



CITY OF SOLANA BEACH CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL PERIOD ENDED JUNE 30, 2020

CITY OF SOLANA BEACH, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL PERIOD ENDED JUNE 30, 2020

PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF SOLANA BEACH

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2020

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November 25, 2020

To the Honorable Mayor, Members of the City Council, and Citizens of Solana Beach:

It is with great pleasure that we present to you the City of Solana Beach (City) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2020.

This year's report was prepared by the City's Finance Department in conformity with Generally Accepted Accounting Principles (GAAP) and has been audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed Certified Public Accountants. The report consists of management representations concerning the finances of the City. Consequently, responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the City. All disclosures necessary to enable an understanding of the City's financial activities have been included.

The CAFR includes the financial activity for all funds of the City. The City provides a wide range of services including planning; public works; engineering; maintenance of streets, parks and public facilities; community services and recreation; fire and marine safety; sanitation; community choice aggregation; and general administrative activities. Contracted services include building services through a third party consultant, law enforcement with the San Diego County Sheriff and animal control with the San Diego Human Society.

Internal Controls

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of State, County, and Federal financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

Annual Audit

Lance, Soll and Lunghard, LLP, appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020, are free of material misstatement. As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure as well as to determine that the City has complied with applicable laws and regulations.

The results of the City's annual audit for the fiscal year ended June 30, 2020, provided no instances of material weaknesses in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a reasonable basis for rendering an unmodified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MDA)

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MDA) and should be read in conjunction with it. The MDA provides "financial highlights" and interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variances in the financial data. In addition, the MDA is intended to disclose any known significant events or decisions that affect the financial condition of the City. The City's MDA can be found immediately following the report of the independent auditors.

Government Profile

The City of Solana Beach was incorporated on July 1, 1986, under the general laws of the State of California and is home to a population of 13,838 residents per the State of California Department of Finance. Included within the City's financial statements is the financial information of the Solana Beach Public Facilities Corporation. The City is considered the primary government and the Public Facilities Corporation is a component unit. Additionally, since the governing boards of the City and the component unit are the same, the financial statements of the City and the component unit are blended.

The Solana Beach Public Facilities Corporation was incorporated on July 25, 1990, as a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law. Its purpose is to benefit the City by providing financing for the planning, development, acquisition, construction, improvement, extension, repair, and renovation of public works projects, public facilities, furnishings, and equipment for use by the City.

The City of Solana Beach is a coastal community encompassing approximately 3.4 square miles and is located twenty-one miles north of the City of San Diego's downtown district. It is bordered to the North and South by the cities of Encinitas and Del Mar, respectively; to the East by the County San Diego; to the southeast by the City of San Diego; and by the Pacific Ocean to the West.

The City is a general law city that operates under the Council-Manager form of government. The City Council (Council) is comprised of five members elected at large for staggered four-year terms of office. The Mayor and Deputy Mayor are selected by the Council from among its members to serve one-year terms. The Council acts as the legislative and policy-making body of the City, enacting all laws and directing such actions as required providing for the general welfare of the community.

The City Manager, appointed by the Council, serves as the Chief Executive Officer and is responsible to the Council for the proper administration of all City affairs and for the implementation of all policies established by the Council. The City Attorney is the only other position appointed by the Council. All other department heads and employees are appointed by the City Manager.

Commissions play an important role in the governmental structure of Solana Beach. They provide many opportunities for citizens to participate in the affairs of the City. These Advisory Commissions assist in the performance of studies and the issuance of recommendations on various matters of concern to the Council.

The Advisory Commissions are the following:

- Budget & Finance Commission
- Climate Action Commission
- Parks & Recreation Commission
- Public Arts Commission
- View Assessment Commission

Budgetary Process and Controls

The process of adopting a budget for the City is generally a six-month process beginning in late December and ending in June when the Council adopts the budget and appropriates funds necessary for the City to provide services to its residents.

The process is all-inclusive as department directors work with the City Manager and representatives of the Finance Department to discuss departmental requests relative to the City's available resources.

The City's overall objectives and goals, along with the economic outlook, serve as a platform for the proposed budget that is distributed to the Council, and the Budget and Finance Commission, for preliminary review and analysis in preparation of public workshops and hearings. The public workshops and hearings are held to facilitate discussions of items contained within the proposed budget and to allow the citizenry to participate in the budget process.

In June 2019, the City Council approved a two-year budget for Fiscal Years (FY) 2019/20 and 2020/21. The same process was followed in developing the two-year budget and, as the budget is amended during this two-year budget cycle, budget adjustments are brought to the City Council for review and approval. The Fiscal Year 2020/21 portion of the two-year budget was amended in July 2020 mainly due to the impacts of COVID on City resources.

In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Council. Activities of the General, Special Revenue, Debt Service, and Capital Projects Funds are included in the annual appropriated budget.

The budget is arranged by fund, function, and department and is presented to the Council by the City Manager. The budget is then adopted annually by the Council prior to the beginning of the financial year and serves as the foundation for the City's financial planning and control. Department directors may make transfers of appropriations within their own budget units' departments with City Manager approval. The City budget is reviewed and is periodically adjusted at the middle of the fiscal year and at the end of the fiscal year. These adjustments are approved by the Council.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2019/20 was prepared in accordance with Generally Accepted Accounting Principles.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

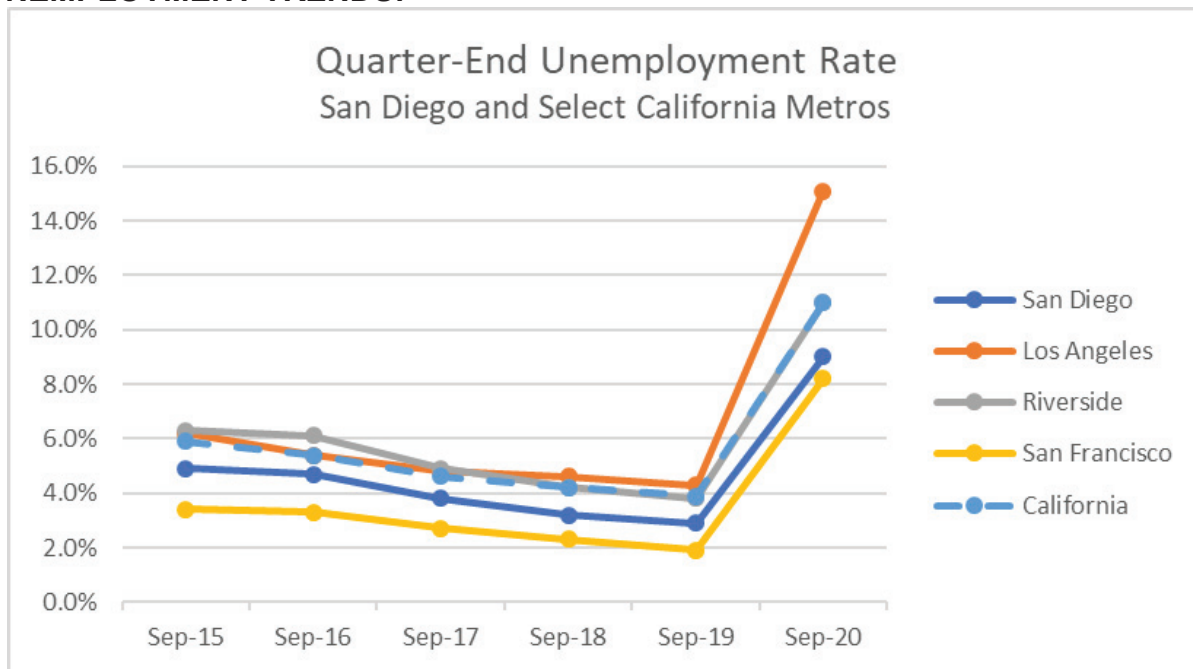
Economic Condition and Outlook

Solana Beach is home to citizens who enjoy the benefits of a coastal community that is within close proximity to the City of San Diego. The local beaches are a big attraction to both residents and non-residents. The City is comprised mainly of single-family homes and condominiums with retail, office and light industrial uses and service entities providing a tax base for the City.

As a somewhat suburban community, Solana Beach's economic base is linked primarily to the economy of the greater San Diego region. In particular, the greater San Diego economic base sustains the City's residential and industrial facilities. The local economy is primarily based on small to medium sized retail establishments and specialty stores selling general merchandise, furniture, arts and crafts, clothing, food, and gasoline. Local economic generators such as vacation tourism support a significant portion of the City's commercial base.

In regards to San Diego's local economy, the San Diego Regional Economic Development Corporation in its report on key economic indicators for the San Diego area shows that The region's unemployment rate was 9.0 percent in September down from a revised 9.5 percent in August 2020, and still three times above the year-ago estimate of 2.9 percent. Unemployment continues to increase in San Diego's unincorporated and low-income areas, while falling in wealthier areas. The highest unemployment area in the region was Bostonia at 16.5 percent and the lowest was Solana Beach at 5.0 percent. The region's unemployment rate remains lower than California's unemployment rate of 10.8 percent, but higher than the national unemployment rate of 7.7 percent. Unemployment rate trends for San Diego as compared to the State of California and its regional neighbor's trend as shown in the table on the following page.

UNEMPLOYMENT TRENDS:



Source: Bureau of Labor Statistics

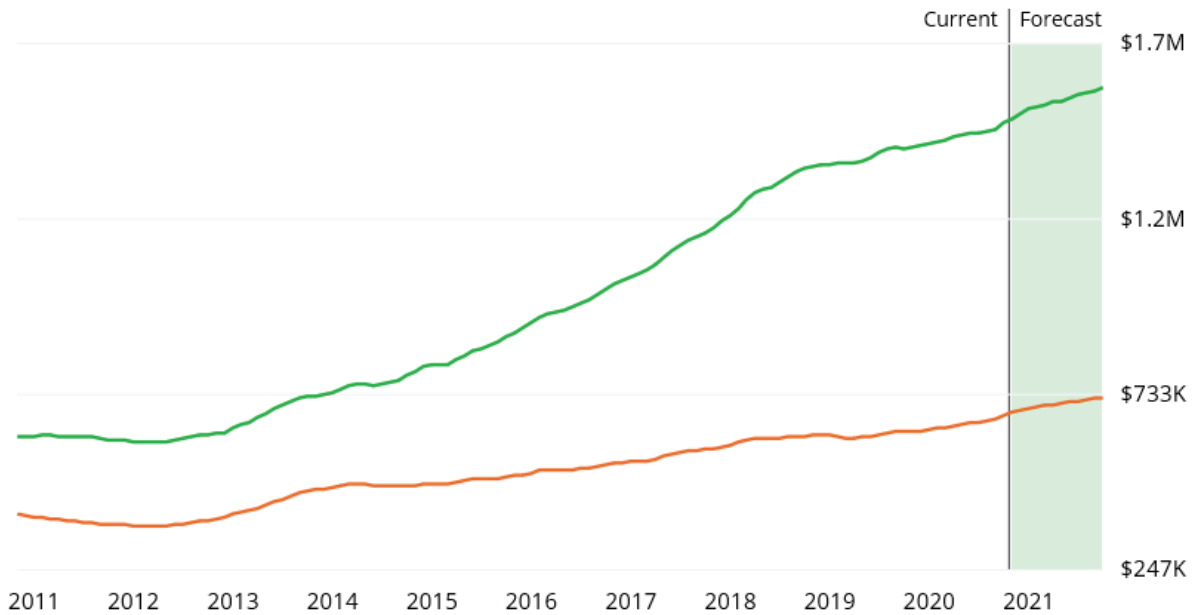
Year over year, the San Diego region had declines in employment across all industry sectors with the exception of Professional and Business services which was up by 1,500 (now at 259,000) as of the end of September 2020. The biggest losses were in Leisure and Hospitality (down 52,400 to 151,000). All government sectors experienced declines with the exception of federal which gained 2,500 to 50,400 jobs.

House prices continued to climb locally, despite record job losses from COVID. Lower mortgage rates, strong population growth, the addition of high-earning newcomers to the region, and low inventory of available houses have fueled house price growth. The median home price in the region was up in July of this year anywhere from roughly 5% to more than 10% from a year prior. Meanwhile, rents are essentially flat to just slightly down over the past year.

Housing prices continue to place the San Diego region as the third highest median home price chart, just below San Francisco and Los Angeles, as compared to the 25 most populous metropolitan areas in the United States. San Diego's median home price was \$645,000 in the third quarter 2019, a decrease of 0.8 percent as compared to the same quarter in 2018 and as compared to the national average of \$456,500.

Solana Beach's home values follow this trend. Since the 2008 recession, the City's median home value has steadily risen and in September 2020 was \$1,485,446 according to the Zillow home value index. Over the past year, home values in the City have increased by 4.9 percent and Zillow expects that they will increase 6.6 percent over the next year as illustrated in the graph on the following page.

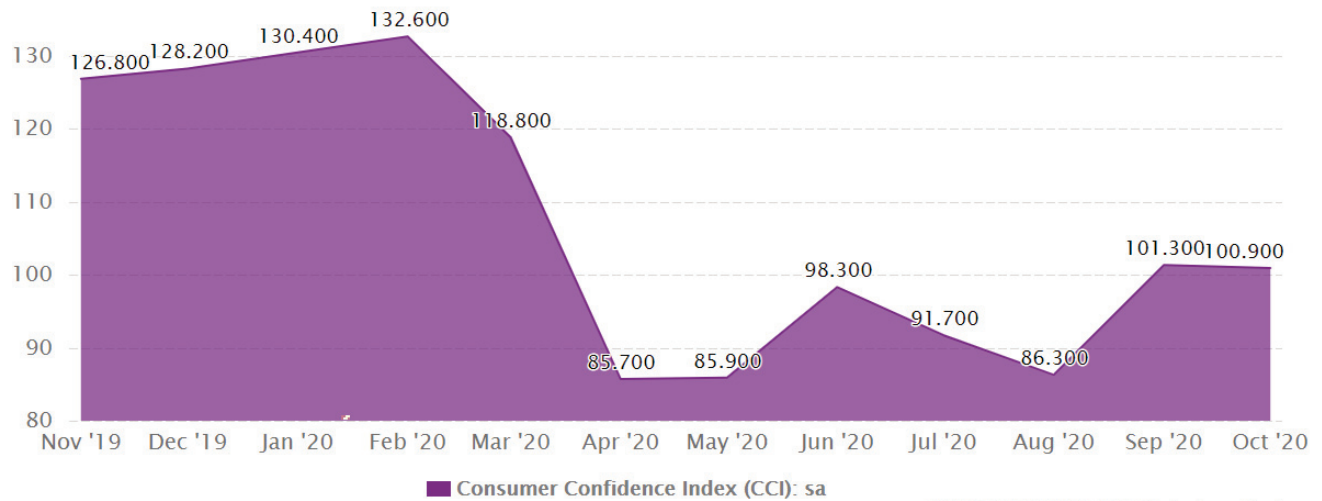
Sep 2021 — Solana Beach \$1.58M — San Diego \$725K



The median list price per square foot in Solana Beach is \$820, which is higher than the San Diego-Carlsbad Metro average of \$373. Rental costs for the City follow the same pattern - the median rent price in Solana Beach is \$3,500, which is higher than the San Diego Metro median of \$2,360 for a 2-bedroom unit.

In August 2020, sales of single-family homes increased by 10.2% over last year. This reflects the strong demand for home purchases. Pending sales also increased over the last quarter in San Diego County. Due to the pandemic, it was expected that the home prices would remain flat or drop a bit in the coming months, but instead prices have steadily increased in 2020 with the median sold price of single-family homes up 12.7% from the prior year to \$650,000.

The Conference Board’s consumer confidence assessment of current conditions improved while expectations declined, driven primarily by a softening in the short-term outlook for jobs. There is little to suggest that consumers foresee the economy gaining momentum in the final months of 2020, especially with COVID-19 cases on the rise and unemployment still high. The Index now stands at 100.9 (1985=100), down from the high of 132.6 in February 2020, but up from the low of 85.7 in April 2020. Consumers, however, are now less optimistic about the short-term outlook than a month ago. The percentage of consumers expecting business conditions will improve over the next six months decreased slightly from 36.7 percent to 36.3 percent, while those expecting business conditions will worsen increased from 15.8 percent to 17.0 percent. Consumers’ optimism regarding the job market was mixed.



The UCLA Anderson Forecast’s (Forecast) report for September 2020 stated “The decline in the second quarter has been less severe than we expected, and the recovery, from such a low base, has been significantly faster than expected,” There was a 31.7% annualized decline in real GDP during the April–June time period, the forecast now calls for annualized growth of 28.3% for the July–September time period. After the projected third-quarter increase, GDP would remain 4.5% below the fourth quarter of 2019. This compares to a 4.0% peak-to-trough decline during the Great Recession of 2008.

The economists issue a second caveat: The size and speed of the recovery have been so great, that the current forecast for 2020 is stronger than previously expected, but weaker for 2021, since some of the growth has been pulled forward into this year. However, unemployment is a concern. Following the peak of 14.7% in April, unemployment declined to 13.3% in May, 11.1% in June, 10.2% in July and 8.4% in August. The latest forecast is that the U.S. will end the year with 7.8% unemployment, and that the rate will continue to decline to 6.3% at the end of 2021 and to 4.7% by the end of 2022, but will not reach pre-pandemic rates until at least late 2024.

On June 29, 2020, Governor Gavin Newsom signed a \$202.1 billion budget for the 2020/21 fiscal year, a decrease of 3 percent from the FY 2019/20 budget. The state budget includes a \$133.9-billion general fund, a \$13 billion or 9 percent decrease, as compared to the revised FY 2019/20 budget appropriations. General Fund revenues are estimated at \$137.7 billion for FY 2020/21, remaining flat when compared with the revised FY 2019/20 revenues.

The new general fund budget allocates \$48 billion (\$98.8 billion from all sources) for K-12, and decreases higher education to \$15.8 billion. Healthcare spending is the largest portion of the budget, with a total cost of \$70.4 billion, \$44.8 billion from the general fund and \$25.6 billion from other sources including federal funds. The COVID-19 pandemic has impacted every sector of the state's economy and has caused record high unemployment—almost 1 in 5 Californians who were employed in February were out of work in May. Of the \$9.5 billion in Coronavirus Relief Fund received by the state,

\$4.5 billion is allocated to local school districts, \$1.3 billion is allocated to counties, and \$500 million to cities. The Budget also includes \$750 million General Fund to provide support for counties experiencing revenue losses due to the pandemic. Funds are available for all local governments in compliance with federal guidance and state health requirements on COVID-19 response.

The FY 2020/21 total budget projects a \$7.8 billion draw on reserves to help the state balance the budget during this economic downturn.

Long-Term Financial Planning

Solana Beach's conservative fiscal policies have helped the City build and maintain a healthy reserve and management will continue to hold costs in line with available resources.

General Fund property taxes have been, and continue to be, the highest revenue generator for the City. Sales tax is the City's second largest revenue source. During FY 2019/20, property taxes increased by \$347,713, or 4.4%, to \$8,300,130 as compared to FY 2018/19, however sales tax decreased by \$210,756, or -6.0%, to \$3,291,805 mainly due to the economic impact of COVID-19. The City's sales receipts from April through June were 4.6% below the last quarter of fiscal year 2019. Excluding reporting aberrations, including the infusion of additional tax allocations deferred last quarter by the State's relief program in support of businesses during the Covid-19 crisis, actual sales were down 19.7%.

Overall, the City's General Fund revenues increased by \$2,167,115, or 10.5%, from \$20,570,945 in FY 2018/19 to \$22,738,060 in FY 2019/20.

For FY 2019/21, budgeted property taxes are expected to increase as compared to actual amounts received for the prior fiscal year and sales tax is projected to increase only moderately due to the continuing economic impact of COVID-19. Property tax is expected to increase to \$8,561,500, or by 3.1%, and sales tax is projected to increase to \$3,493,000.

Total General Fund revenues, net of internal service charges, are budgeted at \$19,412,600. It is the City's goal not to rely on General Fund reserves to operate the City annually. The General Fund budget for FY 2020/21 was adopted on June 12, 2019 and subsequently amended on June 24, 2020 and again on July 8, 2020. The amended budget resulted in a projected \$20,000 surplus for FY 2020/21.

The City has taken steps to help maintain its fiscal sustainability over the next year by:

1. Negotiating a 2% savings on personnel budgeted within the general fund, by extending the current contracts into FY 2020/21 delaying budgeted increases.
2. Amending the Solana Beach Firefighters' Association (SBFA) agreement that modifies the salary and flex credit increases due the SBFA for Fiscal Year 2020/21.

3. A net reduction in Self Insurance and workers compensation costs due to lower than expected costs over the past two years.
4. Suspending on a one-time basis the annual transfer to the Facilities Replacement Fund of \$150,000.

Relevant Financial Policies

The City of Solana Beach has financial policies that help guide it during the preparation of the annual budget.

One such policy is the 17% reserve requirement discussed in the previous section. This policy, as in the adoption of the FYs 2019/20 and 2020/21 Budgets, is one that has been continuously adhered to by Council.

The Asset Replacement Reserve Fund is used to provide for the replacement of the City's existing equipment, vehicles, computers, and furnishings and the City's financial policy is to annually budget funds to this Reserve. During the FYs 2019/20 and 2020/21 budget process, the Council again ensured that funds were appropriated to maintain adequate reserves in the Asset Replacement Fund.

Additionally, beginning with the budget cycle for FY 2014/15, the City established an infrastructure replacement reserve to ensure that funds are available in the future for the replacement of buildings and improvements. Through FY 2020/21, the Council has approved \$850,000 to this reserve fund. This is net of the \$150,000 reduction in the amended FY2020/21 Budget.

Cash Management Policies and Practices

Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested primarily with Chandler Asset Management and also with the Local Agency Investment Fund (LAIF) consistent with the City's Investment Policy.

The City's longstanding Investment Policy was amended by the Council on February 10, 2016, and provides the City more flexibility to invest its excess funds to provide safety to ensure the preservation of capital in the portfolio, provide sufficient liquidity for cash needs, and to realize a market rate of return consistent with the investment program while staying within the requirements of California Government Code Section 53601.

The City's Investment Policy is designed to maximize the productive use of assets entrusted to its care and to invest and manage those funds wisely and prudently. Criteria for selecting investments and the order of priority are: (1) safety (2) liquidity and (3) yield. The basic premise underlying the City's Investment Policy is to ensure that money is safe, always available, and earning the highest and best returns.

Investment income includes appreciation/depreciation in the fair market value of investments (FMV). The total investment income for all funds for the fiscal year was \$1,505,620 (\$870,880 investment income received plus \$634,740 gain on the FMV), a decrease of \$112,139 from the prior fiscal year's amount of \$1,617,759 (\$825,375 investment income received plus \$792,384 gain on the FMV).

Major Projects and Financial Planning

Solana Energy Alliance

Community Choice Aggregation (CCA), authorized by Assembly Bill 117, is a state law that allows cities, counties and other authorized entities to aggregate electricity demand within their jurisdictions in order to purchase and/or generate alternative energy supplies for residents and businesses within their jurisdiction while maintaining the existing electricity provider for transmission and distribution services. The goal of a CCA is to provide a higher percentage of renewable energy electricity at competitive and potentially cheaper rates than existing Investor Owned Utilities (IOUs), while giving consumers local choices and promoting the development of renewable power sources and programs and local job growth.

The City's CCA, Solana Energy Alliance (SEA), was established by the City Council through adoption of Ordinance 483 on December 13, 2017 and began serving customers in June 2018. SEA is the first CCA to launch in San Diego Gas & Electric (SDG&E) territory.

The City Council established SEA with the goal of offering cleaner energy, local control, rate savings compared to SDG&E and supporting its Climate Action Plan's aggressive goal of 100% renewable energy by 2035. SEA launched with its default product, SEA Choice, sourced from 50% renewable and 75% greenhouse gas free sources. In addition, SEA offers SEA Green, it's 100% renewable energy product. SEA has been operational for one and a half years and continues to achieve the goals set out by the City Council.

Clean Energy Alliance

The City has been actively engaged in regional discussions regarding the potential development of a Joint Powers Authority (JPA) or similar governance structure that would allow the City to join with other jurisdictions to form a larger, regional CCA. The City Council (Council) had always envisioned the City would be a partner in a larger CCA JPA when neighboring cities were ready and willing to join the CCA movement. The Solana Energy Alliance (SEA) was formed as a single-city entity because there were no other feasible options in 2017. This has now changed as multiple cities are exploring CCA formation in San Diego County.

At the September 16, 2019 Council meeting, the Council directed Staff to initiate negotiations with the cities of Carlsbad and Del Mar to form a regional CCA JPA. On October 9, 2019, the Council authorized the City to join what is now called the Clean Energy Alliance (CEA) with the goal to launch in 2021. CEA will have many of the same goals as SEA, but will be a larger and more robust CCA that will take advantage of the larger economies of scale.

Solana Beach Pump Station Rehabilitation



This project added recommended upgrades, replacements and emergency overflow storage to the Solana Beach Pump Station per the 2000 Sanitary Sewer Master Plan, along with recommendations from the San Elijo Joint Powers Authority (SEJPA). This station pumps approximately 92% of the City's sewage through a force main under the San Elijo Lagoon to the SEJPA water reclamation facility on Manchester Avenue. The SEJPA maintains the pump station, which was originally constructed in 1966. Since then, the pump station was upgraded in 1982 when significant improvements were made. The City has recently entered into an agreement with the City of Del Mar to transport the majority of their flows through the City's sewer infrastructure, including this pump station, to the SEJPA water reclamation facility.

City Council awarded the sewer pump station upgrades project to PCL Construction on August 22, 2018. The City issued a notice to proceed to the contractor on November 13, 2018. Construction was completed in July 2020.

La Colonia Skate Park



On March 22, 2017 the City Council approved a Professional Services Agreement (PSA) with Van Dyke Landscape Architects (VDLA) and Site Design Group for final design services for a skate park at La Colonia Park. The Skate Park, the basketball court and the associated site improvements were constructed by California Skateparks and was completed in September 2019.

Lomas Santa Fe Drive Corridor Improvements

A recently completed transportation needs study identified several segments along the Lomas Santa Fe Drive corridor as high priority improvements. The first phase of the Lomas Santa Fe Corridor Study started in November 2016 and was intended to provide an assessment of the existing conditions which consisted of base mapping, data collection, identification of deficiencies and identification of proposed solutions to the deficiencies. The first phase has been completed. The second phase included additional technical and design analyses of the data collected in Phase I of the Feasibility Study and preparation of 30% preliminary engineering plans and cost estimates. Phase II was completed in the Fall 2018. Phase III will perform preliminary and final design of the proposed improvements. Phase III is expected to be completed in Fall 2020. The City received a grant from SANDAG for the work included in Phase III.

Marine Safety Center Renovations

The Marine Safety Center (MSC) at Fletcher Cove was constructed in or around the 1940s and is showing signs of its age. As part of the FY 2015/16 Adopted Budget, funding was allocated to perform a needs assessment and feasibility study to determine the best course of action for the renovation/replacement of the existing facility.

To accomplish this task, a Professional Services Agreement with Stephen Dalton Architects (SDA) was approved at the March 23, 2016 City Council meeting. During FY 2016/17, Staff worked with SDA on the preparation of the Fletcher Cove MSC Feasibility/Needs Assessment Study. The results of the Study indicate that nearly all building components are degraded and are past their useful lifespan. Spatially, the current building layout does not meet the functional needs of the Lifeguards.

In May 2017, the Study was presented to the City Council at which time the Council directed Staff to proceed with preparing a Request for Qualifications and Proposals (RFQ/P) for the complete removal and replacement of the existing facility. A consultant agreement for the preliminary design of the facility was approved by the City Council in October 2018. Since that time, the ongoing design has been presented at a community workshop and Council meetings.

Santa Helena Neighborhood Trail



Conceptual design work is underway for a neighborhood trail along Santa Helena, from Sun Valley Road to the northern terminus at the San Elijo Lagoon. In FY 2019/20, \$10,000 was appropriated to perform the conceptual design. This conceptual design is expected to be presented to the City Council for their consideration in the first quarter of the 2020 calendar year. An additional \$300,000 has been appropriated in the FY 2020/21 that would allow for community outreach and engineering design for the proposed project.

Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its CAFR for the fiscal year ended June 30, 2019. This was the seventeenth year in the past eighteen years that the City has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department staff. Each member of the staff consisting of Catherine Wong, Kyle Koszewnik, Jill Thayer, and Amanda Sither has our sincerest appreciation for their contributions made in the preparation of this report. We would also like to thank the Mayor and Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Gregory Wade
City Manager

Respectfully submitted,



Rodney J. Greek
Interim Finance Director/Treasurer



Government Finance Officers Association

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Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Solana Beach
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**CITY OF SOLANA BEACH
FISCAL YEAR 2019/20
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

CITY COUNCIL

Jewel Edson, Mayor
Judy Hegenauer, Deputy Mayor
Kristi Becker, Council Member
Kelly Harless, Council Member
David A. Zito, Council Member

TERM EXPIRES

December 2020
December 2020
December 2022
December 2022
December 2020

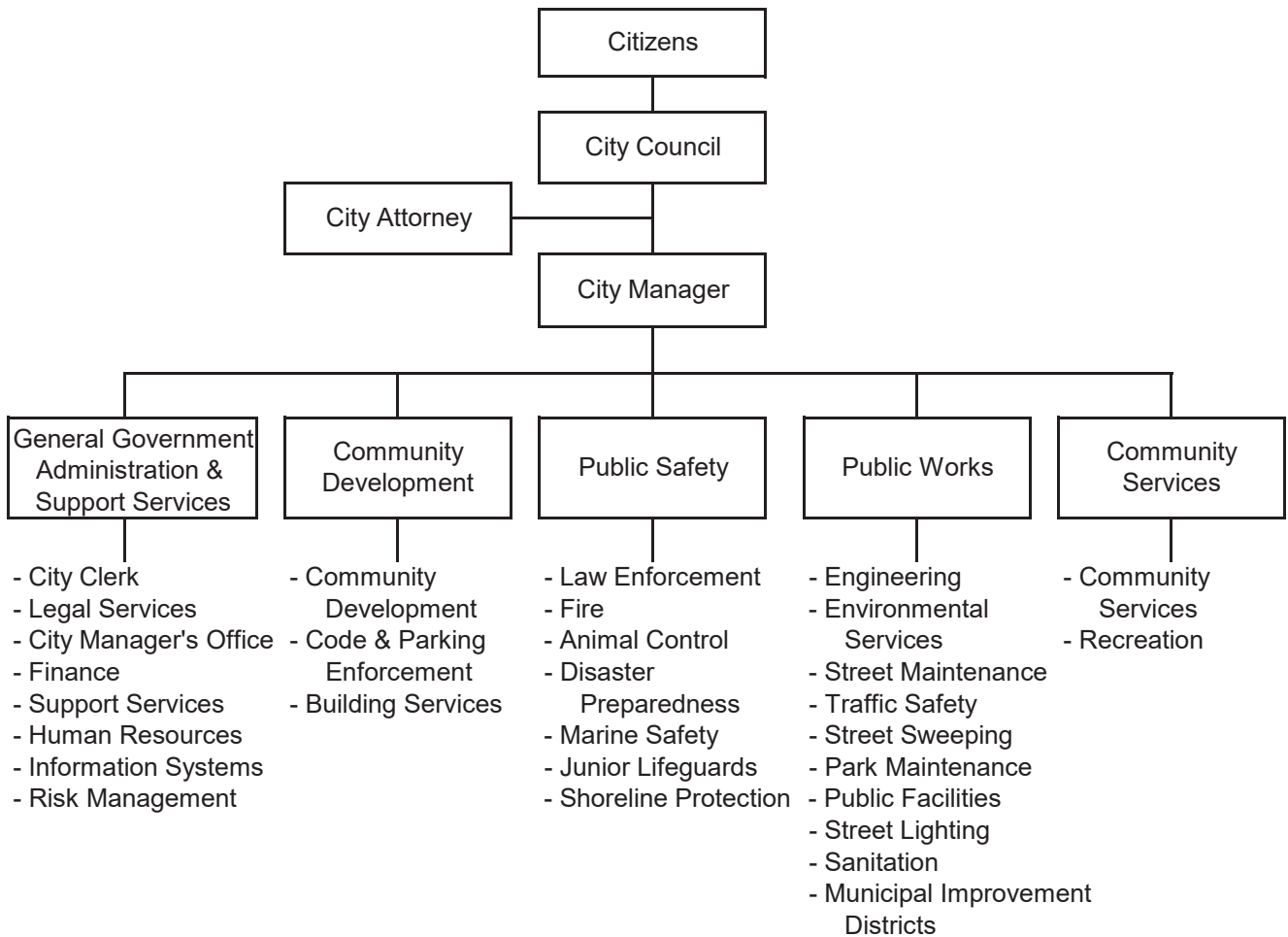
ADVISORY COMMISSIONS

Budget & Finance Commission
Climate Action Commission
Parks & Recreation Commission
Public Arts Commission
View Assessment Commission

APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS

Gregory Wade	City Manager
Dan King	Assistant City Manager
Mohammed Sammak	Director of Public Works/City Engineer
Joseph Lim	Director of Community Development
Angela Ivey	City Clerk
Johanna Canlas	City Attorney
Rodney Greek	Interim Finance Director/Treasurer

CITY OF SOLANA BEACH
 CITY GOVERNMENT
 ORGANIZATIONAL CHART
 FISCAL YEAR 2019/2020



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

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

Management's Responsibility for the Financial Statements

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

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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

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 of Solana Beach, California, 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; the budgetary comparison schedules for the general fund and the Transnet fund; the schedules of proportionate shares of the net pension liabilities; the schedule of changes in net other post-employment benefits (OPEB) liability/(asset) and related ratios; the schedules of plan contributions; and the schedule of investment returns 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.

Prior Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2019, from which such partial information was derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



To the Honorable Mayor and Members of the City Council
City of Solana Beach, California

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
November 25, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Solana Beach (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020 (Fiscal Year (FY) 2020). It should be read in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The City's net position increased to \$84,246, or by \$2,918, as a result of FY2020 operations.
- Governmental net position equaled \$37,843.
- The total revenues from all sources were \$37,163.
- The total cost of all City programs was \$34,244.
- The General Fund reported an excess of revenues over expenditures of \$2,350.
- The General Fund's actual resources received exceeded the final revenue budget by \$1,240 while actual expenditures were \$1,310 less than final budget before other financing sources and uses.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are:

- (1) Government-wide financial statements, which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole.
- (2) Fund financial statements describe how City services are financed in the short term as well as what resources are available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- (3) Notes to the financial statements.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the City's overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the

accounting used by most private-sector companies. All of the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These two statements report the City's net position and changes thereto. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads to assess accurately the overall health of the City.

The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental activities** - All of the City's basic services are considered governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.
- **Proprietary activities/Business type activities** - The City charges a fee to customers to cover all or most of the cost of the services provided. The City's Sanitation system and Solana Energy Alliance, which provides clean energy services to the general public, are reported in this category.
- **Component units** - The City's governmental activities include the blending of the City of Solana Beach Public Facilities Corporation, a separate legal entity. Although legally separate, this "component unit" is important because the City is financially accountable for the corporation. A separate component unit financial statement was not issued for the Solana Beach Public Facilities Corporation since it has had no transactions, nor any assets, liabilities or equity over the past three fiscal years.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds that aid in the administration of resources for particular purposes or to meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's two kinds of funds, governmental and proprietary, use different accounting approaches:

- *Governmental funds* - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending.

These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* through the Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements.

- *Proprietary funds* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or *fiduciary*, for certain amounts held on behalf of developers, property owners, and others. These fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Assets and Liabilities. The City is responsible for ensuring that the assets are used for their intended purposes. Therefore, fiduciary activities are excluded from the City's other financial statements because the assets cannot be used to finance operations.

After the date of the dissolution of the Solana Beach Redevelopment Agency (RDA) on February 1, 2012, the assets and liabilities of the former redevelopment agency were transferred to the Successor Agency to the former Solana Beach RDA (Successor Agency) and are reported in a fiduciary fund (private-purpose trust fund).

THE CITY AS A WHOLE

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business activities.

Table 1
City of Solana Beach Net Position
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 31,561	\$ 28,753	\$ 47,751	\$ 48,757	\$ 79,312	\$ 77,510
Capital assets, net	35,609	36,223	18,602	15,763	54,211	51,986
Total assets	67,170	64,976	66,353	64,520	133,523	129,496
Deferred Outflows	3,392	3,337	282	354	3,674	3,691
Liabilities:						
Long-term debt outstanding	7,966	8,214	17,507	18,116	25,473	26,330
Other liabilities	22,711	21,698	2,560	2,045	25,271	23,743
Total liabilities	30,677	29,912	20,067	20,161	50,744	50,073
Deferred Inflows	2,042	1,677	165	109	2,207	1,786
Net position:						
Net investment in capital assets	26,666	29,397	12,053	8,893	38,719	38,290
Restricted	12,665	11,238	-	-	12,665	11,238
Unrestricted	(1,488)	(3,911)	34,350	35,711	32,862	31,800
Total net position	\$ 37,843	\$ 36,724	\$ 46,403	\$ 44,604	\$ 84,246	\$ 81,328

The City's combined net position for the fiscal year ended June 30, 2020 was \$84,246. The City has chosen to account for its sanitation and community choice aggregation operations in enterprise funds, which are shown as Business Activities on Table 1. The City's net position for governmental activities increased from \$36,724 to \$37,843. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$2,808 or 9.8% primarily due to increased building and plan check fees and insurance reimbursements.
- Capital Assets net of depreciation decreased \$614 or 1.7% mainly due to current year depreciation on existing assets. More information is provided following Table 4.
- Other liabilities increased by \$1,013 mainly due to the increase in net pension liability related to changes in actuarial assumptions.

Changes related to Business activities are as follows:

- Current and other assets decreased \$1,006 or 2.0% primarily due to lower net income for the sanitation fund which reduced the cash balances in that fund.
- Capital Assets net of depreciation increased \$2,839 or 18.0% mainly due to construction on the Solana Beach Pump station. More information is provided following Table 4.
- Other liabilities increased by \$515 or 25.2% mainly due to the increase in accounts payable at year end related to the Solana Beach Pump Station project.

Governmental Activities

The cost of all Governmental activities in FY2020 was \$25,673 as shown on Tables 2 and 2.1. Of this cost, \$1,974 was paid for by those who directly benefited from the programs; \$1,514 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$23,304 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$3,488.

Table 2
City of Solana Beach Changes in Net Position
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,974	\$ 3,286	\$ 9,767	\$ 10,794	\$ 11,741	\$ 14,080
Operating grants and contributions	1,169	1,740	-	-	1,169	1,740
Capital grants and contributions	345	298	-	-	345	298
General revenues:						
Property taxes	9,465	9,070	-	-	9,465	9,070
Other taxes	9,120	9,861	-	-	9,120	9,861
Other	4,719	2,077	604	573	5,323	2,650
Total revenues	<u>26,792</u>	<u>26,332</u>	<u>10,371</u>	<u>11,367</u>	<u>37,163</u>	<u>37,699</u>
Expenses:						
General government	4,986	3,651	-	-	4,986	3,651
Public safety	12,616	11,051	-	-	12,616	11,051
Public works	4,895	5,937	-	-	4,895	5,937
Community development	1,586	1,482	-	-	1,586	1,482
Community services	1,227	1,178	-	-	1,227	1,178
Interest and fiscal charges	363	369	-	-	363	369
Sanitation	-	-	4,221	4,204	4,221	4,204
Solana Energy	-	-	4,350	5,211	4,350	5,211
Total expenses	<u>25,673</u>	<u>23,668</u>	<u>8,571</u>	<u>9,415</u>	<u>34,244</u>	<u>33,083</u>
Increase/(decrease) in net position	1,119	2,664	1,800	1,952	2,919	4,616
Net position - July 1	36,724	34,060	44,603	42,651	81,327	76,711
Net position - June 30	<u>\$ 37,843</u>	<u>\$ 36,724</u>	<u>\$ 46,403</u>	<u>\$ 44,603</u>	<u>\$ 84,246</u>	<u>\$ 81,327</u>

Items of significance within Table 2 are:

Revenues:

- Charges for services decreased by \$1,312 or 39.9% as compared to FY2019 primarily as a result of the COVID-19 shut down which impacted recreation and community service programs.
- Operating and Capital grants and contributions decreased by a net \$571 over the prior fiscal year amount due to an decrease in various public works grants.
- Property taxes and other taxes decreased by approximately 1.8% or \$346 due to COVID-19 and the impact to sales tax and transient occupancy tax revenue.

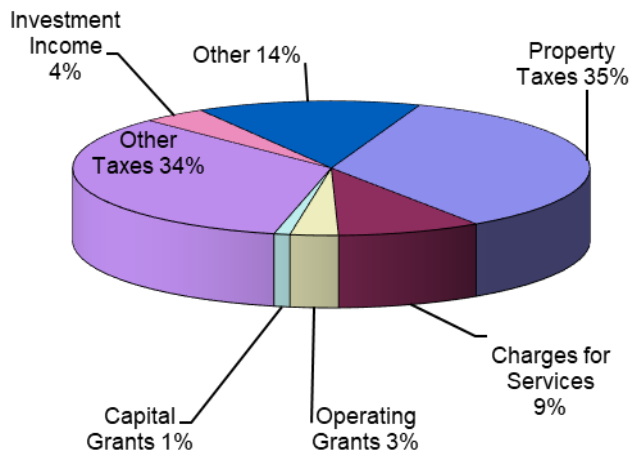
- Other general revenues increased by \$2,642 or 127% as compared to the prior fiscal year primarily due increased building and plan check fees and insurance reimbursements.

Expenses:

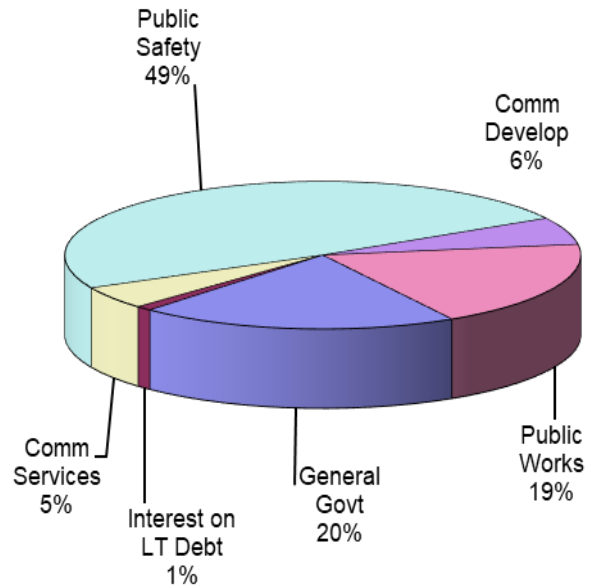
- General Government expenses increased in FY2020 by 37% or \$1,335 from the prior fiscal year primarily due to increased costs in the City's net Pension liability associated with a change in actuarial assumptions.
- Public Safety increased by 14% or \$1,565 due to a combination of increases in the Sheriff's contract with the County, equipment replacement and pension costs.
- Public Works decreased by \$1,042 or 18% mainly due to a cutback in professional services related to COVID-19.

**Fiscal Year 2020
Governmental Activities**
(Graphic representation of Table 2 in percentages)

Sources of Revenue



Program Expenses

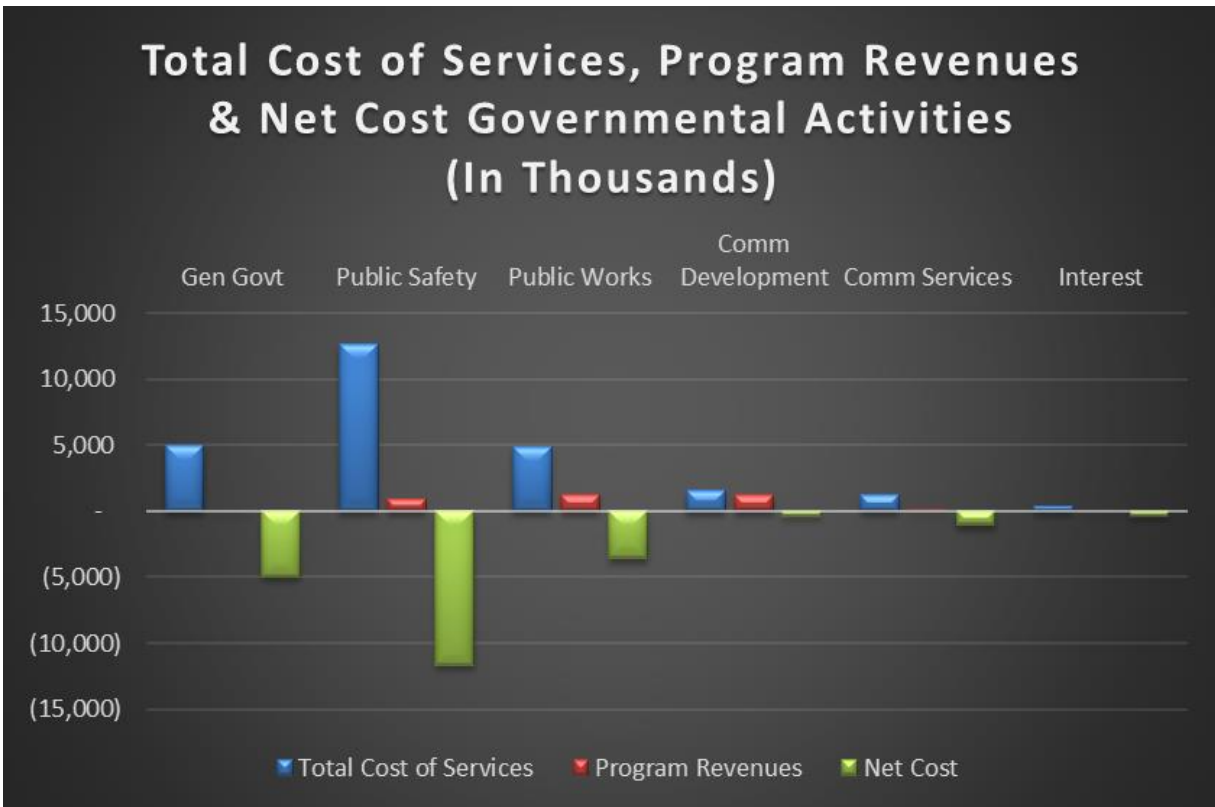


Net Cost of Governmental Activities

The City's programs include General Government, Public Safety, Public Works, Community Development, and Community Services. Each programs' net cost (total cost less revenues generated by the activities) is presented on Table 2.1. The net cost shows the extent to which the City's general taxes support each of the City's programs.

Table 2.1
Net Cost of Governmental Activities
(in Thousands)

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
General government	\$ 4,986	\$ 3,651	\$ -	\$ 194	\$ (4,986)	\$ (3,457)
Public safety	12,616	11,051	946	1,066	(11,670)	(9,985)
Public works	4,895	5,937	1,248	2,410	(3,647)	(3,527)
Community development	1,586	1,482	1,191	1,169	(395)	(313)
Community services	1,227	1,178	103	485	(1,124)	(693)
Interest on long-term debt	363	369	-	-	(363)	(369)
Totals	\$ 25,673	\$ 23,668	\$ 3,488	\$ 5,324	\$ (22,185)	\$ (18,344)



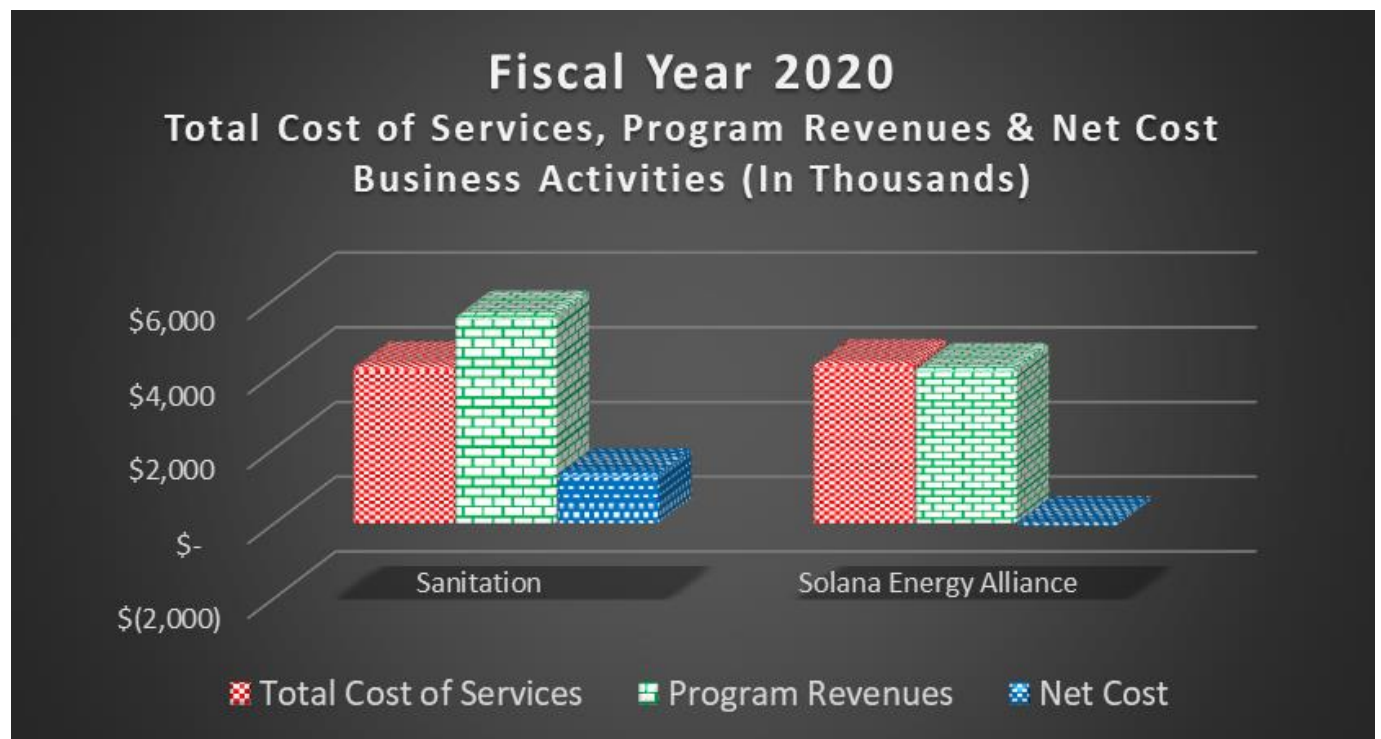
Total resources available during the year to finance governmental operations were \$63,516 consisting of a net position at July 1, 2019 of \$36,724, program revenues of \$3,488, and general revenues of \$23,304. Total governmental activities during the year were \$25,673, and as a result, net position increased by \$1,119 to \$37,843.

Business Type Activities

Net position of the Proprietary Fund (Business Type activities) at June 30, 2020 as reflected in Table 1 was \$46,403. As shown in Table 3, amounts paid by users of the Sanitation system and Solana Energy Alliance and other operating revenue were \$9,767 while the cost of providing all Proprietary (Business Type) activities in FY2020 was \$8,571 resulting in a net gain of \$1,196. With the addition of non-operating revenues of \$604, as shown on Table 2, net assets increased by \$1,800 or 4.0%.

Table 3
Net Cost of Business Activities
(in Thousands)

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2020	2019	2020	2019	2020	2019
Sanitation	\$ 4,221	\$ 4,204	\$ 5,588	\$ 5,592	\$ 1,367	\$ 1,388
Solana Energy Alliance	4,350	5,211	4,179	5,202	(171)	(9)
Total Business Activities	\$ 8,571	\$ 9,415	\$ 9,767	\$10,794	\$ 1,196	\$ 1,379



Governmental Funds

The net change in Governmental Fund Balances are shown below in Table 4:

Table 4
City of Solana Beach Governmental Funds - Changes in Fund Balances
(in Thousands)

	General Fund		Special Revenue Fund Transnet		Capital Projects Fund City CIP		Other Governmental Funds		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues:										
Taxes, Licenses, Fees and Intergovernmental	\$ 17,017	\$ 17,409	\$ 609	\$ 591	\$ -	\$ 537	\$ 2,846	\$ 2,891	\$ 20,472	\$ 21,428
Chargers for Services	1,110	953	-	-	43	394	116	884	1,269	2,231
Other	4,611	2,209	6	-	172	114	290	255	5,079	2,578
Total Revenues	22,738	20,571	615	591	215	1,045	3,252	4,030	26,820	26,237
Expenditures:										
Current	20,097	16,901	1	-	102	589	1,823	2,275	22,023	19,765
Capital Outlay	291	2,900	222	206	283	1,582	897	1,075	1,693	5,763
Debt	-	-	325	325	-	-	356	353	681	678
Total Expenditures	20,388	19,801	548	531	385	2,171	3,076	3,703	24,397	26,206
Net Transfers	(729)	(2,511)	-	-	100	2,114	629	397	-	-
Net Change in Fund Balances	\$ 1,621	\$ (1,741)	\$ 67	\$ 60	\$ (70)	\$ 988	\$ 805	\$ 724	\$ 2,423	\$ 31

The General Fund - Fund Balance increased by \$1,621 or 11.7% to \$15,454 from June 30, 2019 to June 30, 2020. This was mainly due to increases in Property Taxes (up \$347), Building Permits (up \$336), and allocation of Administrative charges (up \$522) to other funds. The Special Revenue Fund for Transnet increased 291.3% to \$90 as the main work being conducted in this fund is related to on-going street maintenance which saw modest increases from the prior year.

The Fund balance in the City CIP fund decreased by 2.5% or \$70 to \$2,753 from June 30, 2019 to June 30, 2020. Work in this fund is associated with sidewalk and storm drain repairs as well as median streetscapes. This program is managed to ensure funding is available annually to support the capital work completed during the fiscal year.

General Fund Budgetary Highlights

The actual expenditures for the City's General Fund at year-end were \$1,310 less than final appropriations prior to other financing uses. The budget to actual variance in appropriations was principally due to 1) conservative estimates at quarter-year and mid-year by management; 2) lower expenditures for the Fire Department and Public works than estimated; and 3) lower than expected capital outlay.

Actual revenues were \$1,240 greater than the final budget. Budget amendments and supplemental appropriations were made during the normal course of business to increase appropriations for unanticipated expenditures after adoption of the original budget, and adjustments to both revenues and expenditures were made near the end of the fiscal year for the anticipated impacts of COVID-19. Significant supplemental appropriations were:

- A total of \$656 in mid-year adjustments to revenue estimates were made as follows:
 - \$479 increase for Building Permits and Plan Check Fees due to the Solana Highlands and Solana 101 projects as well as an increase in the rate of Building permit applications
 - \$60 increase for a payment from the waste serves provider for a pollution discharge fee.
 - \$57 increase for Property Tax, Motor Vehicle and Franchise Fees
 - \$50 increase for interest revenue
 - \$10 increase for a community grant from Santa Fe Christian Schools

- A total of \$503 in mid-year adjustments to expenditure appropriations were made as follows:
 - \$326 increase in contracted professional services
 - \$120 increase to Fire Department overtime
 - \$57 increase for other supplies, equipment and maintenance expenditures in the general fund

- \$380 transfer out to Camp programs fund to support the Junior Lifeguard and After-school camps.

- \$199 increase to support the replacement of the City's financial software system.

- Decrease to revenue estimates in the amount of \$1,048 were approved due to the impacts of COVID-19 as follows:
 - \$329 decrease in Sales Tax
 - \$321 decrease to Transient Occupancy Tax
 - \$301 decrease to various development related fees
 - \$97 decrease to Business Certificates and Short-Term Vacation Rental permits

- Decrease of \$467 to expenditures to partially offset the impact of COVID-19 as follows:
 - \$152 decrease to contracted Legal services
 - \$112 decrease to contracted Building services
 - \$55 total decrease to Employee Salaries and Benefits
 - \$40 decrease to contracted Planning services
 - \$40 decrease to contracted Information System services
 - \$20 decrease to contracted Environmental services
 - \$48 decrease to various other professional services

- \$321 decrease to anticipated transient occupancy tax revenue due to the impacts of COVID-19.

Significant budgetary variations between final amended budget versus actual for the General Fund were:

- Sales tax came in \$362 higher than anticipated due to business opting out of the State approved timing relief for payment of taxes due to COVID-19.
- Interest earnings and rental income were higher than anticipated by \$425 due to the quicker than anticipated recovery from the economic downturn due to COVID-19 and the recording of the adjustment on investments to fair market value.
- Miscellaneous income was higher than anticipated by \$420 due to the higher than anticipated allocation of administrative service charges to other funds across the City. Included in this are pension and OPEB costs.
- Pension costs were higher than anticipated due to a deposit to the pension side fund of \$250 reported in the Finance department budget.
- Public safety costs were lower than anticipated by \$199 mainly due to savings in Fire due to lower than anticipated costs in claims and workers compensation.
- Support services were \$137 under budget mainly to savings in insurance costs due to lower than anticipated adjustments for experience rates.
- Capital Outlay: equipment purchases were delayed due to COVID-19 resulting in budgeted savings of \$830.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital assets include equipment, buildings, land, park facilities, and roads.

At June 30, 2020, net capital assets of the governmental activities totaled \$35,609 and the net capital assets of the business-type activities totaled \$18,602. Depreciation on capital assets is recognized in the government-wide financial statements. (See Table 5 and Note 5 to the financial statements.)

The City's five-year Capital Improvement Plan projects to spend \$19,717 through FY2024. Over the next five years, funding will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are rebuilding the Solana Beach Pump Station, La Colonia Park Tot Lot Improvements, Lomas Santa Fe Drive Corridor Improvements, Marine Safety Center Renovations, and ongoing pavement management, traffic calming, and storm drain and sewer pipeline improvements and replacement projects.

Table 5
City of Solana Beach Capital Assets at Year-End
(Net of Depreciation)
(In Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 5,337	\$ 5,337	\$ 112	\$ 112	\$ 5,449	\$ 5,449
Buildings & Improvements	10,958	10,308	12,052	12,381	23,010	22,689
Equipment & Vehicles	1,222	1,137	281	297	1,503	1,434
Infrastructure	16,850	16,650	-	-	16,850	16,650
Work in Progress	1,242	2,791	6,157	2,973	7,399	5,764
	<u>\$ 35,609</u>	<u>\$ 36,223</u>	<u>\$ 18,602</u>	<u>\$ 15,763</u>	<u>\$ 54,211</u>	<u>\$ 51,986</u>

Debt

At year-end, the City had \$7,966 in governmental type debt and \$17,507 in proprietary debt (including premium on debt issuance) totaling \$25,473. This debt is a liability of the government and amounts to \$1,828 per capita.

See Table 6 and Notes 6 through 8 and Note 10 to the financial statements for detailed descriptions.

Table 6
City of Solana Beach Outstanding Debt at Year-End
(In Thousands)

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Refunding lease	\$ 423	\$ 561	\$ -	\$ -	\$ 423	\$ 561
Capital leases	590	769	-	-	590	769
SEJPA Loan Payable-2011	-	-	60	117	60	117
SEJPA Loan Payable-2017	-	-	10,840	11,057	10,840	11,057
Sewer Revenue Bond-2006	-	-	-	-	-	-
2017 Wastewater						
Refunding Bond	-	-	6,105	6,385	6,105	6,385
TransNet Bond	5,500	5,500	-	-	5,500	5,500
Bond premiums	-	-	444	505	444	505
Bond discounts	(3)	(4)	-	-	(3)	(4)
Claims and judgements	947	994	-	-	947	994
Compensated absences	509	394	58	25	567	419
	<u>\$ 7,966</u>	<u>\$ 8,214</u>	<u>\$ 17,507</u>	<u>\$ 18,089</u>	<u>\$ 25,473</u>	<u>\$ 26,303</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June and July 2020, the City Council amended the budget for fiscal year ending June 30, 2021.

In considering the City Budget, the City Council and management focused on the challenge of balancing the budget in the midst of COVID-19. Budget decisions were made with the understanding that, although the current economic climate had taken a sharp downturn, it was already beginning to rebound. Fiscal Year 2021 was filled with uncertainty as the City's revenue stream for certain revenues was unknown and the need to manage the rate of any expenditure cost increase had to be closely evaluated and monitored. The challenge given these circumstances was to prepare a budget that held costs in line while continuing to provide high quality services and to move forward implementing the City's five-year capital improvement plan.

The result at the time of the budget amendment was that no new programs or services were added to the FY2021 budget. Departments were asked to prepare budgets with no change in their materials, supplies, and services categories and any requests for new monies needed to be justified.

The Solana Beach Firefighters' Association (SBFA) came to an agreement that modifies the salary and flex credit increases due the SBFA for Fiscal Year (FY) 2020/21. The modification to the MOU is that the 2% salary increase as well as a 5% increase will be to their flex credit and, will not be implemented until January 1, 2021. This delay resulted in a \$27,900 savings to the General Fund in salary and benefits.

Professional Services were evaluated and reduced across all departments as well as for the Travel/Meetings and Training budgets which were reduced leaving some funds remaining for public safety essential trainings and minimal monies for some City Council and City Manager travel.

Overall, the budget anticipates that Property tax revenues to the City next year will increase based upon property values, however revenues associated with transient occupancy tax being reduced by 27%, and business registrations reduced down by 20% in anticipation of being negatively impacted by COVID-19 resulting in net decrease in anticipated revenue of \$527.

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 show the City's fiduciary responsibility for the funds it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Solana Beach, 635 South Highway 101, Solana Beach, California 92075 or online: <http://www.ci.solana-beach.ca.us>.

BASIC FINANCIAL STATEMENTS

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**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2020	2019
Assets:				
Cash and investments	\$ 29,279,786	\$ 9,805,642	\$ 39,085,428	\$ 38,041,086
Restricted cash and investments	2,422,056	46	2,422,102	1,744,767
Receivables:				
Accounts, net	336,987	690,364	1,027,351	1,270,549
Taxes	825,526	57,452	882,978	1,043,765
Interest	102,896	30,141	133,037	240,397
Prepaid costs	52,665	845	53,510	25,093
Deposits	-	100,000	100,000	100,000
Due from other governments	408,927	201,696	610,623	503,838
Inventories	47,545	-	47,545	-
Internal balances	(1,915,188)	1,915,188	-	-
Capital assets not being depreciated	6,579,186	6,268,396	12,847,582	11,213,080
Capital assets, net of depreciation	29,029,933	12,333,724	41,363,657	40,772,871
Investment in joint venture	-	34,949,555	34,949,555	34,540,199
Total Assets	67,170,319	66,353,049	133,523,368	129,495,645
Deferred Outflows of Resources:				
Deferred charge on refunding	-	68,647	68,647	137,294
	3,378,469	212,240	3,590,709	3,553,394
Deferred outflows related to other post-employment benefits	13,508	1,255	14,763	-
Total Deferred Outflows of Resources	3,391,977	282,142	3,674,119	3,690,688
Liabilities:				
Accounts payable	2,129,973	1,203,196	3,333,169	2,815,429
Accrued liabilities	326,805	23,135	349,940	368,817
Accrued interest	2,784	221,043	223,827	232,289
Unearned revenue	395,889	-	395,889	321,084
Deposits payable	3,003,499	-	3,003,499	2,739,837
Compensated absences, due within one year	295,803	29,340	325,143	326,717
Capital leases, due within one year	183,772	-	183,772	178,905
Claims payable, due within one year	236,750	-	236,750	248,500
Bonds and loans payable, due within one year	135,300	570,000	705,300	692,600
Noncurrent liabilities:				
Compensated absences	213,042	29,113	242,155	118,410
Capital leases	406,649	-	406,649	590,421
Claims payable	710,250	-	710,250	745,500
Bonds and loans payable	5,784,991	16,879,133	22,664,124	23,429,170
Net pension liability	14,396,434	884,339	15,280,773	14,061,674
Net other post-employment benefit liability	2,455,595	228,245	2,683,840	3,202,992
Total Liabilities	30,677,536	20,067,544	50,745,080	50,072,345
Deferred Inflows of Resources:				
Deferred inflows related to pensions	874,332	56,365	930,697	650,998
Deferred inflows related to other post-employment benefits	1,167,393	108,446	1,275,839	1,135,452
Total Deferred Inflows of Resources	2,041,725	164,811	2,206,536	1,786,450
Net Position:				
Net investment in capital assets	26,666,266	12,052,987	38,719,253	38,289,649
Restricted:				
Redevelopment activities	1,427,267	-	1,427,267	1,297,725
Public safety	591,923	-	591,923	641,903
Parks and recreation	13,501	-	13,501	-
Public works	3,954,924	-	3,954,924	3,485,107
Capital projects	4,232,955	-	4,232,955	4,045,008
Debt service	21,955	46	22,001	25,143
Pensions	2,422,056	-	2,422,056	1,743,908
Unrestricted	(1,487,812)	34,349,803	32,861,991	31,799,095
Total Net Position	\$ 37,843,035	\$ 46,402,836	\$ 84,245,871	\$ 81,327,538

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020
 (With comparative totals for June 30, 2019)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government:				
Governmental Activities:				
General government	\$ 4,985,418	\$ 205	\$ -	\$ -
Public safety	12,616,348	401,633	199,300	345,162
Community development	1,585,952	1,190,562	-	-
Community services	1,226,910	22,844	80,000	-
Public works	4,894,915	358,450	889,429	-
Interest on long-term debt	363,326	-	-	-
Total Governmental Activities	25,672,869	1,973,694	1,168,729	345,162
Business-Type Activities:				
Sanitation Fund	4,221,307	5,588,249	-	-
Solana Energy Alliance Fund	4,350,085	4,178,287	-	-
Total Business-Type Activities	8,571,392	9,766,536	-	-
Total Primary Government	\$ 34,244,261	\$ 11,740,230	\$ 1,168,729	\$ 345,162

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Sales taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes
- Use of money and property
- Other

Total General Revenues

Change in Net Position

Net Position at the Beginning of the Year

Net Position at the End of the Year

Net (Expenses) Revenues and Changes in Net Position

Primary Government

Governmental Activities	Activities	Total	
		2020	2019
\$ (4,985,213)	\$ -	\$ (4,985,213)	\$ (3,456,860)
(11,670,253)	-	(11,670,253)	(9,985,021)
(395,390)	-	(395,390)	(313,196)
(1,124,066)	-	(1,124,066)	(693,553)
(3,647,036)	-	(3,647,036)	(3,526,582)
(363,326)	-	(363,326)	(368,495)
<u>(22,185,284)</u>	<u>-</u>	<u>(22,185,284)</u>	<u>(18,343,707)</u>
-	1,366,942	1,366,942	1,387,541
-	(171,798)	(171,798)	(8,441)
-	1,195,144	1,195,144	1,379,100
<u>(22,185,284)</u>	<u>1,195,144</u>	<u>(20,990,140)</u>	<u>(16,964,607)</u>
9,465,402	-	9,465,402	9,070,200
3,291,805	-	3,291,805	3,502,561
1,456,897	-	1,456,897	2,019,005
751,324	-	751,324	792,575
3,619,856	-	3,619,856	3,547,175
1,132,930	423,002	1,555,932	1,657,974
3,585,904	181,353	3,767,257	991,411
<u>23,304,118</u>	<u>604,355</u>	<u>23,908,473</u>	<u>21,580,901</u>
1,118,834	1,799,499	2,918,333	4,616,294
36,724,201	44,603,337	81,327,538	76,711,244
<u>\$ 37,843,035</u>	<u>\$ 46,402,836</u>	<u>\$ 84,245,871</u>	<u>\$ 81,327,538</u>

The notes to financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Fiduciary Fund Financial Statements

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

(With comparative totals for June 30, 2019)

	<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>
	<u>General</u>	<u>TransNet</u>	<u>City CIP</u>
Assets:			
Cash and investments	\$ 18,370,663	\$ 90,449	\$ 2,729,943
Restricted cash and investments	2,422,056	-	-
Receivables:			
Accounts	311,416	-	-
Taxes	777,047	-	-
Accrued interest	69,028	402	10,421
Prepaid costs	52,665	-	-
Due from other governments	122,290	-	-
Due from other funds	1,012,931	-	31,171
Inventories	-	-	-
Total Assets	<u>\$ 23,138,096</u>	<u>\$ 90,851</u>	<u>\$ 2,771,535</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,939,563	\$ 519	\$ 9,769
Accrued liabilities	311,472	-	8,879
Unearned revenues	-	-	-
Deposits payable	2,934,273	-	-
Due to other funds	-	-	-
Advances from other funds	2,432,141	-	-
Total Liabilities	<u>7,617,449</u>	<u>519</u>	<u>18,648</u>
Deferred Inflows of Resources:			
Unavailable revenues	66,569	-	-
Total Deferred Inflows of Resources	<u>66,569</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable	52,665	-	-
Restricted	2,422,056	90,332	2,752,887
Committed	1,179,507	-	-
Assigned	6,349,702	-	-
Unassigned	5,450,148	-	-
Total Fund Balances	<u>15,454,078</u>	<u>90,332</u>	<u>2,752,887</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 23,138,096</u>	<u>\$ 90,851</u>	<u>\$ 2,771,535</u>

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Other Governmental Funds	Total Governmental Funds	
		2020	2019
Assets:			
Cash and investments	\$ 8,088,731	\$ 29,279,786	\$ 27,722,276
Restricted cash and investments	-	2,422,056	1,744,718
Receivables:			
Accounts	25,571	336,987	403,029
Taxes	48,479	825,526	1,043,765
Accrued interest	23,045	102,896	120,303
Prepaid costs	-	52,665	23,402
Due from other governments	286,637	408,927	338,228
Due from other funds	-	1,044,102	303,048
Inventories	47,545	47,545	-
Total Assets	\$ 8,520,008	\$ 34,520,490	\$ 31,698,769
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 180,122	\$ 2,129,973	\$ 2,048,041
Accrued liabilities	6,454	326,805	333,638
Unearned revenues	395,889	395,889	321,084
Deposits payable	69,226	3,003,499	2,739,837
Due to other funds	527,149	527,149	145,859
Advances from other funds	-	2,432,141	2,800,000
Total Liabilities	1,178,840	8,815,456	8,388,459
Deferred Inflows of Resources:			
Unavailable revenues	-	66,569	94,790
Total Deferred Inflows of Resources	-	66,569	94,790
Fund Balances:			
Nonspendable	-	52,665	23,402
Restricted	7,399,306	12,664,581	11,238,745
Committed	-	1,179,507	1,436,307
Assigned	-	6,349,702	6,041,593
Unassigned	(58,138)	5,392,010	4,475,473
Total Fund Balances	7,341,168	25,638,465	23,215,520
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,520,008	\$ 34,520,490	\$ 31,698,769

The notes to financial statements are an integral part of this statement.

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CITY OF SOLANA BEACH, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 25,638,465
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		35,609,119
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Limited Tax Bonds 2010A Series	\$ (5,500,000)	
Lease revenue bond - ABAG	(423,000)	
Unamortized bond discount - ABAG	2,709	
Capital lease obligations	(590,421)	
Claims and judgments	(947,000)	
Compensated absences	<u>(508,845)</u>	(7,966,557)
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(2,784)
Governmental funds report all pension contributions as expenditures; however, in the statement of activities, the excess of the total pension liability over the plan fiduciary net position is reported as a net pension liability.		(14,396,434)
Pension-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Contributions made after the actuarial measurement date	1,527,934	
Changes in assumptions	623,087	
Difference between expected and actual experiences	934,115	
Net difference between projected and actual earnings on plan investments		
Adjustments due to differences in proportions	<u>293,333</u>	3,378,469
Pension-related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(159,288)	
Difference between expected and actual experiences	(2,872)	
Net difference between projected and actual earnings on plan investments	(217,456)	
Adjustments due to differences in proportions	(177,659)	
Difference in proportionate share	<u>(317,057)</u>	(874,332)
Governmental funds report all other post-employment benefits contributions as expenditures; however, in the statement of net position, the excess of the total other post-employment benefits liability over the plan fiduciary net position is reported as a net other post-employment benefits liability.		(2,455,595)
Other post-employment benefits-related deferred outflows of resources that have not been included as financial uses in the governmental fund activity are as follows:		
Net difference between projected and actual earnings on plan investments	<u>13,508</u>	13,508
Other post-employment benefits related deferred inflows of resources that have not been included as financial resources in the governmental fund activity are as follows:		
Changes in assumptions	(1,134,016)	
Differences between expected and actual experience	<u>(33,377)</u>	(1,167,393)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities.		<u>66,569</u>
Net Position of Governmental Activities		<u>\$ 37,843,035</u>

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Special</u>		<u>Capital</u>
	<u>Revenue Fund</u>	<u>Projects Fund</u>	
	<u>General</u>	<u>TransNet</u>	<u>City CIP</u>
Revenues:			
Taxes and assessments	\$ 14,646,098	\$ -	\$ -
Licenses, permits and fees	337,922	7,246	-
Intergovernmental	2,033,269	601,705	-
Charges for services	1,110,059	-	43,215
Use of money and property	725,551	6,142	127,291
Fines and forfeitures	359,703	-	-
Other revenues	3,525,458	-	43,951
Total Revenues	22,738,060	615,093	214,457
Expenditures:			
Current:			
General government	4,698,379	-	6,960
Public safety	10,865,888	-	-
Public works	2,404,357	461	50,191
Community development	1,392,224	-	44,997
Community services	735,885	-	-
Capital outlay	291,013	222,389	282,589
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	325,105	-
Total Expenditures	20,387,746	547,955	384,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,350,314	67,138	(170,280)
Other Financing Sources (Uses):			
Transfers in	-	-	100,000
Transfers out	(729,515)	-	-
Total Other Financing Sources (Uses)	(729,515)	-	100,000
Net Change in Fund Balances	1,620,799	67,138	(70,280)
Fund Balances at the Beginning of the Year	13,833,279	23,194	2,823,167
Fund Balances at the End of the Year	\$ 15,454,078	\$ 90,332	\$ 2,752,887

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Other Governmental Funds	Total Governmental Funds	
		2020	2019
Revenues:			
Taxes and assessments	\$ 2,196,375	\$ 16,842,473	\$ 17,275,214
Licenses, permits and fees	-	345,168	486,891
Intergovernmental	649,949	3,284,923	3,665,899
Charges for services	115,549	1,268,823	2,230,614
Use of money and property	273,946	1,132,930	1,100,795
Fines and forfeitures	-	359,703	502,249
Other revenues	16,495	3,585,904	975,510
Total Revenues	3,252,314	26,819,924	26,237,172
Expenditures:			
Current:			
General government	-	4,705,339	4,191,376
Public safety	694,120	11,560,008	10,243,546
Public works	953,601	3,408,610	2,975,518
Community development	107,181	1,544,402	1,523,428
Community services	68,025	803,910	830,315
Capital outlay	896,975	1,692,966	5,763,230
Debt service:			
Principal retirement	316,505	316,505	303,971
Interest and fiscal charges	40,134	365,239	374,519
Total Expenditures	3,076,541	24,396,979	26,205,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	175,773	2,422,945	31,269
Other Financing Sources (Uses):			
Transfers in	699,915	799,915	2,636,370
Transfers out	(70,400)	(799,915)	(2,636,370)
Total Other Financing Sources (Uses)	629,515	-	-
Net Change in Fund Balances	805,288	2,422,945	31,269
Fund Balances at the Beginning of the Year	6,535,880	23,215,520	23,184,251
Fund Balances at the End of the Year	\$ 7,341,168	\$ 25,638,465	\$ 23,215,520

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

**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**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	2,422,945
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlay	\$	1,697,994
Depreciation		<u>(2,311,904)</u>
		(613,910)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Lease revenue bond - ABAG principal payments		137,600
Capital leases - principal payments		178,905
Amortization of lease revenue bond - ABAG discount		(1,066)
Change in compensated absences		(115,120)
Change in claims and judgments		<u>47,000</u>
		247,319
Net change in accrued interest on long-term debt for the current period reported on the statement of activities.		2,979
Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,364,307)
Other post-employment benefits obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		452,029
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the operating contributions and miscellaneous income in the statement of activities.		<u>(28,221)</u>
Change in Net Position of Governmental Activities	\$	<u>1,118,834</u>

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Assets:				
Current Assets:				
Cash and investments	\$ 9,805,642	\$ -	\$ 9,805,642	\$ 10,318,810
Receivables:				
Accounts	29,489	660,875	690,364	867,520
Taxes	57,452	-	57,452	-
Interest	30,141	-	30,141	120,094
Prepaid costs	845	-	845	1,691
Deposits	-	100,000	100,000	100,000
Due from other governments	41,319	160,377	201,696	165,610
Restricted cash and investments	46	-	46	49
Total Current Assets	9,964,934	921,252	10,886,186	11,573,774
Noncurrent Assets:				
Advances to other funds	2,432,141	-	2,432,141	2,800,000
Investment in joint venture	34,949,555	-	34,949,555	34,540,199
Capital assets, not being depreciated	6,268,396	-	6,268,396	3,084,511
Capital assets, net of accumulated depreciation	12,333,724	-	12,333,724	12,678,411
Total Noncurrent Assets	55,983,816	-	55,983,816	53,103,121
Total Assets	65,948,750	921,252	66,870,002	64,676,895
Deferred Outflows of Resources:				
Deferred charge on refunding	68,647	-	68,647	137,294
Deferred outflows related to pensions	168,704	43,536	212,240	216,350
Deferred outflows related to other post-employment benefits	1,004	251	1,255	-
Total Deferred Outflows of Resources	238,355	43,787	282,142	353,644
Liabilities:				
Current Liabilities:				
Accounts payable	965,084	238,112	1,203,196	767,388
Accrued liabilities	12,206	10,929	23,135	35,179
Interest payable	221,043	-	221,043	226,526
Due to other funds	-	516,953	516,953	157,189
Compensated absences, due within one year	29,340	-	29,340	24,594
Long-term debt, due within one year	570,000	-	570,000	555,000
Total Current Liabilities	1,797,673	765,994	2,563,667	1,765,876
Noncurrent Liabilities:				
Compensated absences	29,113	-	29,113	26,808
Long-term debt	16,879,133	-	16,879,133	17,509,945
Net other post-employment benefits liability	182,596	45,649	228,245	204,456
Net pension liability	702,936	181,403	884,339	810,742
Total Noncurrent Liabilities	17,793,778	227,052	18,020,830	18,551,951
Total Liabilities	19,591,451	993,046	20,584,497	20,317,827
Deferred Inflows of Resources:				
Deferred inflows relating to pensions	44,803	11,562	56,365	36,896
Deferred inflows relating to other post-employment benefits	86,757	21,689	108,446	72,479
Total Deferred Inflows of Resources	131,560	33,251	164,811	109,375
Net Position:				
Net investment in capital assets	12,052,987	-	12,052,987	8,892,771
Restricted for debt service	46	-	46	49
Unrestricted	34,411,061	(61,258)	34,349,803	35,710,517
Total Net Position	\$ 46,464,094	\$ (61,258)	\$ 46,402,836	\$ 44,603,337

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
JUNE 30, 2020
(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Operating Revenues:				
Charges for services	\$ 5,588,249	\$ 4,178,287	\$ 9,766,536	\$ 10,794,420
Miscellaneous Revenue	173,507	7,846	181,353	15,901
Total Operating Revenues	5,761,756	4,186,133	9,947,889	10,810,321
Operating Expenses:				
Cost of sales and services	2,292,172	4,312,335	6,604,507	7,251,013
Administration	733,442	37,750	771,192	1,174,657
Depreciation	426,773	-	426,773	423,531
Total Operating Expenses	3,452,387	4,350,085	7,802,472	8,849,201
Operating Income (Loss)	2,309,369	(163,952)	2,145,417	1,961,120
Nonoperating Revenues (Expenses):				
Interest income	417,654	5,348	423,002	557,179
Interest expense	(674,093)	-	(674,093)	(705,008)
Amortization of bond premium/discount & refunding charge	(8,680)	-	(8,680)	(35,280)
Amortization of investment premium	(10,945)	-	(10,945)	(10,945)
Share in joint venture net gain/(loss)	(75,202)	-	(75,202)	185,114
Total Nonoperating Revenues (Expenses)	(351,266)	5,348	(345,918)	(8,940)
Changes in Net Position	1,958,103	(158,604)	1,799,499	1,952,180
Net Position at the Beginning of the Year	44,505,991	97,346	44,603,337	42,651,157
Net Position at the End of the Year	\$ 46,464,094	\$ (61,258)	\$ 46,402,836	\$ 44,603,337

The notes to financial statements are an integral part of this statement.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 5,869,925	\$ 4,321,959	\$ 10,191,884	\$ 10,314,146
Cash paid to suppliers for goods and services	(1,662,081)	(4,505,772)	(6,167,853)	(6,910,120)
Cash paid to employees for services	(599,586)	(20,922)	(620,508)	(613,796)
Net Cash Provided by (Used for) Operating Activities	3,608,258	(204,735)	3,403,523	2,790,230
Cash Flows from Noncapital Financing Activities:				
Proceeds from short-term interfund borrowings	-	-	-	15,885
Repayment made to other funds	367,859	-	367,859	(2,800,000)
Cash advance made to the Clean Energy Alliance	-	(160,377)	(160,377)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	367,859	(160,377)	207,482	(2,784,115)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(3,267,423)	-	(3,267,423)	(2,373,894)
Principal paid on capital debt	(555,000)	-	(555,000)	(1,081,967)
Interest paid on capital debt	(691,366)	-	(691,366)	(695,521)
Repayments from other funds	-	359,764	359,764	-
Proceeds from sales of capital assets	1,452	-	1,452	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(4,512,337)	359,764	(4,152,573)	(4,151,382)
Cash Flows from Investing Activities:				
Interest received	432,405	5,348	437,753	488,449
Investment in joint venture	(409,356)	-	-	(65,630)
Net Cash Provided by Investing Activities	23,049	5,348	28,397	422,819
Net Decrease in Cash and Cash Equivalents	(513,171)	-	(513,171)	(3,722,448)
Cash and Cash Equivalents, July 1 (including \$49 for the Sanitation Fund Reported for Restricted Accounts)	10,318,859	-	10,318,859	14,041,307
Cash and Cash Equivalents, June 30 (Including \$46 for the Sanitation Fund Reported in Restricted Accounts)	\$ 9,805,688	\$ -	\$ 9,805,688	\$ 10,318,859

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 JUNE 30, 2020

(With comparative totals for June 30, 2019)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2020	2019
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 2,309,369	\$ (163,952)	\$ 2,145,417	\$ 1,961,120
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	426,773	-	426,773	423,531
(Increase) decrease in accounts receivable	(16,122)	135,826	119,704	(230,565)
(Increase) in deposits receivable	-	-	-	(100,000)
(Increase) decrease in due from other governments	124,291	-	124,291	(165,610)
Decrease in prepaid expense	846	-	846	27,446
Increase (decrease) in accounts payable	629,245	(193,437)	435,808	127,708
Increase (decrease) in accrued liabilities	1,905	(13,949)	(12,044)	25,790
Increase in net pension liability	105,877	27,266	133,143	439,932
Increase in other post-employment benefits	19,023	3,511	22,534	276,935
Increase in compensated absences	7,051	-	7,051	3,943
Total Adjustments	1,298,889	(40,783)	1,258,106	829,110
Net Cash Provided by (Used for) Operating Activities	\$ 3,608,258	\$ (204,735)	\$ 3,403,523	\$ 2,790,230
Schedule of Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bonds premium/discount	\$ 68,647	\$ -	\$ -	\$ -
Unrealized gain on investment in joint venture	(75,202)	-	(75,202)	185,114

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**FIDUCIARY FUND
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Agency Funds		OPEB Trust Fund		Private-Purpose Trust Successor Agency of the Former RDA	
	2020	2019	2020	2019	2020	2019
Assets:						
Cash and investments	\$ 379,751	\$ 519,890	\$ -	\$ -	\$ 98,862	\$ 244,663
Receivables:						
Accounts	837	1,668	-	-	-	-
Taxes	1,623	5,049	-	-	-	-
Restricted assets:						
Cash	-	-	849,021	633,829	13	198
Total Assets	\$ 382,211	\$ 526,607	849,021	633,829	98,875	244,861
Liabilities:						
Accounts payable	\$ 791	\$ 912	413	294	600	613
Accrued liabilities	-	-	-	-	1,294	1,104
Accrued interest	-	-	-	-	6,750	7,078
Due to bondholders	381,420	525,695	-	-	-	-
Long-term liabilities:						
Bonds payable, due in one year	-	-	-	-	120,900	116,900
Bonds payable, due in more than one year	-	-	-	-	2,289,900	2,410,800
Total Liabilities	\$ 382,211	\$ 526,607	413	294	2,419,444	2,536,495
Net Position:						
Restricted for other post-employment benefits			848,608	633,535	-	-
Held in trust for other purposes			-	-	(2,320,569)	(2,291,634)
Total Net Position			\$ 848,608	\$ 633,535	\$(2,320,569)	\$(2,291,634)

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	OPEB Trust Fund		Private-Purpose Trust Fund	
			Successor Agency of the Former RDA	
	2020	2019	2020	2019
Additions:				
Contributions:				
Employer contributions	\$ 198,000	\$ 253,516	\$ -	\$ -
Total contributions	198,000	253,516	-	-
Investment earnings:				
Interest	23,098	25,027	47	199
Net increase in the fair value of investments	(1,817)	6,490	-	-
Net investment earnings	21,281	31,517	47	199
Taxes	-	-	100,899	141,440
Total Additions	219,281	285,033	100,946	141,639
Deductions:				
Administrative expenses	4,208	2,779	41,638	159,942
Contractual services	-	-	4,606	7,795
Interest expense	-	-	83,637	87,464
Total Deductions	4,208	2,779	129,881	255,201
Changes in Net Position	215,073	282,254	(28,935)	(113,562)
Net Position at the Beginning of the Year	633,535	351,281	(2,291,634)	(2,178,072)
Net Position at the End of the Year	\$ 848,608	\$ 633,535	\$ (2,320,569)	\$ (2,291,634)

The notes to financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

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Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Solana Beach, California (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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. The more significant of the City's accounting policies are described below.

a. Financial Reporting Entity

The City was formed July 1, 1986 after an election held June 3, 1986 in the proposed incorporated area. The City's incorporation involved a reorganization consisting primarily of the incorporation of the City of Solana Beach; the detachment of territory from the Cardiff Sanitation District and annexation of the same territory to the Solana Beach Sanitation District; the establishment of the Solana Fire Protection District and Solana Beach Sanitation District as subsidiary districts of the City; and the establishment of five improvement districts of the City, which coincided with five previously existing county service areas (CSAs). The City merged the Fire District into the City by dissolving the District and creating a separate Fire Department within the City's General Fund effective January 1, 1988. Effective July 1, 1990, the Solana Beach Sanitation District was dissolved and is now a department of the City.

The Solana Beach Public Facilities Corporation (Corporation) was incorporated on July 25, 1990 as a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law. Its purpose is to benefit the City by providing financing for the planning, development, acquisition, construction, improvement, extension, repair, and renovation of public works projects, public facilities, furnishings, and equipment for use by the City. The Corporation does not issue separate financial statements. The City's basic financial statements have the Corporation included using the blended method since the governing bodies of the component unit is substantially the same as the governing body of the City. The Corporation provides services entirely to the City.

b. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

Note 1: Summary of Significant Accounting Policies (Continued)

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 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. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Advances to, Advances from other funds
- Transfers in, Transfers out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, franchise taxes, gas taxes, transient occupancy taxes, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences.

The City reports the following major governmental fund:

General Fund - accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Solana Beach, these services include general government, public safety, public works, community development, and community services.

TransNet Special Revenue Fund - accounts for revenues received and expenditures made related to transportation development, transit, and related studies. Funding is provided to the City as a secondary recipient under agreement with the County of San Diego and with San Diego Association of Governments (SANDAG).

City Capital Projects Fund - accounts for the acquisition, construction and improvement of capital facilities and infrastructure. Projects are funded by transfers from the General Fund.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

Operating revenues, such as charges for services, in the proprietary funds are those revenues that are generated from exchange transactions as the primary operations of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. All other revenues, such as subsidies, taxes, and investment earnings, which result from non-exchange transactions or ancillary activities are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The City reports the following major proprietary fund:

Sanitation Fund - is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing sewage and wastewater treatment services to the general public on a continuing basis be financed or recovered primarily through user charges.

Solana Energy Alliance Fund - is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost of providing clean energy services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. The City's fiduciary funds include agency funds, an OPEB trust fund and one private-purpose trust fund. Agency funds are used to account for collections received from special assessment districts and their disbursement to bondholders. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Spending of agency fund resources is controlled primarily through legal agreements and applicable State and Federal laws. Agency funds are reported using the accrual basis of accounting.

The Private-Purpose Trust Fund is used to account for the assets and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

The OPEB and Private Purpose Trust Fund funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

The cash flow statements require presentation of “cash and cash equivalents”. For the purpose of the statement of cash flows, the City considers all proprietary fund pooled cash and investments as “cash and cash equivalents”, as such funds are available to the various funds as needed.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as to change in interest rates.

d. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

e. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the time of acquisition by the City. City policy has set the capitalization threshold for reporting infrastructure and all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and improvements	20-50 years
Equipment	3-25 years
Infrastructure - sewer lines	40-50 years
Infrastructure - other	20-60 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include roads and streets, curbs, gutters and sidewalks, streetlights, signs and signals, park equipment, and storm drains. The appropriate operating department maintains information regarding the infrastructure assets.

Note 1: Summary of Significant Accounting Policies (Continued)

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property that determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition.

Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

f. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two are the deferred outflows relating to the net pension and other post-employment benefit (OPEB) obligations reported in the government-wide statement of net position and proprietary statement of net position. These outflows are the results of contributions made after the measurement period, which are recognized in the following year, and of differences between expected and actual experience, changes of assumptions, changes in the City's proportionate share of the net pension liability, and the net difference between projected and actual earnings on OPEB plan investments. These amounts are deferred and amortized over the expected average remaining service lifetime or five years.

In addition to liabilities, the statement of financial position or governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to resources received outside of the City's availability period. The City reports two other items that qualify for reporting in this category which are the deferred inflows related to the pensions and deferred inflows relating to other post-employment benefits reported in the government-wide statement of net position and proprietary statement of net position. These inflows are the result of differences between expected and actual experience, changes in assumptions, net differences between projected and actual earnings on pension plan investments, changes in the City's proportionate share of the net pension liability, and differences between the City's contributions and the City's share of recognized contributions. These amounts are deferred and amortized straight-line over the expected average remaining service lifetime.

Note 1: Summary of Significant Accounting Policies (Continued)

g. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

h. Compensated Absences

Government-Wide Financial Statements

For governmental activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources, rather than currently available financial resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements, as these amounts will be liquidated from future resources. In the proprietary fund, compensated absences are expensed in the period they are earned, and the unpaid liability is recorded as a long-term liability of the fund.

i. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

j. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), the assets of which are held by Public Agency Retirement Services (PARS), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

Generally accepted accounting principles require 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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss with the net difference between projected and actual earnings on OPEB plan investments being recognized over 5 years and all other amounts being recognized over the expected average remaining service lifetime (EARSL) of 7.0 years at June 30, 2020.

k. Net Position

In the Government-Wide and Proprietary Fund Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that was issued for the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

l. Net Position Flow Assumption

Sometimes the government 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

Note 1: Summary of Significant Accounting Policies (Continued)

government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

m. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. The formal action required to establish, modify, or rescind a fund balance commitment is through a resolution.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized through a resolution the City Manager and the Director of Finance for that purpose.

Unassigned – This is the residual classification that includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

n. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 1: Summary of Significant Accounting Policies (Continued)

be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

o. Property Taxes

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 90 days. The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy.

p. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: Stewardship, Compliance, and Accountability

a. Budgets

The Boating and Waterways Fund and Miscellaneous Grants Fund did not adopt budgets. Therefore, no budgetary comparison schedule is presented as supplementary information.

b. Deficit Fund Balances

At June 30, 2020, the following funds had deficit fund balances:

Fund	Deficit
Fire Mitigation	\$ (7,438)
Transportation Development Act	(34,696)
CDBG	(15,917)
Developer Pass-Thru	(87)

The deficits will be resolved through future fund revenue sources.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2020:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Cash and investments	\$ 29,279,786	\$ 9,805,642	\$ 478,613	\$ 39,564,041
Restricted cash and investments	2,422,056	46	849,034	3,271,136
Total	<u>\$ 31,701,842</u>	<u>\$ 9,805,688</u>	<u>\$ 1,327,647</u>	<u>\$ 42,835,177</u>

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

Cash:	
Cash on hand	\$ 400
Demand deposits	3,763,710
Total cash	<u>3,764,110</u>
Investments:	
Local Agency Investment Fund	6,075,031
Investments	29,724,959
Cash and investments held in PARS Section 115 Trust	3,271,077
Total investments	<u>39,071,067</u>
Total cash and investments	<u>\$ 42,835,177</u>

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$3,764,110 at June 30, 2020. Bank balances were \$3,676,854 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below. The \$87,256 difference represents outstanding checks and other reconciling items.

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% of the secured public deposits.

As of June 30, 2020, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020
Note 3: Cash and Investments (Continued)**b. Investments**
Investments Authorized by the California Government Code and the City's Investment Policy

The following table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. The City has no investments held by bond trustee.

<u>Investment Types Authorized by State Law</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity</u>	<u>*Maximum Percentage of Portfolio</u>	<u>*Maximum Investment in One Issuer</u>
Local agency bonds	Yes	5 years	None	65,000,000
U.S. Treasury bills	Yes	5 years	None	25%
U.S. Treasury notes	Yes	5 years	None	25%
U.S. agency securities	Yes	5 years	None	25%
Banker's acceptances	Yes	180 days	25%	5%
Commercial paper	Yes	270 days	25%	10%
Non-Negotiable certificates of deposit	Yes	5 years	20%	5%
Negotiable certificates of deposit	Yes	5 years	30%	None
Certificate of Deposit Placement Services	Yes	5 years	30%	None
Collateralized Bank Deposits	Yes	1 year	None	None
Repurchase agreements	Yes	1 year	None	None
Medium-term notes	Yes	5 years	30%	5%
Mutual funds	Yes	5 years	20%	None
Money market mutual funds	Yes	5 years	20%	None
Asset backed security	Yes	5 years	20%	5%
Supranational	Yes	5 years	30%	10%
Local Agency Investment Fund (LAIF)	Yes	5 years	\$65,000,000	None

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

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Banker's acceptances	360 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	90 days	None	None
Investment contracts	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

c. External Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that 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 on 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 accounting records maintained by LAIF, which are recorded on an amortized cost basis. The entire balance of the City's share of the investment pool is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

d. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages this risk by investing its operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools to ensure liquidity 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.

Investments:	Fair Value	Remaining Investment Maturities		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 6,075,031	\$ 6,075,031	\$ -	\$ -
US Treasury	7,894,279	452,637	3,329,444	4,112,198
US Government Agency Securities				
Federal Home Loan Bank	3,982,652	-	1,344,699	2,637,953
Federal Farm Credit Bank	3,523,542	-	1,246,728	2,276,814
Federal National Mortgage Association	2,880,992	717,395	1,040,975	1,122,622
Medium Term Notes	4,232,557	1,367,736	1,859,386	1,005,435
Money Market Mutual Funds	5,794,482	5,794,482	-	-
Supranationals	207,224	207,224	-	-
Asset Backed Securities	1,209,231	-	484,409	724,822
Investments Held in Section 115 Trust:				
Money Market Mutual Funds	3,271,077	3,271,077	-	-
	<u>\$ 39,071,067</u>	<u>\$ 17,885,582</u>	<u>\$ 9,305,641</u>	<u>\$ 11,879,844</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2020, for each investment type.

Investments:	Total as of June 30, 2020	Minimum Legal Rating	AAA	AA+/Aa1	Not Rated
Local Agency Investment Fund	\$ 6,075,031	N/A	\$ -	\$ -	\$ 6,075,031
US Treasury	7,894,279	N/A	-	7,894,279	-
US Government Agency Securities					
Federal Home Loan Bank	3,982,652	N/A	-	3,982,652	-
Federal Farm Credit Bank	3,523,542	N/A	-	3,523,542	-
Federal National Mortgage Association	2,880,992	N/A	-	2,880,992	-
Medium Term Notes	4,232,557	A	-	4,232,557	-
Money Market Mutual Funds	5,794,482	AAA	5,794,482	-	-
Supranationals	207,224	AA	-	207,224	-
Asset Backed Securities	1,209,231	AA	-	1,209,231	-
Investments Held in Section 115 Trust:					
Money Market Mutual Funds	3,271,077	AAA	3,271,077	-	-
	<u>\$ 39,071,067</u>		<u>\$ 9,065,559</u>	<u>\$ 23,930,477</u>	<u>\$ 6,075,031</u>

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.

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 investments in the following US Government Agency issuers which held more than 5% of the investment portfolio:

Issuer	Investment Amount	Percentage of Portfolio
Federal Home Loan Bank	\$ 3,982,652	10.2%
Federal Farm Credit Bank	3,523,542	9.0%
Federal National Mortgage Association	2,880,992	7.4%

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 3: Cash and Investments (Continued)

Fair Value Hierarchy

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. Except for LAIF and money market mutual funds, which are considered uncategorized, all of the City's unrestricted investments are valued using Level 2 inputs. Certificates of Deposit, any local agency, and Registered Treasury Notes or Bonds of any other 49 States are classified in Level 2 of the fair value hierarchy and value using specified fair market value factors.

The Section 115 Trust values its assets as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money Market Mutual Funds	<u>\$ 373,759</u>	<u>\$ 2,897,318</u>	<u>\$ 3,271,077</u>

Note 4: Interfund Transactions

Due From and To Other Funds

At June 30, 2020, the City had the following short-term interfund receivables and payables:

	<u>Due from other funds</u>		
	<u>General Fund</u>	<u>City CIP</u>	<u>Total</u>
<u>Due to other funds</u>			
Non-major Governmental Funds	\$ 527,149	\$ -	\$ 527,149
Solana Energy Alliance	485,782	31,171	516,953
Total	<u>\$ 1,012,931</u>	<u>\$ 31,171</u>	<u>\$ 1,044,102</u>

Due from/to other funds balances arise from the short-term borrowing made from the City's General Fund to various other funds to cover cash shortages during the year. The General Fund and City CIP fund also provided a short-term borrowing of \$107,494 to the Solana Energy Alliance fund as part of the process of starting up the activities of that fund that will be paid back to the General Fund and City CIP fund. The remaining amount due to the General Fund by Solana Energy Alliance of \$409,459 will be paid back to the General Fund in the fiscal year ended June 30, 2021.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 4: Interfund Transactions (Continued)**Interfund Transfers**

For the year ended June 30, 2020, the City had the following transfers:

	Transfers In		Total
	City CIP Fund	Non-Major Governmental Funds	
<u>Transfers Out</u>			
General Fund	\$ 100,000	\$ 629,515	\$ 729,515
Non-major governmental funds	-	70,400	70,400
	<u>\$ 100,000</u>	<u>\$ 699,915</u>	<u>\$ 799,915</u>

The most significant interfund transfers were from the General Fund to the City Capital Projects Fund for the City's construction project costs. With the non-major funds, transfers were made to various special revenue funds to public service and public works related costs, as well as debt service principal and interest payments on capital leases. During the fiscal year ended June 30, 2020, there were no significant interfund transfers that were not expected, budgeted for, unusual, nor of a non-routine nature.

Advances to, Advances from other funds

On July 11, 2018, the City Council adopted Resolution 2018-069 approving the purchase and sale agreement for 700 Stevens Avenue ("Property") for \$2.8 million; establishing an internal General Fund service fund named "Real Property Acquisition" to receive funds from the Sanitation fund to pay for the acquisition of the Property; and authorizing the transfer of \$2.8 million from the Sanitation Fund to the Real Property Acquisition fund as a loan payable to the Sanitation fund at an annual interest rate of 2.78% for seven years with annual payments equal to \$445,699.

The City is a built-out coastal community and availability of vacant land is scarce. The Property is three parcels of vacant land totaling approximately 28,978 square feet and is located immediately north of and adjacent to La Colonia Park. The purchase of the Property offered the City an opportunity to expand the existing open space, recreation and park use in the future.

The City has the ability to make this kind of transfer from one fund to another so long as there is no prohibition on the use of the funds. In this case, the Sanitation funds are not specifically prohibited for other uses (except for connection fees, which cannot be used for any other purpose). See Health & Safety Code §§ 5473 et seq.

The City elected to borrow funds from its Sanitation Fund to pay for the purchase of the Property. Repayment to the Sanitation Fund over the seven years of the loan will be as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 378,085	\$ 67,614	\$ 445,699
2022	388,596	57,103	445,699
2023	399,399	46,300	445,699
2024	410,503	35,196	445,699
2025	421,914	23,785	445,699
2026	433,644	12,055	445,699
Total	<u>\$ 2,432,141</u>	<u>\$ 242,053</u>	<u>\$ 2,674,194</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 5: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2020:

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Governmental Activities:					
<i>Non-Depreciable Assets:</i>					
Land	\$ 5,337,440	\$ -	\$ -	\$ -	\$ 5,337,440
Construction in progress	2,791,129	1,309,292	-	(2,858,675)	1,241,746
Total non-depreciable assets	<u>8,128,569</u>	<u>1,309,292</u>	<u>-</u>	<u>(2,858,675)</u>	<u>6,579,186</u>
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	12,474,722	-	-	1,235,087	13,709,809
Equipment	2,274,700	247,331	3,003	-	2,519,028
Vehicles	2,467,517	141,371	60,030	-	2,548,858
Infrastructure	71,769,204	-	-	1,623,588	73,392,792
Total depreciable assets	<u>95,003,058</u>	<u>388,702</u>	<u>63,033</u>	<u>2,858,675</u>	<u>98,187,402</u>
<i>Less accumulated depreciation:</i>					
Buildings	(2,999,486)	(120,791)	-	-	(3,120,277)
Improvements	(5,184,735)	(463,536)	-	-	(5,648,271)
Equipment	(1,983,567)	(148,245)	(3,003)	-	(2,128,809)
Vehicles	(1,621,949)	(155,722)	(60,030)	-	(1,717,641)
Infrastructure	(55,118,861)	(1,423,610)	-	-	(56,542,471)
Total accumulated depreciation	<u>(66,908,598)</u>	<u>(2,311,904)</u>	<u>(63,033)</u>	<u>-</u>	<u>(69,157,469)</u>
Total depreciable assets, net	<u>28,094,460</u>	<u>(1,923,202)</u>	<u>-</u>	<u>2,858,675</u>	<u>29,029,933</u>
Total capital assets, net	<u>\$ 36,223,029</u>	<u>\$ (613,910)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,609,119</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2020, is as follows:

General Government	\$ 138,665
Public Safety	233,409
Public Works	1,482,081
Community Development	37,528
Community Services	420,221
Total Depreciation Expense	<u>\$ 2,311,904</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 5: Capital Assets (Continued)

	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Business-Type Activities					
<i>Non-Depreciable Assets:</i>					
Land	\$ 111,706	\$ -	\$ -	\$ -	\$ 111,706
Construction in progress	2,972,805	3,267,423	-	(83,538)	6,156,690
Total non-depreciable assets	3,084,511	3,267,423	-	(83,538)	6,268,396
<i>Depreciable Assets:</i>					
Building and improvements	19,309,841	-	(1,452)	83,538	19,391,927
Equipment	828,705	-	-	-	828,705
Total depreciable assets	20,138,546	-	(1,452)	83,538	20,220,632
<i>Less accumulated depreciation:</i>					
Building and improvements	(6,929,010)	(410,241)	-	-	(7,339,251)
Equipment	(531,125)	(16,532)	-	-	(547,657)
Total accumulated depreciation	(7,460,135)	(426,773)	-	-	(7,886,908)
Total depreciable assets, net	12,678,411	(426,773)	(1,452)	83,538	12,333,724
Total capital assets, net	<u>\$ 15,762,922</u>	<u>\$ 2,840,650</u>	<u>\$ (1,452)</u>	<u>\$ -</u>	<u>\$ 18,602,120</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2020, is \$426,773.

Note 6: Compensated Absences

The following is a summary of changes in compensated absences for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Governmental Activities	\$ 393,725	\$ 344,001	\$ 228,881	\$ 508,845	\$ 295,803
Business-Type Activities	51,402	32,852	25,801	58,453	29,340
Total	<u>\$ 445,127</u>	<u>\$ 376,853</u>	<u>\$ 254,682</u>	<u>\$ 567,298</u>	<u>\$ 325,143</u>

Compensated absences do not have a fixed repayment schedule and become payable when leave is used by employees. Governmental activities' compensated absences are typically liquidated through the General Fund, and business-type activities' compensated absences are liquidated through the Water Utility Fund.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 7: Capital Lease Obligations

The following is a summary of changes in governmental activities' capital lease obligations for the year ended June 30, 2020:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Energy Efficiency/Conservation Upgrades	\$ 514,642	\$ -	\$ 53,073	\$ 461,569	\$ 54,920
Fire Truck Lease	254,684	-	125,832	128,852	128,852
Total	\$ 769,326	\$ -	\$ 178,905	\$ 590,421	\$ 183,772

a. Energy Efficiency/Conservation Upgrades

On May 9, 2012, the City entered into a capital lease with Municipal Finance Corporation for various energy efficiency/conservation upgrades at City facilities. The lease was executed in the amount of \$818,696. Rental payments are due in thirty-one semi-annual payments of \$35,187 and include interest at the rate of 3.45%. The City also executed an acquisition fund agreement with Deutsche Bank National Trust Company for distribution of the funds.

b. Fire Truck Lease

In 2016, the City entered into a capital lease with Municipal Finance Corporation for for a fire truck at the cost of \$614,759. Rental payments are due in annual installments of \$131,944 which includes interest at the rate of 2.40% per annum. Payments are due July of each year.

The debt requirements due under the terms of the leases as of June 30, 2020, are as follows:

Year Ending June 30,	Governmental Activities
2021	\$ 202,318
2022	70,374
2023	70,374
2024	70,374
2025	70,374
2026-2029	175,935
Total minimum lease payments	659,749
Less: amount representing interest	(69,328)
Present value of minimum lease payments	\$ 590,421

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 8: Long-Term Debt

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

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Limited Tax Bonds 2010A Series	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	\$ -
Unamortized discount	(3,775)	-	(1,066)	(2,709)	-
Direct Placements:					
Lease Revenue Bonds - ABAG	560,600	-	137,600	423,000	135,300
Subtotal - Governmental Activities	6,056,825	-	136,534	5,920,291	135,300
Business-Type Activities:					
Bonds Payable:					
2017 Waste Water Refunding Bond	6,385,000	-	280,000	6,105,000	285,000
Unamortized premium	504,945	-	60,812	444,133	-
Direct Borrowings:					
SEJPA Loan Payable - 2011	117,500	-	57,500	60,000	60,000
SEJPA Loan Payable - 2017	11,057,500	-	217,500	10,840,000	225,000
Subtotal - Business Type Activities	18,064,945	-	615,812	17,449,133	570,000
Total Long-Term Debt	\$ 24,121,770	\$ -	\$ 752,346	\$ 23,369,424	\$ 705,300

a. Bonds Payable

San Diego County Regional Transportation Commission Sales Tax Revenue Bonds

On October 28, 2010, the San Diego Association of Governments (SANDAG), acting as the San Diego County Regional Transportation Commission, issued \$338,960,000 Taxable Build America Bonds 2010 Series A (Limited Tax Bonds). SANDAG is responsible for the administration of programs under the TransNet Extension ordinance, Proposition A, which sets forth the permitted uses for revenues from a half cent transaction and use tax in San Diego County (TransNet Extension Program). In fiscal year ended June 2010, the City borrowed \$5,500,000 from the TransNet debt financing program for the Highway 101 Streetscaping/Traffic Calming Project and other projects eligible under the terms of the debt financing and applicable SANDAG policies and approved projects. 2017 Wastewater Revenue Refunding Bonds. The bond is wholly secured by sales tax revenues pledged for the payment of debt service. In the event of default, all sales tax revenues pledged for the payment of the debt must be transferred to the bond trustee; however, there is no acceleration of payment on outstanding debt service.

Note 8: Long-Term Debt (Continued)

2017 Wastewater Revenue Refunding Bonds

On August 1, 2017, the City, issued \$6,865,000 of 2017 Wastewater Revenue Refunding Bonds to refund, on a current basis, the outstanding Solana Beach Public Financing Authority Subordinate Wastewater Revenue Bonds, Series 2006, which were issued to finance the improvement, betterment, renovation and expansion of certain facilities within the City's municipal wastewater enterprise. These bonds have a 19-year maturity with principal payments ranging from \$210,000 to \$485,000 with the final maturity paid on March 1, 2036. Interest on the bonds is payable semi-annually March 1 and September 1 commencing on March 1, 2018. Interest rates range from 4.00% to 4.375%. Failure by the City to make debt service payments on the Bonds constitutes an event of default under the Indenture and the Trustee is permitted to pursue remedies at law or in equity to enforce the City's obligation to make such payments. Although the Trustee has the right to accelerate the total unpaid principal amount of the debt service payments on the Bonds, there is no assurance that the City would have sufficient funds to pay the accelerated amounts.

The Bonds are paid solely from, and secured by a pledge of, installment payments and moneys in the funds and account held under the indenture. The installment payments are special limited obligations of the City payable solely from and secured by a pledge of and first lien on residual net revenues of the Wastewater System. Residual net revenues consist of revenues derived from the Wastewater System and remaining after the payment of operating and maintenance expense and debt service on the JPA Loan Payable. The loan amount outstanding at June 30, 2020, is \$6,105,000.

b. Direct Borrowings and Direct Placements

Lease Revenue Bonds – ABAG

On January 10, 2002, the City issued \$3,465,000 of Series 2002 ABAG Lease Revenue Bonds to advance refund \$2,185,000 of the outstanding Certificates of Participation, Series 1992, and \$1,125,000 of the outstanding Certificates of Participation, Series 1995, establish a reserve account for the bonds, and to pay the cost of issuing the bonds.

On November 1, 2011, the City entered into a refunding lease agreement with Municipal Financial Corporation in the amount of \$1,388,300 to current refund the outstanding balance of the ABAG Lease Revenue Bonds, Series 2002 and to take advantage of historically low interest rates. The average savings are approximately \$21,258 per fiscal year with the net present value savings equal to \$185,245. The lease matures on December 1, 2022. Principal payments are due December 1st of each year with semi-annual interest rate at 3.40%. In the event of default, the City remains liable for the continued payment of debt service and damages for breach of the refunding lease agreement.

Note 8: Long-Term Debt (Continued)

San Elijo JPA Loan Payable - 2011

On March 1, 2012, the San Elijo Joint Powers Authority issued the 2012 Refunding Revenue Bonds to refund on a current basis the 2003 Refunding Revenue Bonds and prepaid a note to the California Energy Commission. Each local agency entered into a Third Amended and Restated Loan Agreement as of January 1, 2012 to assist in the financing of the Local Agencies' respective share of the Bonds. The City of Encinitas and the City of Solana Beach will be paying approximately 52% and 48% of total debt service on the bonds, respectively. In the event of default, the trustee may accelerate the payment of outstanding principal and interest. The loan is wholly secured by revenues pledged for the payment of the loan.

The amended loan matures on March 1, 2021. The interest rates on the bonds range from 2.00% to 4.00% per year. The City of Solana Beach's portion of annual principal installments range from \$25,000 to \$751,155.

San Elijo JPA Loan Payable - 2017

On June 1, 2017, the San Elijo Joint Powers Authority issued the 2017 Revenue Bonds for the purpose of funding facilities and improvements as part of the Authority's capital improvement plan. Each local agency entered into a "Series 2017 Loan Agreement" on June 1, 2017 to assist in the financing of the Local Agencies' respective share of the Bonds. The City of Encinitas and the City of Solana Beach will each be paying 50 percent of total debt service on the bonds, respectively. In the event of default, the trustee may accelerate the payment of outstanding principal and interest. The loan is wholly secured by revenues pledged for the payment of the loan.

The loan matures on March 1, 2047. The interest rates on the bonds range from 3.00% to 5.00% per year. The City of Solana Beach's portion of annual principal installments range from \$217,500 to \$642,500.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

c. Annual Debt Service Requirements

The annual debt service requirements to maturity on the City's long-term debts as of June 30, 2020, are as follows:

Year Ending June 30,	Governmental Activities			
	Bonds Payable		Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 325,105	\$ 135,300	\$ 12,082
2022	-	325,105	142,700	7,356
2023	-	325,105	145,000	2,456
2024	-	325,105	-	-
2025	-	325,105	-	-
2026-2030	-	1,625,525	-	-
2031-2035	-	1,625,525	-	-
2036-2040	940,708	1,598,247	-	-
2041-2045	2,686,718	1,041,850	-	-
2046-2050	1,872,574	224,153	-	-
Total	\$ 5,500,000	\$ 7,740,825	\$ 423,000	\$ 21,894

Year Ending June 30,	Business-Type Activities			
	Bonds Payable		Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$ 285,000	\$ 216,556	\$ 285,000	\$ 446,573
2022	300,000	208,006	230,000	438,113
2023	305,000	199,006	237,500	431,213
2024	320,000	186,806	245,000	424,088
2025	330,000	174,006	255,000	414,288
2026-2030	1,840,000	678,631	1,477,500	1,867,188
2031-2035	2,240,000	287,663	1,867,500	1,474,813
2036-2040	485,000	15,156	2,290,000	1,052,056
2041-2045	-	-	2,752,500	591,100
2046-2050	-	-	1,260,000	76,100
Total	\$ 6,105,000	\$ 1,965,830	\$ 10,900,000	\$ 7,215,532

d. Debt Covenant Compliance for JPA Loans

In Compliance with bond issuance covenants, specifically, the 2011 and 2017 San Elijo JPA Bonds, the City is including this table showing debt service coverage for the fiscal year of at least 1.30 times (i) the loan installments coming due and payable during the fiscal year, (ii) all payments required with respect to parity debt, and (iii) amount required to replenish the Reserve Fund as required by the indenture.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 8: Long-Term Debt (Continued)

The City covenants under the 2017 Wastewater Revenue Refunding Bond agreement require while the Bonds remain outstanding and to the extent permitted by law, the City will fix, prescribe, and collect rates and charges which will be at least sufficient to yield during each fiscal year Residual Net Revenues equal to one hundred thirty percent (130%) of Debt Service.

The debt coverage ratios for the 2011 and 2017 San Elijo JPA Loans Payable and the 2017 Wastewater Revenue Refunding Bonds are calculated as follows:

	2011 and 2017 JPA Loans	2017 Wastewater Bonds
Revenues:		
Operating revenues	\$ 5,588,259	\$ 5,588,259
Other operating	173,507	173,507
Non-operating	417,654	417,654
Gross revenues	<u>6,179,420</u>	<u>6,179,420</u>
Expenses:	<u>4,682,927</u>	<u>4,682,927</u>
Net Income	1,496,493	1,496,493
Add Back:		
Interest expense	674,093	674,093
Depreciation	426,773	426,773
Amortization of bond premium/discount & refunding	8,680	8,680
Amortization of investment in JPA	10,945	10,945
Net revenues available for debt service (2011 and 2017 JPA Loans)	<u>\$ 2,616,984</u>	<u>2,616,984</u>
2011 Refunding Revenue Bonds debt service:		
Principal repayment	\$ 57,500	57,500
Interest charges	3,234	3,234
2017 Refunding Revenue Bonds debt service:		
Principal repayment	280,000	280,000
Interest charges	451,388	451,388
Total debt service	<u>\$ 792,122</u>	<u>792,122</u>
Net revenues available for debt service (2017 Wastewater Bonds)		<u>\$ 1,824,862</u>
2017 Wastewater Bonds debt service:		
Principal repayment		\$ 280,000
Interest charges		224,956
Total debt service		<u>\$ 504,956</u>
Coverage ratio	<u>3.3</u>	<u>3.6</u>

Note 9: Non-City Obligations – Special Assessment Debt

Bonds issued to finance public improvement projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements.

a. Undergrounding Districts

During July 2006, the Solana Beach Public Financing Authority issued Assessment District Revenue Bonds totaling \$2,112,000 (less bond issuance costs of \$244,393) to finance the undergrounding of utility lines for the Barbara/Granados Avenue Utility Undergrounding District and the Pacific Avenue/East and West Circle Drive Utility Underground Assessment District. In July 2008, the City of Solana Beach issued \$480,000 (less bond issuance costs of \$87,775) to finance the undergrounding of utility lines on Marsolan Avenue. The outstanding bonds as of June 30, 2020, were \$1,550,000.

b. South Solana Sewer District

In November 2006, the Solana Beach Public Financing Authority issued Limited Obligation Improvement Bonds totaling \$570,000 (less bond issuance costs of \$5,742) to finance the construction of sewer improvements to connect 51 properties of the South Solana Beach Sewer District assessment district to the City's sewer system. The outstanding bonds as of June 30, 2020, were \$390,000.

Note 10: Risk Management

a. General Liability Insurance

Public Risk Innovation, Solutions, and Management (PRISM), formerly known as CSAC - Excess Insurance Authority, is a member-directed risk sharing pool of counties and public entities. With the dissolution of SANDPIPA, the City elected to join the PRISM pool as a new member and procured all lines of insurance coverage for the City. PRISM is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

The City has a Self-Insured (SIR) of \$100,000 per claim and additional coverage above its SIR with PRISM to \$5 million per claim; there is an additional \$45 million of reinsurance above PRISM coverage bringing the total coverage to over \$50 million per claim.

b. Workers' Compensation

Beginning October 1, 2004, the City became fully self-insured with respect to Workers' Compensation. The City has a Self-Insured Retention (SIR) of \$125,000 per claim and additional coverage above its SIR with PRISM to \$5 million per claim; there is an additional \$45 million of reinsurance above PRISM coverage bringing the total coverage to over \$50 million per claim, up to the statutory workers' compensation limits set by the State of California.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 10: Risk Management (Continued)

The workers' compensation and general liability claims payable of \$947,000 reported at June 30, 2020, includes all claims for which information prior to the issuance of the financial statements indicates that it was probable that a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year. Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2017-2018	\$ 1,208,202	\$ (29,570)	\$ (152,632)	\$ 1,026,000
2018-2019	1,026,000	142,144	(174,144)	994,000
2019-2020	994,000	291,083	(338,083)	947,000

The City also maintains insurance coverage in the following specific areas: real and personal property damage, boiler and machinery, special events, cyber liability, and pollution.

Note 11: City Employees Retirement Plan - Pension Plans

a. General Information about the Pension Plans

Plan Descriptions

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 (benefits 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 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 nine rate plans (three miscellaneous and six safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

Below is a summary of the plans' provisions and benefits in effect at June 30, 2020, for which the City has contracted:

Major Benefit Options	Miscellaneous*	Miscellaneous Second Tier	Miscellaneous PEPRA	Safety Fire First Tier*	Safety Fire Second Tier	Safety Fire PEPRA	Safety Lifeguard First Tier*	Safety Lifeguard Second Tier*	PEPRA Other Safety
Hire Date	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013
Benefit Provision	2.5% @ 55	2.0% @ 60	2.0% @ 62	3.0% @ 50	2.0% @ 50	2.7% @ 57	3.0% @ 50	2.0% @ 50	2.7% @ 57
Benefit Formula	no	no	no	no	no	no	no	no	no
Social Security Full/ Modified	full	full	full	full	full	full	full	full	full
Benefit vesting schedule	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67	50	50-55	50-57	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%	3%	2.0% to 2.7%	2% to 2.7%	1.423% to 2.0%	1.423% to 2.0%	2.0% to 2.7%
Required employer contribution rates	11.432%	8.081%	6.985%	21.927%	16.636%	13.034%	21.927%	18.152%	13.034%
Required employee contribution rates	8.000%	7.000%	6.750%	9.000%	9.000%	12.000%	9.000%	9.000%	12.000%

*closed to new member entrants

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as a reduction to the net pension liability was \$1,379,647.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 5,668,839
Safety	<u>9,611,934</u>
Total	<u>\$ 15,280,773</u>

The net pension liability of each of the Plans is measured as of June 30, 2019, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was 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 each Plan measured as of June 30, 2018 and 2019, respectively, was as follows:

Proportions as a percentage of the CalPERS Miscellaneous risk pool:

	<u>Miscellaneous</u>
Proportion - June 30, 2018	0.05550%
Proportion - June 30, 2019	<u>0.05532%</u>
Change - Increase (Decrease)	-0.32432%

Proportions as a percentage of the CalPERS Safety risk pool:

	<u>Safety</u>
Proportion - June 30, 2018	0.09361%
Proportion - June 30, 2019	<u>0.09380%</u>
Change - Increase (Decrease)	0.20297%

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

For the year ended June 30, 2020, the City recognized pension expense as follows:

<u>Miscellaneous</u>	<u>Safety</u>	<u>Total Plans</u>
\$ 1,150,374	\$ 1,783,256	\$ 2,933,630

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous Plan		
Pension contributions subsequent to measurement date	\$ 636,152	\$ -
Adjustment due to differences in proportions	92,151	-
Difference between expected and actual experience	393,725	3,340
Difference between actual contributions and the proportionate share of contributions	-	204,168
Changes in assumptions	270,316	95,825
Net difference between projected and actual earnings on plan investments	-	99,109
Total Miscellaneous Plan	<u>1,392,344</u>	<u>402,442</u>
Safety Plan		
Pension contributions subsequent to measurement date	988,753	-
Adjustment due to differences in proportions	215,229	2,086
Difference between expected and actual experience	600,407	-
Difference between actual contributions and the proportionate share of contributions	-	317,057
Changes in assumptions	393,976	76,884
Net difference between projected and actual earnings on plan investments	-	132,228
Total Safety Plan	<u>2,198,365</u>	<u>528,255</u>
Total All Plans	<u>\$ 3,590,709</u>	<u>\$ 930,697</u>

The \$1,624,905 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	<u>Deferred Outflows/(Inflows) of Resources</u>		
	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>	<u>Total</u>
2021	\$ 387,642	\$ 604,152	\$ 991,794
2022	(74,960)	(61,134)	(136,094)
2023	17,459	116,194	133,653
2024	23,609	22,145	45,754
	<u>\$ 353,750</u>	<u>\$ 681,357</u>	<u>\$ 1,035,107</u>

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

c. Actuarial Methods and Assumptions

Actuarial Assumptions

For the measurement period ended June 30, 2019 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ⁽¹⁾	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

⁽¹⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2017 experience study report on the CalPERS' website.

Discount Rate

The discount rate used to measure the total pension liability 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.

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 of 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 11: City Employees Retirement Plan - Pension Plans (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
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%

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation of 2.92% used for this period.

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

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

Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Miscellaneous	\$ 8,686,935	\$ 5,668,839	\$ 3,177,613
Safety	14,267,323	9,611,934	5,795,244
Total	\$ 22,954,258	\$ 15,280,773	\$ 8,972,857

d. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Note 12: Other Post-Employment Benefits**a. Plan Description**

The City of Solana Beach Retiree Healthcare Plan ("Plan") is a single employer defined benefit healthcare plan administered by the City. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its non-represented employees and the unions representing City employees. The Retiree Healthcare Plan does not issue a financial report.

The City provides the PEMHCA minimum benefit (\$136 per month for 2020) but no less than \$325 per month for employees retired before January 1, 2007 and \$290 per month for employees hired before January 1, 2007.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)**b. Plan Membership**

At June 30, 2020, the measurement date, the following numbers of participants were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	47
Inactive plan members entitled to but not yet receiving benefit payments	11
Active plan members	65
	<u>123</u>

c. Contributions

The contribution requirements of the Plan participants and the City are established by and may be amended by the City pursuant to agreements with its non-represented employees and the unions representing City Employees. The City pays cash and implied subsidy benefit payments and PEMHCA administrative fees directly from City assets. Contributions made to the trust are on an ad-hoc basis. On average over the past 5 years, 0.98 percent of payroll was contributed to the trust each year.

The City contributed \$446,751 during the 2020 fiscal year which consisted of \$167,751 of pay-as-you-go benefit payments, \$198,000 in contributions to the trust, and \$81,000 in implied subsidy benefits. Retired plan members and their beneficiaries pay the annual premium cost not paid by the employer.

d. Net OPEB Liability of the City

	Fiscal Year Ending	
	June 30, 2020	June 30, 2019
Total OPEB Liability (TOL)	\$ 3,532,448	\$ 3,836,527
Fiduciary Net Position (FNP)	848,608	633,535
Net OPEB Liability (NOL)	<u>\$ 2,683,840</u>	<u>\$ 3,202,992</u>
Funded Status (FNP/TOL)	24.0%	16.5%

The City's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)

e. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumption	June 30, 2020 Measurement Date
Actuarial Valuation Date	June 30, 2019
Contribution Policy	City contributes at least the full ADC
Discount Rate and Long-Term Expected Rate of Return on Assets	- 6.00% at June 30, 2020 - 6.00% at June 30, 2019 - Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% annually
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Salary Increases	- Aggregate - 3% annually - Merit - CalPERS 1997-2015 Experience Study
Medical Trend	- Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 - Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
PEMHCA Minimum Increases	4.25% annually
Cap Increases	0%
Healthcare Participation for Future Retirees	- Actives & surviving spouses: - Hired < 1/1/07: Covered - 90%; Waived - 70% - Hired > 1/1/07: Covered - 60%; Waived - 50% - Retirees & surviving spouses: Covered - 100% Waived < 65 - 20% at 65; Waived > 65 - 0%
Changes of assumptions	- Demographic assumptions were updated to CalPERS 1997-2015 Experience Study - Mortality improvement scale was updated to Scale MP-2019 - Active & surviving spouse participation at retirement
Change of benefit terms	None

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)

f. Changes in the OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2019	\$ 3,836,527	\$ 633,535	\$ 3,202,992
Changes for the year			
Service Cost	140,334	-	140,334
Interest	231,171	-	231,171
Assumption changes	(384,986)	-	(384,986)
Actual vs. Expected Experience	(42,558)	-	(42,558)
Contributions - employer	-	446,751	(446,751)
Net investment income	-	20,418	(20,418)
Benefit payments*	(248,040)	(248,040)	-
Administrative Expenses	-	(4,056)	4,056
Net changes	<u>(304,079)</u>	<u>215,073</u>	<u>(519,152)</u>
Balance at June 30, 2020	<u>\$ 3,532,448</u>	<u>\$ 848,608</u>	<u>\$ 2,683,840</u>

*Benefit payments include an implied subsidy of \$81,000 for the measurement date June 30, 2020

g. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability	\$ 3,098,505	\$ 2,683,840	\$ 2,342,644

h. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability	\$ 2,424,835	\$ 2,683,840	\$ 3,054,898

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 12: Other Post-Employment Benefits (Continued)

i. OPEB Plan Fiduciary Net Position

The plan fiduciary net position is reported in the OPEB Trust Fund included in the City's Statement of Fiduciary Net Position.

j. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the City recognized OPEB expense of \$54,613. As of fiscal year ended June 30, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 36,478
Changes in assumptions	-	1,239,361
Net difference between projected and actual earnings on plan investments	14,763	-
Total	<u>\$ 14,763</u>	<u>\$ 1,275,839</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (278,528)
2022	(278,530)
2023	(277,437)
2024	(249,858)
2025	(115,647)
Thereafter	(61,076)

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 13: Investment in Joint Venture

On June 17, 1987, the Cardiff Sanitation District and the City of Solana Beach established the San Elijo Joint Powers Authority (SEJPA), a separate legal entity, whose function is to manage, operate, maintain and expand a plant for the treatment and disposal of sewage or wastewater and to determine the joint and separate obligations of the members concerning the transmission, treatment, disposal and reclamation of sewage and wastewater within the respective service territories. The SEJPA's governing board consists of two members from each entity. The City of Solana Beach's investment in the SEJPA has been recorded using the equity method of accounting and is shown as an investment in joint venture in the City's financial statements. Summarized audited information of the SEJPA for the fiscal year ended June 30, 2020, is as follows:

Operating revenues	\$ 8,615,174
Operating expenses	(9,608,197)
Net non-operating income	842,619
Capital contributions	<u>1,172,279</u>
Change in net position	<u>\$ 1,021,875</u>
Total assets and deferred outflows of resources	\$ 104,717,703
Total liabilities and deferred inflows of resources	<u>(34,830,283)</u>
Net position- total fund equity	<u>\$ 69,887,420</u>

Prior to the formation of the San Elijo Joint Powers Authority, the Cardiff Sanitation District and the City of Solana Beach operated the San Elijo water pollution control facility under an agreement whereby operating costs were shared based on usage and capital expansions were funded 56% by Cardiff and 44% by Solana Beach. Upon formation of the SEJPA in June 1987 the members continued funding SEJPA activities in this manner until May 1989, when the equity interests in the joint venture were revised to 50% Cardiff and 50% Solana Beach. To effect the change in equity interests, the City of Solana Beach agreed to pay Cardiff Sanitation District \$750,680, which included a premium on the value of the equity interest in the amount of \$437,782. This premium is being amortized over the estimated useful life of the facility of forty years.

A summary of the changes in the City's investment in the San Elijo Joint Powers Authority for the year ended June 30, 2020, is as follows:

Investment at June 30, 2019	\$ 34,540,199
Capital contribution	486,139
Current year share in the joint venture net income	510,938
Net position resatement	181
Amortization of JPA	<u>(587,902)</u>
Investment at June 30, 2020	<u>\$ 34,949,555</u>

At June 30, 2020, the SEJPA had \$294,886 in 2012 Refunding Revenue Bonds outstanding. The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 14: Commitments and Contingencies

a. Litigation

The City is a defendant in certain legal actions arising in the normal course of operations. The accompanying basic financial statements reflect a liability for the probable amounts of loss associated with these claims.

b. Construction Commitments

Construction Commitments

The following material construction commitments existed at June 30, 2020:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures as of June 30, 2020</u>	<u>Remaining Commitments</u>
Pump Station	\$ 570,000	\$ 384,509	\$ 185,491
LSF Corridor	684,500	339,579	344,921
MS Center	138,000	63,636	74,364
	<u>\$ 1,392,500</u>	<u>\$ 787,724</u>	<u>\$ 604,776</u>

c. Sales Tax – TransNet Debt Commitment

On November 10, 2010, Solana Beach executed an agreement with The San Diego Association of Governments (SANDAG) relating to the 2010 Series A Bonds Build American Bonds (BABs) for the completion of several projects including the Highway 101 streetscape and traffic calming project and other eligible projects. In the agreement, SANDAG withholds one-sixth of the interest due each month when Sales Tax is sent from the Board of Equalization (BOE) in an effort to have the full amount with the Trustee by the 1st of April and 1st of October.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 15: Classification of Fund Balances

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

Fund Name	General	TransNet	City CIP	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$ 52,665	\$ -	\$ -	\$ -	\$ 52,665
Total Nonspendable	52,665	-	-	-	52,665
Restricted:					
Transnet	-	90,332	-	-	90,332
Pensions	2,422,056	-	-	-	2,422,056
Gas tax	-	-	-	197,835	197,835
Municipal Improvement Districts	-	-	-	1,209,769	1,209,769
Assessment Districts	-	-	-	104,077	104,077
Lighting District	-	-	-	2,797,445	2,797,445
COPS	-	-	-	250,945	250,945
Public Safety	-	-	-	278,751	278,751
Coastal area business/ Visitor assistance & Enhancement	-	-	-	784,151	784,151
Sand Replenishment	-	-	-	880,094	880,094
Boating and Waterways	-	-	-	62,229	62,229
Miscellaneous grants	-	-	-	6,240	6,240
Housing	-	-	-	637,265	637,265
SB1 streets & roads	-	-	-	165,724	165,724
Capital projects	-	-	2,752,887	-	2,752,887
Debt Service	-	-	-	24,781	24,781
Total Restricted	2,422,056	90,332	2,752,887	7,399,306	12,664,581
Committed:					
Public Facilities	539,047	-	-	-	539,047
Public Art	26,858	-	-	-	26,858
OPEB	197,870	-	-	-	197,870
Pensions	282,748	-	-	-	282,748
In-Lieu Housing	100,786	-	-	-	100,786
Parks & Recreation	32,198	-	-	-	32,198
Total Committed	1,179,507	-	-	-	1,179,507
Assigned:					
Park Fee	38,703	-	-	-	38,703
Community Television	90,564	-	-	-	90,564
Street Sweeping	129,637	-	-	-	129,637
Housing	1,499,500	-	-	-	1,499,500
Self-Insurance	923,644	-	-	-	923,644
Worker's Comp	539,911	-	-	-	539,911
Asset Replacement	2,392,250	-	-	-	2,392,250
Facilities Replacement	735,493	-	-	-	735,493
Total Assigned	6,349,702	-	-	-	6,349,702
Unassigned	5,450,148	-	-	(58,138)	5,392,010
Total Fund Balances	\$ 15,454,078	\$ 90,332	\$ 2,752,887	\$ 7,341,168	\$ 25,638,465

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 15: Classification of Fund Balances (Continued)

	General Fund	Self Insurance	Worker's Compensation	Asset Replacement	Facilities Replacement	Real Property Acquisition	PARS - OPEB	PARS - Pension	Total Classification
Non-Spendable									
Prepays	\$ 52,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,665
Total Non-Spendable	52,665	-	-	-	-	-	-	-	52,665
Restricted									
Pensions	-	-	-	-	-	-	-	2,422,056	2,422,056
Total Restricted	-	-	-	-	-	-	-	2,422,056	2,422,056
Committed									
Public Facilities	539,047	-	-	-	-	-	-	-	539,047
Public Art	26,858	-	-	-	-	-	-	-	26,858
OPEB	-	-	-	-	-	-	197,870	-	197,870
Pensions	-	-	-	-	-	-	-	282,748	282,748
In-Lieu Housing	100,786	-	-	-	-	-	-	-	100,786
Parks & Recreation	32,198	-	-	-	-	-	-	-	32,198
Total Committed	698,889	-	-	-	-	-	197,870	282,748	1,179,507
Assigned									
Park Fee	38,703	-	-	-	-	-	-	-	38,703
Community Television	90,564	-	-	-	-	-	-	-	90,564
Street Sweeping	129,637	-	-	-	-	-	-	-	129,637
Housing	1,499,500	-	-	-	-	-	-	-	1,499,500
Self-Insurance	-	923,644	-	-	-	-	-	-	923,644
Worker's Comp	-	-	539,911	-	-	-	-	-	539,911
Asset Replacement	-	-	-	2,392,250	-	-	-	-	2,392,250
Facilities Replacement	-	-	-	-	735,493	-	-	-	735,493
Total Assigned	1,758,404	923,644	539,911	2,392,250	735,493	-	-	-	6,349,702
Unassigned									
	7,956,885	-	-	-	-	(2,506,737)	-	-	5,450,148
Total Fund Balances	\$ 10,466,843	\$ 923,644	\$ 539,911	\$ 2,392,250	\$ 735,493	\$ (2,506,737)	\$ 197,870	\$ 2,704,804	\$ 15,454,078

The General Fund for financial reporting purposes consists of the General Fund and the following funds that act as internal funds: Self Insurance Liability, Worker's Compensation, Asset Replacement, Facilities Replacement, OPEB/Pensions, and Real Property Acquisition.

The fund balances for the internal service funds are classified as Assigned with the exception of the OPEB/Pension funds where the fund balance is either Restricted because the fund balance is invested in a Section 115 Trust or Committed because the City Council has limited the use of the funds to either OPEB or Pension purposes and the Real Property Acquisition fund. This fund has a deficit fund balance of \$2,506,737 and because the fund balance amount is a deficit, GASB 54 requires this amount to be classified as Unassigned instead of Assigned.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency

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

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

a. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$	98,862
Cash and investments with fiscal agent		<u>13</u>
	<u>\$</u>	<u>98,875</u>

b. Long-Term Debt

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012, as a result of the dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2020, follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Fiduciary Funds:					
2017 Tax Allocation					
Refunding Bonds	<u>\$ 2,527,700</u>	<u>\$ -</u>	<u>\$ 116,900</u>	<u>\$ 2,410,800</u>	<u>\$ 120,900</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020

Note 16: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

2017 Tax Allocation Refunding Bonds

On November 10, 2017, the Agency issued the 2017 Tax Allocation Bonds to be used for the purpose of providing funds to the Successor Agency to refund, on a current basis, the Solana Beach Redevelopment Agency, Solana Beach Redevelopment Project, Tax Allocation Bonds, Series and pay the costs of issuing the Bonds. These bonds have an 18-year maturity with the final maturity paid on December 1, 2035 and interest rate of 3.360% Interest on the bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2035.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 120,900	\$ 80,005	\$ 200,905
2022	124,900	75,909	200,809
2023	129,100	71,677	200,777
2024	133,500	67,302	200,802
2025	138,200	62,778	200,978
2026 - 2030	763,800	240,458	1,004,258
2031 - 2035	902,400	101,984	1,004,384
2036 - 2040	98,000	146	98,146
Total	<u>\$ 2,410,800</u>	<u>\$ 700,259</u>	<u>\$ 3,111,059</u>

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low- and Moderate-Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low- and Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$3,111,059 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City for the payment of indebtedness incurred by the dissolved redevelopment agency was \$100,899 and the debt service obligation on the bonds was \$200,865.

c. Insurance

The Successor Agency is covered under the City of Solana Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 6.

Note 17: CARES Act Funding

On March 27, 2020, in response to the economic fallout of the Coronavirus pandemic in the United States, Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, which provided \$2.2 trillion in economic stimulus funding through a variety of channels. The State of California received a \$500 million allocation to provide cities which did not receive a direct federal allocation through the CARES Act. The City entered into an agreement with the State of California in July 2020 to receive their allocation of the CARES Act funding. The total amount of CARES Act funding to be received by the City is \$341,724. This funding was for the reimbursement of costs incurred by the City since the start of the pandemic.

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REQUIRED SUPPLEMENTARY INFORMATION

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Note 1: Budgetary Information

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. From the effective date of the budget adoption, the amounts budgeted become the "annual appropriated budget." Annual appropriated budget is adopted for the General Fund, special revenue funds, capital projects funds and debt service funds.

The City Council may amend the budget by motion during the fiscal year. The appropriations constitute the budget for the 2019-2020 fiscal year and the City Manager is authorized to transfer monies between accounts within a department, provided that the total budget for the department is not exceeded. Transfer of monies from one department of the City to another, or from one fund to another, shall be approved by the City Council. However, any revisions that alter total expenditures of any fund must be approved by the City Council.

Expenditures may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year. Selected appropriations are carried over. Project-length financial plans are adopted for the City capital projects. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)**

	2020			Variance with Final Budget Positive (Negative)	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 13,833,279	\$ 13,833,279	\$ 13,833,279	\$ -	\$ 15,574,516
Resources (Inflows):					
Taxes:					
Property	8,257,200	8,257,200	8,300,130	42,930	7,952,416
Transient occupancy	1,420,000	1,099,000	1,120,664	21,664	1,553,081
Sales	3,259,200	2,930,200	3,291,805	361,605	3,502,561
Franchise and other	1,973,900	2,074,700	1,933,499	(141,201)	2,007,491
Licenses and permits	418,000	290,100	337,922	47,822	440,510
Intergovernmental	1,997,500	2,013,500	2,033,269	19,769	1,952,837
Charges for services	748,800	958,100	1,110,059	151,959	953,305
Use of money and property	251,000	301,000	725,551	424,551	822,401
Fines and forfeitures	468,000	468,000	359,703	(108,297)	502,249
Miscellaneous	2,891,700	3,105,950	3,525,458		884,094
Amounts Available for Appropriations	35,518,579	35,331,029	36,571,339	1,240,310	36,145,461
Charges to Appropriations (Outflows):					
General Government:					
City Council	322,300	337,300	328,172	9,128	311,582
City Clerk	504,000	488,100	446,243	41,857	561,303
Legal Services	528,400	376,400	348,069	28,331	460,813
City Manager	410,900	415,500	374,001	41,499	283,236
Finance	1,251,600	1,247,500	1,445,974	(198,474)	763,261
Personnel	326,900	256,600	219,862	36,738	202,784
Information Systems	473,500	437,500	393,313	44,187	295,796
Support Services	1,477,800	1,279,505	1,142,745	136,760	1,261,071
Total General Government	5,295,400	4,838,405	4,698,379	140,026	4,139,846
Public Safety:					
Marine safety	910,100	917,100	941,300	(24,200)	710,252
Law enforcement	4,324,400	4,328,400	4,322,787	5,613	4,087,358
Code & parking enforcement	255,900	255,900	207,168	48,732	213,324
Fire department	5,124,500	5,243,300	5,082,555	160,745	4,294,375
Animal regulation	88,600	88,600	85,142	3,458	84,922
Civil defense	32,800	230,800	225,936	4,864	26,663
Environmental services	1,100	1,100	1,000	100	1,000
Total Public Safety	10,737,400	11,065,200	10,865,888	199,312	9,417,894
Public Works:					
Street and other	1,728,700	1,695,900	1,551,966	143,934	1,397,694
Engineering	422,800	419,700	398,926	20,774	346,016
Public Facilities	450,500	483,400	453,465	29,935	277,263
Total Public Works	2,602,000	2,599,000	2,404,357	194,643	2,020,973
Community Development:					
Planning	846,900	836,900	798,376	38,524	711,621
Building services	355,500	527,600	593,848	(66,248)	385,896
Total Community Development	1,202,400	1,364,500	1,392,224	(27,724)	1,097,517
Community Services:					
Community services	92,600	92,800	75,763	17,037	73,091
Recreation programs	615,100	616,000	660,122	(44,122)	151,496
Total Community Services	707,700	708,800	735,885	(27,085)	224,587
Capital Outlay	354,300	1,121,383	291,013	830,370	2,900,137
Total Charges to Appropriations	20,899,200	21,697,288	20,387,746	1,309,542	19,800,954
Other Financing Uses:					
Transfers out	(383,100)	(723,890)	(729,515)	(5,625)	(2,511,228)
Total Financing Uses	(383,100)	(723,890)	(729,515)	(5,625)	(2,511,228)
Budgetary Fund Balance, June 30	\$ 14,236,279	\$ 12,909,851	\$ 15,454,078	\$ 2,544,227	\$ 13,833,279

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 TRANSNET FUND
 FOR THE YEAR ENDED JUNE 30, 2020
 (With comparative totals for the year ended June 30, 2019)

	2020			Variance with Final Budget Positive (Negative)	2019
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 23,194	\$ 23,194	\$ 23,194	\$ -	\$ -
Resources (Inflows):					
Service fees	-	-	7,246	7,246	46,381
Intergovernmental	150,000	150,000	601,705	451,705	544,505
Use of money and property	-	-	6,142	6,142	-
Amounts Available for Appropriations	173,194	173,194	638,287	465,093	590,886
Charges to Appropriations (Outflows):					
Public works	75,000	75,000	461	74,539	-
Capital outlay	75,000	209,570	222,389	(12,819)	205,581
Debt service:					
Interest and fiscal charges	-	-	325,105	(325,105)	325,105
Total Charges to Appropriations	150,000	284,570	547,955	(263,385)	530,686
Budgetary Fund Balance (Deficit), June 30	\$ 23,194	\$ (111,376)	\$ 90,332	\$ 201,708	\$ 60,200

The notes to required supplementary information are an integral part of this schedule.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS AND SAFETY PENSION PLANS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

Measurement Date	<u>2020</u> 6/30/2019	<u>2019</u> 6/30/2018	<u>2018</u> 6/30/2017	<u>2017</u> 6/30/2016	<u>2016</u> 6/30/2015	<u>2015</u> 6/30/2014
<u>Miscellaneous Plan:</u>						
Proportion of the Net Pension Liability	0.05532%	0.05550%	0.05313%	0.05241%	0.05706%	0.04245%
Proportionate Share of the Net Pension Liability	\$ 5,668,839	\$ 5,177,151	\$ 5,268,836	\$ 4,534,940	\$ 3,550,604	\$ 2,651,591
Covered Payroll	\$ 3,312,829	\$ 3,058,602	\$ 2,879,582	\$ 2,593,354	\$ 2,409,776	\$ 2,517,165
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	171.12%	169.27%	182.97%	174.87%	147.34%	105.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	72.59%	75.87%	79.82%	78.40%
<u>Safety Plan:</u>						
Proportion of the Net Pension Liability	0.09380%	0.09361%	0.08816%	0.08774%	0.09490%	0.07208%
Proportionate Share of the Net Pension Liability	\$ 9,611,934	\$ 8,884,523	\$ 8,742,997	\$ 7,592,101	\$ 5,905,301	\$ 4,940,589
Covered Payroll	\$ 2,270,208	\$ 2,270,208	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991	\$ 1,925,616
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	423.39%	391.35%	413.34%	358.78%	295.56%	256.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	72.59%	75.87%	79.82%	78.40%

Notes to Schedule of Proportionate Share of the Net Pension Liability:

Benefit Changes: There were no changes in benefit terms.

Changes of Assumptions: None

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only six years are shown.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
MISCELLANEOUS AND SAFETY PENSION PLANS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	2020	2019	2018	2017	2016	2015
Miscellaneous Plan:						
Actuarially Determined Contribution	\$ 636,152	\$ 541,582	\$ 460,816	\$ 417,318	\$ 385,634	\$ 330,415
Contribution in Relation to the Actuarially Determined Contribution	(636,152)	(541,582)	(460,816)	(417,318)	(385,634)	(330,415)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 3,312,829	\$ 3,058,602	\$ 2,879,582	\$ 2,721,499	\$ 2,593,359	\$ 2,409,776
Contributions as a Percentage of Covered Payroll	19.20%	17.71%	16.00%	15.33%	14.87%	13.71%
Safety Plan:						
Actuarially Determined Contribution	\$ 988,753	\$ 838,065	\$ 717,659	\$ 673,212	\$ 619,022	\$ 519,933
Contribution in Relation to the Actuarially Determined Contribution	(988,753)	(838,065)	(717,659)	(673,212)	(619,022)	(519,933)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,389,544	\$ 2,270,208	\$ 2,249,144	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991
Contributions as a Percentage of Covered Payroll	41.38%	36.92%	31.91%	31.83%	29.25%	26.02%

Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were derived from the June 30, 2017 funding valuation report.

Actuarial Cost Method:	Entry Age Normal Cost Method
Amortization Method/Period:	Level Percent of Pay, Direct Rate Smoothing, not more than 30 years
Asset Valuation Method:	Market Value of Assets
Inflation:	2.625%
Salary Increases:	Varies by Entry Age and Service
Investment Rate of Return:	7.25% (Net of Administrative Expense)
Mortality:	Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates includes 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

⁽¹⁾ Historical information is required only for measurement for which GASB 68 is applicable. Fiscal year 2015 was the first year of implementation; therefore only six years are shown.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	2020	2019	2018	2017
Total OPEB Liability:				
Service Cost	\$ 140,334	\$ 218,793	\$ 231,577	\$ 225,000
Interest	231,171	187,559	172,035	164,000
Actual vs. expected experience	(42,558)	-	-	-
Assumption changes	(384,986)	(1,145,939)	(242,883)	-
Benefit payments	(248,040)	(230,041)	(219,042)	(148,000)
Net Changes	(304,079)	(969,628)	(58,313)	241,000
Total OPEB Liability (beginning of year)	3,836,527	4,806,155	4,864,468	4,623,000
Total OPEB Liability (end of year) (a)	\$ 3,532,448	\$ 3,836,527	\$ 4,806,155	\$ 4,864,000
Plan Fiduciary Net Position:				
Contributions - employer ⁽²⁾	\$ 446,751	\$ 484,191	\$ 307,582	\$ 233,000
Net investment income	20,418	27,769	23,652	-
Benefit payments	(248,040)	(227,210)	(219,042)	(148,000)
Administrative expenses	(4,056)	(2,496)	(2,062)	-
Net Changes	215,073	282,254	110,130	102,000
Plan Fiduciary Net Position (beginning of year)	633,535	351,281	241,151	139,000
Plan Fiduciary Net Position (end of year) (b)	848,608	633,535	351,281	241,000
Plan Net OPEB Liability - Ending (a) - (b)	\$ 2,683,840	\$ 3,202,992	\$ 4,454,874	\$ 4,623,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.0%	16.5%	7.3%	5.0%
Covered-Employee Payroll	\$ 7,506,736	\$ 7,050,741	\$ 6,666,082	\$ 6,406,137
Plan Net OPEB Liability as a Percentage of Covered-Employee Payroll	35.8%	45.4%	66.8%	72.2%

Notes to Schedule of Changes in Net OPEB Liability and Related Ratios:

Benefit Changes: There were no benefit changes.

Changes of Assumptions: In 2020, demographic assumptions were updated to CalPERS 1997-2015 Experience Study, mortality improvement scale was updated to Scale MP-2019, and active and surviving spouse participation at retirement.

⁽¹⁾ Historical information is required only for years for which GASB 74/75 are applicable. Fiscal Year 2017 was the first year of implementation; therefore, only four years are shown.

⁽²⁾ Contributions include pay-as-you-go benefit payments, contributions to the trust, and an implied subsidy.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 378,000	\$ 484,191	\$ 220,491	\$ 531,000
Contribution in Relation to the Actuarially Determined Contribution	<u>(446,751)</u>	<u>(484,191)</u>	<u>(252,055)</u>	
Contribution Deficiency (Excess)	<u>\$ (68,751)</u>	<u>\$ -</u>	<u>\$ (31,564)</u>	<u>\$ 298,000</u>
Covered-Employee Payroll	\$ 7,506,736	\$ 7,050,741	\$ 6,666,082	\$ 6,406,137
Contributions as a Percentage of Covered-Employee Payroll	6.0%	6.9%	3.8%	3.6%

Notes to Schedule of Plan Contributions:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal, Level % of pay
Amortization Method:	Level % of pay
Amortization Period:	20-year fixed period for 2019/20
Asset Valuation Method:	Market value of assets
Discount Rate:	6.00%
General Inflation:	2.75%
Medical Trend:	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076
Mortality, Retirement, Disability, and Retirement:	CalPERS 1997-2011 experience study
Mortality Improvement:	Mortality projected fully generational with Scale MP-2016

⁽¹⁾ Historical information is required only for years for which GASB 74/75 are applicable. Fiscal Year 2017 was the first year of implementation; therefore, only four years are shown.

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF INVESTMENT RETURNS
OTHER POST-EMPLOYMENT BENEFITS PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS ⁽¹⁾

<u>Fiscal Year Ending June 30</u>	<u>Net Money-Weighted Rate of Return</u>
2020	3.97%
2019	5.94%
2018	5.62%
2017	10.55%

Notes to Schedule of Investment Returns:

⁽¹⁾ GASB Statement No. 74, which requires ten years of history for this schedule, was implemented during Fiscal Year 2016/17. Additional years will be added as they become available in the future.

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

Gas Tax Fund - accounts for revenues received and expenditures made for street related activities. Revenues are received from the State of California for the City's share of gasoline taxes pursuant to California Streets and Highways Code Sections 2105, 2106, 2107 and 2107.5.

Municipal Improvement Districts Fund - accounts for receipts and expenditure related to landscape maintenance within the various improvement districts. Budgets for maintenance cost are determined by property owners who are then assessed on a per parcel basis. The assessments are collected via the County tax roll.

Lighting District Fund - accounts for the revenues received and expenditures made related to street lights on the City's streets. The City determines the yearly budget and property owners are charged their proportionate share based on a per unit basis. The assessments are collected via the County tax roll.

COPS Fund - accounts for federal and state grants received for police services.

Public Safety Fund - accounts for federal and state grants received for public safety.

Fire Mitigation Fund - accounts for fire mitigation fees collected during new structural development based on construction type and size. The fees are restricted to equipment purchases only.

Transportation Development Act - accounts for the revenues and expenditures of the Transportation Development Act.

CDBG Fund - accounts for the revenues and expenditures of the Community Development Block Grant program.

Coastal Area Business/Visitor Assistance and Enhancement Fund - this fund is for expenditures that include local visitor and business promotion such as assistance to the Chamber of Commerce and North County Convention and Visitor's Bureau, special events such as the Fiesta Del Sol, public art, and visitor enhancements to the Highway 101 business corridor or the Cedros Design District.

NON-MAJOR GOVERNMENTAL FUNDS

Boating and Waterways Fund - accounts for grants received from the Department of Boating and Waterways. These funds are being used to fund the US Army Corps of Engineers beach replenishment study.

Miscellaneous Grants Fund - accounts for grant received to fund various ongoing capital projects.

Developer Pass-Thru Fund - accounts for resources reserved to developer deposits.

Housing Fund - accounts for resources reserved to provide for low and moderate income housing.

Camp Programs Fund - accounts for camp programs in the City.

SB1 Streets & Roads - accounts for revenues received and expenditures made for street related activities. Revenues are received from the State of California for the City's share of SB1 taxes pursuant.

Assessment Districts CIP Fund - accounts for capital projects in the assessment districts.

Sand Replenish / Retention and Coastal CIP - is limited to sand replenishment, sand retention, and coastal improvement project. Seewall expenditures are excluded from this CIP fund.

City Debt Service Fund - accounts for debt service in the City.

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Special Revenue Funds		Capital Projects Funds	
	2020	2019	2020	2019
Assets:				
Cash and investments	\$ 6,976,742	\$ 6,033,011	\$ 1,090,034	\$ 998,601
Receivables:				
Accounts	25,571	35,038	-	11,100
Taxes	48,479	59,379	-	-
Interest	20,040	22,282	3,005	3,002
Due from other governments	286,637	191,659	-	-
Inventories	47,545	-	-	-
Total Assets	\$ 7,405,014	\$ 6,341,369	\$ 1,093,039	\$ 1,012,703
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 156,771	\$ 218,313	\$ 23,351	\$ 40,244
Accrued liabilities	6,454	20,339	-	-
Unearned revenues	395,889	321,084	-	-
Deposits payable	-	-	69,226	69,226
Due to other funds	527,149	145,859	-	-
Total Liabilities	1,086,263	705,595	92,577	109,470
Deferred Inflows of Resources:				
Unavailable revenues	-	28,221	-	-
Total Deferred Inflows of Resources	-	28,221	-	-
Fund Balances:				
Restricted	6,376,889	5,720,149	1,000,462	903,233
Unassigned	(58,138)	(112,596)	-	-
Total Fund Balances	6,318,751	5,607,553	1,000,462	903,233
Total Liabilities Deferred Inflows of Resources and Fund Balances	\$ 7,405,014	\$ 6,341,369	\$ 1,093,039	\$ 1,012,703

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2020	2019	2020	2019
Assets:				
Cash and investments	\$ 21,955	\$ 25,094	\$ 8,088,731	\$ 7,056,706
Receivables:				
Accounts	-	-	25,571	46,138
Taxes	-	-	48,479	59,379
Interest	-	-	23,045	25,284
Due from other governments	-	-	286,637	191,659
Inventories	-	-	47,545	-
Total Assets	\$ 21,955	\$ 25,094	\$ 8,520,008	\$ 7,379,166
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 180,122	\$ 258,557
Accrued liabilities	-	-	6,454	20,339
Unearned revenues	-	-	395,889	321,084
Deposits payable	-	-	69,226	69,226
Due to other funds	-	-	527,149	145,859
Total Liabilities	-	-	1,178,840	815,065
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	28,221
Total Deferred Inflows of Resources	-	-	-	28,221
Fund Balances:				
Restricted	-	25,094	7,399,306	6,648,476
Unassigned	-	-	(58,138)	(112,596)
Total Fund Balances	21,955	25,094	7,341,168	6,535,880
Total Liabilities Deferred Inflows of Resources and Fund Balances	\$ 21,955	\$ 25,094	\$ 8,520,008	\$ 7,379,166

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

Special Revenue Funds

	Gas Tax	Municipal Improvement Districts	Lighting District
Assets:			
Cash and investments	\$ 197,216	\$ 1,195,079	\$ 2,809,552
Receivables:			
Accounts	-	-	-
Taxes	-	5,738	5,890
Interest	632	3,832	10,035
Due from other governments	-	-	-
Inventories	-	-	-
Total Assets	\$ 197,848	\$ 1,204,649	\$ 2,825,477
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ 14	\$ 50,305	\$ 21,476
Accrued liabilities	-	583	2,838
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	14	50,888	24,314
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted	197,834	1,153,761	2,801,163
Unassigned	-	-	-
Total Fund Balances (Deficits)	197,834	1,153,761	2,801,163
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 197,848	\$ 1,204,649	\$ 2,825,477

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	COPS	Public Safety	Fire Mitigation	Transportation Development Act
Assets:				
Cash and investments	\$ 251,070	\$ 133,230	\$ -	\$ -
Receivables:				
Accounts	-	14,930	-	-
Taxes	-	-	-	-
Interest	893	-	-	-
Due from other governments	24,000	152,593	-	107,216
Inventories	-	-	-	-
Total Assets	\$ 275,963	\$ 300,753	\$ -	\$ 107,216
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ 25,020	\$ 19,491	\$ -	\$ 4,590
Accrued liabilities	-	2,511	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	7,438	137,322
Total Liabilities	25,020	22,002	7,438	141,912
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits):				
Restricted	-	278,751	-	-
Unassigned	-	-	(7,438)	(34,696)
Total Fund Balances (Deficits)	250,943	278,751	(7,438)	(34,696)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 275,963	\$ 300,753	\$ -	\$ 107,216

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Special Revenue Funds		
	CDBG	Coastal Area Business / Visitor Assistance & Enhancement	Boating & Waterways
Assets:			
Cash and investments	\$ -	\$ 794,774	\$ 62,229
Receivables:			
Accounts	-	-	-
Taxes	-	-	-
Interest	-	2,790	-
Due from other governments	2,828	-	-
Inventories	-	-	-
Total Assets	\$ 2,828	\$ 797,564	\$ 62,229
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ 7,562	\$ -
Accrued liabilities	-	-	-
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other funds	18,745	-	-
Total Liabilities	18,745	7,562	-
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted	-	790,002	62,229
Unassigned	(15,917)	-	-
Total Fund Balances (Deficits)	(15,917)	790,002	62,229
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,828	\$ 797,564	\$ 62,229

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020
(With comparative totals for June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	Miscellaneous Grants	Developer Pass- Thru	Housing	Camp Programs
Assets:				
Cash and investments	\$ 6,240	\$ 402,171	\$ 636,556	\$ 340,790
Receivables:				
Accounts	-	-	-	10,641
Taxes	-	-	-	-
Interest	-	-	1,333	-
Due from other governments	-	-	-	-
Inventories	-	-	-	47,545
Total Assets	\$ 6,240	\$ 402,171	\$ 637,889	\$ 398,976
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)				
Liabilities:				
Accounts payable	\$ -	\$ 6,369	\$ 624	\$ 21,309
Accrued liabilities	-	-	-	522
Unearned revenues	-	395,889	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	363,644
Total Liabilities	-	402,258	624	385,475
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits):				
Restricted	6,240	-	637,265	13,501
Unassigned	-	(87)	-	-
Total Fund Balances (Deficits)	6,240	(87)	637,265	13,501
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,240	\$ 402,171	\$ 637,889	\$ 398,976

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Special Revenue Funds	Capital Projects Funds	
	SB1 Streets & Roads	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP
Assets:			
Cash and investments	\$ 147,835	\$ 206,239	\$ 883,795
Receivables:			
Accounts	-	-	-
Taxes	36,851	-	-
Interest	525	-	3,005
Due from other governments	-	-	-
Inventories	-	-	-
Total Assets	\$ 185,211	\$ 206,239	\$ 886,800
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ 11	\$ 16,644	\$ 6,707
Accrued liabilities	-	-	-
Unearned revenues	-	-	-
Deposits payable	-	69,226	-
Due to other funds	-	-	-
Total Liabilities	11	85,870	6,707
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balances (Deficits):			
Restricted	185,200	120,369	880,093
Unassigned	-	-	-
Total Fund Balances (Deficits)	185,200	120,369	880,093
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 185,211	\$ 206,239	\$ 886,800

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Debt Service Funds	Total Nonmajor Governmental Funds	
	City Debt Service	2020	2019
Assets:			
Cash and investments	\$ 21,955	\$ 8,088,731	\$ 7,056,706
Receivables:			
Accounts	-	25,571	46,138
Taxes	-	48,479	59,379
Interest	-	23,045	25,284
Due from other governments	-	286,637	191,659
Inventories	-	47,545	-
Total Assets	\$ 21,955	\$ 8,520,008	\$ 7,379,166
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)			
Liabilities:			
Accounts payable	\$ -	\$ 180,122	\$ 258,557
Accrued liabilities	-	6,454	20,339
Unearned revenues	-	395,889	321,084
Deposits payable	-	69,226	69,226
Due to other funds	-	527,149	145,859
Total Liabilities	-	1,178,840	815,065
Deferred Inflows of Resources:			
Unavailable revenues	-	-	28,221
Total Deferred Inflows of Resources	-	-	28,221
Fund Balances (Deficits):			
Restricted	21,955	7,399,306	6,648,476
Unassigned	-	(58,138)	(112,596)
Total Fund Balances (Deficits)	21,955	7,341,168	6,535,880
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,955	\$ 8,520,008	\$ 7,379,166

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Special Revenue Funds		Capital Projects Funds	
	2020	2019	2020	2019
Revenues:				
Taxes and assessments	\$ 1,972,220	\$ 1,949,049	\$ 224,155	\$ 310,616
Intergovernmental	649,949	631,476	-	-
Charges for services	115,549	883,694	-	-
Use of money and property	239,111	189,399	34,835	25,904
Other revenues	16,495	28,544	-	11,334
Total Revenues	2,993,324	3,682,162	258,990	347,854
Expenditures:				
Current:				
General government	-	5,832	-	44,030
Public safety	596,013	689,986	98,107	94,030
Public works	953,601	950,832	-	30
Community development	107,181	420,778	-	-
Community services	68,025	68,647	-	-
Capital outlay	833,321	989,259	63,654	86,144
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,558,141	3,125,334	161,761	224,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	435,183	556,828	97,229	123,620
Other Financing Sources (Uses):				
Transfers in	346,415	168,970	-	-
Transfers out	(70,400)	(125,142)	-	-
Total Other Financing Sources (Uses)	276,015	43,828	-	-
Net Change in Fund Balance	711,198	600,656	97,229	123,620
Fund Balance at the Beginning of the Year	5,607,553	5,006,897	903,233	779,613
Fund Balance at the End of the Year	\$ 6,318,751	\$ 5,607,553	\$ 1,000,462	\$ 903,233

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)**

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2020	2019	2020	2019
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 2,196,375	\$ 2,259,665
Intergovernmental	-	-	649,949	631,476
Charges for services	-	-	115,549	883,694
Use of money and property	-	-	273,946	215,303
Other revenues	-	-	16,495	39,878
Total Revenues	-	-	3,252,314	4,030,016
Expenditures:				
Current:				
General government	-	-	-	49,862
Public safety	-	-	694,120	784,016
Public works	-	-	953,601	950,862
Community development	-	-	107,181	420,778
Community services	-	-	68,025	68,647
Capital outlay	-	-	896,975	1,075,403
Debt service:				
Principal retirement	316,505	303,971	316,505	303,971
Interest and fiscal charges	40,134	49,414	40,134	49,414
Total Expenditures	356,639	353,385	3,076,541	3,702,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,639)	(353,385)	175,773	327,063
Other Financing Sources (Uses):				
Transfers in	353,500	353,500	699,915	522,470
Transfers out	-	-	(70,400)	(125,142)
Total Other Financing Sources (Uses)	353,500	353,500	629,515	397,328
Net Change in Fund Balance	(3,139)	115	805,288	724,391
Fund Balance at the Beginning of the Year	25,094	24,979	6,535,880	5,811,489
Fund Balance at the End of the Year	\$ 21,955	\$ 25,094	\$ 7,341,168	\$ 6,535,880

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Special Revenue Funds</u>		
	<u>Gas Tax</u>	<u>Municipal Improvement Districts</u>	<u>Lighting District</u>
Revenues:			
Taxes and assessments	\$ 309,784	\$ 683,090	\$ 625,950
Intergovernmental	15,664	2,835	3,349
Charges for services	-	-	-
Use of money and property	7,051	47,674	107,447
Other revenues	-	-	-
Total Revenues	332,499	733,599	736,746
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	7,273	599,173	330,955
Community development	-	-	-
Community services	-	-	-
Capital outlay	279,909	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	287,182	599,173	330,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,317	134,426	405,791
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	(70,400)
Total Other Financing Sources (Uses)	-	-	(70,400)
Net Change in Fund Balance	45,317	134,426	335,391
Fund Balance (Deficit) at the Beginning of the Year	152,517	1,019,335	2,465,772
Fund Balance (Deficit) at the End of the Year	\$ 197,834	\$ 1,153,761	\$ 2,801,163

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

(With comparative totals for the year ended June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	COPS	Public Safety	Fire Mitigation	Transportation Development Act
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	80,000	345,162	-	150,616
Charges for services	-	-	15,272	-
Use of money and property	9,112	-	-	-
Other revenues	-	13,003	-	-
Total Revenues	89,112	358,165	15,272	150,616
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	100,236	253,482	5,000	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	144,452	-	157,091
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	100,236	397,934	5,000	157,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,124)	(39,769)	10,272	(6,475)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(11,124)	(39,769)	10,272	(6,475)
Fund Balance (Deficit) at the Beginning of the Year	262,067	318,520	(17,710)	(28,221)
Fund Balance (Deficit) at the End of the Year	\$ 250,943	\$ 278,751	\$ (7,438)	\$ (34,696)

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Special Revenue Funds</u>		
	<u>CDBG</u>	<u>Coastal Area Business / Visitor Assistance & Enhancement</u>	<u>Boating & Waterways</u>
Revenues:			
Taxes and assessments	\$ -	\$ 112,078	\$ -
Intergovernmental	52,323	-	-
Charges for services	-	-	-
Use of money and property	-	32,225	913
Other revenues	-	3,492	-
Total Revenues	52,323	147,795	913
Expenditures:			
Current:			
General government	-	-	-
Public safety	567	-	-
Public works	-	-	-
Community development	-	31,665	-
Community services	-	-	-
Capital outlay	52,100	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	52,667	31,665	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344)	116,130	913
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	(344)	116,130	913
Fund Balance (Deficit) at the Beginning of the Year	(15,573)	673,872	61,316
Fund Balance (Deficit) at the End of the Year	\$ (15,917)	\$ 790,002	\$ 62,229

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2020

(With comparative totals for the year ended June 30, 2019)

(CONTINUED)

	Special Revenue Funds			
	Miscellaneous Grants	Developer Pass- Thru	Housing	Camp Programs
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	77,433	-	22,844
Use of money and property	142	12,150	15,545	-
Other revenues	-	-	-	-
Total Revenues	142	89,583	15,545	22,844
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	236,728
Public works	-	16,200	-	-
Community development	-	73,383	2,133	-
Community services	-	-	-	68,025
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	89,583	2,133	304,753
Excess (Deficiency) of Revenues Over (Under) Expenditures	142	-	13,412	(281,909)
Other Financing Sources (Uses):				
Transfers in	-	-	-	346,415
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	346,415
Net Change in Fund Balance	142	-	13,412	64,506
Fund Balance (Deficit) at the Beginning of the Year	6,098	(87)	623,853	(51,005)
Fund Balance (Deficit) at the End of the Year	\$ 6,240	\$ (87)	\$ 637,265	\$ 13,501

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Special Revenue Funds		
	SB1 Streets & Roads	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP
Revenues:			
Taxes and assessments	\$ 241,318	\$ -	\$ 224,155
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	6,852	-	34,835
Other revenues	-	-	-
Total Revenues	248,170	-	258,990
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	98,107
Public works	-	-	-
Community development	-	-	-
Community services	-	-	-
Capital outlay	199,769	-	63,654
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	199,769	-	161,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,401	-	97,229
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	48,401	-	97,229
Fund Balance (Deficit) at the Beginning of the Year	136,799	120,369	782,864
Fund Balance (Deficit) at the End of the Year	\$ 185,200	\$ 120,369	\$ 880,093

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>	
	<u>City Debt Service</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Taxes and assessments	\$ -	\$ 2,196,375	\$ 2,259,665
Intergovernmental	-	649,949	631,476
Charges for services	-	115,549	883,694
Use of money and property	-	273,946	215,303
Other revenues	-	16,495	39,878
Total Revenues	-	3,252,314	4,030,016
Expenditures:			
Current:			
General government	-	-	49,862
Public safety	-	694,120	784,016
Public works	-	953,601	950,862
Community development	-	107,181	420,778
Community services	-	68,025	68,647
Capital outlay	-	896,975	1,075,403
Debt service:			
Principal retirement	316,505	316,505	303,971
Interest and fiscal charges	40,134	40,134	49,414
Total Expenditures	356,639	3,076,541	3,702,953
Excess (Deficiency) of Revenues Over (Under) Expenditures	(356,639)	175,773	327,063
Other Financing Sources (Uses):			
Transfers in	353,500	699,915	522,470
Transfers out	-	(70,400)	(125,142)
Total Other Financing Sources (Uses)	353,500	629,515	397,328
Net Change in Fund Balance	(3,139)	805,288	724,391
Fund Balance (Deficit) at the Beginning of the Year	25,094	6,535,880	5,811,489
Fund Balance (Deficit) at the End of the Year	\$ 21,955	\$ 7,341,168	\$ 6,535,880

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 152,517	\$ 152,517	\$ 152,517	\$ -
Resources (Inflows):				
Taxes	357,200	357,200	309,784	(47,416)
Intergovernmental	15,700	15,700	15,664	(36)
Use of money and property	2,000	2,000	7,051	5,051
Amounts Available for Appropriations	527,417	527,417	485,016	(42,401)
Charges to Appropriations (Outflows):				
Public works	2,600	8,600	7,273	1,327
Capital outlay	245,000	431,656	279,909	151,747
Total Charges to Appropriations	247,600	440,256	287,182	153,074
Budgetary Fund Balance, June 30		\$ 87,161	\$ 197,834	\$ 110,673

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,019,335	\$ 1,019,335	\$ 1,019,335	\$ -
Resources (Inflows):				
Taxes	652,700	652,700	683,090	30,390
Intergovernmental	2,500	2,500	2,835	335
Use of money and property	800	800	47,674	46,874
Amounts Available for Appropriations	1,675,335	1,675,335	1,752,934	77,599
Charges to Appropriations (Outflows):				
Public works	636,400	642,479	599,173	43,306
Total Charges to Appropriations	636,400	642,479	599,173	43,306
Budgetary Fund Balance, June 30	\$ 1,038,935	\$ 1,032,856	\$ 1,153,761	\$ 120,905

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 LIGHTING DISTRICT FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,465,772	\$ 2,465,772	\$ 2,465,772	\$ -
Resources (Inflows):				
Taxes	587,900	587,900	625,950	38,050
Intergovernmental	3,200	3,200	3,349	149
Use of money and property	30,000	30,000	107,447	77,447
Amounts Available for Appropriations	3,086,872	3,086,872	3,202,518	115,646
Charges to Appropriations (Outflows):				
Public works	350,100	352,438	330,955	21,483
Transfers out	70,400	70,400	70,400	-
Total Charges to Appropriations		422,838	401,355	21,483
Budgetary Fund Balance, June 30	\$ 2,666,372	\$ 2,664,034	\$ 2,801,163	\$ 137,129

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 COPS FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 262,067	\$ 262,067	\$ 262,067	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	80,000	(20,000)
Use of money and property	400	400	9,112	8,712
Amounts Available for Appropriations	362,467	362,467	351,179	(11,288)
Charges to Appropriations (Outflows):				
Public safety	100,000	100,000	100,236	(236)
Total Charges to Appropriations	100,000	100,000	100,236	(236)
Budgetary Fund Balance, June 30	\$ 262,467	\$ 262,467	\$ 250,943	\$ (11,524)

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC SAFETY FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 318,520	\$ 318,520	\$ 318,520	\$ -
Resources (Inflows):				
Intergovernmental	49,500	179,324	345,162	165,838
Miscellaneous	-	-	13,003	13,003
Amounts Available for Appropriations	368,020	497,844	676,685	178,841
Charges to Appropriations (Outflows):				
Public safety	95,000	209,136	253,482	(44,346)
Capital outlay	-	117,688	144,452	(26,764)
Total Charges to Appropriations		326,824	397,934	(71,110)
Budgetary Fund Balance, June 30	\$ 273,020	\$ 171,020	\$ 278,751	\$ 107,731

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 FIRE MITIGATION FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (17,710)	\$ (17,710)	\$ (17,710)	\$ -
Resources (Inflows):				
Charges for services	5,000	5,000	15,272	10,272
Amounts Available for Appropriations	(12,710)	(12,710)	(2,438)	10,272
Charges to Appropriations (Outflows):				
Public safety	5,000	5,000	5,000	-
Total Charges to Appropriations	5,000	5,000	5,000	-
Budgetary Fund Deficit, June 30	\$ (17,710)	\$ (17,710)	\$ (7,438)	\$ 10,272

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 TRANSPORTATION DEVELOPMENT ACT FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (28,221)	\$ (28,221)	\$ (28,221)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	150,616	150,616
Amounts Available for Appropriations	(28,221)	(28,221)	122,395	150,616
Charges to Appropriations (Outflows):				
Capital outlay	-	467,520	157,091	310,429
Total Charges to Appropriations	-	467,520	157,091	310,429
Budgetary Fund Deficit, June 30	\$ (28,221)	\$ (495,741)	\$ (34,696)	\$ 461,045

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (15,573)	\$ (15,573)	\$ (15,573)	\$ -
Resources (Inflows):				
Intergovernmental	-	60,325	52,323	(8,002)
Amounts Available for Appropriations	(15,573)	44,752	36,750	(8,002)
Charges to Appropriations (Outflows):				
Public safety	-	-	567	(567)
Capital outlay	-	60,325	52,100	8,225
Total Charges to Appropriations	-	60,325	52,667	7,658
Budgetary Fund Deficit, June 30	\$ (15,573)	\$ (15,573)	\$ (15,917)	\$ (344)

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 673,872	\$ 673,872	\$ 673,872	\$ -
Resources (Inflows):				
Taxes	142,000	142,000	112,078	(29,922)
Use of money and property	2,500	2,500	32,225	29,725
Miscellaneous	-	-	3,492	3,492
Amounts Available for Appropriations	818,372	818,372	821,667	3,295
Charges to Appropriations (Outflows):				
Community development	59,100	59,100	31,665	27,435
Total Charges to Appropriations	59,100	59,100	31,665	27,435
Budgetary Fund Balance, June 30	\$ 759,272	\$ 759,272	\$ 790,002	\$ 30,730

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER PASS-THRU FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (87)	\$ (87)	\$ (87)	\$ -
Resources (Inflows):				
Charges for services	100,000	100,000	77,433	(22,567)
Use of money and property	-	-	12,150	12,150
Amounts Available for Appropriations	99,913	99,913	89,496	(10,417)
Charges to Appropriations (Outflows):				
Community development	100,000	136,803	73,383	63,420
Public works	-	46,051	16,200	29,851
Total Charges to Appropriations		182,854	89,583	93,271
Budgetary Fund Deficit, June 30	\$ (87)	\$ (82,941)	\$ (87)	\$ 82,854

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 623,853	\$ 623,853	\$ 623,853	\$ -
Resources (Inflows):				
Use of money and property	2,500	2,500	15,545	13,045
Amounts Available for Appropriations	626,353	626,353	639,398	13,045
Charges to Appropriations (Outflows):				
Community development	10,000	65,276	2,133	63,143
Total Charges to Appropriations	10,000	65,276	2,133	63,143
Budgetary Fund Balance, June 30	\$ 616,353	\$ 561,077	\$ 637,265	\$ 76,188

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CAMP PROGRAMS FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Deficit, July 1	\$ (51,005)	\$ (51,005)	\$ (51,005)	\$ -
Resources (Inflows):				
Charges for services	537,900	537,900	22,844	(515,056)
Transfers in	-	340,790	346,415	5,625
Amounts Available for Appropriations	486,895	827,685	318,254	(509,431)
Charges to Appropriations (Outflows):				
Public safety	478,100	473,300	236,728	236,572
Parks and recreation	77,000	77,000	68,025	8,975
Total Charges to Appropriations	555,100	550,300	304,753	245,547
Budgetary Fund Balance (Deficit), June 30	\$ (68,205)		\$ 13,501	\$ (263,884)

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SB1 STREETS & ROADS
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 136,799	\$ 136,799	\$ 136,799	\$ -
Resources (Inflows):				
Taxes	229,100	229,100	241,318	12,218
Use of money and property	-	-	6,852	6,852
Amounts Available for Appropriations	365,899	365,899	384,969	19,070
Charges to Appropriation (Outflow):				
Capital outlay	200,000	200,000	199,769	231
Total Charges to Appropriations	200,000	200,000	199,769	231
Budgetary Fund Balance, June 30	\$ 165,899	\$ 165,899	\$ 185,200	\$ 19,301

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY CIP CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,823,167	\$ 2,823,167	\$ 2,823,167	\$ -
Resources (Inflows):				
Charges for services	50,000	50,000	43,215	(6,785)
Use of money and property	37,000	37,000	127,291	90,291
Miscellaneous	-	74,873	43,951	(30,922)
Transfers in	100,000	(840,000)	100,000	940,000
Amounts Available for Appropriations	3,010,167	2,145,040	3,137,624	992,584
Charges to Appropriations (Outflows):				
General government	60,000	60,000	6,960	53,040
Public safety	63,400	63,400	-	63,400
Community development		120,000	44,997	75,003
Public works	10,000	40,909	50,191	(9,282)
Capital outlay	495,000	884,043	282,589	601,454
Total Charges to Appropriations	748,400	1,168,351	384,737	783,614
Budgetary Fund Balance, June 30	\$ 2,261,767	\$ 976,689	\$ 2,752,887	\$ 1,776,198

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SAND REPLENISHMENT / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 782,864	\$ 782,864	\$ 782,864	\$ -
Resources (Inflows):				
Taxes	284,000	284,000	224,155	(59,845)
Use of money and property	400	400	34,835	34,435
Amounts Available for Appropriations	1,067,264	1,067,264	1,041,854	(25,410)
Charges to Appropriations (Outflows):				
Public safety	150,300	161,474	98,107	63,367
Capital outlay	250,000	345,788	63,654	282,134
Total Charges to Appropriations	400,300	507,262	161,761	345,501
Budgetary Fund Balance, June 30	\$ 666,964		\$ 880,093	\$ 320,091

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 25,094	\$ 25,094	\$ 25,094	\$ -
Resources (Inflows):				
Transfers in	353,500	353,500	353,500	-
Amounts Available for Appropriations	378,594	378,594	378,594	-
Charges to Appropriations (Outflows):				
Debt service:				
Principal retirement	316,600	316,600	316,505	95
Interest and fiscal charges	38,200	38,200	40,134	(1,934)
Total Charges to Appropriations	354,800	354,800	356,639	(1,839)
Budgetary Fund Balance, June 30	\$ 23,794	\$ 23,794	\$ 21,955	\$ (1,839)

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FIDUCIARY FUNDS

Undergrounding District Funds - the Barbara/Granados Avenue, Pacific Avenue/East and West Circle Drive, and Marsalan Avenue Utility Underground Assessment Districts are utility districts created to finance the undergrounding of utility lines. These funds account for payments from property owners as well debt service on bonds that were issued to pay for the undergrounding improvements within the assessment districts. This is accounted for as an agency fund because the City has no responsibility for the debt service on the bonds.

South Solana Sewer District Fund - this fund was formed to finance the construction of sewer improvements to connect the 51 properties of the assessment district to the City's sewer system. This fund accounts for payments from property owners as well as debt service on the bonds that were issued to pay for the sewer improvements. This is accounted as an agency fund because the City has no responsibility for the debt service on the bonds.

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2020
 (With comparative totals for June 30, 2019)

	Undergrounding Districts	South Solana Sewer District	Total Agency Funds	
			2020	2019
Assets:				
Cash and investments	\$ 320,810	\$ 58,941	\$ 379,751	\$ 519,890
Receivables:				
Accounts	837	-	837	1,668
Taxes	1,432	191	1,623	5,049
Total Assets	\$ 323,079	\$ 59,132	\$ 382,211	\$ 526,607
Liabilities:				
Accounts payable	\$ 787	\$ 4	\$ 791	\$ 912
Due to bondholders	322,292	59,128	381,420	525,695
Total Liabilities	\$ 323,079	\$ 59,132	\$ 382,211	\$ 526,607

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
<u>Undergrounding Districts</u>				
Assets:				
Cash and investments	\$ 440,575	\$ 317,948	\$ 437,713	\$ 320,810
Receivables:				
Accounts	1,668	8,312	9,143	837
Taxes	4,097	1,432	4,097	1,432
Total Assets	<u>\$ 446,340</u>	<u>\$ 327,692</u>	<u>\$ 450,953</u>	<u>\$ 323,079</u>
Liabilities:				
Accounts payable	\$ 909	\$ 394,008	\$ 394,130	\$ 787
Due to bondholders	445,431	338,286	461,425	322,292
Total Liabilities	<u>\$ 446,340</u>	<u>\$ 732,294</u>	<u>\$ 855,555</u>	<u>\$ 323,079</u>
<u>South Solana Sewer District</u>				
Assets:				
Cash and investments	\$ 79,315	\$ 132,185	\$ 152,559	\$ 58,941
Receivables:				
Taxes	952	2,906	3,667	191
Total Assets	<u>\$ 80,267</u>	<u>\$ 135,091</u>	<u>\$ 156,226</u>	<u>\$ 59,132</u>
Liabilities:				
Accounts payable	\$ 3	\$ 63,503	\$ 63,502	\$ 4
Due to bondholders	80,264	69,371	90,507	59,128
Total Liabilities	<u>\$ 80,267</u>	<u>\$ 132,874</u>	<u>\$ 154,009</u>	<u>\$ 59,132</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 519,890	\$ 450,133	\$ 590,272	\$ 379,751
Receivables:				
Accounts	1,668	8,312	9,143	837
Taxes	5,049	4,338	7,764	1,623
Total Assets	<u>\$ 526,607</u>	<u>\$ 462,783</u>	<u>\$ 607,179</u>	<u>\$ 382,211</u>
Liabilities:				
Accounts payable	\$ 912	\$ 457,511	\$ 457,632	\$ 791
Due to bondholders	525,695	407,657	551,932	381,420
Total Liabilities	<u>\$ 526,607</u>	<u>\$ 865,168</u>	<u>\$ 1,009,564</u>	<u>\$ 382,211</u>

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**STATISTICAL SECTION
(UNAUDITED)**

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Statistical Section

This part of the City of Solana Beach's Statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

- * **Net Position by Component**
- * **Changes in Net Position**
- * **Fund Balances of Governmental Funds**
- * **Changes in Fund Balances of Governmental Funds**

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.

- * **Assessed Value and Estimated Actual Value of Taxable Property**
- * **Direct and Overlapping Property Tax Rates**
- * **Principal Property Tax Payers**
- * **Property Tax Levies and Collections**

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

- * **Ratios of Outstanding Debt by Type**
- * **Direct and Overlapping Debt**
- * **Legal Debt Margin Information**
- * **Pledged-Revenue Coverage**

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

- * **Demographic and Economic Statistics**
- * **Principal Employers**

Operating Information

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

- * **Full-time Equivalent City Government Employees by Function/Program**
- * **Operating Indicators by Function/Program**
- * **Capital Assets Statistics by Function/Program**

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

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Financial Trends

CITY OF SOLANA BEACH

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Government activities					
Net Investment in Capital					
Assets					
Restricted	\$ 32,138,178	\$ 34,301,049	\$ 39,384,623	\$ 34,095,894	\$ 32,415,836
Unrestricted	6,747,340	6,370,933	4,688,776	5,183,814	4,979,850
	4,479,958	5,275,012	1,418,151	6,871,872	(85,816)
Total governmental activities net position	\$ 43,365,476	\$ 45,946,994	\$ 45,491,550	46,151,580	37,309,870
Business-type activities					
Net Investment in Capital					
Assets					
Restricted	6,389,844	5,470,469	5,682,518	6,324,862	6,798,584
Unrestricted	-	-	-	-	-
	22,974,310	24,794,121	25,769,871	27,155,489	26,759,779
Total business-type activities net position	\$ 29,364,154	\$ 30,264,590	\$ 31,452,389	33,480,351	33,558,363
Primary government					
Net Investment in Capital					
Assets					
Restricted	\$ 38,528,022	\$ 39,771,518	\$ 45,067,141	\$ 40,420,756	\$ 39,214,420
Unrestricted	6,747,340	6,370,933	4,688,776	5,183,814	4,979,850
	27,454,268	30,069,133	27,188,022	34,027,361	26,673,963
Total primary government net position	\$ 72,729,630	\$ 76,211,584	\$ 76,943,939	79,631,931	70,868,233

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

		Fiscal Year				
2016	2017	2018	2019	2020		
\$ 30,365,711	\$ 28,412,121	\$ 27,241,251	\$ 29,396,878	\$ 26,666,266		
5,825,595	6,619,853	9,139,181	11,238,745	12,664,581		
1,230,929	1,795,456	(2,320,375)	(3,911,422)	(1,487,812)		
37,422,235	36,827,430	\$ 34,060,057	\$ 36,724,201	\$ 37,843,035		
5,594,350	6,195,352	\$ 5,929,088	\$ 8,892,771	\$ 12,052,987		
-	-	54	49	46		
29,711,194	32,866,729	36,722,015	35,710,517	34,349,803		
35,305,544	39,062,081	\$ 42,651,157	\$ 44,603,337	\$ 46,402,836		
\$ 35,960,061	\$ 34,607,473	\$ 33,170,339	\$ 38,289,649	\$ 38,719,253		
5,825,595	6,619,853	9,139,235	11,238,794	12,664,627		
30,942,123	34,662,185	34,401,640	31,799,095	32,861,991		
72,727,779	75,889,511	\$ 76,711,214	\$ 81,327,538	\$ 84,245,871		

CITY OF SOLANA BEACH

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental Activities:					
General government	4,943,119	3,509,970	3,521,929	3,712,734	3,344,429
Public safety	9,730,398	7,801,875	8,177,235	8,416,330	8,441,144
Public works	4,207,981	4,499,601	5,070,916	5,008,665	5,181,223
Community development	1,078,141	957,995	957,303	1,361,588	1,281,059
Community services	569,907	561,563	604,445	579,088	622,608
Interest on long-term debt	543,852	139,345	78,156	439,918	388,144
Total Governmental Activities expenses	<u>21,073,398</u>	<u>17,470,349</u>	<u>18,409,984</u>	<u>19,518,323</u>	<u>19,258,607</u>
Business-Type Activities:					
Sanitation	3,942,484	4,038,404	3,456,455	2,855,368	4,566,357
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Expenses	<u>3,942,484</u>	<u>4,038,404</u>	<u>3,456,455</u>	<u>2,855,368</u>	<u>4,566,357</u>
Total Primary Government Expenses	<u>\$ 25,015,882</u>	<u>21,508,753</u>	<u>21,866,439</u>	<u>22,373,691</u>	<u>23,824,964</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ 21,370	\$ -	\$ -	\$ -
Public safety	471,722	439,523	376,156	402,670	464,533
Public works	689,658	251,766	511,843	743,210	238,587
Community development	506,927	796,475	648,280	830,429	852,578
Community services	151,189	229,571	357,877	303,070	347,698
Operating Contributions:					
General government	14,213	-	-	-	-
Public safety	251,237	273,048	270,428	286,687	285,399
Public works	1,351	173,664	583,136	1,577,961	920,807
Community development	-	-	-	-	109,689
Community services	13,500	30,331	-	-	-
Capital Contributions and Grants:					
Public safety	65,696	78,590	162,672	129,740	53,091
Public works	414,003	25,000	-	-	-
Community services	21,001	-	-	-	-
Total Governmental Activities Program Revenues	<u>2,600,497</u>	<u>2,319,338</u>	<u>2,910,392</u>	<u>4,273,767</u>	<u>3,272,382</u>
Business-Type Activities:					
Charges for services:					
Sanitation	4,501,364	4,517,005	4,708,765	4,775,489	4,949,069
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>4,501,364</u>	<u>4,517,005</u>	<u>4,708,765</u>	<u>4,775,489</u>	<u>4,949,069</u>
Total Primary Government Program Revenues	<u>\$ 7,101,861</u>	<u>\$ 6,836,343</u>	<u>\$ 7,619,157</u>	<u>\$ 9,049,256</u>	<u>\$ 8,221,451</u>
Net (Expense)/Revenue					
Governmental Activities	(18,472,901)	(15,151,011)	(15,499,592)	(15,244,556)	(15,986,225)
Business-Type Activities	558,880	478,601	1,252,310	1,920,121	382,712
Total primary Government Net Expense	<u>(17,914,021)</u>	<u>(14,672,410)</u>	<u>(14,247,282)</u>	<u>(13,324,435)</u>	<u>(15,603,513)</u>
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 6,813,559	\$ 6,597,393	\$ 6,655,138	\$ 6,880,916	\$ 7,247,202
Transient occupancy taxes	978,840	1,118,592	1,186,197	1,220,075	1,467,373
Sales taxes	2,813,228	2,963,507	3,077,691	2,814,702	2,808,203
Intergovernmental, unrestricted:					
Franchise taxes	663,660	685,336	698,672	714,991	765,995
Other taxes	2,353,883	2,670,333	2,643,515	2,736,146	2,747,073
Investment income	161,701	-	-	-	-
Use of money and property	-	102,469	84,903	137,906	136,763
Other	218,377	494,008	722,094	1,399,850	914,672
Loss on sale of property	(57,159)	-	-	-	-
Extraordinary Gain/(Loss) on dissolution on redevelopment agency	-	2,933,995	-	-	-
Total Governmental Activities	<u>13,946,089</u>	<u>17,617,717</u>	<u>15,068,210</u>	<u>15,904,586</u>	<u>16,087,281</u>
Business-Type Activities:					
Investment income	51,294	-	-	-	-
Use of money and property	-	152,477	78,615	71,541	71,973
Share in joint venture net loss	-	-	-	-	-
Other	-	269,358	46,470	36,300	28,939
Miscellaneous	173,122	-	-	-	-
Total Business-Type Activities	<u>224,416</u>	<u>421,835</u>	<u>125,085</u>	<u>107,841</u>	<u>100,912</u>
Total Primary Government	<u>14,170,505</u>	<u>18,039,552</u>	<u>15,193,295</u>	<u>16,012,427</u>	<u>16,188,193</u>
Changes in Net Position					
Governmental Activities	(4,526,812)	2,466,706	(431,382)	660,030	101,056
Business-Type Activities	783,296	900,436	1,377,395	2,027,962	483,624
Total Primary Government	<u>\$ (3,743,516)</u>	<u>\$ 3,367,142</u>	<u>\$ 946,013</u>	<u>\$ 2,687,992</u>	<u>\$ 584,680</u>

2016	2017	Fiscal Year		
		2018	2019	2020
3,944,303	4,309,372	4,101,170	3,650,982	4,985,418
9,162,345	9,628,140	10,539,671	11,050,684	12,616,348
5,438,407	5,487,183	5,944,432	5,937,131	4,894,915
1,378,130	1,745,101	1,754,910	1,482,428	1,585,952
627,748	1,122,128	730,645	1,178,128	1,226,910
398,408	389,077	381,634	368,495	363,326
<u>20,949,341</u>	<u>22,681,001</u>	<u>23,452,462</u>	<u>23,667,848</u>	<u>25,672,869</u>
3,568,901	1,602,359	2,100,256	4,204,504	4,221,307
-	-	390,533	5,210,816	4,350,085
<u>3,568,901</u>	<u>1,602,359</u>	<u>2,490,789</u>	<u>9,415,320</u>	<u>8,571,392</u>
<u>24,518,242</u>	<u>24,283,360</u>	<u>25,943,251</u>	<u>33,083,168</u>	<u>34,244,261</u>

\$ -	\$ -	\$ -	\$ 194,122	\$ 205
578,282	620,990	577,351	581,313	401,633
416,524	449,962	698,999	1,005,828	358,450
928,065	1,252,126	1,300,411	1,169,232	1,190,562
365,289	400,353	336,079	335,828	22,844
-	-	-	-	-
270,152	198,615	177,936	186,145	199,300
1,045,301	1,241,379	1,106,636	1,404,721	889,429
200,388	-	100,000	-	-
-	129,324	139,416	148,747	80,000
160,372	158,370	420,005	298,205	345,162
-	-	-	-	-
-	-	-	-	-
<u>3,964,373</u>	<u>4,451,119</u>	<u>4,856,833</u>	<u>5,324,141</u>	<u>3,487,585</u>

5,151,671	5,255,483	5,415,690	5,592,045	5,588,249
-	-	494,307	5,202,375	4,178,287
<u>5,151,671</u>	<u>5,255,483</u>	<u>5,909,997</u>	<u>10,794,420</u>	<u>9,766,536</u>
<u>\$ 9,116,044</u>	<u>\$ 9,706,602</u>	<u>\$ 10,766,830</u>	<u>\$ 16,118,561</u>	<u>\$ 13,254,121</u>

(16,984,968)	(18,229,882)	(18,595,629)	(18,343,707)	(22,185,284)
1,582,770	3,653,124	3,419,208	1,379,100	1,195,144
<u>(15,402,198)</u>	<u>(14,576,758)</u>	<u>(15,176,421)</u>	<u>(16,964,607)</u>	<u>(20,990,140)</u>

\$ 7,705,956	\$ 8,095,383	\$ 8,586,838	\$ 9,070,200	\$ 9,465,402
1,605,685	1,740,208	1,827,753	2,019,005	1,456,897
3,255,104	3,127,803	3,191,410	3,502,561	3,291,805
-	-	-	-	-
736,042	733,354	723,164	792,575	751,324
2,797,559	2,868,629	3,170,331	3,547,175	3,619,856
-	-	-	-	-
261,446	283,828	286,867	1,100,795	1,132,930
735,521	785,872	722,186	975,510	3,585,904
-	-	-	-	-
-	-	-	-	-
<u>17,097,313</u>	<u>17,635,077</u>	<u>18,508,549</u>	<u>21,007,821</u>	<u>23,304,118</u>

-	-	-	-	-
115,321	88,940	81,629	557,179	423,002
-	-	-	-	-
49,090	14,473	88,239	15,901	181,353
-	-	-	-	-
<u>164,411</u>	<u>103,413</u>	<u>169,868</u>	<u>573,080</u>	<u>604,355</u>
<u>17,261,724</u>	<u>17,738,490</u>	<u>18,678,417</u>	<u>21,580,901</u>	<u>23,908,473</u>

112,345	(594,805)	(87,080)	2,664,114	1,118,834
1,747,181	3,756,537	3,589,076	1,952,180	1,799,499
<u>\$ 1,859,526</u>	<u>\$ 3,161,732</u>	<u>\$ 3,501,996</u>	<u>\$ 4,616,294</u>	<u>\$ 2,918,333</u>

CITY OF SOLANA BEACH

Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General Fund					
Unreserved	-	-	-	-	-
Nonspendable	32,550	6,482	9,276	7,523	9,382
Restricted	-	-	-	-	-
Committed	346,990	264,534	278,377	324,083	454,048
Assigned	4,553,037	4,486,177	4,579,527	5,102,543	5,324,048
Unassigned	1,600,449	2,573,592	4,014,144	4,369,152	5,580,686
Total General Fund	<u>\$ 6,533,026</u>	<u>\$ 7,330,785</u>	<u>\$ 8,881,324</u>	<u>9,803,301</u>	<u>11,368,164</u>
All Other Governmental Funds					
Nonspendable	69,226	-	-	-	-
Restricted	6,169,355	6,241,182	4,588,670	5,107,900	4,979,850
Committed	-	-	-	-	-
Assigned	782,116	539,450	525,735	425,416	589,120
Unassigned	(273,357)	(315,857)	(5,333,420)	(222,713)	(213,005)
Total all other Governmental Funds	<u>\$ 6,747,340</u>	<u>\$ 6,464,775</u>	<u>\$ (219,015)</u>	<u>5,310,603</u>	<u>5,355,965</u>

2016	2017	Fiscal Year			2020
		2018	2019	2020	
-	-	-	-	-	-
7,471	20,164	72,579	23,402	52,665	
508,897	893,185	1,294,957	1,743,908	2,422,056	
787,790	914,846	1,015,354	1,436,307	1,179,507	
5,520,890	5,690,381	5,805,890	6,041,593	6,349,702	
6,200,244	6,805,201	7,385,736	4,588,069	5,450,148	
<u>13,025,292</u>	<u>14,323,777</u>	<u>15,574,516</u>	<u>13,833,279</u>	<u>15,454,078</u>	
-	-	200	-	-	
5,316,698	5,726,668	7,844,224	9,494,837	10,242,525	
-	-	-	-	-	
849,917	1,385,099	-	-	-	
<u>(184,544)</u>	<u>(336,475)</u>	<u>(234,689)</u>	<u>(112,596)</u>	<u>(58,138)</u>	
<u>5,982,071</u>	<u>6,775,292</u>	<u>7,609,735</u>	<u>9,382,241</u>	<u>10,184,387</u>	

CITY OF SOLANA BEACH

Changes In Fund Balances Of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis Of Accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
Revenues:					
Taxes and assessments	\$ 12,700,086	\$ 12,881,767	\$ 13,046,917	\$ 13,135,199	\$ 13,727,132
Intergovernmental	1,623,918	1,822,705	2,230,532	3,217,319	2,674,057
Licenses and permits	323,091	420,339	361,573	429,464	461,687
Charges for services	607,354	799,836	830,907	959,935	1,001,943
Fines and forfeitures	385,394	342,136	323,961	348,337	392,683
Use of money and property	162,086	102,469	84,903	137,906	136,763
Other	1,132,388	604,953	1,099,809	1,941,493	961,755
Total revenues	16,934,317	16,974,205	17,978,602	20,169,653	19,356,020
Expenditures:					
General government	4,363,499	3,230,362	3,057,761	3,085,499	3,222,933
Public safety	9,531,715	7,614,262	7,945,912	8,238,659	8,315,766
Public works	2,263,950	2,301,953	2,075,777	2,215,596	2,322,090
Community development	1,103,618	953,383	955,907	1,360,192	1,291,073
Community services	268,603	244,955	284,884	259,809	275,790
Capital outlay	1,644,750	2,048,301	7,638,942	3,452,914	1,773,690
Debt service:					
Principal retirement	444,385	239,900	280,700	155,925	155,930
Interest	265,360	155,519	77,283	439,464	388,523
Payment to refunded bond escrow agent	-	1,545,000	-	-	-
Pass-through payments	281,387	7,147	-	-	-
Total expenses	20,167,267	18,340,782	22,317,166	19,208,058	17,745,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,232,950)	(1,366,577)	(4,338,564)	961,595	1,610,225
Other financing sources (uses):					
Transfers in	874,996	2,560,970	742,322	1,319,473	446,865
Transfers out	(874,996)	(2,560,970)	(742,322)	(1,319,473)	(446,865)
Contributions to Successor Agency	-	-	(834,007)	(10,000)	-
Refunding Bonds issued	-	1,388,300	-	-	-
Other Debts Issued	-	818,696	-	-	-
Bond Discount	-	(10,650)	-	-	-
Contributions to OPEB Trust Fund	-	-	-	-	-
Long-term debt issued	-	(24,062)	-	5,500,000	-
Total other financing sources (uses)	-	2,172,284	(834,007)	5,490,000	-
Extraordinary Gain/(Loss) on dissolution of Redevelopment Agency (Note 16)	\$ -	\$ (366,005)	\$ -	\$ -	\$ -
Net change in fund balances/ net position	\$ (3,232,950)	\$ 439,702	\$ (5,172,571)	\$ 6,451,595	\$ 1,610,225
Capital assets used in debt service calculation*	\$ 1,364,025	\$ 2,055,611	\$ 7,859,585	\$ 3,527,607	\$ 1,764,750
Debt service as a percentage of noncapital expenditures	3.8%	2.4%	2.5%	3.8%	3.4%

* The amount of capital outlay used to calculate the ratio of total debt service expenditures to noncapital expenditures is the same as the reconciling item for capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures and changes in fund balance.

		Fiscal Year							
2016		2018		2019		2020			
\$	14,719,229	\$	15,109,053	\$	15,945,223	\$	17,275,214	\$	16,842,473
	3,069,673		3,185,272		3,498,266		3,665,899		3,284,923
	471,581		527,146		508,549		486,891		345,168
	1,313,658		1,699,140		1,584,561		2,230,614		1,268,823
	502,921		495,885		479,933		502,249		359,703
	261,466		283,828		286,867		1,100,795		1,132,930
	735,521		785,872		1,061,983		975,510		3,585,904
	21,074,049		22,086,196		23,365,382		26,237,172		26,819,924
	3,500,443		3,777,819		3,820,029		4,191,376		4,705,339
	8,912,742		9,070,746		9,831,070		10,243,546		11,560,008
	2,463,442		2,509,194		2,628,777		2,975,518		3,408,610
	1,380,934		1,721,715		1,574,333		1,523,428		1,544,402
	278,481		760,475		328,755		830,315		803,910
	2,190,316		1,473,835		2,417,383		5,763,230		1,692,966
	161,086		288,487		296,366		303,971		316,505
	383,130		392,219		383,487		374,519		365,239
	-		-		-		-		-
	-		-		-		-		-
	19,270,574		19,994,490		21,280,200		26,205,903		24,396,979
	1,803,475		2,091,706		2,085,182		31,269		2,422,945
	743,400		1,576,800		997,300		2,636,370		799,915
	(743,400)		(1,576,800)		(997,300)		(2,636,370)		(799,915)
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	(135,000)		-		-		-		-
	614,759		-		-		-		-
	479,759		-		-		-		-
\$	-	\$	-	\$	-	\$	-	\$	-
\$	2,283,234	\$	2,091,706	\$	2,085,182	\$	31,269	\$	2,422,945
\$	2,194,361	\$	1,440,550	\$	2,432,556	\$	5,754,228	\$	1,697,994
	3.2%		3.7%		3.6%		3.3%		3.0%

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Revenue Capacity

CITY OF SOLANA BEACH

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)**

Fiscal Year	Residential Property	Commercial Property	Other Property	Less: Tax-Exempt Property
2011	2,925,829	343,837	158,782	-
2012	2,990,970	352,417	158,210	-
2013	3,053,864	459,003	156,019	-
2014	3,150,064	457,092	154,207	-
2015	3,348,897	471,453	159,027	-
2016	3,549,149	490,565	161,797	-
2017	3,750,959	504,604	173,545	-
2018	3,974,035	567,922	182,779	-
2019	4,237,025	598,064	202,769	-
2020	4,479,369		254,522	-

(a) The County of San Diego does not compile Estimated Actual Valuations

N/A - Data not available

Source: San Diego County Assessor 2010/1 - 2019/20 Combined Tax Rolls
HdL Coren & Cone.
City of Solana Beach Finance Department

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value^a	Taxable Assessed Value as a Percentage of Actual Taxable Value
3,428,448	0.1780%	N/A	N/A
3,501,597	0.1800%	N/A	N/A
3,668,886	0.1800%	N/A	N/A
3,761,363	0.1803%	N/A	N/A
3,979,377	0.1779%	N/A	N/A
4,201,511	0.1778%	N/A	N/A
4,429,108	0.1779%	N/A	N/A
4,724,736	0.1778%	N/A	N/A
5,037,858	0.1778%	N/A	N/A
5,353,760	0.1779%	N/A	N/A

CITY OF SOLANA BEACH

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

City's Share of 1% Levy Per Prop 13

Fiscal Year	General Basic Tax Levy	Municipal Improvement District	Lighting District	Total City's Share of 1% Levy per Prop 13
2011	0.1602	0.0037	0.00955	0.1735
2012	0.1602	0.0037	0.00955	0.1735
2013	0.1602	0.0037	0.00955	0.1735
2014	0.1602	0.0037	0.00955	0.1735
2015	0.1602	0.0037	0.09600	0.1735
2016	0.1602	0.0037	0.09600	0.1735
2017	0.1602	0.0037	0.09600	0.1735
2018	0.1602	0.0037	0.00955	0.1735
2019	0.1602	0.0037	0.00955	0.1735
2020	0.1602	0.0037	0.00955	0.1735

Overlapping Rates

Fiscal Year	San Diego County (1)	Carlsbad/ Oceanside/ Vista Projects	School Districts	Community College	Santa Fe Irrigation District (2)
2011	0.167550	0.0004	0.40281	0.10486	0.025350
2012	0.167550	0.0004	0.40281	0.10486	0.025350
2013	0.167550	0.0004	0.40281	0.10486	0.025350
2014	0.167550		0.40281	0.10486	0.025350
2015	0.167550	0.0004	0.40281	0.10486	0.025340
2016	0.167550	0.0004	0.40281	0.10486	0.025340
2017	0.167550	0.0004	0.40281	0.10486	0.025340
2018	0.167490	0.0004	0.40285	0.10490	0.025330
2019	0.167490	0.0004	0.40293	0.10490	0.025330
2020	0.167490	0.0004	0.40293	0.10490	0.025330

(1) Includes County School Services, Library, Childrens Institution Tuition, and Regional Occupational Centers.

(2) Includes Cwa Santa Fe Irrigation District (.00423) and Santa Fe Irrigation (.02111)

(3) Includes only rate(s) from indebtedness adopted prior to 1989 per California State Statute

Source: San Diego County Assessor 2019/20 Annual Tax Increment Tables and HdL Coren and Cone.

Overlapping Rates

Educational Revenue Augmentation	Voter Approved (3)					Total Direct & Overlapping Tax Rate
	Solana Beach School District Prop JJ Debt Service	Metropolitan Water District Debt Service	Santa Fe Irrigation Tax Rate Reduction	Mira Costa Comm College 2016A	San Dieguito Prop Aa 11/6/2013 2013A A1	
0.12551	-	0.0037	-	-	-	1.00370
0.12551	-	0.0037	-	-	-	1.00370
0.12551	-	0.0035	-	-	-	1.00350
0.12551	-	0.0035	-	-	0.0378	1.04131
0.12551	-	0.0035	-	-	0.0215	1.02497
0.12551	-	0.0035	-	-	0.0227	1.02622
0.12551	-	0.0035	-	-	0.0228	1.02625
0.12550	0.03093	0.0035	-	0.01443	0.0223	1.07115
	0.02886	0.0035	-	0.01294	0.0230	1.06828
0.12550	0.02800	0.0035	-	0.01299	0.0232	1.06767

CITY OF SOLANA BEACH

**Principal Property Tax Payers,
Current Year and Nine Years Ago**

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<u>For the Fiscal Year Ended June 30, 2020</u>		
S B T C Holdings LLC	\$ 101,399,465	1.94%
Pacific Solana Beach Holdings LP	70,687,746	1.35%
SB Coporate Centre III-IV LLC	58,681,653	1.12%
GRE Beachwalk LLC (Pending Appeals on Parcels)	34,593,300	0.66%
Sanyo Foods Corporation of America	33,320,834	0.64%
Fenton Solana Highlands LLC	31,667,207	0.61%
E R P Operating LP	20,321,930	0.39%
Lavida Delmar Asscs LP	18,276,008	0.35%
Solana Mar LLC	16,328,060	0.31%
Showprop Monrovia II LLC	16,448,722	0.31%
Total	<u>\$ 401,724,925</u>	<u>7.68%</u>
<u>For the Fiscal Year Ended June 30, 2011</u>		
SB Corporate Centre III-IV LLC	\$ 68,668,267	2.03%
Sanyo Foods Corporation of America	29,052,948	0.86%
Pacific Solana Beach Holdings LP	28,957,513	0.85%
Fenton Solana Highlands LLC	27,463,728	0.81%
Muller-Beachwalk LLC	22,300,000	0.66%
E R P Operating LP	17,580,179	0.52%
Lavida Delmar Asscs LP	15,524,069	0.46%
445 Marine View LLC	15,000,000	0.44%
Urschel Laboratories Inc	12,727,852	0.38%
Price Self Storage Solana Beach	12,401,224	0.37%
Total	<u>\$ 249,675,780</u>	<u>7.37%</u>

Source: HdL Coren & Cone and San Diego
County Assessor 2010/11 & 2019/20

CITY OF SOLANA BEACH

Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	5,741,547	5,440,612	94.8%	-	5,440,612	95%
2012	5,770,042	5,489,946	95.1%	-	5,489,946	95%
2013	6,110,404	5,832,325	95.4%	258,145	6,090,470	100%
2014	6,303,038	6,033,082	95.7%	252,973	6,286,055	100%
2015	6,576,197	6,257,093	95.1%	215,422	6,472,515	98%
2016	6,931,466	6,635,180	95.7%	80,163	6,715,343	97%
2017	7,300,293	7,017,400	96.1%	27,141	7,044,541	96%
2018	7,741,663	7,444,166	96.2%	33,622	7,477,788	97%
2019	8,232,844	7,949,648	96.6%	27,740	7,977,388	97%
2020	8,622,755	8,306,418	96.3%	36,401	8,342,819	97%

Sources: City of Solana Beach Finance Department, County of San Diego
Office of Auditor-Controller.

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Debt Capacity

CITY OF SOLANA BEACH

Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Fiscal Year	Government Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	2002 ABAG Lease Revenue Bonds	Refunding Lease ABAG	Bonds	Capital Leases	Loans			
2011**	1,640,000	-	3,300,000	295,535	15,409,277	20,644,812	3.20%	0.0023
2012*	-	1,388,300	-	958,681	14,132,771	16,479,752	4.20%	0.0032
2013*	-	1,279,300	-	787,950	13,095,631	15,162,881	4.58%	0.0035
2014*	-	1,166,600	5,500,000	745,693	12,175,456	19,587,749	3.56%	0.0027
2015*	-	1,055,400	5,500,000	701,931	11,273,883	18,531,214	3.95%	0.0030
2016	-	940,600	5,500,000	1,271,372	10,339,405	18,051,377	4.05%	0.0031
2017	-	817,200	5,500,000	1,113,062	9,373,587	16,803,849	4.85%	0.0036
2018	-	690,400	5,500,000	943,496	19,146,912	26,280,808	3.10%	0.0023
2019	-	560,600	-	769,326	18,064,945	24,891,096	3.52%	0.0025
2020	-	423,000	5,497,291	590,421	17,449,133	23,959,845	3.66%	0.0026

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

^a See Demographic and Economic Statistics schedule for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

* Prior years adjusted to comply with GASB comment Q&A 9.24- Included the Premiums/Discounts and Bonds

** Prior year adjusted to comply with GFOA comment GASB-S44 23- included bonds to schedule

CITY OF SOLANA BEACH

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2020**

Fiscal Year 2019-20 Assessed Valuation : \$5,288,502,801

<u>Direct Debt:</u>	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City (1)</u>	<u>Net Bonded Debt</u>
City of Solana Beach Lease Agreement	\$ 423,000	100.000%	(3) \$ 423,000
Limited Tax Bonds Series 2010A	5,497,291	100.000%	5,497,291
City of Solana Beach Capital Lease Obligation	590,421	100.000%	590,421
Total Direct Debt			<u>\$ 6,510,712</u>
 <u>Overlapping Debt:</u>			
Metropolitan Water District	\$ 37,300,000	0.171%	\$ 63,783
Mira Costa Community College District	71,270,000	4.636%	3,304,077
San Dieguito Union High School District	347,365,000	7.636%	26,524,791
	28,720,000	3.274%	940,293
Solana Beach School District School Facilities Improvement District No. 2016-1	96,215,000	32.030%	30,817,665
City of Solana Beach 1915 Act Bonds	2,305,000	100.000%	2,305,000
Olivenhain Municipal Water District, Assessment District No. 96-1	8,865,000	0.59%	52,126
San Diego County General Fund Obligations	231,350,000	0.951%	2,200,139
San Diego County Pension Obligations	456,040,000	0.951%	4,336,940
San Diego County Superintendent of Schools General Fund Obligations	9,350,000	0.951%	88,919
San Dieguito Union High School District Certificates of Participation	12,730,000	7.636%	972,063
Overlapping Tax Increment Debt	2,410,800	100.000%	2,410,800
Total Overlapping Debt			<u>\$ 74,016,595</u>
Total Direct and Overlapping Debt			(2) <u><u>\$ 80,527,307</u></u>

Debt to Assessed Valuation Ratios :

Direct Debt	0.12%
Overlapping Debt	1.40%
Total Debt	1.52%

Note:

- (1) - Percentage of overlapping agency's assess valuation located within the boundaries of the city.
- (2) - Excludes tax and revenue anticipation notes, enterprise revenues, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (3) Includes the Unamortized Bond Discount

Source: California Municipal Statistics, Inc.

CITY OF SOLANA BEACH

Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 5,288,503
Debt limit (15% of assessed value)	793,275
Debt applicable to limit:	
General obligation bonds	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 793,275</u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin Percentage of Debt Limit</u>
2011	502,577	-	502,577	100.00%
2012	513,291	-	513,291	100.00%
2013	550,417	-	550,417	100.00%
2014	564,290	-	564,290	100.00%
2015	597,013	-	597,013	100.00%
2016	630,359	-	630,359	100.00%
2017	664,464	-	664,464	100.00%
2018	708,810	-	708,810	100.00%
2019	755,767	-	755,767	100.00%
2020	793,275	-	793,275	100.00%

CITY OF SOLANA BEACH

Pledged-Revenue Coverage
Last Ten Fiscal Years

2011 ABAG Refunded Lease Revenue Bonds

<u>Fiscal Year</u>	<u>Use of Money & Property</u>	<u>Lease/Rents</u>	<u>Less: Expenditures</u>	<u>Available Revenue</u>
2011*	8,210	321,263	1,627	327,846
2012*	4,122	154,349	-	158,471
2013*	-	154,280	-	154,280
2014*	-	148,974	-	148,974
2015*	-	148,732	-	148,732
2016*	-	153,283	-	153,283
2017*	-	152,429	-	152,429
2018*	-	151,067	-	151,067
2019*	-	154,321	-	154,321
2020*	-	147,382	-	147,382

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
2011*	235,000	86,263	1.00
2012*	109,000	45,349	1.03
2013*	112,700	41,580	1.00
2014*	111,200	37,774	1.00
2015*	114,800	33,932	1.00
2016*	123,400	29,883	1.00
2017*	126,800	25,629	1.00
2018*	129,800	21,267	1.00
2019*	137,600	16,721	1.00
2020*	135,300	12,082	1.00

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Expenditures do not include interest, depreciation, or amortization expenses.

* 2002 ABAG Lease Revenue Bonds

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Demographic and Economic Information

CITY OF SOLANA BEACH

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2010	13,783	659,875	47,876	7.2%
2011	13,000	691,899	53,223	6.8%
2012	12,987	695,142	53,526	4.7%
2013	13,099	697,561	53,253	4.1%
2014	13,059	731,200	55,992	6.0%
2015	13,494	778,568	57,697	4.8%
2016	13,527	815,210	60,265	4.3%
2017	13,938	830,408	59,578	1.7%
2018	13,933	875,833	62,860	1.7%
2019	13,838	873,757	63,141	1.7%

Sources: HdL Coren & Cone report prepared on 08/05/20

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2020

Employer		Business category
Barona Resort & Casino	1	Casinos
Employee's Association SDG-E	1	Associations
General Dynamics Nassco	1	Ship Builders & Repairers (Mfrs)
Illumina Inc	1	Biotechnology Products & Services
Kaiser Permanente Zion Med Ctr	1	Health Services
Merchants Building Maintenance	1	Janitor Service
Palomar Medical Ctr Downtown	1	Hospitals
Palomar Pomerodo Health Rehab	1	Rehabilitation Services
Rady's Children's Hospital	1	Hospitals
San Diego County Sheriff	1	Police Departments
Scripps Mercy Hospital	1	Hospitals
Scripps Research Institute	1	Laboratories-Research & Development
Sea World-San Diego	1	Amusement & Theme Parks
Sharp Mary Birch Hospital	1	Hospitals
Sharp Memorial Hospital	1	Hospitals
Sony Electronics	1	Electronic Equipment & Supplies-Retail
US Navy Med Ctr- OrthoPedics	1	Clinics
Kaiser Permanente Vandever Med	2	Physicians & Surgeons
San Diego Community College	2	Junior-Community College- Tech Institutes
UC San Diego Health	2	Hospitals
32nd St Naval Station	3	Federal Government-National Security
Mccs Mcrd	3	Military Bases
UCSD	3	College & University Placement Svc
University of California	3	University-College Dept/Facility/Office
Univesity-California Sn Diego	3	University-College Dept/Facility/Office

Source:

State of California- Employee Development Department- Major Employers in San Diego for 2020

Categories

- 1 1,000-4,999 Employees
- 2 5,000-9,999 Employees
- 3 10,000+ Employees

Employer information specific to the City of Solana Beach is not readily available*

* Due to unreliable data, the Top Employer Report is no longer offered by HdL Coren & Cone

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Operating Information

CITY OF SOLANA BEACH

Full-time-Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Fiscal Years:	2011	2012	2013	2014	2015
<u>Function/Program</u>					
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	2.75	2.65	2.60	3.10	3.10
City Manager	1.92	1.84	1.74	2.05	2.05
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	3.40	3.35	3.80	3.55	3.55
Personnel	1.10	0.98	0.95	1.00	1.00
Info/Communication Systems	1.00	1.00	1.00	1.00	1.00
Community Development	5.50	5.50	5.40	6.00	6.00
Public Safety					
Fire	19.22	19.95	19.95	19.95	19.95
Code Enforcement	1.78	1.75	1.75	1.80	1.80
Marine Safety	8.08	8.06	8.06	8.06	9.49
Junior Lifeguards	3.73	3.73	3.73	3.73	3.53
Public Works					
Engineering	2.31	2.48	2.41	2.28	2.13
Environmental/Flood Control	1.10	1.10	1.10	1.10	1.10
Street Maintenance	2.90	2.90	2.90	2.95	2.95
Park Maintenance	1.35	1.35	1.35	1.35	1.35
Recreation & Community Services					
Community Services	0.95	0.95	0.95	0.95	0.95
Recreation	2.59	2.59	2.59	2.46	2.48
Sanitation		2.93	2.98	2.93	3.22
Improvement Districts	0.95	0.95	0.95	0.9	0.9
Redevelopment Agency	0.50	0.60	1.05	0.90	0.90
Solana Energy Alliance*	-	-	-	-	-
Total Personnel	- 64.51	65.11	65.71	66.51	67.90

N/A - Data Not Available

Notes: A full-time employee is scheduled to work 2,080 hours per Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

*Solana Energy Alliance started mid FY18

(1) Includes Camp Recreation

Source: City of Solana Beach's Annual Budget

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.20	0.20	0.20	0.20	0.20
3.10	3.10	3.10	3.10	3.23
1.80	1.90	1.90	1.90	2.48
0.25	0.25	0.25	0.25	0.25
3.55	3.45	3.45	3.05	3.30
1.15	0.95	0.95	0.95	0.95
1.00	1.00	1.00	1.00	1.00
5.80	5.80	5.80	5.80	6.00
19.95	20.20	20.20	20.20	20.20
1.80	1.80	1.80	1.80	1.80
9.49	9.29	9.29	9.29	9.71
4.03	4.23	4.23	4.23	4.7
2.73	2.73	2.73	2.73	2.73
1.05	1.05	1.05	1.05	1.00
2.95	2.95	2.95	2.95	2.95
1.35	1.35	1.35	1.35	1.35
0.90	0.90	0.90	0.65	0.65
2.43	2.43	2.43	2.38	2.40
3.12	3.37	3.37	3.37	3.37
0.9	0.9	0.9	0.9	0.9
1.10	0.80	0.80	0.80	0.14
-	-	-	0.75	0.75
<u>68.65</u>	<u>68.65</u>	<u>68.65</u>	<u>68.70</u>	<u>70.06</u>

CITY OF SOLANA BEACH

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Community development					
Number of:					
Business licenses (A)	1943	1877	2023	2147	1957
Plan checks (B)	125	211	225	276	275
Code violations (calendar basis)	1184	1277	1458	1467	1016
Police (Calendar basis)					
Number of calls for service (C):					
Priority 1	11	12	11	27	12
Priority 2	426	501	480	498	467
Priority 3	1777	1689	1711	1624	1712
Priority 4	1110	1199	1156	1037	1225
FBI Index Crimes	276	337	321	210	305
Fire					
Emergency Responses	1588	1093	1736	1702	1798
Training Hours	5304	n/a	5090	7079.67	6178
Plan Checks	62	161	335	92	289
Public works					
Miles of:					
Street resurfacing/ repair	60000**	180000**	150000**	150000**	550000**
Street sweeping	900	900	900	900	900*
Number of:					
Street signal maintained	168	168	168	192	192
Trees pruned per year	10	158		158	40
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	271	315	385	280	329
Classes (classes offered to san diego adult school)	48	35	35	N/A	144
Mira Costa College Community Education, # of students	N/A	N/A	N/A	N/A	N/A
Special events (attendees)	10200	11250	N/A	7350	10600

N/A - Data not available

(A) - Includes new & renewal licenses, excludes temporary licenses

(B) - Excludes temporary plan checks.

(C) - Numbers adjusted and updated on CAFR FY16-17 for FY08-FY17 numbers to count only complete calls for service.

Sources: Various city departments.

* Street Repair in Miles

** Street repair in Square Feet (SF)

*** Classes offered by Mira Costa College

Fiscal Year

2016	2017	2018	2019	2020
2068	2007	2055	2345	2677
304	284	319	319	399
1240	1124	2513	2656	N/A
13	7	11	218	161
437	343	470	1321	1226
1740	1141	1825	394	513
1110	826	1181	703	619
240	173	227	139	117
1810	1883	1859	1792	1792
5997	4695.6	4687	6350	6350
380	390	375	375	375
5.3*	1.7*	1.9	3.8	1
900*	900*	504	504	504
192	192	192	192	192
40	500	274	280	280
266	315	322	315	312
***N/A	***N/A	***N/A	***N/A	***N/A
N/A	N/A	720	700	400
7800	8300	7400	7700	6500

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety					
Code enforcement vehicles	2	2	2	2	2
Fire					
Stations	1	1	1	1	1
Fire Engines	4	4	4	4	3
Other vehicles	2	2	2	1	2
Public works					
Streets (miles)	46	46	46	46	42
Street lights (city-owned)	748	748	748	748	527
Traffic signals	13	13	16	18	16
Public works vehicles	7	7	7	8	11
Public works Corporation Yard	1	1	1	1	1
Recreation & community service					
Community centers	2	2	2	2	2
Parks	3	3	3	3	3
Marine Safety					
Lifeguard Stations (Temporary)	3	3	3	3	3
Vehicles	N/A	N/A	N/A	N/A	N/A
	5	5	5	4	4

Notes: No capital asset indicators are available for the general government.

Sources: Various city departments.

* Both Fixed and Portable Towers up FY18. FY19 broke out number of temporary stations.

Fiscal Year

2016				
Fiscal Year				
2016	2018	2019	2020	2020
2	2	2	2	2
1	1	1	1	1
3	3	3	2	2
2	2	2	3	3
42	42	42	42	42
527	527	525	525	525
16	16	16	16	16
11	12	8	8	8
1	1	1	1	1
2	2	2	2	2
3	3	2	2	2
3	6	6	3	3
N/A	N/A	N/A	3	4
4	5	5	5	5

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