)	-
-	-	(1,296,608)	-
-	-	120,386	-
-	-	120,386	-
75,019	-	(1,931,968)	(17,186)
-	-	6,830,380	84,344
\$ 75,019	\$ -	\$ 4,898,412	\$ 67,158
\$ 75,019	\$ -	\$ 4,898,154	\$ 67,158
-	-	258	-
\$ 75,019	\$ -	\$ 4,898,412	\$ 67,158

**City of San Jacinto
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Business-type Activities - Enterprise Funds	
	Water	Sewer
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (1,451,460)	\$ (304,378)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	761,470	212,277
Change in compensated absences	12,049	5,863
(Increase) decrease in assets:		
Accounts receivable	16,033	27,871
Inventories	(14,358)	-
Prepaid expenses	248	(542)
Deposits with others	-	-
Deferred outflows of resources	23,963	11,981
Increase (decrease) in liabilities:		
Accounts payable	(242,017)	(6,644)
Accrued wages	15,186	5,918
Deposits payable	4,881	-
Claims payable	-	-
Deferred inflows of resources	(16,890)	(8,445)
Net pension liability	77,486	38,743
Total adjustments	638,051	287,022
Net cash provided by (used for) operating activities	\$ (813,409)	\$ (17,356)
Noncash capital and related financing activities:		
Acquisition of property and equipment	\$ -	\$ 75,000

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

Continued

Business-type Activities - Enterprise Funds			Governmental Activities
Power	Non-Major Solid Waste	Total	Internal Service Fund
\$ 1,536,657	\$ (2,515)	\$ (221,696)	\$ 33,509
972	-	974,719	-
(270)	-	17,642	-
(597,184)	2,247	(551,033)	3,632
-	-	(14,358)	-
(72,000)	-	(72,294)	372
-	-	-	(115,771)
-	-	35,944	-
(193,387)	139	(441,909)	(36,733)
-	-	21,104	7,981
-	-	4,881	-
-	-	-	(9,052)
-	-	(25,335)	-
-	-	116,229	-
<u>(861,869)</u>	<u>2,386</u>	<u>65,590</u>	<u>(149,571)</u>
<u>\$ 674,788</u>	<u>\$ (129)</u>	<u>\$ (156,106)</u>	<u>\$ (116,062)</u>
\$ -	\$ -	\$ 75,000	\$ -

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Fiduciary Funds

**City of San Jacinto
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020**

	Private Purpose Trust Fund	Agency
ASSETS		
Cash and investments	\$ 372,225	\$ 6,950,569
Cash and investments with fiscal agents	29	1,843,888
Receivables:		
Accounts	-	134,592
Due from other governments	275,451	4,248
Property held for resale	53,672	-
Capital assets:		
Land	220,227	-
Building and system	103,636	-
Less accumulated depreciation	(41,455)	-
Total assets	983,785	\$ 8,933,297
 DEFERRED OUTFLOW OF RESOURCES		
Loss on refunding	7,936	
 LIABILITIES		
Accounts payable and accrued liabilities	121,751	\$ 179,138
Deposits payable	-	5,685,785
Due to bond holders	-	3,068,374
Unearned revenue	89,918	-
Long-term liabilities:		
Due within one year	300,000	-
Due in more than one year	5,920,000	-
Total liabilities	6,431,669	\$ 8,933,297
 NET POSITION		
Net position (deficit) held for dissolution of Redevelopment Agency	\$ (5,439,948)	

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

City of San Jacinto
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended to June 30, 2020

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Property taxes	\$ 624,305
Investment earnings	8,064
Miscellaneous	8
Total additions	<u>632,377</u>
DEDUCTIONS	
Administrative payments	21,708
Interest expense	287,323
Depreciation	2,073
Total deductions	<u>311,104</u>
Change in net position	321,273
Net position (deficit), beginning of year	<u>(5,761,221)</u>
Net position (deficit), end of year	<u><u>\$ (5,439,948)</u></u>

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

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Notes to the Basic Financial Statements

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of significant accounting policies

a. Reporting entity

The City of San Jacinto (City) was incorporated on April 20, 1888 under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City of San Jacinto (the primary government) and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City of San Jacinto.

Blended component units:

San Jacinto Financing Authority

The Authority is a joint exercise of powers authority organized and existing under and by virtue of the Joint Exercise of Powers Act. The City formed the Authority by the execution of a joint exercise of powers agreement dated as of May 25, 1993, and amended and restated in its entirety on May 19, 1997 by and between the City and the former Redevelopment Agency. Pursuant to the Joint Powers Act, the Authority is authorized to issue revenue bonds to provide funds to make loans to public entities; such revenue bonds are to be repaid from the repayments of such loans. The Authority is governed by a five-member Board which consists of all members of the City Council. The Mayor of the City is the Chairperson of the Authority. The City Manager acts as the Executive Director, the City Clerk acts as the Secretary and the Finance Director of the City acts as the Treasurer of the Authority. Debts issued through the San Jacinto Financing Authority are expected to be repaid with City resources. Accordingly, separate financial statements for the Financing Authority are not prepared.

Industrial Development Authority

The Industrial Development Authority of the City of San Jacinto was activated by the City Council of the City of San Jacinto. The purpose of the Industrial Development Authority is to assist the community in industry development by providing a financing mechanism to encourage such development in the City. Separate financial statements for the Industrial Development Authority are not currently prepared.

As the governing bodies of the San Jacinto Financing Authority and Industrial Development Authority are composed entirely of the council members of the City, the above component units were included within the scope of the reporting entity of the City.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

b. Government-wide and fund financial statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by generally accepted accounting principles in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. 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 and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with 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, including special assessments, that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues. In the statement of activities, Internal Service Fund transactions have been eliminated; however, those transactions between the governmental and business-type activities have not been eliminated.

Separate financial statements are provided for governmental, proprietary, 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 as separate columns in the fund financial statements.

c. Measurement focus, basis of accounting, and financial statement presentation

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 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*. Under the modified-accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property taxes collected after year-end, as available if they are collected within 60 days of the end of the current fiscal period. Other revenues susceptible to accrual include sales tax, state gasoline taxes, utility user's tax, investment income, and certain other intergovernmental revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, as well as compensated absences and claims and judgments, which are recognized when due.

The City reports the following major governmental funds:

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

The *City Capital Projects Fund* is used to account for construction from various sources.

The *Community Facilities District 2003 Fund* is used to account for the funding of increased public safety services in the District.

The *Successor Housing Authority Fund* is used to account for the City's housing-related activities. The fund was established as the Housing Successor of the former Agency's Low and Moderate Housing fund which was eliminated as of February 1, 2012.

The *LLPD #2 Special Revenue Fund* is used to account for special assessment tax revenue activity in the City's Districts, restricted for maintenance and service to District facilities.

The *Assessment District 2003-01 Special Revenue Fund* is used to account for special assessment tax revenue activity in the City's Districts, restricted for street maintenance and service to District facilities.

The City reports the following major proprietary funds:

The *Water Fund* is used to account for the provision of water services to the residences and businesses of part of the City.

The *Sewer Fund* is used to account for the revenues and expenses in connection with the operation and improvement of the City's sewer system.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

c. Measurement focus, basis of accounting, and financial statement presentation (continued)

The *Power Fund* is used to account for the revenues and expenses in connection with the Community Choice Aggregation (CCA) program, which allows the City to purchase and generate electricity for residents and businesses within the City.

Additionally, the City reports the following fund types:

The *Internal Service Funds* are used to account for the resources, goods, and services that are provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The City's Internal Service Fund accounts for Workers Compensation and General Liability Insurance services.

The *Private Purpose Trust Fund* is used to account for the activities of the Successor Agency to the Redevelopment Agency to the City of San Jacinto. The fund's primary purpose is to expedite the dissolution of the former Agency's net position (except for the low and moderate income housing funds non-cash assets) in accordance with AB X1 26 and AB 1484.

The *Agency Funds* are used to account for the resources held by the City in a fiduciary capacity.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles, and the City has adopted all pronouncements of the GASB.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 for the Enterprise Funds are charges for goods and services. Operating expenses for these same Enterprise Funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City's fiduciary funds include Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

d. Accounting for encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental fund types.

e. Cash and investments

For the purpose of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Since cash and investments are pooled the City utilizes the assumption that cash and investments in the Enterprise and Internal Service Funds are cash and cash equivalents.

f. Restricted cash and investments

Cash and investments restricted as to their use either by bond resolution or by the funding source to a specific purpose are classified as restricted cash and investments.

g. Inventories

Inventories of materials and supplies are valued at cost using the first-in, first-out basis. The City uses the consumption method of accounting for inventories.

h. Property held for resale

The Successor Agency has property held for resale with a net realizable value of \$53,672.

i. Judgments and claims

The City utilizes its internal service funds to account for judgments and claims. Self-insurance claims payable of \$149,846 and \$15,221, respectively, are recorded in the Workers' Compensation and Liability Insurance funds.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

j. Compensated absences

In accordance with current standards, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement and are generally liquidated by the General Fund.

Under current standards, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in payments upon termination. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

In governmental funds, compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year end is recorded in the government-wide financial statements as these amounts will be liquidated from future resources.

Sick leave is payable when an employee is unable to work because of illness. Employees may accrue sick leave up to a maximum of 960 hours. There is a sick leave buyback program. An employee with 2 years of service may sell up to 96 hours of sick leave at the end of the calendar year. After 5 years of service, employees who voluntarily leave or are laid off may cash out sick leave upon separation from service.

k. Interfund advances

The City Capital Projects Fund accounts for the City capital projects expenditures. It is the City's policy and practice to transfer cash (advance funds), even if not yet received, to the City Capital Projects Fund at the time of project commitment. Advances payable from the City Capital Projects Fund and receivable to the advancing fund, are recorded to reflect the outstanding amounts advanced at June 30, 2020. When funds are expended at the City's Capital Projects Fund a transfer is recorded between the two funds and the advance is respectively relieved.

l. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resource are considered to be applied. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

m. Use of estimates in the preparation of financial statements

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

n. Capital assets

Capital assets, which include property, plant and 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. Capital assets (excluding infrastructure) are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure assets are defined by the City as assets with an initial, individual cost of more than \$50,000 and an estimated useful life in excess of two years. Such assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of acquisition.

Property, plant and equipment of the City is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Improvements	40 years
Equipment	3 to 7 years
Infrastructure	20 to 80 years

o. Property tax calendar

In 1978, a state constitutional amendment (Proposition 13) provided that the property tax rate be generally limited to 1% of market value, levied only by the county and shared with all other jurisdictions. The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in March preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st; the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31st. For governmental funds, City property tax revenues are recognized when levied to the extent that they result in current receivables collectible within 60 days. In the government-wide statements, revenues are recognized in the year taxes are levied.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

p. Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis. 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.

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

q. Fund balance

Fund balance is classified into five different components. The components are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable - resources that are not in spendable form or required to be maintained intact such as an endowment.
- Restricted - resources that are subject to externally enforceable legal restrictions; these restrictions are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.
- Committed - resources that are constrained to specific purposes by a formal action of the City Council such as an ordinance or resolution, whichever is the higher level of constraint. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- Assigned - resources that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned - within the General Fund, the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. Within all other governmental funds, any negative residual resources.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

q. Fund balance (continued)

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to first apply committed fund balance, then assigned fund balance, and finally unassigned fund balance.

Those charged with governance approved the Finance Director to have authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.

r. Deferred outflows/inflows of resources

In addition to assets, the statement of financial 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 financial 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.

s. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Note 1: Summary of significant accounting policies (continued)

a. Budgetary principles

General budget policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public meetings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. Several supplemental appropriations were made during the year. Intrafund budget changes are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the department level. At fiscal year-end all unencumbered operating budget appropriations lapse with the exception of continuing appropriations.

General Fund expenditures may not legally exceed budgeted appropriations. Budgeted revenue amounts, as presented in the accompanying basic financial statements, represent the original budget as modified by adjustments during the year for those items which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year.

b. Excess of expenditures over appropriations

Excess of expenditures over appropriations by department in individual funds with budgets presented are as follows:

Governmental Funds - Major Fund	Final Budget	Expenditures	Excess
General Fund by Function:			
Public Works	\$ 618,974	\$ 661,847	\$ (42,873)
Culture and Leisure	84,881	98,959	(14,078)
Debt Service			
Principal	378,976	379,010	(34)
Interest	253,819	254,257	(438)
Capital Outlay	110,664	476,430	(365,766)
Community Facilities District 2003 by Function:			
General Government	27,000	27,129	(129)
Debt Service			
Interest	40,000	59,653	(19,653)

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 1: Summary of significant accounting policies (continued)

c. Negative fund balance and other disclosures

The following funds had negative fund balances at June 30, 2020:

Governmental Funds - Major Funds	Amount
Special revenue:	
Community Facilities District 2003	\$ (3,513,841)
Governmental Funds - Non-Major Funds	
Special revenue:	
CDBG	(13,866)
Capital projects:	
TUMF Capital Projects	(88,843)
Debt service:	
Assessment District 87-1	(456,997)

The City plans to eliminate negative fund balance in the Community Facilities District 2003 fund (currently covered by a loan from the General Fund) with increased revenues from future growth, decreased future expenditures, and paying off the loan from the General Fund. The City plans to eliminate negative fund balance in the CDBG and TUMF Capital Projects funds with future cost reimbursements. The City plans to eliminate negative fund balance in the Assessment District 87-1 fund with the receipt of delinquent property taxes due to the sale of parcels, the possible acceptance of a future Bond Tender offer, and a transfer from the General Fund for administrative expenses not recovered.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

III. DETAIL NOTES ON ALL FUNDS

Note 2: Cash and investments

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position

Governmental activities:

Cash and investments	\$ 37,825,884
Cash and investments with fiscal agents	72,364

Business-Type Activities:

Cash and investments	4,898,154
Cash and investments with fiscal agents	258
Total	42,796,660

Statement of Fiduciary Net Position:

Cash and investments	7,322,794
Cash and investments with fiscal agents	1,843,917
Total	9,166,711

Total cash and investments	\$ 51,963,371
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Cash and investments are comprised of the following:

Demand accounts/money market account	\$ 14,032,123
Cash on hand	6,050
Investments	37,925,198
Total	\$ 51,963,371

The City follows the practice of pooling cash and investments for all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

Interest income earned on pooled cash and investments is allocated monthly by the City to the various funds based on the month-end cash balance. Interest income from cash and investments with fiscal agent is credited directly to the related fund.

Investments authorized by the California Government Code and the City's investment policy

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 2: Cash and investments (continued)

Investments authorized by the California Government Code and the City's investment policy, (continued)

Investment Types Authorized by State Law	Maximum Maturity	Maximum Percentage Allowed*	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	270 days	25%	5%
Bankers' Acceptance	180 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Non-Negotiable Certificates of Deposit	5 years	20%	5%
Certificate of Deposit Placement Service (CDARS)	5 years	30%	None
Collateralized Bank Deposits	N/A	None	None
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	None
Municipal Obligations	5 years	30%	5%
Mutual Funds	N/A	10%	None
Supranationals	5 years	30%	10%
Asset-Backed Securities	5 years	20%	None
Time Deposits	N/A	20%	None
Local Agency Investment Fund (LAIF)	N/A	70%	\$ 75,000,000
Riverside County Investment Fund	N/A	70%	None
JPA Pools	N/A	50%	None
California Asset Management Program	N/A	50%	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments authorized by debt agreements

Provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy govern investment of debt proceeds held by bond trustees. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit, Savings Account	None	None	None
Municipal Obligations	None	None	None
Repurchase Agreements	None	None	None
Local Agency Investment Fund (LAIF)	None	None	\$ 75,000,000

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 2: Cash and investments (continued)

Disclosures relating to interest rate risk

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

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

Investment Type	Totals	Remaining Maturity (In Months)			
		12 or Less	13 to 24	25 to 60	More than 60
Local Agency Investment Fund (LAIF)	\$ 15,388,837	\$ 15,388,837	\$ -	\$ -	\$ -
U.S. Treasury Obligations	10,507,737	412,668	3,547,547	6,547,522	-
U.S. Agency Securities	8,244,727	779,804	1,308,226	6,156,697	-
Asset-Backed Securities	456,674	-	71,065	385,609	-
Medium-Term Corporate Notes	3,251,725	1,040,948	337,431	1,873,346	-
Held by Bond Trustees:					
Money Market Funds	75,498	75,498	-	-	-
Total	\$ 37,925,198	\$ 17,697,755	\$ 5,264,269	\$ 14,963,174	\$ -

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 2: Cash and investments (continued)

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (Standard & Poor's). Presented below is the minimum rating required by (where applicable) the City's investment policy or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Totals	Minimum legal rating	Rating as of year end		
			AAA to AA-	A+ to B	Not rated
Local Agency Investment Fund (LAIF)	\$ 15,388,837	N/A	\$ -	\$ -	\$ 15,388,837
U.S. Treasury Obligations	10,507,737	N/A	10,507,737	-	-
U.S. Agency Securities	8,244,727	N/A	7,988,014	-	256,713
Asset Backed Securities	456,674	AA	212,387	-	244,287
Medium-Term Corporate Notes	3,251,725	A	1,613,168	1,638,557	-
Held by Bond Trustees:					
Money Market Funds	<u>75,498</u>	AAA	<u>75,498</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 37,925,198</u>		<u>\$ 20,396,804</u>	<u>\$ 1,638,557</u>	<u>\$ 15,889,837</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. The City had no investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) that represented 5% or more of total City investments.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 2: Cash and investments (continued)

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: 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 (unless so waived by the governmental unit). 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 percent of the secured public deposits, and other eligible securities as defined by Government Code Sections 53651 and 53652. At June 30, 2020, the City's bank balances held in the financial institutions (Bank of Hemet, Mechanics Bank, and River City Bank) were \$10,479,103, \$403,967 and \$1,568,311, respectively.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a City's indirect investment in securities through the use of mutual funds or government investment pools, including LAIF. Pursuant to the agreement with financial institutions where certificates of deposit are held, the securities pledged are consistent with the collateral as noted in the previous paragraph held by the financial institutions custodian but not in the City's name.

Investment in investment pools

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

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The City is a voluntary participant in the investment pool. LAIF allows a total investment of \$75,000,000.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 2: Cash and investments (continued)

Fair value of investments

The City reports its investments at fair value, or amortized cost in the balance sheet. All investment income, including changes in the fair value of investments, is recognized, as revenue in the operating statement.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City uses the market approach in valuing its Level 1 and Level 2 investments. The City has the following recurring fair value measurements as of June 30, 2020:

Investments by Fair Value Level	Total	Fair Value Measurement Using	
		Level 1	Level 2
Asset-Back Securities	\$ 456,674	\$ -	\$ 456,674
U.S. Agency Securities	8,244,727	-	8,244,727
Medium Term Corporate Notes	3,251,725	-	3,251,725
U.S. Treasury Obligations	<u>10,507,737</u>	<u>-</u>	<u>10,507,737</u>
Total investments by fair value level	22,460,863	<u>\$ -</u>	<u>\$ 22,460,863</u>
Investments not subject to fair value measurement:			
Money Market Fund	75,498		
State investment pool	<u>15,388,837</u>		
Total	<u>\$ 37,925,198</u>		

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 3: Capital assets

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

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,793,215	\$ -	\$ -	\$ 5,793,215
Construction in progress	6,855,878	2,905,773	(1,546,684)	8,214,967
Total capital assets not being depreciated	<u>12,649,093</u>	<u>2,905,773</u>	<u>(1,546,684)</u>	<u>14,008,182</u>
Capital assets being depreciated:				
Building and system	7,104,119	-	-	7,104,119
Machinery and equipment	5,916,362	358,449	(564,958)	5,709,853
Improvements other than building	4,428,823	166,502	(19,754)	4,575,571
Infrastructure	191,569,585	1,835,060	-	193,404,645
Total capital assets Being depreciated	<u>209,018,889</u>	<u>2,360,011</u>	<u>(584,712)</u>	<u>210,794,188</u>
Less accumulated depreciation for:				
Building and system	(2,600,966)	(170,168)	-	(2,771,134)
Machinery and equipment	(4,713,335)	(233,064)	563,839	(4,382,560)
Improvements other than building	(2,456,782)	(206,858)	12,027	(2,651,613)
Infrastructure	(105,052,977)	(4,956,736)	-	(110,009,713)
Total accumulated depreciation	<u>(114,824,060)</u>	<u>(5,566,826)</u>	<u>575,866</u>	<u>(119,815,020)</u>
Total capital assets being depreciated, net	<u>94,194,829</u>	<u>(3,206,815)</u>	<u>(8,846)</u>	<u>90,979,168</u>
Governmental activities capital assets, net	<u>\$ 106,843,922</u>	<u>\$ (301,042)</u>	<u>\$ (1,555,530)</u>	<u>\$ 104,987,350</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 3: Capital assets (continued)

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 55,222	\$ -	\$ -	\$ 55,222
Total capital assets not being depreciated	<u>55,222</u>	<u>-</u>	<u>-</u>	<u>55,222</u>
Capital assets being depreciated:				
Building and system	6,778,790	-	(70,427)	6,708,363
Machinery and equipment	7,214,350	584,064	(317,595)	7,480,819
Improvements other than building	9,970,675	273,568	(402,187)	9,842,056
Total capital assets being depreciated	<u>23,963,815</u>	<u>857,632</u>	<u>(790,209)</u>	<u>24,031,238</u>
Less accumulated depreciation for:				
Building and system	(3,075,243)	(133,737)	45,777	(3,163,203)
Machinery and equipment	(3,082,388)	(411,386)	299,887	(3,193,887)
Improvements other than building	(4,443,040)	(429,596)	295,093	(4,577,543)
Total accumulated depreciation	<u>(10,600,671)</u>	<u>(974,719)</u>	<u>640,757</u>	<u>(10,934,633)</u>
Total capital assets being depreciated, net	<u>13,363,144</u>	<u>(117,087)</u>	<u>(149,452)</u>	<u>13,096,605</u>
Business-type activities capital assets, net	<u>\$ 13,418,366</u>	<u>\$ (117,087)</u>	<u>\$ (149,452)</u>	<u>\$ 13,151,827</u>

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

Governmental activities:	
General government	\$ 168,244
Public safety	191,261
Public works	5,138,066
Community development	69,255
Total depreciation expense - governmental activities	<u>\$ 5,566,826</u>
Business-type activities:	
Water	\$ 761,470
Sewer	212,277
CCA - Power	972
Total depreciation expense - business-type activities	<u>\$ 974,719</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 4: Other assets

Notes receivable

Balance at
June 30, 2020

a) In FY 2006-2007 and FY 2007-2008 the former Redevelopment Agency made a loan to a developer for a low and moderate income housing project. Amounts provided to the developer were for \$1,238,225 and \$1,061,775 in fiscal years 2007 and 2008, respectively. There are no annual set or structured payments. The promissory note will accrue interest at the rate of one percent per year simple interest and shall be repaid from the cash flow of the project and shall be due and payable by the expiration or termination of the affordability covenants which is 55 years from the completion of the project. The project was completed on October 2, 2008. Pursuant to AB XI 26, the Redevelopment Agency of the City of San Jacinto was dissolved and this asset was transferred to the City's Successor Housing Authority Fund.	\$ 2,300,000
b) The former Redevelopment Agency operates various loan and grant programs to assist residents who meet certain qualifications for the purpose of providing home rehabilitation and home ownership assistance to low and moderate income households. The loans are secured by a deed of trust and no monthly payments are required. At the end of the 45-year term, the loans are forgiven unless the following occurs during the grant term: 1) property is sold or transferred or 2) property is no longer owner-occupied, at which time full repayment would be required. Pursuant to AB XI 26, the Redevelopment Agency of the City of San Jacinto was dissolved and this asset was transferred to the City's Successor Housing Authority Fund. Additionally, the asset has been formally recognized on the balance sheet, whereas in the past it has only been referenced by note disclosure.	665,155
c) During the current fiscal year, the City loaned a local business \$180,000 in accordance with its established policy of actively promoting economic development within the City. The loan accrues interest at an equivalent of the prevailing prime rate plus 2%. Provided the borrower maintains and operates during all of the term and is not in default of any of the terms of the agreement, then, in consideration of the public benefit received by the City, the total outstanding balance of the loan shall be reduced by ten percent (10%) a year during the term and the borrower shall not be required to make any payments to the City during the term, and the entire unpaid balance of the loan and accrued interest thereon shall be canceled and discharged on the loan's maturity date, which shall be ten (10) years from the date of the promissory note.	180,000
Loans total	<u>3,145,155</u>
Accrued interest on note receivable - a) above	217,979
Loans receivable total	<u>\$ 3,363,134</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension plan

A. General information about the pension plan

Plan description

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 (three miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and the 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.

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.

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

Miscellaneous Plan

Hire date	Miscellaneous		
	Prior to January 1, 2011	On or after January 1, 2011 and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-58 & up	50-55	52-67 & up
Monthly benefits, as a % of eligible compensation	2.0%-2.7%	2.0%-2.7%	1.0%-2.5%
Required employee contribution rates	7.954%	6.906%	6.750%
Required employer contribution rates	13.182%	10.221%	6.985%

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension plan (continued)

A. General information about the pension plan (continued)

Safety Plan

Hire date	Safety-Inactive			
	Prior to January 1, 2013		On or after January 1, 2013	
	Police	Fire	Police	Fire
Benefit formula	3.0% @ 55	3.0% @ 55	2.7% @ 55	2.7% @ 55
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50-57	50-57
Monthly benefits, as a % of eligible compensation	3.00%	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	\$34,825 Monthly	\$34,825 Monthly	\$39,945 Monthly	\$39,945 Monthly

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. 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 \$1,429,712. The actual employer payments of \$1,159,232 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 \$1,375,489 by (\$216,257) 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 Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension 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
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases (1)	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table (2)	Derived using CALPERS' membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies, 2.5% thereafter.

(1) Annual increases vary by category, entry age, and duration of service.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience report (based on CalPERS demographic data from 1997 to 2015) that can 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.

Change of assumptions

There were no changes in assumptions.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension plan (continued)

B. Net pension liability (continued)

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.

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:

<u>Asset Class¹</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10²</u>	<u>Real Return Years 11+³</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	<u>100%</u>		

¹ 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.

² An expected inflation of 2.00% used for this period

³ An expected inflation of 2.92% used for this period

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension 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. 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.

C. Proportionate share of net pension liability

The following table shows the Plan's 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)	\$ 42,507,090	\$ 31,052,595	\$ 11,454,495
Balance at: 6/30/2019 (MD)	44,619,469	32,448,597	12,170,872
Net changes during 2018-19	2,112,379	1,396,002	716,377

Valuation Date (VD), Measurement Date (MD)

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension plan (continued)

C. Proportionate share of net pension liability (continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the 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 under Forms and Publications, at www.calpers.ca.gov. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the miscellaneous/safety Plan as of the June 30, 2018 and 2019 measurement dates was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2018	0.18044%	0.07932%	0.11887%
Proportion - June 30, 2019	0.17949%	0.07983%	0.11877%
Change - Increase (Decrease)	(0.00095%)	0.00051%	(0.000009)

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

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
<u>Miscellaneous</u>			
Plan's Net Pension Liability	\$ 10,798,251	\$ 7,187,759	\$ 4,207,553
<u>Safety</u>			
Plan's Net Pension Liability	7,419,233	4,983,113	2,985,876
Total	\$ 18,217,484	\$ 12,170,872	\$ 7,193,429

Subsequent events

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

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension plan (continued)

C. Proportionate share of net pension liability (continued)

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:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The 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) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

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 Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 5: Defined benefit pension plan (continued)

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2018), the City's net pension liability was \$11,454,945. For the measurement period ending June 30, 2019 (the measurement date), the City incurred a pension expense of \$2,078,975.

As of measurement date June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 824,572	\$ 38,679
Changes of assumptions	546,995	161,359
Differences between projected and actual investment earnings	-	194,214
Differences between employer's contributions and proportionate share of contributions	91,947	428,593
Change in employer's proportion	138,888	269,228
Pension contributions subsequent to measurement date	1,429,712	-
	\$ 3,032,114	\$ 1,092,073

These amounts above are net of outflows and inflows recognized in the 2018-19 measurement period expense. Contributions subsequent to the measurement date of \$1,429,712 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the 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 Ending June 30:	Miscellaneous	Safety	Total
2021	\$ 498,205	\$ 125,078	\$ 623,283
2022	(112,247)	(108,900)	(221,147)
2023	65,230	4,230	69,460
2024	25,395	13,338	38,733
2025	-	-	-
Thereafter	-	-	-

E. Payable to the pension plan

At June 30, 2020, 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 Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 6: Long-term liabilities

a. Changes in long-term liabilities

Changes in long-term liabilities during the year ended June 30, 2020 were as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due within one year
Governmental activities					
Long-term debt					
<i>Direct borrowing:</i>					
2018 Street Light Financing	\$ 2,170,813	\$ -	\$ (19,194)	\$ 2,151,619	\$ 110,372
Subtotal long-term debt	<u>2,170,813</u>	<u>-</u>	<u>(19,194)</u>	<u>2,151,619</u>	<u>110,372</u>
Other long-term liabilities					
Special assessment debt with governmental commitment	455,000	-	-	455,000	455,000
Matured unpaid interest on special assessment debt with government commitment	629,259	-	-	629,259	-
2014 pension obligation bonds	623,300	-	(268,439)	354,861	282,115
Capital Lease - Storm Drain	493,813	-	(91,377)	402,436	94,929
Claims and judgment	174,119	-	(9,052)	165,067	-
Compensated absences	295,167	96,084	(66,018)	325,233	113,896
Subtotal other long-term liabilities	<u>2,670,658</u>	<u>96,084</u>	<u>(434,886)</u>	<u>2,331,856</u>	<u>945,940</u>
Total Long-term liabilities	<u>\$ 4,841,471</u>	<u>\$ 96,084</u>	<u>\$ (454,080)</u>	<u>\$ 4,483,475</u>	<u>\$ 1,056,312</u>
Business-type activities					
Long-term debt					
<i>Direct borrowing:</i>					
2013 Installment sale	\$ 566,676	\$ -	\$ (135,028)	\$ 431,648	\$ 137,605
2015 Installment sale	3,591,599	-	(146,338)	3,445,261	160,575
Subtotal long-term debt	<u>4,158,275</u>	<u>-</u>	<u>(281,366)</u>	<u>3,876,909</u>	<u>298,180</u>
Other long-term liabilities					
Capital Lease - Sewer	417,782	-	(77,308)	340,474	80,313
Compensated absences	67,683	20,960	(3,720)	84,923	19,243
Subtotal other long-term liabilities	<u>485,465</u>	<u>20,960</u>	<u>(81,028)</u>	<u>425,397</u>	<u>99,556</u>
Total Long-term liabilities	<u>\$ 4,643,740</u>	<u>\$ 20,960</u>	<u>\$ (362,394)</u>	<u>\$ 4,302,306</u>	<u>\$ 397,736</u>

The General Fund typically liquidates compensated absences, claims and judgements of the Governmental Activities.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 6: Long-term liabilities (continued)

b. Special assessment debt with government commitment

\$1,415,000 Assessment District 87-1 Bonds, Series 1987 A, dated March 19, 1987, were issued to finance certain improvements pursuant to the Improvement Bond Act of 1915. The payment of the bonds is secured by assessment liens upon certain lands as described in said assessment and are not direct liabilities of the City. The City may, however, from time to time, when due and delinquent, advance available funds to pay the amount of any succeeding installment of the assessment on said land and the interest thereon on the 1915 bonds. Prior to the fiscal year ended June 30, 1995, the City of San Jacinto advanced funds for said delinquencies. During the fiscal year ended June 30, 1995 the City did not advance further amounts to the reserve fund and had commenced foreclosure proceedings. The City has since settled \$670,000 of the principal, due to a completed Bond Tender agreement in exchange for a portion of the parcels.

In accordance with GASB Statement No. 6 “*Special Assessments*,” the special assessment debt has been reflected in the accompanying financial statements at June 30, 2020 as “Special Assessment Debt with Government Commitment” in the amount of \$1,084,259. This includes an amount of matured unpaid principal of \$455,000. Matured unpaid interest on these bonds is also reported for interest payments due but not paid as of June 30, 2020, in the amount of \$629,259. These balances have been outstanding for several years and as such, the City has recorded the corresponding taxes receivable of \$1,084,259 in addition to unavailable revenue in the same amount on the Governmental Funds Balance Sheet.

c. 2014 Pension Obligation Bonds - Governmental activities

In June 2014, the City issued City of San Jacinto 2014 Taxable Pension Obligation Bond in the aggregate principal amount of \$1,800,000. The City issued the bonds in order to provide funds to refinance the PERS Side Fund Obligation of the City with respect to the City’s public safety employees and to pay the costs of issuance.

The bonds are dated June 12, 2014 and mature on July 1, 2021 in the principal amount and bear interest at the interest rate of 5.00% per annum.

Future debt service requirements for pension obligation bonds outstanding are as follows:

Fiscal year ending June 30,	Pension Obligation Refunding Bonds		Total Payment
	Principal	Interest	
2021	\$ 282,115	\$ 12,508	\$ 294,623
2022	72,746	909	73,655
Total	<u>\$ 354,861</u>	<u>\$ 13,417</u>	<u>\$ 368,278</u>

In the event of default, the bond owner may declare any outstanding bonds, along with accrued interest, to be due and payable immediately.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 6: Long-term liabilities

d. Installment Sales - Business-type activities

2013 Installment Sale - Direct Borrowing

In August 2013, the City signed an installment sale agreement with Zions Bank in the amount of \$3,084,793, maturing in 10 years at an annual interest rate of 2.75%. The proceeds were used to refinance the outstanding 1997 Water Revenue Bonds and 2002 Water Revenue Bonds, in the amounts of \$1,805,000 and \$1,125,000, respectively, and pay costs of issuance related to the agreement. Interest was also paid in the amounts of \$49,638 and \$28,530, respectively. There was an optional redemption fee of \$5,625 for the 2002 bonds, but nothing for the 1997 bonds. Net revenues of the City's Water Enterprise have been pledged to the payment of the installment payments.

The annual debt service requirements to maturity for the installment sale are as follows:

Fiscal year ending June 30,	2013 Installment Sale		Total Payment
	Principal	Interest	
2021	\$ 137,605	\$ 11,784	\$ 149,389
2022	144,995	8,018	153,013
2023	147,080	4,050	151,130
2024	1,968	27	1,995
Totals	\$ 431,648	\$ 23,879	\$ 455,527

The City may prepay the principal component of the installment payments in whole or in part, on any date on or after October 1, 2018 by paying installment payments required to be paid on such date plus accrued interest to the date set for prepayment, with no prepayment premium.

In the event of default, installment owner may declare all principal components of the unpaid installment payments, together with accrued interest thereon at the rate of interest per annum represented by the installment sale from the immediately preceding installment payment date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable.

2015 Installment Sale - Direct Borrowing

In July 2015, the City signed an installment sale agreement with Municipal Finance Corporation in the amount of \$3,902,310, maturing in 20 years at an annual interest rate of 3.5%. The proceeds are to be used for the acquisition and construction of certain energy efficiency improvements to the water supply facilities of the City's Water Enterprise. Net revenues of the City's Water Enterprise have been pledged to the payment of the installment payments.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 6: Long-term liabilities (continued)

d. Installment Sales - Business-type activities (continued)

2015 Installment Sale - Direct Borrowing, continued

The annual debt service requirements to maturity for the installment sale are as follows:

Fiscal year ending June 30,	Opterra Installment Sale		Total Payment
	Principal	Interest	
2021	\$ 160,575	\$ 119,231	\$ 279,806
2022	134,207	113,481	247,688
2023	106,964	109,386	216,350
2024	121,950	105,515	227,465
2025	138,090	101,109	239,199
2026-2030	978,410	417,737	1,396,147
2031-2035	1,603,867	200,448	1,804,315
2036	201,198	3,521	204,719
Total	<u>\$ 3,445,261</u>	<u>\$ 1,170,428</u>	<u>\$ 4,615,689</u>

The City may prepay the principal components of the installment payments in whole or in part, on any date on or after September 1, 2026 by paying the installment payment required to be paid on such date plus a prepayment price equal to the principal amount of the installment payments to be prepaid, together with 1% prepayment premium thereon. The City shall give the Corporation written notice of its intention to exercise its option not less than thirty days in advance of the date to exercise.

In the event of default, installment owner may declare all principal components of the unpaid installment payments, together with accrued interest thereon at the rate of interest per annum represented by the installment sale from the immediately preceding installment payment date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable.

e. 2018 Streetlight Equipment Purchase Agreement - Direct Borrowing

In September 11, 2018 the City signed an equipment lease/purchase agreement with Banc of America Leasing & Capital LLC in the amount of \$2,170,813. The purpose of the agreement was to provide financing to the City to assist in the acquisition, installation, retrofitting, repair, improvement, servicing and maintenance of streetlights and other capital improvements. The interest and principal are due semi-annually with payments due on December 1 and June 1 each year. Principal and interest payments will be made through December 1, 2033 with total annual amounts of \$229,126 and \$114,563 in the final year. The interest rate of the debt is currently 5.59%.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 6: Long-term liabilities (continued)

e. 2018 Streetlight Equipment Purchase Agreement - Direct Borrowing (continued)

Repayment under the Agreement shall be absolute and unconditional, subject to annual appropriation, repayments will be made from the City's general fund plus any other legally available funds of the City.

The annual debt service requirements on this debt are as follows:

Fiscal year ending June 30,	Street Light Financing		Total Payment
	Principal	Interest	
2021	\$ 110,372	\$ 118,754	\$ 229,126
2022	116,628	112,498	229,126
2023	123,238	105,888	229,126
2024	130,223	98,903	229,126
2025	137,605	91,521	229,126
2026-2030	814,245	331,385	1,145,630
2031-2033	719,308	82,634	801,942
Total	<u>\$ 2,151,619</u>	<u>\$ 941,583</u>	<u>\$ 3,093,202</u>

f. Vector Truck Capital Lease

In June 1, 2019 the City signed a capital lease agreement with Municipal Finance Corporation to fund the acquisition of two cleaning vehicles for the Wastewater and Storm Water divisions, in the amount of \$911,595. Interest and principal are due semi-annually with payments due on December 28 and June 28 each year. Principal and interest payments will be made through June 28, 2028 with total annual amounts of \$202,174. The interest rate of the debt is currently 3.85%.

Should the City fail to pay any part of the Rental Payments herein within fifteen days from the due date thereof, the City shall upon Municipal Finance Corporation's written request, pay interest on such delinquent Rental Payment from the date said Rental Payment was due until paid at the rate of twelve percent (12%) per annum or the maximum legal rate, whatever is less. The City shall pay Rental Payments exclusively from legally available funds, in lawful money of the United States of America, to the Corporation.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 6: Long-term liabilities (continued)

f. Vactor Truck Capital Lease (continued)

The calculation of the present value of the future lease payments for governmental activities are as follows:

Future minimum lease payments for the year ending June 30,	Governmental activities - Storm Drain
2021	\$ 109,518
2022	109,518
2023	109,518
2024	109,518
Subtotal	<u>438,072</u>
Less: amount representing interest	<u>(35,636)</u>
Present value of future lease payments	<u>\$ 402,436</u>

Accumulated depreciation on assets purchased through lease agreements are as follows:

Assets:	
Vehicles	\$ 493,813
Less: accumulated depreciation	<u>(66,871)</u>
Total	<u>\$ 426,942</u>

The calculation of the present value of the future lease payments for business-type activities are as follows:

Future minimum lease payments for the year ending June 30,	Business-type activities - Wastewater
2021	\$ 92,656
2022	92,656
2023	92,656
2024	92,656
Subtotal	<u>370,624</u>
Less: amount representing interest	<u>(30,150)</u>
Present value of future lease payments	<u>\$ 340,474</u>

Accumulated depreciation on assets purchased through lease agreements are as follows:

Assets:	
Vehicles	\$ 492,782
Less: accumulated depreciation	<u>(46,198)</u>
Total	<u>\$ 446,584</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 6: Long-term liabilities (continued)

g. Debt issued without government commitment

Refinancing of \$17,841,416 Community Facilities District No. 2001-2 Special Tax Bonds

In March 2016, \$17,975,000 City of San Jacinto Community Facilities District No. 2001-1 (Rancho San Jacinto, Phase 2) 2016 Special Tax Refunding bonds were issued by the San Jacinto Financing Authority for the purpose of refunding the \$17,841,416 San Jacinto Financing Authority 2002 Local Agency Revenue Bonds, Series A. The balance at June 30, 2020 is \$15,965,000.

All bonds represent special limited obligations of the City, payable solely from special taxes levied CFD No. 2002-1, as applicable, and are not an obligation of the General Fund of the City of San Jacinto. The City has covenanted to annually levy the special tax and, in the event of any delinquency in payment to the City of the special tax, the City may order action to foreclose on any property liens.

Note 7: Short-term/long-term interfund borrowings

Interfund transactions - Due to/due from other funds

Individual fund interfund receivable and payable balances at June 30, 2020 were as follows:

Payable Fund	Receivable Fund
	General Fund
LLPD #2	\$ 3,631
Non-Major Governmental Funds	576,402
Solid Waste (Non-Major Enterprise Fund)	1,826
Internal Service	97,099
Total	<u>\$ 678,958</u>

The interfund payables represent temporary loans to cover negative cash balances.

Interfund transactions - Advances

Individual fund interfund advances to and from balances at June 30, 2020 were as follows:

Payable Fund	Receivable Fund		Totals
	General Fund	Non-Major Governmental Funds	
City Capital Projects Fund	\$ 2,627,736	\$ 3,791,807	\$ 6,419,543
Community Facilities District 2003 Fund	2,830,872	-	2,830,872
Total	<u>\$ 5,458,608</u>	<u>\$ 3,791,807</u>	<u>\$ 9,250,415</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 7: Short-term/long-term interfund borrowings (continued)

- > Advances between the City Capital Projects Fund and other City funds are for cash advanced to the City Capital Projects Fund for expected project costs. Also, see Note 1.
- > The General Fund has advanced cash to the Community Facilities District 2003 Fund to cover costs.

Note 8: Transfers in and out

Individual fund transfers in and transfers out activity as of June 30, 2020 were as follows:

Transfers-In	Transfers-Out				Totals
	General Fund	Assessment District 2003-01	Non-Major Governmental Funds	Internal Service Funds	
General Fund	\$ 118,341	\$ -	\$ 309,846	\$ 50,000	\$ 478,187
City Capital Projects Fund	802,108	1,242,243	2,521,161	-	4,565,512
Community Facilities District 2003 Fund	-	-	204,148	-	204,148
Enterprise - Non-Major Funds	2,515	-	-	-	2,515
Internal Service Funds	113,117	-	-	-	113,117
Total	\$ 1,036,081	\$ 1,242,243	\$ 3,035,155	\$ 50,000	\$ 5,363,479

- Transfers to the General Fund from non-major governmental funds represent reimbursement for costs of public safety and grant reimbursement costs.
- Transfers to the City Capital Projects Fund from all other City funds are to fund various capital projects of the City. Also, see Note 1.
- Transfers to the Community Facilities District 2003 fund from non-major governmental funds are to pay for operational costs, as directed by City Council.
- Transfers to the Enterprise - Non-Major Funds from the General Fund are to cover negative cash balance.
- Transfers to Internal Service Funds from the General Fund are to reimburse costs of replacement equipment.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

IV. OTHER DISCLOSURES

Note 9: Risk management

The City adopted a self-insured workers' compensation program which is administered by a service agent. The City is self-insured for the first \$250,000 on each claim. Insurance coverage in excess of the self-insured amount is provided by Public Entity Risk Management Authority (PERMA) up to statutory limits for workers' compensation.

Effective July 1, 2002, the City elected to reduce self-insured liability claim coverage from \$125,000 to \$50,000 on each general liability claim against the City. The insurance coverage in excess of the self-insured amount is provided by PERMA up to a limit of \$50,000,000.

Claims, expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2020, the amount of these liabilities was \$165,067.

This amount represents an estimate of \$165,067 for reported claims through June 30, 2020. These claims are recorded as claims payable in the Workers' Compensation Fund and Liability Insurance Fund. This liability is the City's best estimate based on available information. Changes in the reported liability are as follows:

Year	Liability at Beginning of Year	Change In Claim Payable	Liability at End of Year
2017-2018	\$ 265,034	\$ 52,402	\$ 317,436
2018-2019	317,436	(143,317)	174,119
2019-2020	174,119	(9,052)	165,067

Effective July 1, 1986 the City became a member of PERMA, a public entity risk pool, currently operating as a common risk management and insurance program for 17 California cities and 8 Special District/Agencies. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of PERMA provides that the pool will be self-sustaining through member premiums. The City continues to carry commercial companies for all other risks of loss, including property insurance, earthquake and flood, auto physical damage insurance and TULIP/special events insurance.

PERMA has published its own financial report for the year ended June 30, 2020, which can be obtained from Public Entity Risk Management Authority, 77-670 Springfield Land, Suite 1A, Palm Desert, CA 92211.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 10: Commitments and contingencies

a. Construction commitments

The City has entered into various commitments for construction and/or capital projects. As of June 30, 2020, the City had outstanding contracts commitments of \$980,366

b. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

c. Other

The City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the opinion of the City that the outcome of the majority of these cases will have no material adverse effect on the financial position of the City.

Note 11: Fund balance reservations/designations

The City's Government Fund balances are detailed below:

	General	City Capital Projects	Community Facilities District 2003	Successor Housing Authority	LLPD #2	Assessment District 2003-01	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepays/Inventory	\$ 40,987	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,987
Total nonspendable	40,987	-	-	-	-	-	-	40,987
Restricted:								
Land held for resale	-	-	-	339,807	-	-	-	339,807
Lighting and landscape	-	-	-	-	7,830,713	-	-	7,830,713
Advances receivable	2,903,236	-	-	-	-	-	-	2,903,236
Other government restrictions	-	-	-	227,725	-	5,790,735	10,789,705	16,808,165
Total restricted	2,903,236	-	-	567,532	7,830,713	5,790,735	10,789,705	27,881,921
Assigned:								
	-	-	-	-	-	-	1,553,081	1,553,081
Unassigned:								
	8,985,312	-	(3,513,841)	-	-	-	280,032	5,751,503
Total fund balances	\$ 11,929,535	\$ -	\$ (3,513,841)	\$ 567,532	\$ 7,830,713	\$ 5,790,735	\$ 12,622,818	\$ 35,227,492

The City has established a minimum fund balance policy for the General Fund Contingency Reserve. The City Council stipulates that the Contingency Reserve must be a minimum of 15 percent of the upcoming fiscal year's General Fund annual budgeted operating expenditures. At fiscal year-end the Reserve for Contingency balance was \$3,765,168, 18.0 percent of fiscal year June 30, 2020 budgeted General Fund operating expenditures. This reserve has been reported as unassigned in the General Fund.

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 12: Dissolution of California Redevelopment Agencies

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. Most cities in California had established a redevelopment agency that was included in the reporting entity of the City as a blended component unit (since the City council, in many cases, also served as the governing board for those agencies).

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

In accordance with the provisions of ABX 1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2020 is as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due within one year
Successor agency					
Bonds payable:					
2005 Tax Allocation Bonds	\$ 6,505,000	\$ -	\$ (285,000)	\$ 6,220,000	\$ 300,000
Total long-term liabilities	<u>\$ 6,505,000</u>	<u>\$ -</u>	<u>\$ (285,000)</u>	<u>\$ 6,220,000</u>	<u>\$ 300,000</u>

Future debt service requirements for the bonds payable are as follows:

Fiscal year ending June 30,	2005 Tax Allocation Bonds		Total Payment
	Principal	Interest	
2021	\$ 300,000	\$ 277,740	\$ 577,740
2022	310,000	264,015	574,015
2023	325,000	249,728	574,728
2024	340,000	234,765	574,765
2025	355,000	219,128	574,128
2026-2030	2,035,000	830,185	2,865,185
2031-2035	<u>2,555,000</u>	<u>304,565</u>	<u>2,859,565</u>
Totals	<u>\$ 6,220,000</u>	<u>\$ 2,380,126</u>	<u>\$ 8,600,126</u>

City of San Jacinto
Notes to the Basic Financial Statements
June 30, 2020

Note 13: Risks and uncertainties

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2020 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

Note 14: Contingencies

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 Hall was temporarily closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales taxes, are directly impacted by these events, it is possible that this matter will negatively impact the future revenue of the City. However, 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.

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Required Supplementary Information

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 8,063,945	\$ 8,063,945	\$ 8,332,216	\$ 268,271
Licenses and permits	1,466,600	1,466,600	1,259,086	(207,514)
Fines and forfeitures	200,000	200,000	214,032	14,032
Development fees	200,000	200,000	124,018	(75,982)
Intergovernmental	6,027,525	6,027,525	4,107,642	(1,919,883)
Charges for services	645,500	645,500	548,238	(97,262)
Investment earnings	350,000	350,000	908,831	558,831
Other	3,822,764	3,822,764	3,528,259	(294,505)
Total revenues	<u>20,776,334</u>	<u>20,776,334</u>	<u>19,022,322</u>	<u>(1,754,012)</u>
EXPENDITURES				
Current:				
General government	2,804,525	2,877,605	2,843,580	34,025
Public safety	12,776,215	12,776,215	12,674,472	101,743
Public works	736,974	618,974	661,847	(42,873)
Community development	3,701,560	3,701,560	3,293,155	408,405
Culture and leisure	80,381	84,881	98,959	(14,078)
Debt service:				
Principal	378,976	378,976	379,010	(34)
Interest	253,819	253,819	254,257	(438)
Capital outlay	49,064	110,664	476,430	(365,766)
Total expenditures	<u>20,781,514</u>	<u>20,802,694</u>	<u>20,681,710</u>	<u>120,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,180)</u>	<u>(26,360)</u>	<u>(1,659,388)</u>	<u>(1,633,028)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of property	60,000	60,000	71,857	11,857
Transfers in	534,046	534,046	478,187	(55,859)
Transfers out	(3,895,302)	(4,060,441)	(1,036,081)	3,024,360
Total other financing sources (uses)	<u>(3,301,256)</u>	<u>(3,466,395)</u>	<u>(486,037)</u>	<u>2,980,358</u>
Net change in fund balance	(3,306,436)	(3,492,755)	(2,145,425)	1,347,330
Fund balance, beginning of year	14,074,960	14,074,960	14,074,960	-
Fund balance, end of year	<u>\$ 10,768,524</u>	<u>\$ 10,582,205</u>	<u>\$ 11,929,535</u>	<u>\$ 1,347,330</u>

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - Community Facilities District 2003 Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 2,418,372	\$ 2,418,372	\$ 2,568,709	\$ 150,337
Total revenues	2,418,372	2,418,372	2,568,709	150,337
EXPENDITURES				
Current:				
General government	27,000	27,000	27,129	(129)
Public safety	3,646,834	3,646,834	3,211,311	435,523
Debt service:				
Interest	40,000	40,000	59,653	(19,653)
Total expenditures	3,713,834	3,713,834	3,298,093	415,741
Excess (deficiency) of revenues over (under) expenditures	(1,295,462)	(1,295,462)	(729,384)	566,078
OTHER FINANCING SOURCES (USES)				
Transfers in	190,000	190,000	204,148	14,148
Total other financing sources (uses)	190,000	190,000	204,148	14,148
Net change in fund balance	(1,105,462)	(1,105,462)	(525,236)	580,226
Fund balance (deficit), beginning of year	(2,988,605)	(2,988,605)	(2,988,605)	-
Fund balance, end of year	\$ (4,094,067)	\$ (4,094,067)	\$ (3,513,841)	\$ 580,226

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - Successor Housing Authority
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings	\$ 15,000	\$ 15,000	\$ 3,798	\$ (11,202)
Other	-	-	59,852	59,852
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>63,650</u>	<u>48,650</u>
EXPENDITURES				
Current:				
General government	<u>13,000</u>	<u>13,000</u>	<u>2,452</u>	<u>10,548</u>
Total expenditures	<u>13,000</u>	<u>13,000</u>	<u>2,452</u>	<u>10,548</u>
Net change in fund balance	2,000	2,000	61,198	59,198
Fund balance, beginning of year	<u>506,334</u>	<u>506,334</u>	<u>506,334</u>	<u>-</u>
Fund balance, end of year	<u>\$ 508,334</u>	<u>\$ 508,334</u>	<u>\$ 567,532</u>	<u>\$ 59,198</u>

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - LLPD #2 Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 3,719,415	\$ 3,719,415	\$ 3,834,381	\$ 114,966
Development fees	5,000	5,000	5,741	741
Investment earnings	85,750	85,750	154,857	69,107
Other	-	-	7,500	7,500
Total revenues	<u>3,810,165</u>	<u>3,810,165</u>	<u>4,002,479</u>	<u>192,314</u>
EXPENDITURES				
Current:				
Community development	5,681,534	5,681,534	3,738,007	1,943,527
Capital outlay	-	64,000	63,723	277
Total expenditures	<u>5,681,534</u>	<u>5,745,534</u>	<u>3,801,730</u>	<u>1,943,804</u>
Net change in fund balance	(1,871,369)	(1,935,369)	200,749	2,136,118
Fund balance, beginning of year	<u>7,629,964</u>	<u>7,629,964</u>	<u>7,629,964</u>	<u>-</u>
Fund balance, end of year	<u>\$ 5,758,595</u>	<u>\$ 5,694,595</u>	<u>\$ 7,830,713</u>	<u>\$ 2,136,118</u>

**Required Supplementary Information
City of San Jacinto
Budgetary Comparison Schedule - Assessment District 2003-01 Fund
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Assessments	\$ 894,381	\$ 894,381	\$ 1,029,523	\$ 135,142
Investment earnings	72,600	72,600	127,412	54,812
Total revenues	<u>966,981</u>	<u>966,981</u>	<u>1,156,935</u>	<u>189,954</u>
EXPENDITURES				
Current:				
Public Works	42,947	42,947	40,656	2,291
Total expenditures	<u>42,947</u>	<u>42,947</u>	<u>40,656</u>	<u>2,291</u>
Excess (deficiency) of revenues over (under) expenditures	<u>924,034</u>	<u>924,034</u>	<u>1,116,279</u>	<u>192,245</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,410,511)</u>	<u>(2,410,511)</u>	<u>(1,242,243)</u>	<u>1,168,268</u>
Total Other Financing Sources (Uses)	<u>(2,410,511)</u>	<u>(2,410,511)</u>	<u>(1,242,243)</u>	<u>1,168,268</u>
Net change in fund balance	(1,486,477)	(1,486,477)	(125,964)	1,360,513
Fund balance, beginning of year	5,916,699	5,916,699	5,916,699	-
Fund balance, end of year	<u>\$ 4,430,222</u>	<u>\$ 4,430,222</u>	<u>\$ 5,790,735</u>	<u>\$ 1,360,513</u>

Required Supplementary Information
City of San Jacinto
Schedule of the City's Proportionate Share of the Plan's Net Pension Liability and
Related Ratios as of the Measurement Date - Last 10 Years*
For the Year Ended June 30, 2020

Measurement Date	Employer's Proportion of the Collective Net Pension Liability ¹	Employer's Proportionate Share of the Collective Net Pension Liability	Employer's Covered Payroll ²	Employer's Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll	Pension Plan's Fiduciary Net Position as a percentage of the Total Pension Liability
<i>Miscellaneous Plan</i>					
6/30/2014	0.18099%	\$ 4,473,080	\$ 3,036,159	147%	76.82%
6/30/2015	0.19300%	5,294,972	2,908,424	182%	73.75%
6/30/2016	0.18182%	6,316,067	2,317,063	273%	70.82%
6/30/2017	0.17913%	7,061,261	2,804,241	252%	69.75%
6/30/2018	0.18044%	6,800,330	3,119,387	218%	72.25%
6/30/2019	0.17949%	7,187,759	3,810,207	189%	73.22%
<i>Safety Plan (Inactive)</i>					
6/30/2014	0.07000%	\$ 2,516,462	\$ -	-	0.00%
6/30/2015	0.07447%	3,068,587	-	-	80.89%
6/30/2016	0.07781%	4,030,026	-	-	75.83%
6/30/2017	0.07720%	4,613,123	-	-	74.46%
6/30/2018	0.07932%	4,654,165	-	-	74.14%
6/30/2019	0.07983%	4,983,113	-	-	71.97%

¹ 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.

² Covered payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Measurement period 2013-14 (fiscal year 2014-15) was the first year of implementation, therefore, only six years are shown.

**Required Supplementary Information
City of San Jacinto
Schedule of Plan Contributions - Last 10 Years*
For the Year Ended June 30, 2020**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered payroll ¹	Contributions as a percentage of covered payroll ¹
<i>Miscellaneous Plan</i>					
6/30/2015	\$ 640,721	\$ (640,721)	\$ -	\$ 2,908,424	22.03%
6/30/2016	613,674	(613,674)	-	2,317,063	26.48%
6/30/2017	691,841	(691,841)	-	2,804,241	24.67%
6/30/2018	738,923	(738,923)	-	3,119,387	23.69%
6/30/2019	876,180	(876,180)	-	3,810,207	23.00%
6/30/2020	1,012,917	(1,012,917)	-	4,262,727	23.76%
<i>Safety Plan (Inactive)</i>					
6/30/2015	\$ 138,527	\$ (138,527)	\$ -	\$ -	0.00%
6/30/2016	146,311	(146,311)	-	-	-
6/30/2017	175,023	(175,023)	-	-	-
6/30/2018	219,078	(219,078)	-	-	-
6/30/2019	283,052	(283,052)	-	-	-
6/30/2020	416,795	(416,795)	-	-	-

¹ Covered Payroll is defined as the payroll on which contributions to a pension plan are based, in accordance with GASB 82.

* Fiscal year 2014-15 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 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. 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.

Non-Major Governmental Funds

**City of San Jacinto
Combining Balance Sheet
Non-Major Funds
June 30, 2020**

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
ASSETS				
Cash and investments	\$ 479,832	\$ 1,673,251	\$ 62,071	\$ -
Receivables, net:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	170
Due from other governments	29,800	181,056	3,340	-
Advances receivable	-	1,536,645	55,200	-
Total assets	\$ 509,632	\$ 3,390,952	\$ 120,611	\$ 170
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,587	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	1,587	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES				
Restricted	509,632	3,390,952	119,024	170
Unassigned	-	-	-	-
Total fund balances (deficit)	509,632	3,390,952	119,024	170
Total liabilities, deferred inflows of resources and fund balances	\$ 509,632	\$ 3,390,952	\$ 120,611	\$ 170

Special Revenue Funds

LLPD #1	Park Development	Parkway Development	CSA 152	State Asset Seizure	Public Safety Sales Tax
\$ 27,172	\$ 32,959	\$ 21,034	\$ 250	\$ 115,296	\$ -
-	-	-	18,892	-	-
14,531	-	-	-	-	-
-	-	-	198,052	-	19,298
-	-	-	-	-	-
<u>\$ 41,703</u>	<u>\$ 32,959</u>	<u>\$ 21,034</u>	<u>\$ 217,194</u>	<u>\$ 115,296</u>	<u>\$ 19,298</u>
\$ 41,703	\$ -	\$ -	\$ 7,336	\$ -	\$ -
-	-	-	-	-	-
-	-	-	160,824	-	-
-	-	-	-	-	-
<u>41,703</u>	<u>-</u>	<u>-</u>	<u>168,160</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	32,959	21,034	49,034	115,296	19,298
-	-	-	-	-	-
<u>-</u>	<u>32,959</u>	<u>21,034</u>	<u>49,034</u>	<u>115,296</u>	<u>19,298</u>
<u>\$ 41,703</u>	<u>\$ 32,959</u>	<u>\$ 21,034</u>	<u>\$ 217,194</u>	<u>\$ 115,296</u>	<u>\$ 19,298</u>

**City of San Jacinto
Combining Balance Sheet
Non-Major Funds
June 30, 2020**

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
ASSETS				
Cash and investments	\$ 118,199	\$ 50,140	\$ 658,614	\$ 473
Receivables, net:				
Accounts	-	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	15,297	8,333	-	-
Advances receivable	-	-	-	52,398
Total assets	<u>\$ 133,496</u>	<u>\$ 58,473</u>	<u>\$ 658,614</u>	<u>\$ 52,871</u>
LIABILITIES				
Accounts payable	\$ -	\$ 58,326	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	39,385
Total liabilities	<u>-</u>	<u>58,326</u>	<u>-</u>	<u>39,385</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	133,496	147	658,614	52,398
Unassigned	-	-	-	(38,912)
Total fund balances (deficit)	<u>133,496</u>	<u>147</u>	<u>658,614</u>	<u>13,486</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 133,496</u>	<u>\$ 58,473</u>	<u>\$ 658,614</u>	<u>\$ 52,871</u>

Special Revenue Funds			
AB1600	Special District Administration	Federal Asset Seizure	Developer Impact Fees
\$ 419,226	\$ 115,618	\$ 35,109	\$ 3,115,790
-	-	-	-
-	-	-	-
-	-	-	-
119,417	-	-	426,142
<u>\$ 538,643</u>	<u>\$ 115,618</u>	<u>\$ 35,109</u>	<u>\$ 3,541,932</u>
\$ -	\$ 28	\$ -	\$ -
-	14,596	-	-
-	-	-	-
-	-	-	-
<u>-</u>	<u>14,624</u>	<u>-</u>	<u>-</u>
-	-	-	-
538,643	100,994	35,109	3,541,932
-	-	-	-
<u>538,643</u>	<u>100,994</u>	<u>35,109</u>	<u>3,541,932</u>
<u>\$ 538,643</u>	<u>\$ 115,618</u>	<u>\$ 35,109</u>	<u>\$ 3,541,932</u>

**City of San Jacinto
Combining Balance Sheet
Non-Major Funds
June 30, 2020**

	Special Revenue Funds			
	Vandalism & Graffiti Reward	RMRA	CDBG	CFD 2018-1
ASSETS				
Cash and investments	\$ 40,553	\$ 671,557	\$ -	\$ 11,031
Receivables, net:				
Accounts	39,412	-	-	-
Taxes and assessments	-	-	-	-
Due from other governments	-	129,274	-	-
Advances receivable	-	573,284	-	-
Total assets	<u>\$ 79,965</u>	<u>\$ 1,374,115</u>	<u>\$ -</u>	<u>\$ 11,031</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	13,866	-
Unearned revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>13,866</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>39,412</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	40,553	1,374,115	-	11,031
Unassigned	-	-	(13,866)	-
Total fund balances (deficit)	<u>40,553</u>	<u>1,374,115</u>	<u>(13,866)</u>	<u>11,031</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 79,965</u>	<u>\$ 1,374,115</u>	<u>\$ -</u>	<u>\$ 11,031</u>

<u>Special Revenue Funds</u>	<u>Total Special Revenue Funds</u>
CFD 2017-1	
45,274	\$ 7,693,449
-	58,304
-	14,701
-	584,450
-	2,763,086
<u>\$ 45,274</u>	<u>\$ 11,113,990</u>
\$ -	\$ 108,980
-	14,596
-	174,690
-	39,385
<u>-</u>	<u>337,651</u>
<u>-</u>	<u>39,412</u>
45,274	10,789,705
-	(52,778)
<u>45,274</u>	<u>10,736,927</u>
<u>\$ 45,274</u>	<u>\$ 11,113,990</u>

**City of San Jacinto
Combining Balance Sheet
Non-Major Funds
June 30, 2020**

	Capital Projects		
	Underground Utility	Flood Control	Traffic Signalization
ASSETS			
Cash and investments	\$ 1,155,867	\$ -	\$ 156,059
Receivables, net:			
Accounts	-	-	-
Taxes and assessments	-	-	-
Due from other governments	-	-	-
Advances receivable	-	878,650	-
Total assets	\$ 1,155,867	\$ 878,650	\$ 156,059
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
FUND BALANCES			
Restricted	-	-	-
Assigned	1,155,867	-	156,059
Unassigned	-	878,650	-
Total fund balances (deficit)	1,155,867	878,650	156,059
Total liabilities, deferred inflows of resources and fund balances	\$ 1,155,867	\$ 878,650	\$ 156,059

Capital Projects		Total Capital Projects Funds	Debt Service	Total
Highway 79 Capital Projects	TUMF Capital Projects		Assessment District 87-1 Debt Service	Non-Major Governmental Funds
\$ 91,084	\$ -	\$ 1,403,010	\$ -	\$ 9,096,459
-	-	-	-	58,304
-	-	-	1,084,259	1,098,960
-	-	-	-	584,450
150,071	-	1,028,721	-	3,791,807
<u>\$ 241,155</u>	<u>\$ -</u>	<u>\$ 2,431,731</u>	<u>\$ 1,084,259</u>	<u>\$ 14,629,980</u>
\$ -	\$ -	\$ -	\$ -	\$ 108,980
-	-	-	-	14,596
-	88,843	88,843	312,869	576,402
-	-	-	144,128	144,128
-	-	-	-	39,385
<u>-</u>	<u>88,843</u>	<u>88,843</u>	<u>456,997</u>	<u>883,491</u>
-	-	-	1,084,259	1,123,671
-	-	-	-	10,789,705
241,155	-	1,553,081	-	1,553,081
-	(88,843)	789,807	(456,997)	280,032
<u>241,155</u>	<u>(88,843)</u>	<u>2,342,888</u>	<u>(456,997)</u>	<u>12,622,818</u>
<u>\$ 241,155</u>	<u>\$ -</u>	<u>\$ 2,431,731</u>	<u>\$ 1,084,259</u>	<u>\$ 14,629,980</u>

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	Gas Tax	Measure A	Traffic Safety	CFD #2003-2 Sewer Lift Operations
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	20,083
Fines and forfeitures	-	-	51,082	-
Development fees	-	-	-	-
Intergovernmental	1,125,787	940,299	-	-
Investment earnings	11,159	73,849	-	62
Other	-	-	-	-
Total revenues	<u>1,136,946</u>	<u>1,014,148</u>	<u>51,082</u>	<u>20,145</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	55,344	-
Public works	1,372,391	31,120	8,460	19,975
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,372,391</u>	<u>31,120</u>	<u>63,804</u>	<u>19,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(235,445)</u>	<u>983,028</u>	<u>(12,722)</u>	<u>170</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(821,649)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(821,649)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(235,445)	161,379	(12,722)	170
Fund balances, beginning of year	745,077	3,229,573	131,746	-
Fund balances, end of year	<u>\$ 509,632</u>	<u>\$ 3,390,952</u>	<u>\$ 119,024</u>	<u>\$ 170</u>

Special Revenue Funds

LLPD #1	Park Development	Parkway Development	CSA 152	State Asset Seizure	Public Safety Sales Tax
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,099
654,455	-	-	-	-	-
-	-	-	429,911	-	-
-	-	-	-	-	-
-	-	-	208,631	-	-
-	704	594	1,837	2,464	-
-	-	-	-	-	-
<u>654,455</u>	<u>704</u>	<u>594</u>	<u>640,379</u>	<u>2,464</u>	<u>305,099</u>
2,795	-	-	-	-	-
-	-	-	-	-	-
-	-	-	436,231	-	-
-	-	-	-	-	-
651,660	-	880	-	-	-
-	-	21,547	-	-	-
<u>654,455</u>	<u>-</u>	<u>22,427</u>	<u>436,231</u>	<u>-</u>	<u>-</u>
-	704	(21,833)	204,148	2,464	305,099
-	-	-	(204,148)	-	(309,846)
-	-	-	(204,148)	-	(309,846)
-	704	(21,833)	-	2,464	(4,747)
-	32,255	42,867	49,034	112,832	24,045
<u>\$ -</u>	<u>\$ 32,959</u>	<u>\$ 21,034</u>	<u>\$ 49,034</u>	<u>\$ 115,296</u>	<u>\$ 19,298</u>

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	Air Quality Improvement	AB3229 COPS Program	Fire Mitigation	SB 621 Gaming Impact Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Development fees	-	-	-	-
Intergovernmental	60,807	155,948	-	603
Investment earnings	3,270	2,990	14,071	1,141
Other	-	-	-	-
Total revenues	<u>64,077</u>	<u>158,938</u>	<u>14,071</u>	<u>1,744</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	157,961	-	-
Public works	80,535	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Capital outlay	-	58,326	-	-
Total expenditures	<u>80,535</u>	<u>216,287</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,458)</u>	<u>(57,349)</u>	<u>14,071</u>	<u>1,744</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	-	(603)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(603)</u>
Net change in fund balances	(16,458)	(57,349)	14,071	1,141
Fund balances, beginning of year	149,954	57,496	644,543	12,345
Fund balances, end of year	<u>\$ 133,496</u>	<u>\$ 147</u>	<u>\$ 658,614</u>	<u>\$ 13,486</u>

Special Revenue Funds			
AB1600	Special District Administration	Federal Asset Seizure	Developer Impact Fees
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
8,460	8,300	-	162,266
-	-	-	-
12,736	-	783	80,292
-	348,112	-	-
<u>21,196</u>	<u>356,412</u>	<u>783</u>	<u>242,558</u>
-	-	-	-
-	-	-	-
-	-	-	16,497
-	356,169	-	-
-	-	-	15,178
-	-	30,900	-
<u>-</u>	<u>356,169</u>	<u>30,900</u>	<u>31,675</u>
<u>21,196</u>	<u>243</u>	<u>(30,117)</u>	<u>210,883</u>
<u>(90,583)</u>	<u>-</u>	<u>-</u>	<u>(353,175)</u>
<u>(90,583)</u>	<u>-</u>	<u>-</u>	<u>(353,175)</u>
(69,387)	243	(30,117)	(142,292)
608,030	100,751	65,226	3,684,224
<u>\$ 538,643</u>	<u>\$ 100,994</u>	<u>\$ 35,109</u>	<u>\$ 3,541,932</u>

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	Vandalism & Graffiti Reward	RMRA	CDBG	CFD 2018-1
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	11,829
Fines and forfeitures	-	-	-	-
Development fees	-	-	-	-
Intergovernmental	-	846,559	623,182	-
Investment earnings	-	21,661	-	87
Other	-	-	-	-
Total revenues	<u>-</u>	<u>868,220</u>	<u>623,182</u>	<u>11,916</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	885
Culture and leisure	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>885</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>868,220</u>	<u>623,182</u>	<u>11,031</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(131,716)	(527,303)	-
Total other financing sources (uses)	<u>-</u>	<u>(131,716)</u>	<u>(527,303)</u>	<u>-</u>
Net change in fund balances	-	736,504	95,879	11,031
Fund balances (deficit), beginning of year	40,553	637,611	(109,745)	-
Fund balances (deficit), end of year	<u>\$ 40,553</u>	<u>\$ 1,374,115</u>	<u>\$ (13,866)</u>	<u>\$ 11,031</u>

<u>Special Revenue Funds</u>	<u>Total Special Revenue Funds</u>
CFD 2017-1	
\$ -	\$ 305,099
45,860	732,227
-	480,993
-	179,026
-	3,961,816
331	228,031
-	348,112
<u>46,191</u>	<u>6,235,304</u>
-	2,795
-	213,305
-	1,965,209
917	357,971
-	667,718
-	110,773
<u>917</u>	<u>3,317,771</u>
<u>45,274</u>	<u>2,917,533</u>
-	(2,439,023)
<u>-</u>	<u>(2,439,023)</u>
45,274	478,510
-	10,258,417
<u>\$ 45,274</u>	<u>\$ 10,736,927</u>

City of San Jacinto
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Funds
For the Year Ended June 30, 2020

	Capital Projects		
	Underground Utility	Flood Control	Traffic Signalization
REVENUES			
Taxes	\$ -	\$ -	\$ -
Assessments	-	-	-
Fines and forfeitures	-	-	-
Development fees	-	135,486	-
Intergovernmental	-	959,203	-
Investment earnings	24,695	2,572	3,415
Other	-	-	-
Total revenues	<u>24,695</u>	<u>1,097,261</u>	<u>3,415</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	30,877	-
Community development	-	-	-
Culture and leisure	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>30,877</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,695</u>	<u>1,066,384</u>	<u>3,415</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(17,203)	(30,000)
Total other financing sources (uses)	<u>-</u>	<u>(17,203)</u>	<u>(30,000)</u>
Net change in fund balances	24,695	1,049,181	(26,585)
Fund balances (deficit), beginning of year	1,131,172	(170,531)	182,644
Fund balances (deficit), end of year	<u>\$ 1,155,867</u>	<u>\$ 878,650</u>	<u>\$ 156,059</u>

Capital Projects		Total Capital Projects Funds	Debt Service	Total Non-Major Governmental Funds
Highway 79 Capital Projects	TUMF Capital Projects		Assessment District 87-1 Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ 305,099
-	-	-	-	732,227
-	-	-	-	480,993
-	-	135,486	-	314,512
-	438,928	1,398,131	-	5,359,947
-	-	30,682	-	258,713
-	-	-	-	348,112
-	438,928	1,564,299	-	7,799,603
-	-	-	2,150	4,945
-	-	-	-	213,305
-	-	30,877	-	1,996,086
-	-	-	-	357,971
-	-	-	-	667,718
-	-	-	-	110,773
-	-	30,877	2,150	3,350,798
-	438,928	1,533,422	(2,150)	4,448,805
(43,528)	(505,401)	(596,132)	-	(3,035,155)
(43,528)	(505,401)	(596,132)	-	(3,035,155)
(43,528)	(66,473)	937,290	(2,150)	1,413,650
284,683	(22,370)	1,405,598	(454,847)	11,209,168
\$ 241,155	\$ (88,843)	\$ 2,342,888	\$ (456,997)	\$ 12,622,818

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