



CITY OF SOLANA BEACH

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING
JUNE 30, 2022



SOLANA BEACH
CALIFORNIA

CITY OF SOLANA BEACH, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL PERIOD ENDED JUNE 30, 2022

PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF SOLANA BEACH

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CITY OF SOLANA BEACH, CALIFORNIA
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR THE FISCAL PERIOD ENDED JUNE 30, 2022

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CITY OF SOLANA BEACH

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635 SOUTH HIGHWAY 101 • SOLANA BEACH • CALIFORNIA 92075-2215 • (858) 720-2400

February 2, 2023

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) Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2022.

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 ACFR 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; 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 Humane 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, LLC, 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, 2022, are free of material misstatements. 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, 2022, provided one instance of material weakness 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 was incorporated on July 1, 1986, under the general laws of the State of California and is home to a population of 12,867 residents per the Bureau of Labor and Statistics. 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 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 four Council members elected within separate

The City is a general law city that operates under the Council-Manager form of government. The City Council (Council) is comprised of four Council members elected within separate Council Districts to staggered four-year terms of office. The Mayor is elected at large to a four-year term and the Deputy Mayor is selected by the Council from among its four Councilmembers to serve a one-year term. 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 2021, the City Council approved a two-year budget for Fiscal Years (FY) 2021/22 and 2022/23. The budget is amended from time to time during this two-year budget cycle, with budget adjustments brought before the City Council for review and approval. The Fiscal Year 2021/22 portion of the two-year budget has been amended. The final General Fund

Budget as amended is presented in the Required Supplementary Information section of this report.

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 and Finance Director. 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. As previously noted, 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 2021/22 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

Information presented in the City's financial statements is best understood within the context of our broader economic conditions. Fundamentals of the national economy have gained strength as the economy continues to rebound from the COVID-19 pandemic. Based on the most recent estimates from the Bureau of Economic Analysis, Real Gross Domestic Product (GDP) increased at an annual rate of 3.2% in the third quarter of 2022 after slight decreases in the first 2 quarters of calendar year 2022. The national unemployment rate continued to decline from its highs in 2020. The unemployment rate was estimated at 3.5% in December 2022, and recently dropped to a half-century low of 3.4%, down from 3.9% in December 2021.

In November 2022, the U.S. Bureau of Labor Statistics (BLS) reported the Consumer Price Index for All Urban Consumers (CPI-U) increased 7.1% before seasonal adjustment after rising 0.1% for the month of October. This is a reflection of the slowing economy due to actions by the federal reserve including raising interest rates.

The index for all items less food and energy rose 6.0% over the past 12 months. The shelter index increased 7.1% over the last year, accounting for nearly half of the total increase in all items less food and energy. Other indexes with notable increases over the last year include household furnishings and operations (+7.6%), medical care (+4.2%), new vehicles (+7.2%), and recreation (+4.7%).

Local Economy

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.

The United States Bureau of Labor Statistics (BLS) reported the San Diego region's unemployment rate was 3.3% in November 2022 down from 4.6% in November 2021. The region's unemployment rate remains lower than California's unemployment rate of 4.1% and is now lower than the national unemployment rate of 3.6% as well.

Solana Beach housing prices have continued to climb. Despite higher mortgage rates and with continued low inventory of available homes price growth continues. According to the San Diego Association of Realtors, the median single family home price in Solana Beach in December 2022 was \$2.6 Million, up 18% from the year prior. The San Diego region's median home price was \$935,000 in December 2022, an increase of 11% as compared to the same month in 2021.

On June 30, 2022, Governor Gavin Newsom signed a \$308 billion budget for the 2022/23 fiscal year, an increase of 17 percent from the adopted FY 2021/22 budget. The state budget includes a \$234.4 Billion General Fund, a \$38 billion or 19% increase, as compared to the adopted FY 2021/22 budget appropriations. The largest increases were in Health & Human Services (\$10 billion), Education K-12 (\$13 billion) and General Government Statewide Expenditures (\$13 billion).

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. Property Taxes in FY 2021/22 increased \$383,164 to \$9,131,434, or 4.4%, as compared to the prior year. Sales tax receipts increased \$723,699 to \$4,413,265, or 19.6%, which is due to the continued strong recovery in sales from the negative impact of the pandemic as well as the impact of inflation on the cost of taxable goods.

Overall, the City's General Fund revenues increased by \$893,271, or 3.9%, from \$23,041,752 in FY 2020/21 to \$23,935,023 in FY 2021/22. The FY2021/22 General Fund revenue includes \$1.6 million from the American Rescue Plan Act.

For FY 2022/23, budgeted property taxes are expected to increase as compared to actual amounts received for the prior fiscal year. Sales tax is also projected to realize an increase as the local economy continues to rebound from the pandemic.

Total General Fund revenues, net of internal service charges, are budgeted at \$24,113,485 in FY 2022/23. It is the City's goal not to rely on General Fund reserves to operate the City annually. The General Fund budget for FY 2022/23 was adopted on June 23, 2021 and amended on June 22, 2022. The adopted/amended budget anticipates a projected \$648,475 net surplus for FY 2022/23.

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. This policy, as in the adoption of the FYs 2021/22 and 2022/23 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 2021/22 and 2022/23 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 the end of FY 2021/22, the balance in this fund is \$623,096.

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 loss for all funds for the fiscal year ended June 30, 2022, was \$1,433,919 (\$582,910 investment income received minus \$2,016,829 loss on the FMV), a decrease of \$2,233,405 from the prior fiscal year’s investment income amount of \$799,486 (\$683,134 investment income received plus \$116,352 gain on the FMV).

Major Projects and Financial Planning

Annual Street Maintenance Program

The City has been increasing its level of commitment to maintain city streets. In 2021, a City-wide pavement condition assessment was performed to determine the most effective way to budget, repair, replace and preserve City streets. Based upon this condition assessment report, the consultant prepared a priority list for the City’s pavement repairs and maintenance. This list was used to select street segments for the FY2022 street maintenance and repair program. The 2023 Annual Street Maintenance Program is currently being designed and will be presented to the City Council for consideration in early spring 2023.

The City strives to prioritize the streets most in need of maintenance. Overlay is an important part of preserving streets. This limits the need for major repairs which are much more costly to the City. The City Council approved allocating additional funds to this program at the end of fiscal year 2022. This signifies their commitment to this very impactful program.

Annual Sewer Main Maintenance Storm Drain Rehabilitation Program

The City budgets annually to clean sewer mains and rehabilitate Storm Drains citywide. The City maintains annual service agreements for basic cleaning of sewer mains and as-needed maintenance services for the City’s storm drain system that includes an annual scheduled cleaning of an estimated 255,000 feet of sewer line. Preventative maintenance is also performed from time to time on low-flow diverters located at the Fletcher Cove Park and Seascape Sur Beach Access, the siphon structure in San Elijo Lagoon, sewer laterals at several City facilities and over 35 storm drain catch basins throughout the City.

In addition to routine cleaning and preventative maintenance, the service agreement includes a video inspection component and an “on-call” component to the Agreements to handle investigations, emergencies and spills as directed by Staff. These video inspections are also used to prioritize cleaning and replacement projects. Targeted prioritization limits the risk of sewer spills and storm drain related damages to roads and private properties.

Marine Safety Center Design

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 indicated 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.

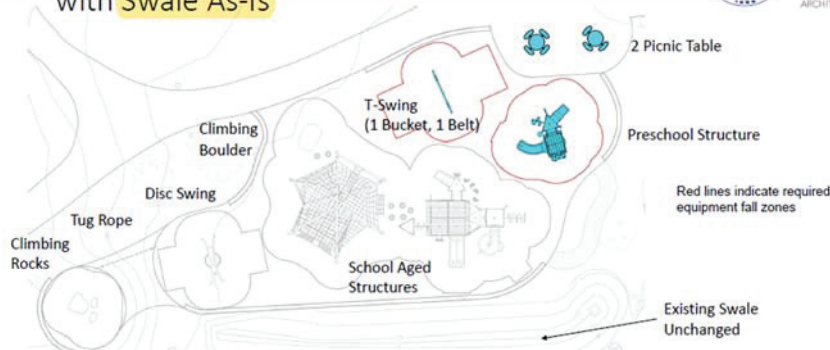
To continue with this task, a Professional Services Agreement with Domus Studios Architects was approved at the October 24, 2018, City Council meeting. Since that time, Staff has been working with domus on the preparation of preliminary design plans for the Fletcher Cove MSC. A community meeting was held in February 2019 and presentations occurred at Council meetings in November 2019 and October 2020. At the November 2019 Council meeting, three design options were presented and Council directed Staff to pursue the above-ground option. At the October 2020 Council meeting, a refined version of the above-ground option was presented.

During the past fiscal year, in collaboration with the City Staff and following City Council's direction, the consultant team continued the design work on the preferred design options. Story poles were installed and preliminary view assessment was carried out by Staff. At the City Council meeting on February 8, 2023, the City Council provided direction to Staff based on a review of potential view impacts associated with the preliminary design. The project will be moving into the final design phase in fiscal year 2023 subject to the City Council's approval of the preliminary design. A total of \$450,000 was appropriated in the FY 2021/22 budget for design and engineering for the project.

Fletcher Cove and La Colonia Park TOT Lots

In FY 2006/2007, a community based La Colonia Park Needs Assessment Advisory Committee developed recommendations for improvements throughout La Colonia Park including ADA Transition Plan recommendations. The city completed the conceptual design for the park improvements in FY 2009/2010 and preliminary design of the park during FY 2010/2011.

La Colonia Tot Lot – Addt'l Elements with Swale As-Is



With the City's purchase of the property immediately north of the new Skate Park, an assessment of how to incorporate the property into the existing park is being conducted by Staff.

Separately, Staff has been engaged with Van Dyke Landscape Architects (VDLA) to design a new Tot Lot at La

Colonia Park. In FY 2021/22 the city budgeted \$479,000 to design and construct the new Tot Lot and renovate the playground.

The estimated cost for the design and construction of the Tot Lot is \$500,000-\$600,000 depending on which equipment alternative is chosen. The estimated cost to study incorporation of the new property north of La Colonia Park into the overall Master Plan is \$52,000. Both projects will include public participation and involvement. A Prop 68 Parks grant was received in the amount of \$233,089, which includes \$186,471 from the State and a City match of \$46,618. Staff has also successfully submit a grant application to the County of San Diego for the Neighborhood Reinvestment Program and was awarded \$50,000.

Fletcher Cove Community Park and Community Center Improvements

This project would perform maintenance on various components of Fletcher Cove Park and the Community Center.

Work also includes reconstruction of the Tot Lot at Fletcher Cove. A public workshop to solicit suggestions for the new playground was held in August 2021. A second workshop was held in May 2022 that showed potential replacement concepts prepared by VDLA. After receiving additional feedback from the community on the design features selected for the new Tot Lots.

An update was provided to the City Council on July 13, 2022, and again on September 28, 2022. The projects have been combined with La Colonia tot lot project for efficiency purposes. After the feedback from the City Council and the community, now that projects are in the final stages, they have been decoupled and the construction of the Fletcher Cove Tot Lot will commence first, with La Colonia commencing shortly thereafter. The Fletcher Cove Park Tot Lot has been awarded by the City Council and will start construction in early Spring, with La Colonia Project soon, to follow.

Fletcher Cove Tot Lot

An inviting umbrella stands over a variety of play opportunities that focuses on inclusivity of all ages and all abilities.

Elements Include:

- Central Disc Net Climber
- Slide
- Sound Play
- Monkey Bars
- Custom Activity Panels
- Swing Set
- Boogie Board



Other work includes reconstructing the handrail and lower portion of the concrete beach access ramp, repairs to the community center. This includes repairs to the roof and building Siding. Maintenance on the boardwalk, sun plaza and basketball court to be done during this fiscal year. Lomas Santa Fe Corridor Project

The project study area for the Lomas Santa Fe (LSF) Drive Corridor Project extends from Sierra Avenue on the west side of Highway 101 to Highland Drive at the City’s eastern boundary. The City’s goal for the Lomas Santa Fe Corridor Project is to design physical improvements that could be constructed to improve the community character, safety, walkability, bike ability, and circulation along this key east-west arterial through the City of Solana Beach. With the variation in character along the corridor, the Project will evaluate feasible improvements that address transportation improvements that integrate with the surrounding land use, activity centers and community character along the Corridor.



During the past fiscal year, Phase III of the project was completed. Phase III of the project included the final design of the improvements to LSF and was funded primarily through a grant from SANDAG. Some of the elements designed during Phase III include a multi-use path on the north side of LSF, striping and signal improvements, added parking, landscaping, and other items intended to slow down traffic and increase use of the corridor by pedestrians and bicycles. A Community Workshop was held in October 2019 and the project was presented to the City Council for further direction in October 2021. All recommendations from the City Council were incorporated into the design plans and specifications. The project was successfully submitted to SANDAG in December 2021 in compliance with the City’s Active Transportation Grant Agreement. Staff is in the process of preparing a stand-alone construction plans from Highland Drive to I-5 freeway consistent with the available funding that has been earmarked by Congressman Levin for this project.

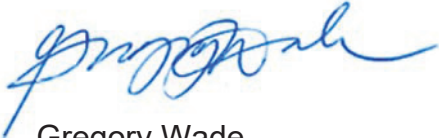
Acknowledgments

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 ACFR for the fiscal year ended June 30, 2021. This was the twentieth year in the past twenty-one years that the city has received this award. 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.

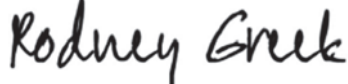
The preparation of the Annual Comprehensive Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department staff. Each member of the staff consisting of Kristine Pratt, Kyle Koszewnik, Jill Thayer, and Amanda Sither has our 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 Greek
Interim Finance Director/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Solana Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

CITY OF SOLANA BEACH
LIST OF OFFICIALS AND ADVISORY BODIES

CITY COUNCIL

LESA HEEBNER
Mayor

DAVID A. ZITO
Deputy Mayor

KRISTI BECKER
Council Member

JEWEL EDSON
Council Member

JILL MACDONALD
Council Member

ADVISORY COMMISSIONS

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

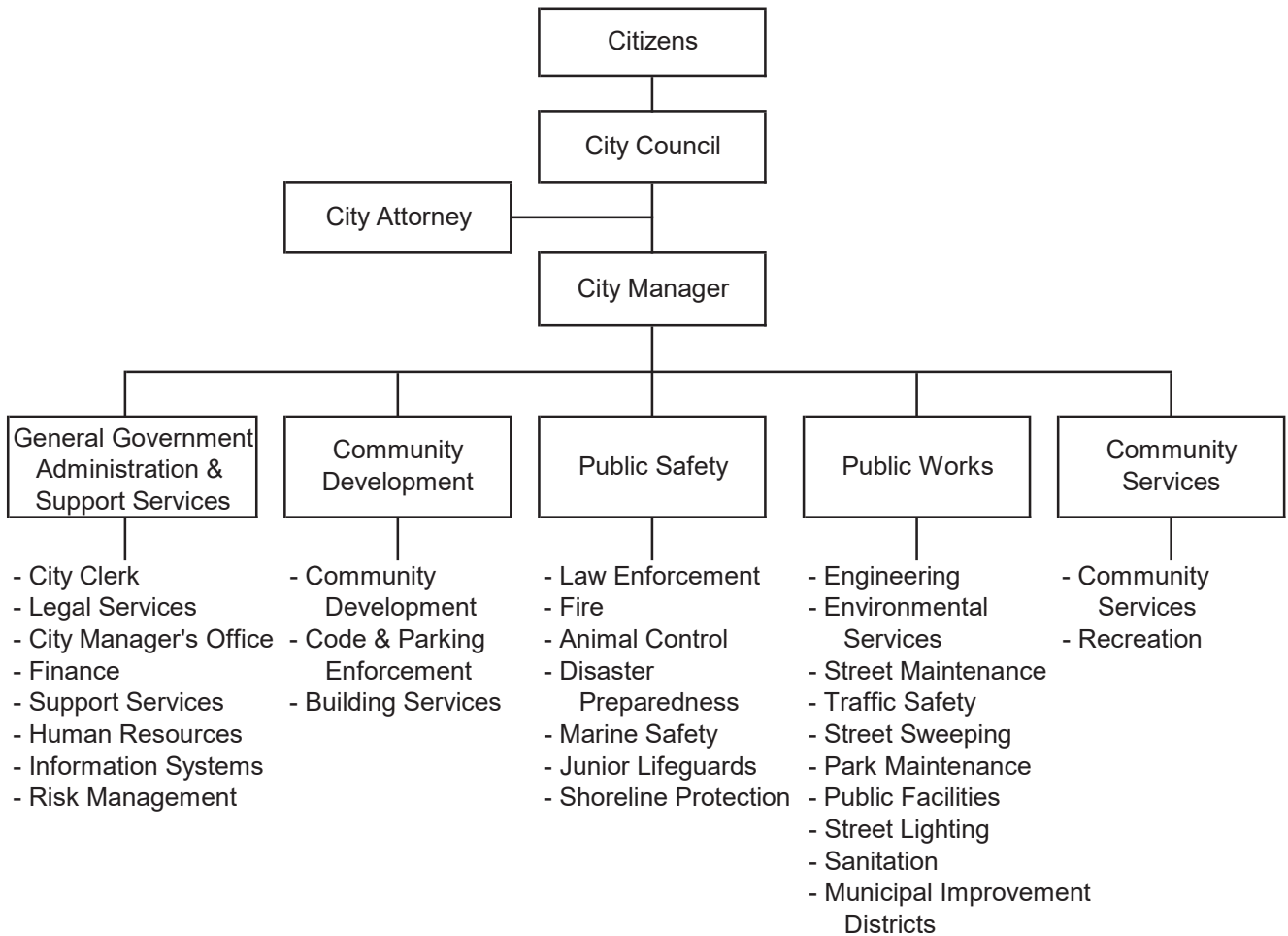
CITY ADMINISTRATION

GREGORY WADE
City Manager

Dan King, Assistant City Manager
Johanna Canlas, City Attorney
Pouneh Sammak, Human Resources Director
Rodney Greek, Interim Finance Director/City Treasurer
Mohammed Sammak, Director of Public Works/City Engineer
Joseph Lim, Director of Community Development
Angela Ivey, City Clerk
Michael Manriquez, Information Technology Director

CITY OF SOLANA BEACH

Organizational Chart
Fiscal Year 2021-2022



BASIC FINANCIAL STATEMENTS

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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

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and



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

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules for the General Fund and Transnet Fund, and required pension and other post-employment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.



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

Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited the City's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Solt & Loughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
February 2, 2023

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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, 2022 (Fiscal Year (FY) 2022). It should be read in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The City's net position increased to \$94,454,379, or by \$6,897,654, as a result of FY 2022 operations.
- Governmental net position equaled \$44,657,578.
- The total revenues from all sources were \$38,352,411.
- The total cost of all City programs was \$31,454,757.
- The General Fund reported an excess of revenues over expenditures and other financing sources and uses by \$2,635,536.
- The General Fund's actual resources received exceeded the final revenue budget by \$882,683 while actual expenditures were \$1,863,659 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

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 41,783,836	\$ 34,206,580	\$ 49,880,265	\$ 49,566,684	\$ 91,664,101	\$ 83,773,264
Capital assets, net	34,056,404	34,899,886	17,533,954	17,389,211	51,590,358	52,289,097
Total Assets	75,840,240	69,106,466	67,414,219	66,955,895	143,254,459	136,062,361
Deferred Outflows	3,817,131	3,533,326	200,619	199,042	4,017,750	3,732,368
Liabilities:						
Long-term debt outstanding	19,861,127	25,698,201	16,963,985	17,994,668	36,825,112	43,692,869
Other liabilities	6,815,603	5,790,073	384,932	972,935	7,200,535	6,763,008
Total Liabilities	26,676,730	31,488,274	17,348,917	18,967,603	44,025,647	50,455,877
Deferred Inflows	8,323,063	1,670,580	469,120	111,547	8,792,183	1,782,127
Net Position:						
Net investment in capital assets	26,396,682	26,653,123	11,656,188	11,185,890	38,052,870	37,839,013
Restricted	17,970,956	14,173,748	-	-	17,970,956	14,173,748
Unrestricted	289,940	(1,345,933)	38,140,613	36,889,897	38,430,553	35,543,964
Total Net Position	\$ 44,657,578	\$ 39,480,938	\$ 49,796,801	\$ 48,075,787	\$ 94,454,379	\$ 87,556,725

The City's combined net position for the fiscal year ended June 30, 2022 was \$94,454,379. 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 \$39,480,938 to \$44,657,578. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$7,577,256 or 22.2% primarily due to increased cash and investments.
- Capital Assets net of depreciation decreased \$843,482 or 2.4% mainly due to current year depreciation on existing assets. More information is provided following Table 4.
- Other liabilities increased by \$1,025,530 or 18.1% mainly due to the increase in deposits payable related to residential and commercial development activity.

Changes related to Business activities are as follows:

- Current and other assets increased \$313,581 or 0.6% primarily due to increased cash and investments and the investment in San Elijo Joint Powers Authority offset by increases in receivables.
- Capital Assets net of depreciation decreased \$144,743 or 0.8% primarily due to current year depreciation on existing assets. More information is provided following Table 4.
- Other liabilities decreased by \$588,003 or 60.4% mainly due to the decrease in accounts payable at year end.

Governmental Activities

The cost of all Governmental activities in FY 2022 was \$26,957,235 as shown on Tables 2 and 2.1. Of this cost, \$3,637,223 was paid for by those who directly benefited from the programs; \$3,287,775 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$20,032,237 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$6,924,998.

Table 2
City of Solana Beach Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,637,223	\$ 2,269,672	\$ 5,818,187	\$ 9,243,320	\$ 9,455,410	\$ 11,512,992
Operating grants and contributions	3,287,775	1,913,915	-	-	3,287,775	1,913,915
Capital grants and contributions	-	301,580	-	-	-	301,580
General revenues:						
Property tax	10,523,133	10,093,847	-	-	10,523,133	10,093,847
Sales & Use Tax	4,413,265	3,689,566	-	-	4,413,265	3,689,566
Transient Tax	2,575,173	1,457,156	-	-	2,575,173	1,457,156
Franchise Tax	873,791	789,365	-	-	873,791	789,365
Other taxes	3,880,489	3,745,720	-	-	3,880,489	3,745,720
Use of Money and Property	(399,689)	631,813	35,005	124,888	(364,684)	756,701
Other	3,342,715	3,121,247	365,344	37,296	3,708,059	3,158,543
Total revenues	32,133,875	28,013,881	6,218,536	9,405,504	38,352,411	37,419,385
Expenses:						
General government	4,569,515	5,537,474	-	-	4,569,515	5,537,474
Public safety	13,906,293	13,116,915	-	-	13,906,293	13,116,915
Public works	5,411,937	4,665,830	-	-	5,411,937	4,665,830
Community Development	1,505,023	1,506,502	-	-	1,505,023	1,506,502
Community Services	1,218,243	1,193,256	-	-	1,218,243	1,193,256
Interest	346,224	356,001	-	-	346,224	356,001
Sanitation	-	-	4,308,057	3,891,241	4,308,057	3,891,241
Solana Energy	-	-	189,465	3,841,312	189,465	3,841,312
Total expenses	26,957,235	26,375,978	4,497,522	7,732,553	31,454,757	34,108,531
Increase/(decrease) in net position	5,176,640	1,637,903	1,721,014	1,672,951	6,897,654	3,310,854
Net position - July 1	39,480,938	37,843,035	48,075,787	46,402,836	87,556,725	84,245,871
Net position - June 30	\$ 44,657,578	\$ 39,480,938	\$ 49,796,801	\$ 48,075,787	\$ 94,454,379	\$ 87,556,725

Items of significance within Table 2 are:

Revenues:

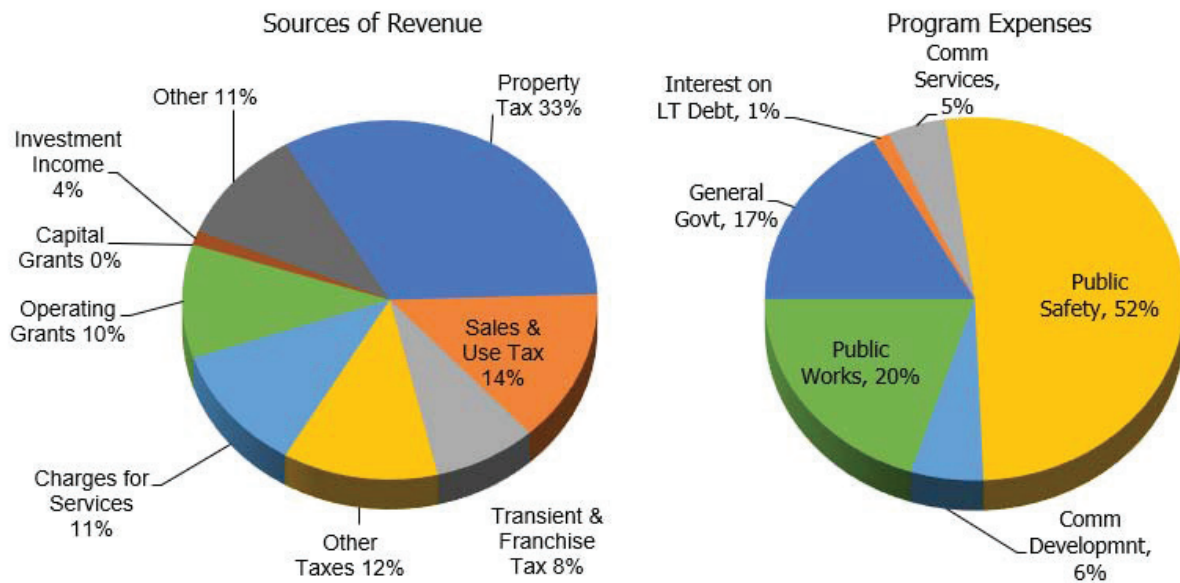
- Operating and Capital grants and contributions increased by a net 48.4 percent or \$1,373,860 over the prior fiscal year amount mainly due to an increase in federal grant revenue received from the American Rescue Plan Act.

- Tax revenue including Property, Sales & Use, Transient Occupancy, Franchise and Other (comprised of the Motor Vehicle In-Lieu, Benefit and National Pollution Discharge Elimination Fees as well as Real Property Transfer taxes) increased by a combined net 12.6% or \$2.5 million mainly driven by a 76.7% or \$1.1 million increase in Transient Occupancy taxes and a 19.6% increase in Sales & Use taxes.
- Other general revenues increased 17.4% or \$549 thousand and was mainly related to internal charges for administrative services which make up over 80% of this line item.

Expenses:

- General Government expenses decreased in FY 2022 by 17.5% or \$968 thousand from the prior fiscal year primarily due to changes in the City's Pension and Other Pension Employee Benefits (OPEB) liabilities.
- Public Safety increased by 6% or \$789 thousand due to a combination of increases in the Sheriff's contract with the County and the ramp up of the Junior Lifeguard program rebounding from COVID-19.
- Solana Energy Alliance expenses decreased to near zero due to the transition of operations to the Clean Energy Alliance in FY 2021. As of June 30, 2022, Clean Energy Alliance was operating on its own, however a reconciliation has yet to be completed to wrap up some remaining items on the City's books.

**Fiscal Year 2022
Governmental Activities**
(Graphic representation of Table 2 in percentages)

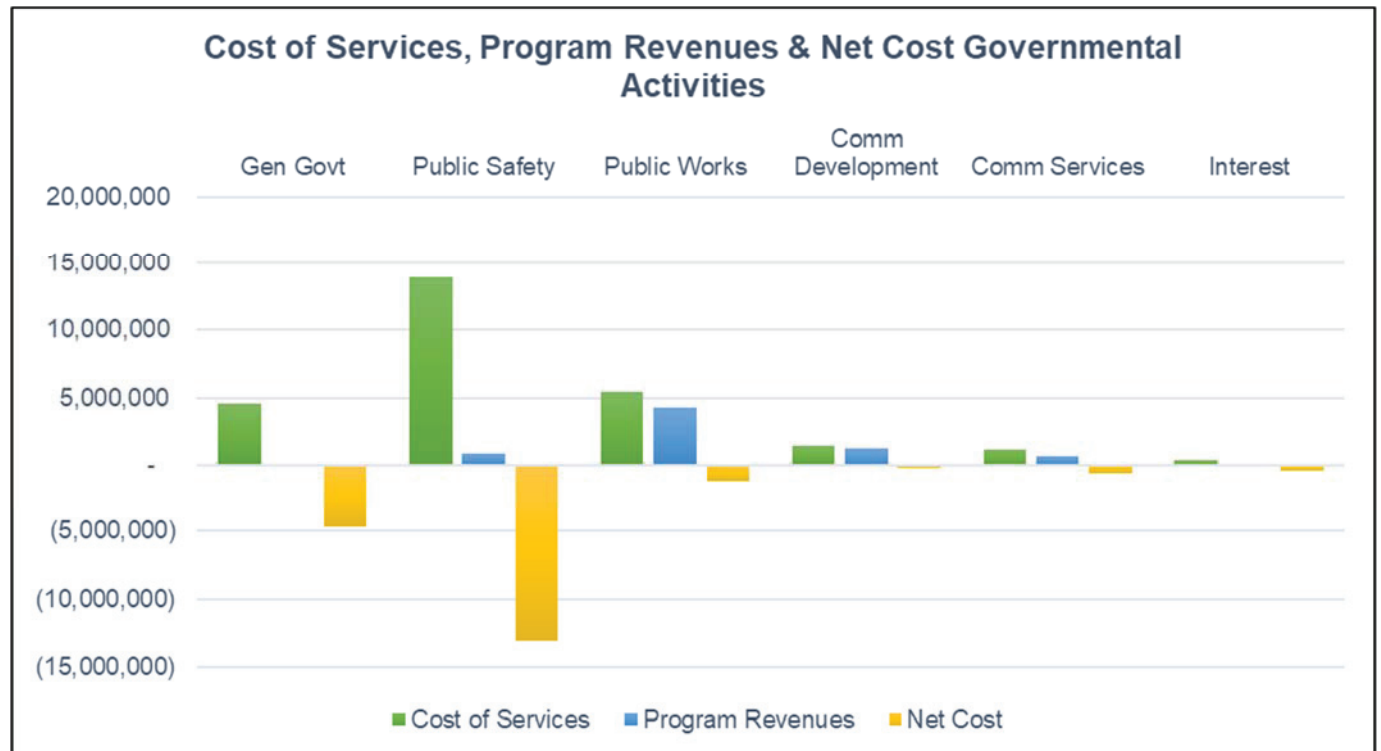


Net Cost of Governmental Activities

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.

Net Cost of Governmental Activities

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
General government	\$ 4,569,515	\$ 5,537,474	\$ 16,529	\$ 393,455	\$ (4,552,986)	\$ (5,144,019)
Public safety	13,906,293	13,116,915	837,769	791,551	(13,068,524)	(12,325,364)
Public works	5,411,937	4,665,830	4,239,591	1,708,329	(1,172,346)	(2,957,501)
Community development	1,505,023	1,506,502	1,162,512	1,082,510	(342,511)	(423,992)
Community services	1,218,243	1,193,256	668,597	509,322	(549,646)	(683,934)
Interest on long-term debt	346,224	356,001	-	-	(346,224)	(356,001)
Totals	\$ 26,957,235	\$ 26,375,978	\$ 6,924,998	\$ 4,485,167	\$ (20,032,237)	\$ (21,890,811)



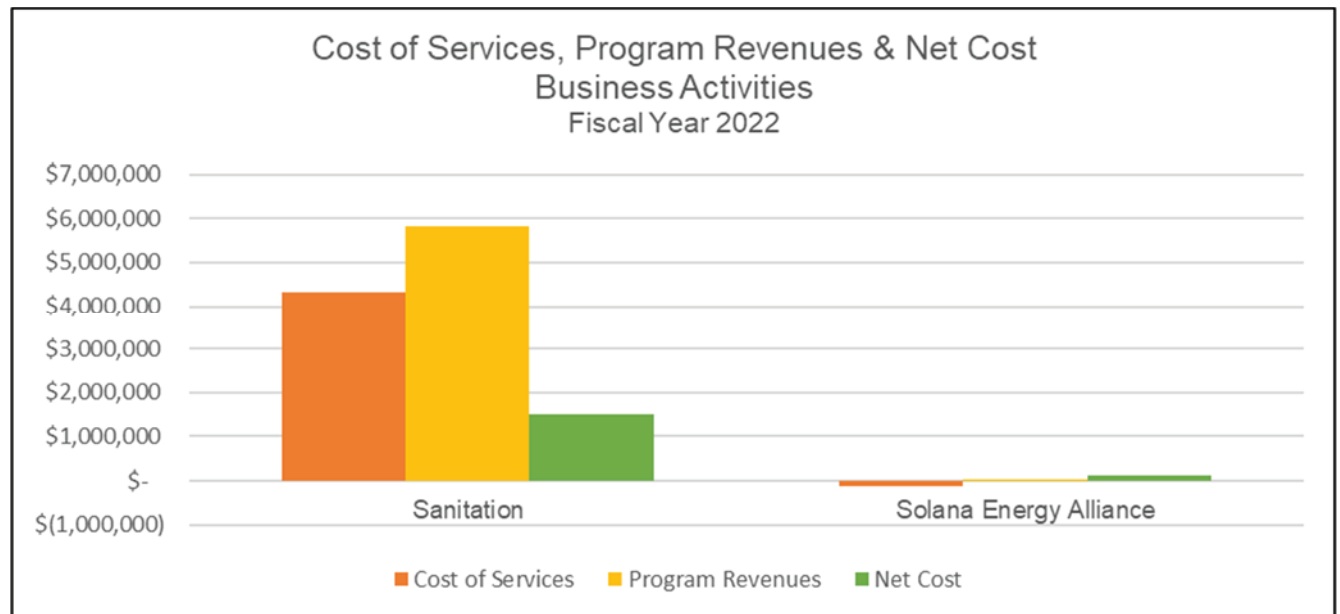
Total resources available during the year to finance governmental operations were \$71,614,813 consisting of a net position at July 1, 2021 of \$39,480,938, program revenues of \$6,924,998, and general revenues of \$25,208,877. Total governmental activities during the year were \$26,957,235, and as a result, net position increased by \$5,176,640 to \$44,657,578.

Business Type Activities

Net position of the Proprietary Fund (Business Type activities) at June 30, 2022, as reflected in Table 1, was \$49,796,801. As shown in Table 3, amounts paid by users of the Sanitation system and other operating revenue were \$5,816,828 while the cost of providing Sanitation Services in FY 2022 was \$4,308,057 resulting in a net gain of \$1,508,771. With the addition of non-operating revenues of \$400,349, as shown on Table 2 and the (\$188,106) in net cost of services related to the roll-off of Solana Energy Alliance, net assets increased by \$1,721,014 or 3.6%.

Table 3
Net Cost of Business Activities

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2022	2021	2022	2021	2022	2021
Sanitation	\$ 4,308,057	\$ 3,891,241	\$ 5,816,828	\$ 5,676,286	\$ 1,508,771	\$ 1,785,045
Solana Energy Alliance	189,465	3,841,312	1,359	3,567,034	(188,106)	(274,278)
Total Business Activities	\$ 4,497,522	\$ 7,732,553	\$ 5,818,187	\$ 9,243,320	\$ 1,320,665	\$ 1,510,767



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 Transient		Capital Projects Fund City CIP		Other Governmental Funds		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues:										
Taxes, Licenses, Fees and Intergovernmental	\$ 20,448	\$ 18,175	\$ 561	\$ 406	\$ -	\$ -	\$ 5,354	\$ 3,644	\$ 26,362	\$ 22,225
Charges for Services	1,043	1,006	-	-	1,056	71	655	373	2,754	1,450
Other	2,444	3,861	(3)	1	254	159	516	(24)	3,211	3,997
Total Revenues	23,935	23,042	558	407	1,310	230	6,525	3,993	32,327	27,672
Expenditures:										
Current	21,188	20,160	36	3	2	5	2,380	2,657	23,607	22,825
Capital Outlay	370	507	76	118	463	610	522	566	1,431	1,800
Debt	-	-	325	325	-	-	221	350	545	675
Total Expenditures	21,558	20,667	437	446	465	615	3,123	3,573	25,583	25,300
Net Transfers	259	(283)	-	-	1,182	-	(1,440)	283	-	-
Net Change in Fund Balances	\$ 2,636	\$ 2,092	\$ 120	\$ (39)	\$ 2,026	\$ (384)	\$ 1,962	\$ 703	\$ 6,744	\$ 2,371

The General Fund - Fund Balance increased by \$2,635,536 or 15.0% to \$20,181,490 from June 30, 2021, to June 30, 2022. This was mainly due to a 77.6% (\$860.0 thousand) increase in transient occupancy tax and a 19.6% (\$723.7 thousand) increase in sales tax and revenues. Property Tax revenue increased 4.4% (\$394.4 thousand) primarily due to Prop 13 assessment increases and new assessments from construction and sales.

Sales Tax revenues increased from the prior year as the economy continued its rebound from COVID-19. Sales from local home furnishing stores jumped 18%. The recent opening of a popular new casual dining establishment in Solana Beach helped boost restaurant and hotel receipts by 21% and allocations from the countywide use-tax pool was up 13%. Total Governmental Fund balance increased by 24.1% or \$6,744,347 to \$34,754,307 from June 30, 2021 to June 30, 2022 due to the general fund increases mentioned above as well as the use of \$1,590,343 from the American Rescue Plan Act (ARPA) for public safety services.

General Fund Budgetary Highlights

Revenues: Actual revenues received were above the final year-end budget by \$882,683 or 2.2%. The largest variance to budget in the revenue category was a \$1.2 million negative variance in Use of Money & Property. This was due to market declines at fiscal year-end resulting in reductions to fair market value on investments. The second largest was an \$828 thousand positive variance to Miscellaneous revenue associated with an increase in administrative charges to other funds for city government services. This was followed by Transient Occupancy Tax revenue variance to budget of a positive \$456 thousand due mainly to the growth in short-term vacation rentals.

Sales tax also performed better than expected ending the year with a positive variance of \$283 thousand due to the continued improvement in the local economy following COVID-19. Charges for Services category totaled \$175 thousand higher than the revised budget. The variance was due to a continued overall higher than expected increase in permit activity in FY 2022.

There was a significant increase in revenue in the Capital Projects City CIP Fund from \$230 thousand in FY2021 to \$1.3 million in FY2022. This was due to the receipt of transportation impact fees for a large commercial/residential construction project located in the coastal area of Solana Beach.

Expenditures: Actual expenditures incurred were lower than the final budget by \$1,863,659 or 8.0%. The largest variance to budget was in Capital Outlay which came in \$559 thousand under budget. This was mainly due to the deferred maintenance projects shifting into the next fiscal year. The second largest variance to budget was in the Fire Department which came in \$321 thousand under budget due to turnover resulting in vacancy savings. General Government department expenditures were below final budget by \$489 thousand. This was mainly the result of vacancy savings and professional service savings in legal, information system and building permit services.

Expenditures in the Capital Projects City CIP fund decreased by \$147 thousand, as the deferred maintenance construction was completed on City Hall and the Fire Station was mostly completed in FY 2021.

Ending Fund Balance: Ending Fund Balance for the year increased by 15.0% from FY 2020-21, for a total ending balance of \$20,181,490. Included in the fund balance are non-spendable, restricted, committed, and assigned funds which total \$10,891,689. The unassigned portion is the part of fund balance that is available for use without constraints established by legal requirements and totals \$9,289,801. The fund balance at the fiscal year end of June 30, 2022 is equal to 90% of the FY 2022 General Fund appropriations.

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, 2022, net capital assets of the governmental activities totaled \$34,056,404 and the net capital assets of the business-type activities totaled \$17,533,954. Depreciation on capital assets is recognized in the government-wide financial statements. (See Table 5 below and Note 5 to the financial statements.)

Over the next five years, funding for capital assets will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are the Annual Pavement and Storm Drain projects, La Colonia Park Improvements, Lomas Santa Fe Drive Corridor Improvements, Marine Safety Center Renovations, and sewer pipeline improvements and replacement projects.

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

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 5,337,440	\$ 5,337,440	\$ 111,706	\$ 111,706	\$ 5,449,146	\$ 5,449,146
Buildings	10,285,398	10,651,917	6,134,497	6,259,953	16,419,895	16,911,870
Equipment & Vehicles	1,219,816	1,340,465	247,984	264,516	1,467,800	1,604,981
Infrastructure	15,118,543	15,897,009	10,976,947	10,690,216	26,095,490	26,587,225
Work in Progress	2,095,207	1,673,055	62,820	62,820	2,158,027	1,735,875
	<u>\$ 34,056,404</u>	<u>\$ 34,899,886</u>	<u>\$ 17,533,954</u>	<u>\$ 17,389,211</u>	<u>\$ 51,590,358</u>	<u>\$ 52,289,097</u>

Debt

At year-end, the City had \$7,639,221 in governmental type debt and \$16,315,215 in proprietary debt (both net of any premiums or discounts) totaling \$23,954,436. In addition to Bonds and Leases, debt as displayed here in the MD&A includes Claims, Judgements and Compensated Absences. These are liabilities of the city and amounts to \$1,862 per capita as of June 30, 2022 which is a decrease of \$52 from \$1,914 at June 30, 2021.

See Table 6 below and Notes 9 through 11 to the financial statements for detailed descriptions.

Table 6
City of Solana Beach Outstanding Debt at Year-End

	Governmental Activities		Business Activities		Total	
	2022	2021	2022	2021	2022	2021
Refunding lease Bond	\$ 145,000	\$ 287,700	\$ -	\$ -	\$ 145,000	\$ 287,700
Loan Payable	349,819	406,650	-	-	349,819	406,650
SEJPA Loan Payable-2017	-	-	10,385,000	10,615,000	10,385,000	10,615,000
2017 Wastewater Refunding Bond	-	-	5,520,000	5,820,000	5,520,000	5,820,000
TransNet Bond	5,500,000	5,500,000	-	-	5,500,000	5,500,000
Bond premiums	-	-	357,766	383,321	357,766	383,321
Bond discounts	(577)	(1,643)	-	-	(577)	(1,643)
Claims and judgements	1,098,000	1,177,000	-	-	1,098,000	1,177,000
Compensated absences	546,979	472,924	52,449	51,302	599,428	524,226
	<u>\$ 7,639,221</u>	<u>\$ 7,842,631</u>	<u>\$ 16,315,215</u>	<u>\$ 16,869,623</u>	<u>\$ 23,954,436</u>	<u>\$ 24,712,254</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June 2021, the City Council adopted a two-year budget for fiscal years ending June 30, 2022, and June 30, 2023.

In considering the City Budget, the City Council and management focused on the challenge of balancing the budget in the midst of the ongoing COVID-19 pandemic. Budget decisions were made with the understanding that, although the economic climate had taken a downturn, it had begun to rebound. Fiscal Years 2022 and 2023 budget projections were 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.

Overall, General Fund revenues are projected to marginally increase for FY 2023 by \$178,462, or 0.7%, as compared to the FY 2022 actual revenues. The primary increases are Sales tax and Transient Occupancy tax. The City is in line to receive another \$1,590,343 in ARPA Funds for use in FY2023. These funds will be used to offset prior year revenue losses and used for general fund safety service expenditures.

General Fund expenditures are projected to remain flat, increasing by \$1,420 or 0.0% in FY 2023 compared to FY 2022 actual expenditures. This is due to the expectation that operations have leveled off now that the pandemic is mostly behind us and rising concerns of a slowing economy.

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: <https://www.cityofsolanabeach.org>

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2022	2021
ASSETS				
Cash and investments	\$ 37,024,194	\$ 11,101,231	\$ 48,125,425	\$ 39,949,519
Restricted assets - cash and investments	3,218,592	-	3,218,592	3,247,089
Investment in joint venture	-	36,460,678	36,460,678	35,555,593
Receivables:				
Accounts, net	1,084,339	396,693	1,481,032	1,951,398
Interest	5,930	1,792	7,722	89,617
Intergovernmental	1,241,359	945,353	2,186,712	2,878,291
Internal balances	(974,518)	974,518	-	-
Inventories	47,545	-	47,545	47,545
Prepaid costs	136,395	-	136,395	54,212
Capital assets not being depreciated	7,432,647	174,526	7,607,173	7,185,021
Capital assets, net of accumulated depreciation	26,623,757	17,359,428	43,983,185	45,104,076
Total Assets	75,840,240	67,414,219	143,254,459	136,062,361
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	3,683,925	189,865	3,873,790	3,732,368
OPEB related	133,206	10,754	143,960	-
Total Deferred Outflows of Resources	3,817,131	200,619	4,017,750	3,732,368
LIABILITIES				
Accounts payable	2,397,334	112,098	2,509,432	2,792,198
Accrued liabilities	363,416	62,761	426,177	427,047
Accrued interest payable	1,138	210,073	211,211	217,357
Deposits payable	3,610,384	-	3,610,384	2,918,384
Unearned revenue	443,331	-	443,331	408,022
Noncurrent Liabilities				
Due within one year: Bonds, loans, claims, compensated absences	781,036	568,091	1,349,127	1,240,225
Due in more than one year				
Net pension liability	9,986,206	468,281	10,454,487	16,656,755
Net OPEB liability	2,235,700	180,489	2,416,189	2,323,860
Bonds, loans, claims, compensated absences	6,858,185	15,747,124	22,605,309	23,472,029
Total Liabilities	26,676,730	17,348,917	44,025,647	50,455,877
DEFERRED INFLOWS OF RESOURCES				
Pension related	7,628,815	413,073	8,041,888	678,938
OPEB related	694,248	56,047	750,295	1,103,189
Total Deferred Inflows of Resources	8,323,063	469,120	8,792,183	1,782,127
NET POSITION				
Net investment in capital assets	26,396,682	11,656,188	38,052,870	37,839,013
Restricted:				
Redevelopment activities	2,389,310	-	2,389,310	1,528,599
Public safety	1,005,411	-	1,005,411	748,023
Parks and recreation	138,697	-	138,697	220,542
Public works	4,685,845	-	4,685,845	4,423,740
Capital projects	6,507,277	-	6,507,277	3,981,615
Debt service	25,824	-	25,824	25,754
Pensions	3,218,592	-	3,218,592	3,245,475
Unrestricted	289,940	38,140,613	38,430,553	35,543,964
Total Net Position	\$ 44,657,578	\$ 49,796,801	\$ 94,454,379	\$ 87,556,725

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 4,569,515	\$ 16,529	\$ -	\$ -
Public safety	13,906,293	384,525	453,244	-
Community development	1,505,023	1,162,512	-	-
Community services	1,218,243	507,312	161,285	-
Public works	5,411,937	1,566,345	2,673,246	-
Interest	346,224	-	-	-
Total Governmental Activities	26,957,235	3,637,223	3,287,775	-
Business-Type Activities:				
Sanitation Fund	4,308,057	5,816,828	-	-
Solana Energy Alliance Fund	189,465	1,359	-	-
Total Business-Type Activities	4,497,522	5,818,187	-	-
Total Primary Government	\$ 31,454,757	\$ 9,455,410	\$ 3,287,775	\$ -

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 - Beginning
 Net Position - Ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	
		2022	2021
\$ (4,552,986)	\$ -	\$ (4,552,986)	\$ (5,144,019)
(13,068,524)	-	(13,068,524)	(12,325,364)
(342,511)	-	(342,511)	(423,992)
(549,646)	-	(549,646)	(683,934)
(1,172,346)	-	(1,172,346)	(2,957,501)
(346,224)	-	(346,224)	(356,001)
<u>(20,032,237)</u>	<u>-</u>	<u>(20,032,237)</u>	<u>(21,890,811)</u>
-	1,508,771	1,508,771	1,785,045
-	(188,106)	(188,106)	(274,278)
-	<u>1,320,665</u>	<u>1,320,665</u>	<u>1,510,767</u>
<u>(20,032,237)</u>	<u>1,320,665</u>	<u>(18,711,572)</u>	<u>(20,380,044)</u>
10,523,133	-	10,523,133	10,093,847
4,413,265	-	4,413,265	3,689,566
2,575,173	-	2,575,173	1,457,156
873,791	-	873,791	789,365
3,880,489	-	3,880,489	3,745,720
(399,689)	35,005	(364,684)	756,701
3,342,715	365,344	3,708,059	3,158,543
<u>25,208,877</u>	<u>400,349</u>	<u>25,609,226</u>	<u>23,690,898</u>
5,176,640	1,721,014	6,897,654	3,310,854
<u>39,480,938</u>	<u>48,075,787</u>	<u>87,556,725</u>	<u>84,245,871</u>
<u>\$ 44,657,578</u>	<u>\$ 49,796,801</u>	<u>\$ 94,454,379</u>	<u>\$ 87,556,725</u>

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements
Proprietary Fund Financial Statements
Fiduciary Fund Financial Statements

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	Special Revenue Fund		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
	General	TransNet	City CIP		2022	2021
ASSETS						
Cash and investments	\$ 21,606,502	\$ 173,419	\$ 4,453,242	\$ 10,791,031	\$ 37,024,194	\$ 29,467,996
Restricted cash and investments	3,218,592	-	-	-	3,218,592	3,247,089
Receivables:						
Accounts	919,208	-	3,929	161,202	1,084,339	1,280,509
Accrued interest	3,634	22	524	1,750	5,930	61,957
Intergovernmental	916,101	32,071	-	293,187	1,241,359	1,363,341
Due from other funds	869,806	-	31,171	-	900,977	1,313,802
Inventories	-	-	-	47,545	47,545	47,545
Prepaid costs	136,395	-	-	-	136,395	54,212
Total Assets	<u>\$ 27,670,238</u>	<u>\$ 205,512</u>	<u>\$ 4,488,866</u>	<u>\$ 11,294,715</u>	<u>\$ 43,659,331</u>	<u>\$ 36,836,451</u>
LIABILITIES						
Accounts payable	\$ 1,964,272	\$ 2,219	\$ 85,053	\$ 345,790	\$ 2,397,334	\$ 2,095,112
Accrued liabilities	317,858	-	8,879	36,679	363,416	366,571
Deposits payable	3,541,158	-	-	69,226	3,610,384	2,918,384
Due to other funds	-	-	-	210,035	210,035	575,815
Advances from other funds	1,665,460	-	-	-	1,665,460	2,054,056
Unearned revenues	-	-	-	443,331	443,331	408,022
Total Liabilities	<u>7,488,748</u>	<u>2,219</u>	<u>93,932</u>	<u>1,105,061</u>	<u>8,689,960</u>	<u>8,417,960</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	32,071	-	182,993	215,064	408,531
Total Deferred Inflows of Resources	<u>-</u>	<u>32,071</u>	<u>-</u>	<u>182,993</u>	<u>215,064</u>	<u>408,531</u>
FUND BALANCES						
Nonspendable	136,395	-	-	47,545	183,940	54,212
Restricted	3,218,592	171,222	4,394,934	10,186,208	17,970,956	14,173,748
Committed	1,295,357	-	-	-	1,295,357	901,576
Assigned	6,241,345	-	-	-	6,241,345	6,206,689
Unassigned (Deficit)	9,289,801	-	-	(227,092)	9,062,709	6,673,735
Total Fund Balances (Deficit)	<u>20,181,490</u>	<u>171,222</u>	<u>4,394,934</u>	<u>10,006,661</u>	<u>34,754,307</u>	<u>28,009,960</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 27,670,238</u>	<u>\$ 205,512</u>	<u>\$ 4,488,866</u>	<u>\$ 11,294,715</u>	<u>\$ 43,659,331</u>	<u>\$ 36,836,451</u>

CITY OF SOLANA BEACH, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds	\$	34,754,307	
Capital assets of \$107,916,152 net of accumulated depreciation of \$73,859,748, used in governmental activities are not financial resources and, therefore, are not reported in the funds.			34,056,404
Differences between expected and actual experiences, assumption changes, and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position.			
Deferred outflows - pension related	\$	3,683,925	
Deferred outflows - OPEB related		133,206	
Deferred inflows - pension related		(7,628,815)	
Deferred inflows - OPEB related		(694,248)	
Total Deferred Outflows and Inflows Related to Postemployment Benefits			(4,505,932)
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.			215,064
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.			
Bonds payable		(5,500,000)	
Lease revenue bonds		(145,000)	
Compensated absences		(546,979)	
Claims		(1,098,000)	
Loans payable		(349,819)	
Accrued interest payable on long-term debt		(1,138)	
Net OPEB liability		(2,235,700)	
Net pension liability		(9,986,206)	
Total Long-term Liabilities			(19,862,842)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.			
Discount on lease		577	
Total Premiums, Discounts, and Deferred Items			577
Net Position of Governmental Activities	\$		<u>44,657,578</u>

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Special Revenue Fund		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
	General	TransNet	City CIP		2022	2021
REVENUES						
Taxes and assessments	\$ 19,653,011	\$ -	\$ -	\$ 2,612,840	\$ 22,265,851	\$ 19,775,654
Licenses, permits and fees	685,175	88,418	-	-	773,593	532,496
Intergovernmental	109,595	472,232	-	2,740,712	3,322,539	1,916,664
Charges for services	1,043,521	-	1,055,726	654,963	2,754,210	1,449,714
Use of money and property	(831,824)	(3,120)	(74,871)	510,126	(399,689)	631,813
Fines and forfeitures	261,932	-	-	-	261,932	244,331
Other revenues	3,013,613	-	328,874	6,419	3,348,906	3,121,247
Total Revenues	23,935,023	557,530	1,309,729	6,525,060	32,327,342	27,671,919
EXPENDITURES						
Current:						
General government	5,598,530	-	-	-	5,598,530	5,032,268
Public safety	11,079,890	-	-	963,319	12,043,209	12,538,907
Public works	2,580,038	35,988	1,956	1,174,151	3,792,133	3,125,907
Community development	1,180,682	-	-	166,846	1,347,528	1,446,878
Community services	749,270	-	-	75,910	825,180	680,982
Capital outlay	369,680	76,162	462,964	522,074	1,430,880	1,800,676
Debt service:						
Principal retirement	-	-	-	199,531	199,531	319,071
Interest and fiscal charges	-	325,105	-	20,899	346,004	355,735
Total Expenditures	21,558,090	437,255	464,920	3,122,730	25,582,995	25,300,424
Excess (Deficiency) of Revenue Over (Under) Expenditures	2,376,933	120,275	844,809	3,402,330	6,744,347	2,371,495
OTHER FINANCING SOURCES (USES)						
Transfers in	1,590,343	-	1,181,640	220,500	2,992,483	353,500
Transfers out	(1,331,740)	-	-	(1,660,743)	(2,992,483)	(353,500)
Total Other Financing Sources (Uses)	258,603	-	1,181,640	(1,440,243)	-	-
Net Change in Fund Balances	2,635,536	120,275	2,026,449	1,962,087	6,744,347	2,371,495
Fund Balances - Beginning	17,545,954	50,947	2,368,485	8,044,574	28,009,960	25,638,465
Fund Balances - Ending	\$ 20,181,490	\$ 171,222	\$ 4,394,934	\$ 10,006,661	\$ 34,754,307	\$ 28,009,960

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, 2022**

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

Net Change in Fund Balances - Total Governmental Funds	\$	6,744,347	
<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>			
			(843,482)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>			
Earned but unavailable grant revenues	\$	<u>(193,467)</u>	(193,467)
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of 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>			
Principal paid on long term liabilities		<u>199,531</u>	199,531
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>			
Accrued interest on long-term debt		846	
Amortization of lease discount		(1,066)	
Compensated absences		(74,055)	
Claims and judgments		79,000	
Changes in pension liabilities and related deferred outflows and inflows of resources		(1,074,364)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources		<u>339,350</u>	
			<u>(730,289)</u>
Change in Net Position of Governmental Activities	\$		<u><u>5,176,640</u></u>

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2022

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	<u>Total Proprietary Funds</u>			
	<u>Sanitation Fund</u>	<u>Solana Energy Alliance Fund</u>	<u>2022</u>	<u>2021</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 11,101,231	\$ -	\$ 11,101,231	\$ 10,481,523
Receivables:				
Accounts	340,514	56,179	396,693	670,889
Interest	1,792	-	1,792	27,660
Intergovernmental	784,478	160,875	945,353	1,514,950
Total Current Assets	<u>12,228,015</u>	<u>217,054</u>	<u>12,445,069</u>	<u>12,695,022</u>
Noncurrent Assets:				
Advances to other funds	1,665,460	-	1,665,460	2,054,056
Investment in joint venture	36,460,678	-	36,460,678	35,555,593
Capital Assets:				
Land	111,706	-	111,706	111,706
Construction in progress	62,820	-	62,820	62,820
Building	6,766,498	-	6,766,498	6,766,498
Improvements	18,516,952	-	18,516,952	17,847,149
Equipment	828,705	-	828,705	828,705
Less accumulated depreciation	<u>(8,752,727)</u>	<u>-</u>	<u>(8,752,727)</u>	<u>(8,227,667)</u>
Total Noncurrent Assets	<u>55,660,092</u>	<u>-</u>	<u>55,660,092</u>	<u>54,998,860</u>
Total Assets	<u>67,888,107</u>	<u>217,054</u>	<u>68,105,161</u>	<u>67,693,882</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	189,865	-	189,865	199,042
OPEB related	10,754	-	10,754	-
Total Deferred Outflows of Resources	<u>200,619</u>	<u>-</u>	<u>200,619</u>	<u>199,042</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	108,079	4,019	112,098	697,086
Accrued liabilities	17,964	44,797	62,761	60,476
Compensated absences	25,591	-	25,591	14,172
Accrued interest payable	210,073	-	210,073	215,373
Due to other funds	-	690,942	690,942	737,987
Loans and bonds payable - current	542,500	-	542,500	530,000
Total Current Liabilities	<u>904,207</u>	<u>739,758</u>	<u>1,643,965</u>	<u>2,255,094</u>
Noncurrent Liabilities:				
Compensated absences	26,858	-	26,858	37,130
Loans and bonds payable	15,720,266	-	15,720,266	16,288,321
Net pension liability	468,281	-	468,281	927,749
Net OPEB liability	180,489	-	180,489	197,296
Total Noncurrent Liabilities	<u>16,395,894</u>	<u>-</u>	<u>16,395,894</u>	<u>17,450,496</u>
Total Liabilities	<u>17,300,101</u>	<u>739,758</u>	<u>18,039,859</u>	<u>19,705,590</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	413,073	-	413,073	17,886
OPEB related	56,047	-	56,047	93,661
Total Deferred Inflows of Resources	<u>469,120</u>	<u>-</u>	<u>469,120</u>	<u>111,547</u>
NET POSITION				
Net investment in capital assets	11,656,188	-	11,656,188	11,185,890
Unrestricted (Deficit)	38,663,317	(522,704)	38,140,613	36,889,897
Total Net Position (Deficit)	<u>\$ 50,319,505</u>	<u>\$ (522,704)</u>	<u>\$ 49,796,801</u>	<u>\$ 48,075,787</u>

CITY OF SOLANA BEACH, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)**

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2022	2021
OPERATING REVENUES				
Charges for services	\$ 5,816,828	\$ 1,359	\$ 5,818,187	\$ 9,243,320
Miscellaneous Revenue	365,344	-	365,344	37,296
Total Operating Revenues	6,182,172	1,359	6,183,531	9,280,616
OPERATING EXPENSES				
Cost of sales and services	2,188,106	32,190	2,220,296	6,061,396
Administration	776,523	157,275	933,798	548,500
Depreciation	525,060	-	525,060	391,505
Total Operating Expenses	3,489,689	189,465	3,679,154	7,001,401
Operating Income (Loss)	2,692,483	(188,106)	2,504,377	2,279,215
NONOPERATING REVENUES (EXPENSES)				
Interest income	34,492	513	35,005	124,888
Interest expense	(615,256)	-	(615,256)	(666,139)
Amortization of investment premium	5,100	-	5,100	(10,945)
Gain (loss) on disposal of capital assets	(369,845)	-	(369,845)	(164,807)
Share in joint venture net gain/(loss)	161,633	-	161,633	110,739
Total Nonoperating Revenues (Expenses)	(783,876)	513	(783,363)	(606,264)
Change in Net Position	1,908,607	(187,593)	1,721,014	1,672,951
Net Position - Beginning (Deficit)	48,410,898	(335,111)	48,075,787	46,402,836
Net Position - Ending (Deficit)	\$ 50,319,505	\$ (522,704)	\$ 49,796,801	\$ 48,075,787

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

			Total Proprietary Funds	
			2022	2021
	Sanitation Fund	Solana Energy Alliance Fund		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 6,556,398	\$ 470,926	\$ 7,027,324	\$ 8,044,787
Payments to suppliers and service providers	(2,761,850)	(362,145)	(3,123,995)	(6,301,602)
Payments to employees for salaries and benefits	(669,685)	(62,249)	(731,934)	(709,719)
Net Cash Provided by (Used for) Operating Activities	3,124,863	46,532	3,171,395	1,033,466
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment received from short-term interfund borrowings	-	(47,045)	(47,045)	221,034
Cash advance made to other governments	-	-	-	(498)
Net Cash Provided by (Used for) Noncapital Financing Activities	-	(47,045)	(47,045)	220,536
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayment received from capital-related interfund borrowings	388,596	-	388,596	378,085
Proceeds from the sale of assets	-	-	-	1,053,119
Acquisition and construction of capital assets	(669,803)	-	(669,803)	(396,522)
Principal paid on capital debt	(530,000)	-	(530,000)	(570,000)
Interest paid on capital debt	(646,111)	-	(646,111)	(663,974)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,457,318)	-	(1,457,318)	(199,292)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	(309,485)	513	(308,972)	127,369
Investment in joint venture	(738,352)	-	(738,352)	(506,244)
Net Cash Provided by (Used for) Investing Activities	(1,047,837)	513	(1,047,324)	(378,875)
Net Increase (Decrease) in Cash and Cash Equivalents	619,708	-	619,708	675,835
Cash and Cash Equivalents - Beginning	10,481,523	-	10,481,523	9,805,688
Cash and Cash Equivalents - Ending	\$ 11,101,231	\$ -	\$ 11,101,231	\$ 10,481,523
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 2,692,483	\$ (188,106)	2,504,377	\$ 2,279,215
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation expense	525,060	-	525,060	391,505
(Increase) decrease in accounts receivable	(195,371)	469,567	274,196	76,927
(Increase) decrease in intergovernmental receivables	569,597	-	569,597	(1,312,756)
(Increase) decrease in deposits	-	-	-	100,000
(Increase) decrease in prepaid costs	-	-	-	845
(Increase) decrease in pension related deferred outflows of resources	(33,088)	42,265	9,177	13,198
(Increase) decrease in OPEB related deferred outflows of resources	(10,754)	-	(10,754)	1,255
Increase (decrease) in accounts payable	(573,479)	(11,509)	(584,988)	(506,110)
Increase (decrease) in accrued liabilities	4,561	(2,276)	2,285	37,341
Increase (decrease) in compensated absences	1,147	-	1,147	(7,151)
Increase (decrease) in net pension liability	(260,367)	(199,101)	(459,468)	43,410
Increase (decrease) in net OPEB liability	23,861	(40,668)	(16,807)	(30,949)
Increase (decrease) in pension related deferred inflows of resources	399,521	(4,334)	395,187	(38,479)
Increase (decrease) in OPEB related deferred inflows of resources	(18,308)	(19,306)	(37,614)	(14,785)
Total Adjustments	432,380	234,638	667,018	(1,245,749)
Net Cash Provided by (Used for) Operating Activities	\$ 3,124,863	\$ 46,532	\$ 3,171,395	\$ 1,033,466
Schedule of Non-Cash Investing, Capital, and Financing Activities:				
Amortization of bonds premium/discount	\$ 68,647	\$ -	\$ 68,647	\$ -
Unrealized gain on investment in joint venture	161,633	-	161,633	110,739

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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, 2022

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Pension (and Other Employee Benefit) Trust Fund		Private-Purpose Trust Fund		Custodial Funds	
	OPEB Trust Fund		Successor Agency of the Former RDA		Custodial Funds	
	2022	2021	2022	2021	2022	2021
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 16,174	\$ -	\$ 236,986	\$ 229,890
Investments:						
Money market mutual funds	1,207,148	1,265,851	-	-	1,646	1,646
Local Agency Investment Fund	-	-	-	-	58,740	59,324
Asset-backed securities	-	-	-	-	9,718	9,718
Federal agency securities	-	-	-	-	85,126	85,126
Medium term corporate notes	-	-	-	-	33,510	33,510
Supranational securities	-	-	-	-	1,350	1,350
US Treasury securities	-	-	-	-	66,680	66,680
Receivables:						
Accrued interest	-	-	-	-	77	431
Due from other governments	-	-	-	-	1,689	1,562
Total Assets	1,207,148	1,265,851	16,174	-	495,522	489,237
LIABILITIES						
Accounts payable	-	629	21	-	1,189	3,796
Accrued liabilities	-	-	676	1,419	-	-
Accrued interest	-	-	6,062	6,413	-	68,699
Due to City of Solana Beach	-	-	181	22,320	-	-
Long-term liabilities:						
Due in one year	-	-	129,100	124,900	-	75,000
Due in more than one year	-	-	2,035,900	2,165,000	-	1,780,000
Total Liabilities	-	629	2,171,940	2,320,052	1,189	1,927,495
NET POSITION						
Restricted for:						
Postemployment benefits other than pensions	1,207,148	1,265,222	-	-	-	-
Individuals, organizations, and other governments	-	-	(2,155,766)	(2,320,052)	494,333	(1,438,258)
Total Net Position	\$ 1,207,148	\$ 1,265,222	\$ (2,155,766)	\$ (2,320,052)	\$ 494,333	\$ (1,438,258)

CITY OF SOLANA BEACH, CALIFORNIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Pension (and Other Employee Benefit) Trust Fund		Private-Purpose Trust Fund			
	OPEB Trust Fund		Successor Agency of the Former RDA		Custodial Funds	
	2022	2021	2022	2021	2022	2021
ADDITIONS						
Contributions:						
Employers	\$ 138,000	\$ 204,000	\$ -	\$ -	\$ -	\$ -
Total contributions	138,000	204,000	-	-	-	-
Investment earnings:						
Net increase (decrease) in fair value of investments	(259,089)	153,596	-	(192)	(13,472)	(3,836)
Interest, dividends, and other	70,038	65,596	-	-	4,813	3,584
Total investment earnings	(189,051)	219,192	-	(192)	(8,659)	(252)
Property taxes	-	-	273,225	136,847	-	-
Special assessment collections	-	-	-	-	222,379	215,329
Miscellaneous	-	-	-	-	-	99,256
Total Additions	(51,051)	423,192	273,225	136,655	213,720	314,333
DEDUCTIONS						
Administrative expenses	-	-	30,821	44,117	-	-
Contractual services	7,023	6,578	2,560	12,353	8,820	8,973
Interest expense	-	-	75,558	79,668	36,741	112,489
Total Deductions	7,023	6,578	108,939	136,138	45,561	121,462
Net Increase (Decrease) in Fiduciary Net Position	(58,074)	416,614	164,286	517	168,159	192,871
Net Position - Beginning	1,265,222	848,608	(2,320,052)	(2,320,569)	(1,438,258)	(1,631,129)
Restatement of Net Position	-	-	-	-	1,764,432	-
Net Position - Beginning, as Restated	1,265,222	848,608	(2,320,052)	(2,320,569)	326,174	(1,631,129)
Net Position - Ending	\$ 1,207,148	\$ 1,265,222	\$ (2,155,766)	\$ (2,320,052)	\$ 494,333	\$ (1,438,258)

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 (90 days after year-end, with the exception of property taxes, which is 60 days) 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 costs 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 custodial funds, one pension (and other employee benefits) trust fund, and one private-purpose trust fund. Custodial funds are used to account for collections received from special assessment districts and their disbursement to bondholders. Spending of Custodial fund resources is controlled primarily through legal agreements and applicable State and Federal laws.

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 Fiduciary 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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Cash, Cash Equivalents, and Investments (Continued)

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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

e. Capital Assets (Continued)

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 assets 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 asset 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.

Note 1: Summary of Significant Accounting Policies (Continued)

j. Other Post-Employment Benefits (OPEB) (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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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 7.2 years at June 30, 2022.

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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 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.

Note 1: Summary of Significant Accounting Policies (Continued)

n. Fund Balance Flow Assumptions (Continued)

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.

q. Change in Accounting Principle and Effect of New Accounting Standards

In fiscal year 2022, the City adopted the provisions of GASB Statement No. 87 – Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease, liability, and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Management has determined that this statement did not have a material impact to the City's financial statements, and no prior period adjustment for the change in accounting principle was necessary.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 2: Reconciliation of Government-Wide and Fund Financial Statements**a. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “other long-term assets that are not available to pay for current period expenditures and, therefore, are either labeled unavailable or no reported in the funds.” The details of this \$215,064 are as follows:

Grant revenues	\$ 215,064
Total other long-term assets	<u>\$ 215,064</u>

b. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this (\$843,482) difference are as follows:

Capital Outlay	\$ 1,537,279
Depreciation Expense	<u>(2,380,761)</u>
	<u>\$ (843,482)</u>

Note 3: Stewardship, Compliance, and Accountability**a. Excess of Expenditures over Appropriations**

At June 30, 2022, there were no funds who reported expenditures exceeding appropriations.

b. Deficit Fund Equity

At June 30, 2022, the following nonmajor funds reported deficit fund balance:

Nonmajor Fund Name	Classification	Deficit
CDBG	Special Revenue Fund	\$ 16,429
Boating & Waterways	Special Revenue Fund	164,158
Developer Pass-Thru	Special Revenue Fund	87
Assessment Districts CIP	Capital Projects Fund	46,418

These deficits are due to the timing of reimbursements and revenues for these activities, and are expected to be eliminated through future revenues.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 3: Stewardship, Compliance, and Accountability (Continued)

c. Budgetary Compliance

The Assessment Districts CIP capital projects fund and Boating and Waterways fund did not adopt a budget for the fiscal year ended June 30, 2022.

Note 4: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2022:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Cash and investments	\$ 37,024,194	\$ 11,101,231	\$ 509,930	\$ 48,635,355
Restricted cash and investments	3,218,592	-	1,207,148	4,425,740
Total	<u>\$ 40,242,786</u>	<u>\$ 11,101,231</u>	<u>\$ 1,717,078</u>	<u>\$ 53,061,095</u>

Cash and investments consisted of the following at June 30, 2022:

Cash:	
Cash on hand	\$ 400
Demand deposits	11,242,596
Total cash	<u>11,242,996</u>
Investments:	
Local Agency Investment Fund	7,007,489
Investments	30,384,870
Cash and investments held in PARS Section 115 Trust	4,425,740
Total investments	<u>41,818,099</u>
Total cash and investments	<u>\$ 53,061,095</u>

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$11,242,596 at June 30, 2022. Bank balances were \$11,943,624 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 \$701,028 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.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 4: Cash and Investments (Continued)

As of June 30, 2022, 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.

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	40%	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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 4: Cash and Investments (Continued)**b. Investments (Continued)****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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Banker's acceptances	180 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

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.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 4: Cash and Investments (Continued)

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	\$ 7,007,489	\$ 7,007,489	\$ -	\$ -
US Treasury	10,935,193	499,595	2,791,075	7,644,523
US Government Agency Securities				
Federal Home Loan Bank	380,124	-	-	380,124
Federal Farm Credit Bank	1,110,406	-	416,852	693,554
Federal National Mortgage Association	907,261	-	448,051	459,210
Federal Home Loan Mortgage Corporation	484,485	-	484,485	-
Medium Term Notes	8,842,766	902,411	3,692,376	4,247,979
Money Market Mutual Funds	1,567,724	1,567,724	-	-
Supranationals	1,355,617	-	421,047	934,570
Asset Backed Securities	4,801,294	3,809,979	991,315	-
Investments Held in Section 115 Trust:				
Equity Mutual Fund	2,094,370	2,094,370	-	-
Fixed Income Mutual Fund	2,065,756	2,065,756	-	-
Cash/Money Market	265,614	265,614	-	-
	<u>\$ 41,818,099</u>	<u>\$ 18,212,938</u>	<u>\$ 9,245,201</u>	<u>\$ 14,359,960</u>

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, 2022, for each investment type.

Investments:	Total as of June 30, 2022	Minimum Legal Rating	AAA	AA+/Aa1	Exempt
Local Agency Investment Fund	\$ 7,007,489	N/A	\$ -	\$ -	\$ 7,007,489
US Treasury	10,935,194	N/A	-	10,935,194	10,935,194
US Government Agency Securities					
Federal Home Loan Bank	380,124	N/A	-	380,124	380,124
Federal Farm Credit Bank	1,110,406	N/A	-	1,110,406	1,110,406
Federal National Mortgage Association	907,261	N/A	-	907,261	907,261
Federal Home Loan Mortgage Corporation	484,485	N/A	-	484,485	484,485
Medium Term Notes	8,842,765	A	-	8,842,765	-
Money Market Mutual Funds	1,567,724	AAA	-	-	1,567,724
Supranationals	1,355,617	AA	-	1,355,617	-
Asset Backed Securities	4,801,294	AA	-	4,801,294	-
Investments Held in Section 115 Trust:					
Equity Mutual Fund	2,094,370	AAA	2,094,370	-	-
Fixed Income Mutual Fund	2,065,756	AAA	2,065,756	-	-
Cash/Money Market	265,614	AAA	265,614	-	-
	<u>\$ 41,818,099</u>		<u>\$ 4,425,740</u>	<u>\$ 28,817,146</u>	<u>\$ 22,392,683</u>

Note 4: Cash and Investments (Continued)

d. Risk Disclosures (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City had no investments in the following US Government Agency issuers which held more than 5% of the investment portfolio.

e. 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 are value using specified fair market value factors.

The Section 115 Trust values its assets as follows:

	Level 1	Level 2	Total
Equity Mutual fund	\$ 523,948	\$ 1,570,422	\$ 2,094,370
Fixed Income Mutual Fund	-	2,065,756	2,065,756
Cash/Money Market	265,614		265,614
Total	<u>\$ 786,604</u>	<u>\$ 3,639,136</u>	<u>\$ 4,425,740</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 5: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
<i>Governmental Activities:</i>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 5,337,440	\$ -	\$ -	\$ -	\$ 5,337,440
Construction in progress	1,673,055	1,187,463	-	(765,311)	2,095,207
Total non-depreciable assets	<u>7,010,495</u>	<u>1,187,463</u>	<u>-</u>	<u>(765,311)</u>	<u>7,432,647</u>
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	14,001,902	13,325	-	223,136	14,238,363
Equipment	2,973,245	319,002	48,845	-	3,243,402
Vehicles	2,603,955	17,489	61,888	-	2,559,556
Infrastructure	73,883,094	-	-	542,175	74,425,269
Total depreciable assets	<u>99,479,111</u>	<u>349,816</u>	<u>110,733</u>	<u>765,311</u>	<u>100,483,505</u>
<i>Less accumulated depreciation:</i>					
Buildings	(3,241,068)	(120,792)	-	-	(3,361,860)
Improvements	(6,125,832)	(482,188)	-	-	(6,608,020)
Equipment	(2,354,722)	(283,065)	(48,845)	-	(2,588,942)
Vehicles	(1,882,013)	(174,075)	(61,888)	-	(1,994,200)
Infrastructure	(57,986,085)	(1,320,641)	-	-	(59,306,726)
Total accumulated depreciation	<u>(71,589,720)</u>	<u>(2,380,761)</u>	<u>(110,733)</u>	<u>-</u>	<u>(73,859,748)</u>
Total depreciable assets, net	<u>27,889,391</u>	<u>(2,030,945)</u>	<u>-</u>	<u>765,311</u>	<u>26,623,757</u>
Total capital assets, net	<u>\$ 34,899,886</u>	<u>\$ (843,482)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,056,404</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2022, is as follows:

General Government	\$ 253,440
Public Safety	261,665
Public Works	1,391,722
Community Development	42,322
Community Services	431,612
Total Depreciation Expense	<u>\$ 2,380,761</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 5: Capital Assets (Continued)

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
<u>Business-Type Activities</u>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 111,706	\$ -	\$ -	\$ -	\$ 111,706
Construction in progress	62,820	669,803	-	(669,803)	62,820
Total non-depreciable assets	174,526	669,803	-	(669,803)	174,526
<i>Depreciable Assets:</i>					
Building	6,766,498	-	-	-	6,766,498
Improvements	17,847,149	-	-	669,803	18,516,952
Equipment	828,705	-	-	-	828,705
Total depreciable assets	25,442,352	-	-	-	26,112,155
<i>Less accumulated depreciation:</i>					
Building and improvements	(7,663,478)	(508,528)	-	-	(8,172,006)
Equipment	(564,189)	(16,532)	-	-	(580,721)
Total accumulated depreciation	(8,227,667)	(525,060)	-	-	(8,752,727)
Total depreciable assets, net	17,214,685	(525,060)	-	-	17,359,428
Total capital assets, net	\$ 17,389,211	\$ 144,743	\$ -	\$ (669,803)	\$ 17,533,954

Business-type activities depreciation expense for capital assets for the year ended June 30, 2022, is \$525,060, recorded wholly in the Sanitation Fund.

Note 6: 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 6: City Employees Retirement Plan - Pension Plans (Continued)

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.

Below is a summary of the plans' provisions and benefits in effect at June 30, 2022, 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									
Benefit Formula	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
Social Security	no	no	no	no	no	no	no	no	no
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	12.20%	8.65%	7.59%	23.71%	18.19%	13.13%	23.71%	18.19%	13.13%
Required employee contribution rates	7.96%	6.92%	6.75%	8.99%	8.95%	13.00%	8.99%	8.950%	13.00%

*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, 2022, the contributions recognized as a reduction to the net pension liability was \$1,731,089.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 6: 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, 2022, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 3,593,385
Safety	6,861,102
Total	<u>\$ 10,454,487</u>

The net pension liability of each of the Plans is measured as of June 30, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 and 2021, respectively, was as follows:

	Miscellaneous	Safety	Combined
Proportion - June 30, 2020	0.05654%	0.09655%	0.15309%
Proportion - June 30, 2021	0.06644%	0.12686%	0.19330%
Total	<u>0.12298%</u>	<u>0.22341%</u>	<u>0.34639%</u>

For the year ended June 30, 2022, the City recognized pension expense as follows:

Miscellaneous	Safety	Total Plans
\$ 1,406,138	\$ 1,568,355	\$ 2,974,493

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 6: City Employees Retirement Plan - Pension Plans (Continued)

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Miscellaneous Plan</u>		
Pension contributions subsequent to measurement date	\$ 768,847	\$ -
Adjustment due to differences in proportions	113,064	-
Difference between expected and actual experience	402,959	-
Difference between actual contributions and the proportionate share of contributions	-	225,603
Net difference between projected and actual earnings on plan investments	-	3,136,834
Total Miscellaneous Plan	<u>1,284,870</u>	<u>3,362,437</u>
<u>Safety Plan</u>		
Pension contributions subsequent to measurement date	1,169,287	-
Adjustment due to differences in proportions	247,419	-
Difference between expected and actual experience	1,172,214	-
Difference between actual contributions and the proportionate share of contributions	-	595,774
Changes in assumptions	-	4,083,675
Total Safety Plan	<u>2,588,920</u>	<u>4,679,449</u>
Total All Plans	<u>\$ 3,873,790</u>	<u>\$ 8,041,886</u>

The \$1,938,134 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, 2023. 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,	Deferred Outflows/(Inflows) of Resources		
	Miscellaneous Plan	Safety Plan	Total
2023	\$ (608,679)	\$ (560,945)	\$ (1,169,624)
2024	(649,365)	(682,667)	(1,332,032)
2025	(721,511)	(892,434)	(1,613,945)
2026	(866,859)	(1,123,770)	(1,990,629)
	<u>\$ (2,846,414)</u>	<u>\$ (3,259,816)</u>	<u>\$ (6,106,230)</u>

Note 6: City Employees Retirement Plan - Pension Plans (Continued)**c. Actuarial Methods and Assumptions**Actuarial Assumptions

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2020, 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, 2022

Note 6: City Employees Retirement Plan - Pension Plans (Continued)

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10 ⁽¹⁾</u>	<u>Real Return Years 11+ ⁽²⁾</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(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:

<u>Plan Type</u>	<u>Discount Rate - 1% 6.15%</u>	<u>Current Discount Rate 7.15%</u>	<u>Discount Rate + 1% 8.15%</u>
Miscellaneous	\$ 6,921,526	\$ 3,593,385	\$ 842,056
Safety	11,818,844	6,861,102	2,788,931
Total	<u>\$ 18,740,370</u>	<u>\$ 10,454,487</u>	<u>\$ 3,630,987</u>

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 7: 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 (\$143 per month for 2022) 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, 2022

Note 7: Other Post-Employment Benefits (Continued)**b. Plan Membership**

At June 30, 2022, the measurement date, the following numbers of participants were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	52
Inactive plan members entitled to but not yet receiving benefit payments	15
Active plan members	59
	<u>126</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 \$402,299 during the 2022 fiscal year which consisted of \$181,657 of pay-as-you-go benefit payments, \$138,000 in contributions to the trust, and \$82,642 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, 2022	June 30, 2021
Total OPEB Liability (TOL)	\$ 3,620,210	\$ 3,582,741
Fiduciary Net Position (FNP)	1,204,021	1,258,881
Net OPEB Liability (NOL)	<u>\$ 2,416,189</u>	<u>\$ 2,323,860</u>
Funded Status (FNP/TOL)	33.3%	35.1%

The City's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2020 that was rolled forward to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

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 Valuation Date: June 30, 2021
- Contribution Policy: City contributes at least the full ADC
- Discount Rate and Long-Term Expected Rate of Return on Assets: 5.50% at June 30, 2022; 6.00% at June 30, 2021; Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
- General Inflation: 2.50% annually

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 7: Other Post-Employment Benefits (Continued)**e. Actuarial Assumptions (Continued)**

- Mortality, Retirement, Disability, Termination: CalPERS 1997-2015 Experience Study
- Mortality Improvement: Mortality projected fully generational with Scale MP-2020
- Salary Increases: Aggregate – 2.75% annually; Merit – CalPERS 1997-2015 Experience Study
- Medical Trend: Non-Medicare – 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076; Medicare – 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076
- PEMHCA Minimum Increases: 3.75% annually
- Cap Increases: 0%
- Healthcare Participation for Future Retirees: Actives & Surviving Spouses Hired < 1/1/07: Covered – 90%; Waived – 70%. Actives & Surviving Spouses Hired > 1/1/07: Covered – 60%; Waived – 50%. Retirees & Surviving Spouses: Covered 100%; Waived < 65 – 20% at 65; Waived > 65 – 0%
- Changes of Assumptions: Discount rate was updated based on newer capital market assumptions; New claims cost aging factors; Age-based claims valued post-65 except for Medicare Advantage plans; 25 basis point inflation rate decrease, affecting salary scale, healthcare trend and discount rate; Mortality improvement scale was updated to Scale MP-2020
- Changes of Benefit Terms: None

f. Changes in the OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$ 3,582,741	\$ 1,258,881	\$ 2,323,860
Changes for the year			
Service Cost	118,609	-	118,609
Interest	214,173	-	214,173
Assumption changes	11,837	-	11,837
Actual vs. Expected Experience	(43,558)	-	(43,558)
Contributions - employer	-	402,299	(402,299)
Net investment income	-	(189,608)	189,608
Benefit payments*	(263,592)	(263,592)	-
Administrative Expenses	-	(3,959)	3,959
Net changes	<u>37,469</u>	<u>(54,860)</u>	<u>92,329</u>
Balance at June 30, 2022	<u>\$ 3,620,210</u>	<u>\$ 1,204,021</u>	<u>\$ 2,416,189</u>

*Benefit payments include an implied subsidy of \$82,642 for the measurement date June 30, 2022

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	\$ 2,868,092	\$ 2,416,189	\$ 2,044,330

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 7: Other Post-Employment Benefits (Continued)

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:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,132,102	\$ 2,416,189	\$ 2,827,602

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, 2022, the City recognized OPEB income of \$2,226. As of fiscal year ended June 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 61,826
Changes in assumptions	10,193	688,469
Net difference between projected and actual earnings on plan investments	<u>133,767</u>	<u>-</u>
Total	<u>\$ 143,960</u>	<u>\$ 750,295</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Outflows/(Inflows) of Resources</u>
2023	\$ (258,133)
2024	(230,554)
2025	(96,344)
2026	(11,613)
2027	(4,406)
Thereafter	<u>(5,285)</u>
Total	<u>\$ (606,335)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 8: 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

The following material construction commitments existed at June 30, 2022:

<u>Project Name</u>	<u>Contract Amount</u>	<u>Expenditures as of June 30, 2022</u>	<u>Remaining Commitments</u>
Sewer and Storm Drain Rehab	\$ 800,000	\$ 630,185	\$ 169,815
Payment Maintenance	495,500	175,590	319,910

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.

Note 9: 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 Retention (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 an 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 9: Risk Management (Continued)

The workers' compensation and general liability claims payable of \$1,098,000 reported at June 30, 2022, 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
2019-2020	\$ 994,000	\$ 291,083	\$ (338,083)	\$ 947,000
2020-2021	947,000	529,364	(299,364)	1,177,000
2021-2022	1,177,000	111,933	(190,933)	1,098,000

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 10: Loan Payable

a. Energy Efficiency/Conservation Upgrades

On May 9, 2012, the City entered into a loan financing agreement with Municipal Finance Corporation for various energy efficiency/conservation upgrades at City facilities. The loan was executed in the amount of \$818,696. 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. At June 30, 2022, the balance of the loan liability was \$349,819

The future principal and interest payments as of June 30, 2022, were as follows:

Year Ending June 30,	Governmental Activities
2023	\$ 70,374
2024	70,374
2025	70,374
2026	70,374
2027	70,374
2028-2029	35,187
Total minimum payments	387,057
Less: amount representing interest	(37,238)
Present value of minimum payments	\$ 349,819

Note 11: Long-Term Liabilities

a. Bonds Payables

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. The total amount of the bond outstanding at June 30, 2022, is \$5,500,000.

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, 2022, is \$5,520,000.

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

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11: Long-Term Liabilities (Continued)

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. The total amount of the bond outstanding at June 30, 2022, is \$145,000.

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. The total amount of the bond outstanding at June 30, 2022, is \$10,385,000.

c. Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Amount Due Within One Year
Governmental Activities:					
Bonds Payable:					
Limited Tax Bonds, Series 2010A	\$ 5,500,000	\$ -	\$ -	\$ 5,500,000	\$ -
Total Bonds Payable	5,500,000	-	-	5,500,000	-
Direct Borrowings and Direct Placements:					
Lease Revenue Bonds - ABAG	287,700	-	142,700	145,000	145,000
Discount	(1,643)	-	(1,066)	(577)	-
Total Direct Borrowings and Direct Placements	286,057	-	141,634	144,423	145,000
Loan Payable (Note 10)	406,650	-	56,831	349,819	58,808
Compensated Absences	472,924	335,797	261,742	546,979	302,728
Claims (Note 9)	1,177,000	111,933	190,933	1,098,000	274,500
Total Governmental Activities	\$ 7,842,631	\$ 447,730	\$ 651,140	\$ 7,639,221	\$ 781,036
Business-Type Activities:					
Bonds Payable:					
2017 Wastewater Revenue Refunding Bonds	\$ 5,820,000	\$ -	\$ 300,000	\$ 5,520,000	\$ 305,000
Premium	383,321	-	25,555	357,766	-
Total Bonds Payable	6,203,321	-	325,555	5,877,766	305,000
Direct Borrowings and Direct Placements:					
San Elijo JPA Loan Payable - 2017	10,615,000	-	230,000	10,385,000	237,500
Total Direct Borrowings and Direct Placements	10,615,000	-	230,000	10,385,000	237,500
Compensated Absences	51,302	26,178	25,031	52,449	25,591
Total Business-Type Activities	\$ 16,869,623	\$ 26,178	\$ 580,586	\$ 16,315,215	\$ 568,091

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, 2022

Note 11: Long-Term Liabilities (Continued)

d. Annual Debt Service Requirements

The annual debt service requirements to maturity on the City's long-term debts as of June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities			
	Bonds Payable		Direct Placements	
	Principal	Interest	Principal	Interest
2023	\$ -	\$ 325,105	\$ 145,000	\$ 2,465
2024	-	325,105	-	-
2025	-	325,105	-	-
2026	-	325,105	-	-
2027	-	325,105	-	-
2027-2032	-	1,625,525	-	-
2032-2037	-	1,625,525	-	-
2037-2042	1,567,452	1,457,624	-	-
2042-2047	2,816,793	718,120	-	-
2047-2052	1,115,755	38,293	-	-
Total	\$ 5,500,000	\$ 7,090,612	\$ 145,000	\$ 2,465

Year Ending June 30,	Business-Type Activities			
	Bonds Payable		Direct Borrowings	
	Principal	Interest	Principal	Interest
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	340,000	164,106	267,500	401,538
2027	350,000	153,906	280,000	388,163
2027-2032	2,005,000	517,031	1,627,500	1,715,813
2032-2037	1,870,000	146,406	2,042,500	1,302,963
2037-2042	-	-	2,452,500	886,281
2042-2047	-	-	2,977,500	366,500
Total	\$ 5,520,000	\$ 1,541,267	\$ 10,385,000	\$ 6,330,847

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 11: Long-Term Liabilities (Continued)

e. 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. 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:

	2017 JPA Loan	2017 Wastewater Bonds
Revenues:		
Operating revenues	\$ 5,816,828	\$ 5,816,828
Other operating	365,344	365,344
Non-operating	34,492	34,492
Gross revenues	<u>6,216,664</u>	<u>6,216,664</u>
Expenses:	<u>4,751,218</u>	<u>4,751,218</u>
Net Income	1,465,446	1,465,446
Add Back:		
Interest expense	615,256	615,256
Depreciation	525,060	525,060
Loss on disposal of capital assets	369,845	369,845
Amortization of investment in JPA	(5,100)	(5,100)
Net revenues available for debt service (2011 and 2017 JPA Loans)	<u>2,970,507</u>	<u>2,970,507</u>
2017 Refunding Revenue Bonds debt service:		
Principal repayment	300,000	300,000
Interest charges	438,113	438,113
Total debt service	<u>\$ 738,113</u>	<u>738,113</u>
Net revenues available for debt service (2017 Wastewater Bonds)		<u>\$ 2,232,394</u>
2017 Wastewater Bonds debt service:		
Principal repayment		\$ 300,000
Interest charges		<u>208,006</u>
Total debt service		<u>\$ 508,006</u>
Coverage ratio	<u>4.0</u>	<u>4.4</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 12: 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.

Classification	General	TransNet	City CIP	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ -	\$ -	\$ -	\$ 47,545	\$ 47,545
Prepaid costs	136,395	-	-	-	136,395
Total Nonspendable	136,395	-	-	47,545	183,940
Restricted:					
Section 115 Pension Stabilization Trust	3,218,592	-	-	-	3,218,592
TransNet	-	171,222	-	-	171,222
Gas Tax	-	-	-	554,406	554,406
Municipal Improvement Districts	-	-	-	1,261,365	1,261,365
Lighting District	-	-	-	3,224,726	3,224,726
COPS	-	-	-	342,791	342,791
Public Safety	-	-	-	606,567	606,567
Fire Mitigation	-	-	-	56,053	56,053
Coastal Area Business/Visitor Assistance & Enhancement	-	-	-	1,000,933	1,000,933
Miscellaneous Grants	-	-	-	237,522	237,522
Housing	-	-	-	1,388,377	1,388,377
Camp Programs	-	-	-	31,496	31,496
SB1 Streets & Roads	-	-	-	267,499	267,499
Capital Projects	-	-	4,394,934	1,188,649	5,583,583
Debt Service	-	-	-	25,824	25,824
Total Restricted	3,218,592	171,222	4,394,934	10,186,208	17,970,956
Committed:					
Parks & Recreation	37,057	-	-	-	37,057
Public Facilities	924,228	-	-	-	924,228
Public Art	26,729	-	-	-	26,729
In-Lieu Housing	100,786	-	-	-	100,786
Other Post-Employment Benefits	206,557	-	-	-	206,557
Total Committed	1,295,357	-	-	-	1,295,357
Assigned:					
Housing	1,499,500	-	-	-	1,499,500
Community TV	87,740	-	-	-	87,740
Street Sweeping	134,707	-	-	-	134,707
Park Fees	44,518	-	-	-	44,518
Asset Replacement	2,631,478	-	-	-	2,631,478
Self-Insurance	486,289	-	-	-	486,289
Workers' Compensation	734,017	-	-	-	734,017
Public Facilities	623,096	-	-	-	623,096
Total Assigned	6,241,345	-	-	-	6,241,345
Unassigned	9,289,801	-	-	(227,092)	9,062,709
Total Fund Balance	\$ 20,181,490	\$ 171,222	\$ 4,394,934	\$ 10,006,661	\$ 34,754,307

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 12: Classification of Fund Balances (Continued)

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 \$1,490,620 and because the fund balance amount is a deficit, GASB 54 requires this amount to be classified as Unassigned instead of Assigned.

Classification	General Fund	Self Insurance	Workers' Compensation	Asset Replacement	Facilities Replacement	Real Property Acquisition	PARS OPEB	PARS Pension	Total
Nonspendable:									
Prepaid costs	\$ 136,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,395
Total Nonspendable	136,395	-	-	-	-	-	-	-	136,395
Restricted:									
Section 115 Pension Stabilization Trust	-	-	-	-	-	-	-	3,218,592	3,218,592
Total Restricted	-	-	-	-	-	-	-	3,218,592	3,218,592
Committed:									
Parks & Recreation	37,057	-	-	-	-	-	-	-	37,057
Public Facilities	924,228	-	-	-	-	-	-	-	924,228
Public Art	26,729	-	-	-	-	-	-	-	26,729
In-Lieu Housing	100,786	-	-	-	-	-	-	-	100,786
Other Post-Employment Benefits	-	-	-	-	-	-	206,557	-	206,557
Total Committed	1,088,800	-	-	-	-	-	206,557	-	1,295,357
Assigned:									
Housing	1,499,500	-	-	-	-	-	-	-	1,499,500
Community TV	87,740	-	-	-	-	-	-	-	87,740
Street Sweeping	134,707	-	-	-	-	-	-	-	134,707
Park Fees	44,518	-	-	-	-	-	-	-	44,518
Asset Replacement	679,896	-	-	1,951,582	-	-	-	-	2,631,478
Self-Insurance	-	486,289	-	-	-	-	-	-	486,289
Workers' Compensation	-	-	734,017	-	-	-	-	-	734,017
Public Facilities	-	-	-	-	623,096	-	-	-	623,096
Total Assigned	2,446,361	486,289	734,017	1,951,582	623,096	-	-	-	6,241,345
Unassigned	10,780,421	-	-	-	-	(1,490,620)	-	-	9,289,801
Total Fund Balance	\$ 14,451,977	\$ 486,289	\$ 734,017	\$ 1,951,582	\$ 623,096	\$ (1,490,620)	\$ 206,557	\$ 3,218,592	\$ 20,181,490

a. Net investment in capital assets

The breakdown for net investment in capital assets for the year ended June 30, 2022 is as follows:

	Governmental Activities	Sanitation Fund	Total Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 34,056,404	\$ 17,533,954	\$ 17,533,954
Less:			
Bonds, notes and finance purchase agreements	(5,994,819)	(5,520,000)	(5,520,000)
Capital related, non-debt payable	(1,665,460)	-	-
Add:			
Unamortized premiums/(discounts)	557	(357,766)	(357,766)
Net investment in capital assets	\$ 26,396,682	\$ 11,656,188	\$ 11,656,188

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

Note 12: Classification of Fund Balances (Continued)

b. Restatements – Custodial Funds

For the fiscal year ended June 30, 2022, the City restated the beginning net position of the Custodial Funds by \$1,764,432. This prior period adjustment was made to correct the implementation of GASB Statement No. 84, done during the prior year. Interpretation of GASB Statement No. 84, was ambiguous regarding the treatment of conduit debts for which the City operates as the custodian of the collections for and payments of those debts through the Custodial Funds. Further clarifications received from the GASB Board subsequent to the issuance of the prior year's financial statements resulted in the removal of the conduit debts from the Custodial Funds.

Note 13: Interfund Transactions

a. Due From and To Other Funds

At June 30, 2022, the City had the following short-term interfund receivables and payables:

	Due from other funds		
	General Fund	City CIP	Total
Due to other funds			
Non-major Governmental Funds	\$ 210,035	\$ -	\$ 210,035
Solana Energy Alliance	659,771	31,171	690,942
Total	<u>\$ 869,806</u>	<u>\$ 31,171</u>	<u>\$ 900,977</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.

b. Interfund Transfers

For the year ended June 30, 2022, the City had the following transfers:

Transfers Out	Transfers In			Totals
	General Fund	City CIP Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 1,181,640	\$ 150,100	\$ 1,331,740
Non-major governmental funds	1,590,343	-	70,400	1,660,743
	<u>\$ 1,590,343</u>	<u>\$ 1,181,640</u>	<u>\$ 220,500</u>	<u>\$ 2,992,483</u>

Transfers were made from the General Fund and the Lighting District nonmajor special revenue fund to the City Debt Service nonmajor debt service fund to provide resources for debt service payments. Transfer was also made to the City CIP fund for the purposes of funding capital projects. During the fiscal year ended June 30, 2022, there were no significant interfund transfers that were not expected, budgeted for, unusual, nor of a non-routine nature.

c. 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

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 13: Interfund Transactions (Continued)

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:

Year Ending June 30,	Principal	Interest	Total
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>\$ 1,665,460</u>	<u>\$ 117,336</u>	<u>\$ 1,782,796</u>

Note 14: 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, 2022, is as follows:

Operating revenues	\$ 9,330,216
Operating expenses	(10,164,493)
Net non-operating income	1,157,543
Capital contributions	<u>1,436,701</u>
Change in net position	<u>\$ 1,759,967</u>
Total assets and deferred outflows of resources	\$ 107,192,420
Total liabilities and deferred inflows of resources	<u>(34,271,065)</u>
Net position- total fund equity	<u>\$ 72,921,355</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2022

Note 14: Investment in Joint Venture (Continued)

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, 2022, is as follows:

Investment at June 30, 2021	\$ 35,555,593
Capital contribution	795,952
Current year share in the joint venture net income	161,633
Net position restatement	(52,500)
Investment at June 30, 2022	<u>\$ 36,460,678</u>

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.

Note 15: 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, 2022, were \$1,430,000.

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, 2022, were \$390,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

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. Due to City of Solana Beach

The City made a short-term loan in the amount of \$181 to the Successor Agency for the purpose of covering the Successor Agency’s cash shortage for the fiscal year ended June 30, 2021. This loan is expected to be repaid in the fiscal year ended June 30, 2023.

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, 2022, follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
Fiduciary Funds:					
2017 Tax Allocation					
Refunding Bonds	\$ 2,289,900	\$ -	\$ 124,900	\$ 2,165,000	\$ 129,100

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.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2022

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

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 129,100	\$ 71,677	\$ 200,777
2024	133,500	67,302	200,802
2025	138,200	62,778	200,978
2026	142,700	58,098	200,798
2027	147,700	53,263	200,963
2028-2032	816,500	187,824	1,004,324
2033-2036	657,300	44,904	702,204
Total	<u>\$ 2,165,000</u>	<u>\$ 545,846</u>	<u>\$ 2,710,846</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 \$2,710,846 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 \$273,225 and the debt service obligation on the bonds was \$200,809.

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 9.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 17,545,954	\$ 17,545,954	\$ 17,545,954	\$ -	\$ 15,454,078
Resources (Inflows):					
Taxes:					
Property	8,967,000	9,047,000	9,131,434	84,434	8,748,270
Transient occupancy	1,375,000	1,525,000	1,980,903	455,903	1,120,889
Sales	3,560,300	4,130,300	4,413,265	282,965	3,689,566
Franchise and other	3,851,400	4,001,400	4,127,409	126,009	3,956,645
Licenses and permits	453,000	640,500	685,175	44,675	521,627
Intergovernmental	89,500	89,500	109,595	20,095	137,613
Charges for services	791,000	868,500	1,043,521	175,021	1,006,034
Use of money and property	383,000	358,000	(831,824)	(1,189,824)	590,097
Fines and forfeitures	381,500	206,500	261,932	55,432	244,331
Miscellaneous	2,064,100	2,185,640	3,013,613	827,973	3,026,680
Amounts Available for Appropriations	39,461,754	40,598,294	41,480,977	882,683	38,495,830
Charges to Appropriations (Outflows):					
General Government:					
City Council	344,585	356,085	351,112	4,973	338,199
City Clerk	519,885	539,885	525,612	14,273	597,329
Legal Services	503,435	503,435	435,366	68,069	274,062
City Manager	528,095	570,750	515,961	54,789	500,676
Finance	1,355,950	1,860,340	1,853,970	6,370	1,397,212
Personnel	400,135	452,710	278,906	173,804	242,946
Information Systems	412,845	519,285	470,341	48,944	441,386
Support Services	1,283,585	1,284,820	1,167,262	117,558	1,240,458
Total General Government	5,348,515	6,087,310	5,598,530	488,780	5,032,268
Public Safety:					
Marine safety	983,070	1,081,470	1,084,011	(2,541)	1,047,161
Law enforcement	4,705,505	4,706,055	4,639,106	66,949	4,492,116
Code & parking enforcement	247,190	247,190	161,173	86,017	189,513
Fire department	5,252,575	5,252,575	4,931,455	321,120	5,003,705
Animal regulation	92,500	92,500	90,391	2,109	90,075
Civil defense	170,800	176,800	173,754	3,046	258,861
Total Public Safety	11,451,640	11,556,590	11,079,890	476,700	11,081,431
Public Works:					
Street and other	2,104,755	2,200,109	2,023,140	176,969	1,651,923
Engineering	446,260	452,760	440,861	11,899	415,781
Public Facilities	104,320	101,500	116,037	(14,537)	87,687
Total Public Works	2,655,335	2,754,369	2,580,038	174,331	2,155,391
Community Development:					
Planning	775,340	775,340	710,708	64,632	714,712
Building services	444,390	544,390	469,974	74,416	543,866
Total Community Development	1,219,730	1,319,730	1,180,682	139,048	1,258,578
Community Services:					
Community services	124,055	139,045	135,673	3,372	74,730
Recreation programs	636,010	636,010	613,597	22,413	557,041
Total Community Services	760,065	775,055	749,270	25,785	631,771
Capital Outlay	561,100	928,695	369,680	559,015	291,013
Total Charges to Appropriations	21,996,385	23,421,749	21,558,090	1,863,659	20,450,452
Other Financing Sources (Uses):					
Transfers in	2,239,400	1,589,400	1,590,343	943	-
Transfers out	(1,082,100)	(1,331,740)	(1,331,740)	-	(283,100)
Total Other Financing Sources (Uses)	1,157,300	257,660	258,603	943	(283,100)
Budgetary Fund Balance, June 30	\$ 18,622,669	\$ 17,434,205	\$ 20,181,490	\$ 2,747,285	\$ 17,762,278

See Notes to Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRANSNET FUND
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	2022			Variance with Final Budget Positive (Negative)	2021
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 50,947	\$ 50,947	\$ 50,947	\$ -	\$ 90,332
Resources (Inflows):					
Service fees	7,800	7,800	88,418	80,618	10,869
Intergovernmental	250,000	575,105	472,232	(102,873)	395,105
Use of money and property	1,500	1,500	(3,120)	(4,620)	576
Amounts Available for Appropriations	310,247	635,352	608,477	(26,875)	496,882
Charges to Appropriations (Outflows):					
Public works	75,000	93,630	35,988	57,642	3,251
Capital outlay	250,000	312,615	76,162	236,453	117,579
Debt service:					
Interest and fiscal charges	-	325,105	325,105	-	325,105
Total Charges to Appropriations	325,000	731,350	437,255	294,095	445,935
Budgetary Fund Balance, June 30	\$ (14,753)	\$ (95,998)	\$ 171,222	\$ 267,220	\$ 50,947

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City of Solana Beach's Proportion of the Net Pension Liability	0.06644%	0.05654%	0.05532%	0.05550%
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 3,593,385	\$ 6,151,557	\$ 5,668,839	\$ 5,177,151
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 3,353,666	\$ 3,312,829	\$ 3,058,602	\$ 2,879,582
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll	107.15%	185.69%	185.34%	179.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.29%	75.10%	75.26%	75.26%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Solana Beach's Proportion of the Net Pension Liability	0.05313%	0.05241%	0.05706%	0.04245%
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 5,268,836	\$ 4,534,940	\$ 3,550,604	\$ 2,651,591
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,721,499	\$ 2,593,359	\$ 2,409,776	\$ 2,517,165
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll	193.60%	174.87%	147.34%	105.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.59%	75.87%	79.82%	78.40%

See Notes to Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 768,847	\$ 685,457	\$ 636,152	\$ 541,582
Contribution in Relation to the Actuarially Determined Contribution	<u>768,847</u>	<u>685,457</u>	<u>636,152</u>	<u>541,582</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 3,483,076	\$ 3,353,666	\$ 3,312,829	\$ 3,058,602
City of Solana Beach's Contributions as a Percentage of the Miscellaneous Employees Plan Covered Payroll	22.07%	20.44%	19.20%	17.71%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 460,816	\$ 417,318	\$ 385,634	\$ 330,415
Contribution in Relation to the Actuarially Determined Contribution	<u>460,816</u>	<u>417,318</u>	<u>385,634</u>	<u>330,415</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,879,582	\$ 2,721,499	\$ 2,593,359	\$ 2,409,776
City of Solana Beach's Contributions as a Percentage of the Miscellaneous Employees Plan Covered Payroll	16.00%	15.33%	14.87%	13.71%

See Notes to Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City of Solana Beach's Proportion of the Net Pension Liability	0.12686%	0.09655%	0.09380%	0.09361%
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 6,861,102	\$ 10,505,198	\$ 9,611,934	\$ 8,884,523
City of Solana Beach's Safety Employees Plan Covered Payroll	\$ 2,138,322	\$ 2,389,544	\$ 2,270,208	\$ 2,249,144
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Safety Employees Plan Covered Payroll	320.86%	439.63%	423.39%	395.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.29%	75.10%	75.26%	75.26%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Solana Beach's Proportion of the Net Pension Liability	0.08816%	0.08774%	0.09490%	0.07208%
City of Solana Beach's Proportionate Share of the Net Pension Liability	\$ 8,742,997	\$ 7,592,101	\$ 5,905,301	\$ 4,940,589
City of Solana Beach's Safety Employees Plan Covered Payroll	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991	\$ 1,925,616
City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Safety Employees Plan Covered Payroll	413.34%	358.78%	295.56%	256.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.59%	75.87%	79.82%	78.40%

See Notes to Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
SAFETY EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 1,169,287	\$ 1,045,632	\$ 988,753	\$ 838,065
Contribution in Relation to the Actuarially Determined Contribution	<u>1,169,287</u>	<u>1,045,632</u>	<u>988,753</u>	<u>838,065</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,258,877	\$ 2,138,322	\$ 2,389,544	\$ 2,270,208
City of Solana Beach's Contributions as a Percentage of the Miscellaneous Employees Plan Covered Payroll	51.76%	48.90%	41.38%	36.92%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 717,659	\$ 673,212	\$ 619,022	\$ 519,933
Contribution in Relation to the Actuarially Determined Contribution	<u>717,659</u>	<u>673,212</u>	<u>619,022</u>	<u>519,933</u>
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,249,144	\$ 2,115,191	\$ 2,116,065	\$ 1,997,991
City of Solana Beach's Contributions as a Percentage of the Miscellaneous Employees Plan Covered Payroll	31.91%	31.83%	29.25%	26.02%

See Notes to Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTHCARE PLAN
LAST SIX FISCAL YEARS
JUNE 30, 2022

	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY						
Service Cost	\$ 118,609	\$ 115,154	\$ 140,334	\$ 218,793	\$ 231,577	\$ 225,000
Interest	214,173	210,592	231,171	187,559	172,035	164,000
Actual vs. expected experience	(43,558)	-	(42,558)	-	-	-
Assumption changes	11,837	-	(384,986)	(1,145,939)	(242,883)	-
Benefit payments	(263,592)	(275,453)	(248,040)	(230,041)	(219,042)	(148,000)
Net Changes	37,469	50,293	(304,079)	(969,628)	(58,313)	241,000
Total OPEB Liability - Beginning	3,582,741	3,532,448	3,836,527	4,806,155	4,864,468	4,623,000
Total OPEB Liability - Ending (a)	\$ 3,620,210	\$ 3,582,741	\$ 3,532,448	\$ 3,836,527	\$ 4,806,155	\$ 4,864,000
PLAN FIDUCIARY NET POSITION						
Contributions - employer ⁽²⁾	\$ 402,299	\$ 480,132	\$ 446,751	\$ 484,191	\$ 307,582	\$ 233,000
Net investment income	(189,608)	210,366	20,418	27,769	23,652	17,000
Benefit payments	(263,592)	(275,453)	(248,040)	(227,210)	(219,042)	(148,000)
Administrative expenses	(3,959)	(3,382)	(4,056)	(2,496)	(2,062)	-
Other changes	-	(1,390)	-	-	-	-
Net Changes	(54,860)	410,273	215,073	282,254	110,130	102,000
Plan Fiduciary Net Position - Beginning	1,258,881	848,608	633,535	351,281	241,151	139,000
Plan Fiduciary Net Position - Ending (b)	\$ 1,204,021	\$ 1,258,881	\$ 848,608	\$ 633,535	\$ 351,281	\$ 241,000
PLAN NET OPEB LIABILITY - ENDING (a) - (b)	\$ 2,416,189	\$ 2,323,860	\$ 2,683,840	\$ 3,202,992	\$ 4,454,874	\$ 4,623,000
Retiree Healthcare Plan Fiduciary Net Position as a Percentage of the Plan Total OPEB Liability	33.3%	35.1%	24.0%	16.5%	7.3%	5.0%
City of Solana Beach's Retiree Healthcare Plan Covered-Employee Payroll	\$ 7,671,497	\$ 7,533,033	\$ 7,506,736	\$ 7,050,741	\$ 6,666,082	\$ 6,406,137
City of Solana Beach's Net Retiree Healthcare Plan OPEB Liability as a Percentage of Retiree Healthcare Plan Covered-Employee Payroll	31.5%	30.8%	35.8%	45.4%	66.8%	72.2%

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREE HEALTHCARE PLAN
LAST SIX FISCAL YEARS
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Retiree Healthcare Plan Actuarially Determined Contribution	\$ 318,390	\$ 389,000	\$ 378,000	\$ 484,191	\$ 220,491	\$ 531,000
Retiree Healthcare Plan Contributions in Relation to the Actuarially Determined Contribution	402,299	480,132	446,751	484,191	252,055	233,000
Contribution Excess (Deficiency)	<u>\$ 83,909</u>	<u>\$ 91,132</u>	<u>\$ 68,751</u>	<u>\$ -</u>	<u>\$ 31,564</u>	<u>\$ (298,000)</u>
Retiree Healthcare Plan Covered-Employee Payroll	\$ 7,671,497	\$ 7,533,033	\$ 7,506,736	\$ 7,050,741	\$ 6,666,082	\$ 6,406,137
City of Solana Beach Contributions as a Percentage of Retiree Healthcare Plan Covered-Employee Payroll	-5.2%	-6.4%	-6.0%	-6.9%	-3.8%	-3.6%

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF INVESTMENT RETURNS
RETIREE HEALTHCARE PLAN
LAST SIX FISCAL YEARS
JUNE 30, 2022

	2022	2021	2020	2019	2018	2017
Retiree Healthcare Plan Annual Money-Weighted Rate of Return, Net of Investment Expense	-13.71%	21.40%	3.97%	5.94%	5.62%	10.55%

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2022

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 2021-2022 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.

Note 2: Miscellaneous and Safety Employees' Pension Plans

1. The schedules are intended to show information for ten years. Historical information is required only for years for which GASB Statement No. 68 is applicable; fiscal year 2014-15 was the first year of implementation. Additional years will be displayed as they become available.
2. Assumption Changes:
 - a. For Fiscal Year 2021-22: None
 - b. For Fiscal Year 2020-21: None
 - c. For Fiscal Year 2019-20: None
 - d. For Fiscal Year 2018-19: The CalPERS Board adopted new mortality assumptions. The new mortality table was developed from the December 2017 Experience Study. The inflation assumption was reduced from 2.75% to 2.50%. The assumption for salary increases and overall payroll growth was reduced from 3.00% to 2.75%.
 - e. For Fiscal Year 2018-19: None
 - f. For Fiscal Year 2017-18: The discount rate was reduced from 7.65% to 7.15%.
 - g. For Fiscal Year 2016-17: None
 - h. For Fiscal Year 2015-16: The discount rate was increased from 7.50% to 7.65%
 - i. For Fiscal Year 2014-15: None
3. There were no changes of benefit terms.
4. Methods and assumptions used to determine contribution rates for the most recent year include:
 - a. Valuation Date: June 30, 2020
 - b. Actuarial Cost Method: Entry Age Normal Cost Method
 - c. Amortization Method: Level Percent of Pay, Direct Rate Smoothing
 - d. Remaining Amortization Periods: Differs by Employer Rate Plan but not more than 30 Years
 - e. Asset Valuation Method: Fair value of assets
 - f. Inflation: 2.50%
 - g. Salary Increases: Varies by Entry Age and Service
 - h. Discount Rate: 7.15% (net of administrative expenses)
 - i. Mortality: Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected ongoing mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2022

Note 3: Retiree Healthcare Plan Other Post-Employment Benefits Plan

1. The schedules are intended to show information for ten years. Historical information is required only for years for which GASB Statement Nos. 74 and 75 are applicable; fiscal year 2016-17 was the first year of implementation. Additional years will be displayed as they become available.
2. There were no changes of benefit terms.
3. Methods and assumptions used to determine contribution rates for the most recent year include:
 - a. Actuarial Valuation Date: June 30, 2021
 - b. Contribution Policy: City contributes at least the full ADC
 - c. Discount Rate and Long-Term Expected Rate of Return on Assets: 5.50% at June 30, 2022; 6.00% at June 30, 2021; Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
 - d. General Inflation: 2.50% annually
 - e. Mortality, Retirement, Disability, Termination: CalPERS 1997-2015 Experience Study
 - f. Mortality Improvement: Mortality projected fully generational with Scale MP-2020
 - g. Salary Increases: Aggregate – 2.75% annually; Merit – CalPERS 1997-2015 Experience Study
 - h. Medical Trend: Non-Medicare – 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076; Medicare – 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076
 - i. PEMHCA Minimum Increases: 3.75% annually
 - j. Cap Increases: 0%
 - k. Healthcare Participation for Future Retirees: Actives & Surviving Spouses Hired < 1/1/07: Covered – 90%; Waived – 70%. Actives & Surviving Spouses Hired > 1/1/07: Covered – 60%; Waived – 50%. Retirees & Surviving Spouses: Covered 100%; Waived < 65 – 20% at 65; Waived > 65 – 0%
 - l. Changes of Assumptions: Discount rate was updated based on newer capital market assumptions; New claims cost aging factors; Age-based claims valued post-65 except for Medicare Advantage plans; 25 basis point inflation rate decrease, affecting salary scale, healthcare trend and discount rate; Mortality improvement scale was updated to Scale MP-2020

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SUPPLEMENTARY INFORMATION

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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.

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. Seawall 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, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Special Revenue Funds		Capital Projects Funds	
	2022	2021	2022	2021
ASSETS				
Cash and investments	\$ 9,525,778	\$ 7,869,546	\$ 1,239,429	\$ 1,032,990
Receivables:				
Accounts	161,202	279,668	-	-
Interest	1,618	19,803	132	2,801
Intergovernmental	293,187	357,734	-	-
Inventories	47,545	47,545	-	-
Total Assets	<u>\$ 10,029,330</u>	<u>\$ 8,574,296</u>	<u>\$ 1,239,561</u>	<u>\$ 1,035,791</u>
LIABILITIES				
Accounts payable	\$ 317,686	\$ 156,768	\$ 28,104	\$ 25,920
Accrued liabilities	36,679	27,749	-	-
Unearned revenues	443,331	408,022	-	-
Deposits payable	-	-	69,226	69,226
Due to other funds	210,035	575,815	-	-
Total Liabilities	<u>1,007,731</u>	<u>1,168,354</u>	<u>97,330</u>	<u>95,146</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	182,993	327,767	-	-
Total Deferred Inflows of Resources	<u>182,993</u>	<u>327,767</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	47,545	-	-	-
Restricted	8,971,735	7,496,024	1,188,649	987,063
Unassigned (Deficit)	(180,674)	(417,849)	(46,418)	(46,418)
Total Fund Balances (Deficit)	<u>8,838,606</u>	<u>7,078,175</u>	<u>1,142,231</u>	<u>940,645</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 10,029,330</u>	<u>\$ 8,574,296</u>	<u>\$ 1,239,561</u>	<u>\$ 1,035,791</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2022	2021	2022	2021
ASSETS				
Cash and investments	\$ 25,824	\$ 25,754	\$ 10,791,031	\$ 8,928,290
Receivables:				
Accounts	-	-	161,202	279,668
Interest	-	-	1,750	22,604
Intergovernmental	-	-	293,187	357,734
Inventories	-	-	47,545	47,545
Total Assets	<u>\$ 25,824</u>	<u>\$ 25,754</u>	<u>\$ 11,294,715</u>	<u>\$ 9,635,841</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 345,790	\$ 182,688
Accrued liabilities	-	-	36,679	27,749
Unearned revenues	-	-	443,331	408,022
Deposits payable	-	-	69,226	69,226
Due to other funds	-	-	210,035	575,815
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,105,061</u>	<u>1,263,500</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	182,993	327,767
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>182,993</u>	<u>327,767</u>
FUND BALANCES				
Nonspendable	-	-	47,545	-
Restricted	25,824	25,754	10,186,208	8,508,841
Unassigned (Deficit)	-	-	(227,092)	(464,267)
Total Fund Balances (Deficit)	<u>25,824</u>	<u>25,754</u>	<u>10,006,661</u>	<u>8,044,574</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 25,824</u>	<u>\$ 25,754</u>	<u>\$ 11,294,715</u>	<u>\$ 9,635,841</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Special Revenue Funds				
	Gas Tax	Municipal Improvement Districts	Lighting District	COPS	Public Safety
ASSETS					
Cash and investments	\$ 532,959	\$ 1,378,747	\$ 3,250,738	\$ 378,731	\$ 457,845
Receivables:					
Accounts	-	-	-	-	153,523
Interest	99	226	540	60	72
Intergovernmental	24,678	5,609	5,535	-	-
Inventories	-	-	-	-	-
Total Assets	\$ 557,736	\$ 1,384,582	\$ 3,256,813	\$ 378,791	\$ 611,440
LIABILITIES					
Accounts payable	\$ 3,330	\$ 122,665	\$ 28,288	\$ 36,000	\$ 4,373
Accrued liabilities	-	552	3,799	-	500
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	3,330	123,217	32,087	36,000	4,873
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Nonspendable:					
Restricted	554,406	1,261,365	3,224,726	342,791	606,567
Unassigned (Deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	554,406	1,261,365	3,224,726	342,791	606,567
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	\$ 557,736	\$ 1,384,582	\$ 3,256,813	\$ 378,791	\$ 611,440

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

(CONTINUED)

	<u>Special Revenue Funds</u>				
	<u>Fire Mitigation</u>	<u>Transportation Development Act</u>	<u>CDBG</u>	<u>Coastal Area Business / Visitor Assistance & Enhancement</u>	<u>Boating & Waterways</u>
ASSETS					
Cash and investments	\$ 54,294	\$ -	\$ -	\$ 1,000,748	\$ -
Receivables:					
Accounts	1,759	-	-	56	-
Interest	-	-	-	129	-
Intergovernmental	-	-	29,448	-	168,125
Inventories	-	-	-	-	-
Total Assets	<u>\$ 56,053</u>	<u>\$ -</u>	<u>\$ 29,448</u>	<u>\$ 1,000,933</u>	<u>\$ 168,125</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	45,877	-	164,158
Total Liabilities	<u>-</u>	<u>-</u>	<u>45,877</u>	<u>-</u>	<u>164,158</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	168,125
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,125</u>
FUND BALANCES					
Nonspendable:					
Restricted	56,053	-	-	1,000,933	-
Unassigned (Deficit)	-	-	(16,429)	-	(164,158)
Total Fund Balances (Deficit)	<u>56,053</u>	<u>-</u>	<u>(16,429)</u>	<u>1,000,933</u>	<u>(164,158)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 56,053</u>	<u>\$ -</u>	<u>\$ 29,448</u>	<u>\$ 1,000,933</u>	<u>\$ 168,125</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	<u>Special Revenue Funds</u>				
	<u>Miscellaneous Grants</u>	<u>Developer Pass- Thru</u>	<u>Housing</u>	<u>Camp Programs</u>	<u>SB1 Streets & Roads</u>
ASSETS					
Cash and investments	\$ 243,970	\$ 456,593	\$ 1,388,155	\$ 67,161	\$ 315,837
Receivables:					
Accounts	-	-	-	5,864	-
Interest	209	-	222	-	61
Intergovernmental	14,868	-	-	-	44,924
Inventories	-	-	-	47,545	-
Total Assets	<u>\$ 259,047</u>	<u>\$ 456,593</u>	<u>\$ 1,388,377</u>	<u>\$ 120,570</u>	<u>\$ 360,822</u>
LIABILITIES					
Accounts payable	\$ 6,657	\$ 13,349	\$ -	\$ 9,701	\$ 93,323
Accrued liabilities	-	-	-	31,828	-
Unearned revenues	-	443,331	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>6,657</u>	<u>456,680</u>	<u>-</u>	<u>41,529</u>	<u>93,323</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	14,868	-	-	-	-
Total Deferred Inflows of Resources	<u>14,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable:					
Restricted	237,522	-	1,388,377	31,496	267,499
Unassigned (Deficit)	-	(87)	-	-	-
Total Fund Balances (Deficit)	<u>237,522</u>	<u>(87)</u>	<u>1,388,377</u>	<u>79,041</u>	<u>267,499</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 259,047</u>	<u>\$ 456,593</u>	<u>\$ 1,388,377</u>	<u>\$ 120,570</u>	<u>\$ 360,822</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	Capital Projects Funds		Debt Service Funds	Total Nonmajor Governmental Funds	
	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP	City Debt Service	2022	2021
ASSETS					
Cash and investments	\$ 39,452	\$ 1,199,977	\$ 25,824	\$ 10,791,031	\$ 8,928,290
Receivables:					
Accounts	-	-	-	161,202	279,668
Interest	-	132	-	1,750	22,604
Intergovernmental	-	-	-	293,187	357,734
Inventories	-	-	-	47,545	47,545
Total Assets	<u>\$ 39,452</u>	<u>\$ 1,200,109</u>	<u>\$ 25,824</u>	<u>\$ 11,294,715</u>	<u>\$ 9,635,841</u>
LIABILITIES					
Accounts payable	\$ 16,644	\$ 11,460	\$ -	\$ 345,790	\$ 182,688
Accrued liabilities	-	-	-	36,679	27,749
Unearned revenues	-	-	-	443,331	408,022
Deposits payable	69,226	-	-	69,226	69,226
Due to other funds	-	-	-	210,035	575,815
Total Liabilities	<u>85,870</u>	<u>11,460</u>	<u>-</u>	<u>1,105,061</u>	<u>1,263,500</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	182,993	327,767
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,993</u>	<u>327,767</u>
FUND BALANCES					
Nonspendable:	-	-	-	47,545	-
Restricted	-	1,188,649	25,824	10,186,208	8,508,841
Unassigned (Deficit)	(46,418)	-	-	(227,092)	(464,267)
Total Fund Balances (Deficit)	<u>(46,418)</u>	<u>1,188,649</u>	<u>25,824</u>	<u>10,006,661</u>	<u>8,044,574</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 39,452</u>	<u>\$ 1,200,109</u>	<u>\$ 25,824</u>	<u>\$ 11,294,715</u>	<u>\$ 9,635,841</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Special Revenue Funds		Capital Projects Funds	
	2022	2021	2022	2021
REVENUES				
Taxes and assessments	\$ 2,216,660	\$ 2,036,106	\$ 396,180	\$ 224,178
Intergovernmental	2,740,712	1,383,946	-	-
Charges for services	654,963	372,964	-	-
Use of money and property	536,889	35,933	(26,763)	(60,819)
Other revenues	6,419	884	-	-
Total Revenues	<u>6,155,643</u>	<u>3,829,833</u>	<u>369,417</u>	<u>163,359</u>
EXPENDITURES				
Current:				
Public safety	795,488	1,333,556	167,831	123,920
Public works	1,174,151	962,000	-	-
Community development	166,846	89,044	-	99,256
Community services	75,910	49,211	-	-
Capital outlay	522,074	566,198	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>2,734,469</u>	<u>3,000,009</u>	<u>167,831</u>	<u>223,176</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>3,421,174</u>	<u>829,824</u>	<u>201,586</u>	<u>(59,817)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,660,743)	(70,400)	-	-
Total Other Financing Sources (Uses)	<u>(1,660,743)</u>	<u>(70,400)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,760,431	759,424	201,586	(59,817)
Fund Balance - Beginning	<u>7,078,175</u>	<u>6,318,751</u>	<u>940,645</u>	<u>1,000,462</u>
Fund Balance - Ending	<u>\$ 8,838,606</u>	<u>\$ 7,078,175</u>	<u>\$ 1,142,231</u>	<u>\$ 940,645</u>

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2022	2021	2022	2021
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 2,612,840	\$ 2,260,284
Intergovernmental	-	-	2,740,712	1,383,946
Charges for services	-	-	654,963	372,964
Use of money and property	-	-	510,126	(24,886)
Other revenues	-	-	6,419	884
Total Revenues	-	-	6,525,060	3,993,192
EXPENDITURES				
Current:				
Public safety	-	-	963,319	1,457,476
Public works	-	-	1,174,151	962,000
Community development	-	-	166,846	188,300
Community services	-	-	75,910	49,211
Capital outlay	-	-	522,074	566,198
Debt service:				
Principal retirement	199,531	319,071	199,531	319,071
Interest and fiscal charges	20,899	30,630	20,899	30,630
Total Expenditures	220,430	349,701	3,122,730	3,572,886
Excess (Deficiency) of Revenue Over (Under) Expenditures	(220,430)	(349,701)	3,402,330	420,306
OTHER FINANCING SOURCES (USES)				
Transfers in	220,500	353,500	220,500	353,500
Transfers out	-	-	(1,660,743)	(70,400)
Total Other Financing Sources (Uses)	220,500	353,500	(1,440,243)	283,100
Net Change in Fund Balance	70	3,799	1,962,087	703,406
Fund Balance - Beginning	25,754	21,955	8,044,574	7,341,168
Fund Balance - Ending	\$ 25,824	\$ 25,754	\$ 10,006,661	\$ 8,044,574

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Special Revenue Funds				
	Gas Tax	Municipal Improvement Districts	Lighting District	COPS	Public Safety
REVENUES					
Taxes and assessments	\$ 332,953	\$ 733,703	\$ 678,207	\$ -	\$ -
Intergovernmental	-	2,693	3,165	161,285	449,598
Charges for services	-	-	-	-	-
Use of money and property	(13,643)	(35,459)	(92,141)	(10,173)	(4,778)
Other revenues	-	-	-	-	687
Total Revenues	319,310	700,937	589,231	151,112	445,507
EXPENDITURES					
Current:					
Public safety	-	-	-	146,240	234,644
Public works	685	705,711	370,461	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	190,160	-	-	-	366
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	190,845	705,711	370,461	146,240	235,010
Excess (Deficiency) of Revenue Over (Under) Expenditures	128,465	(4,774)	218,770	4,872	210,497
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(70,400)	-	-
Total Other Financing Sources (Uses)	-	-	(70,400)	-	-
Net Change in Fund Balance	128,465	(4,774)	148,370	4,872	210,497
Fund Balances (Deficit):					
Fund Balance (Deficit) - Beginning	425,941	1,266,139	3,076,356	337,919	396,070
Fund Balance (Deficit) - Ending	\$ 554,406	\$ 1,261,365	\$ 3,224,726	\$ 342,791	\$ 606,567

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Special Revenue Funds				
	Fire Mitigation	Transportation Development Act	CDBG	Coastal Area Business / Visitor Assistance & Enhancement	Boating & Waterways
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 198,090	\$ -
Intergovernmental	-	158,308	73,740	-	133,455
Charges for services	42,019	-	-	-	-
Use of money and property	-	-	-	(24,311)	-
Other revenues	-	-	-	6,191	-
Total Revenues	42,019	158,308	73,740	179,970	133,455
EXPENDITURES					
Current:					
Public safety	-	-	30,009	-	-
Public works	-	-	-	-	-
Community development	-	-	-	60,472	-
Community services	-	-	-	-	-
Capital outlay	-	54,819	43,500	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	54,819	73,509	60,472	-
Excess (Deficiency) of Revenue Over (Under) Expenditures	42,019	103,489	231	119,498	133,455
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	42,019	103,489	231	119,498	133,455
Fund Balances (Deficit):					
Fund Balance (Deficit) - Beginning	14,034	(103,489)	(16,660)	881,435	(297,613)
Fund Balance (Deficit) - Ending	\$ 56,053	\$ -	\$ (16,429)	\$ 1,000,933	\$ (164,158)

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Special Revenue Funds				
	Miscellaneous Grants	Developer Pass- Thru	Housing	Camp Programs	SB1 Streets & Roads
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 273,707
Intergovernmental	1,758,468	-	-	-	-
Charges for services	-	105,637	-	507,307	-
Use of money and property	(21,153)	-	741,950	-	(3,403)
Other revenues	-	-	-	(459)	-
Total Revenues	1,737,315	105,637	741,950	506,848	270,304
EXPENDITURES					
Current:					
Public safety	1,041	-	-	383,554	-
Public works	97,294	-	-	-	-
Community development	-	105,637	737	-	-
Community services	-	-	-	75,910	-
Capital outlay	-	-	-	-	233,229
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	98,335	105,637	737	459,464	233,229
Excess (Deficiency) of Revenue Over (Under) Expenditures	1,638,980	-	741,213	47,384	37,075
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(1,590,343)	-	-	-	-
Total Other Financing Sources (Uses)	(1,590,343)	-	-	-	-
Net Change in Fund Balance	48,637	-	741,213	47,384	37,075
Fund Balances (Deficit):					
Fund Balance (Deficit) - Beginning	188,885	(87)	647,164	31,657	230,424
Fund Balance (Deficit) - Ending	\$ 237,522	\$ (87)	\$ 1,388,377	\$ 79,041	\$ 267,499

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Capital Projects Funds		Debt Service Funds	Total Nonmajor Governmental Funds	
	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP	City Debt Service	2022	2021
REVENUES					
Taxes and assessments	\$ -	\$ 396,180	\$ -	\$ 2,612,840	\$ 2,260,284
Intergovernmental	-	-	-	2,740,712	1,383,946
Charges for services	-	-	-	654,963	372,964
Use of money and property	-	(26,763)	-	510,126	(24,886)
Other revenues	-	-	-	6,419	884
Total Revenues	-	369,417	-	6,525,060	3,993,192
EXPENDITURES					
Current:					
Public safety	-	167,831	-	963,319	1,457,476
Public works	-	-	-	1,174,151	962,000
Community development	-	-	-	166,846	188,300
Community services	-	-	-	75,910	49,211
Capital outlay	-	-	-	522,074	566,198
Debt service:					
Principal retirement	-	-	199,531	199,531	319,071
Interest and fiscal charges	-	-	20,899	20,899	30,630
Total Expenditures	-	167,831	220,430	3,122,730	3,572,886
Excess (Deficiency) of Revenue Over (Under) Expenditures	-	201,586	(220,430)	3,402,330	420,306
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	220,500	220,500	353,500
Transfers out	-	-	-	(1,660,743)	(70,400)
Total Other Financing Sources (Uses)	-	-	220,500	(1,440,243)	283,100
Net Change in Fund Balance	-	201,586	70	1,962,087	703,406
Fund Balances (Deficit):					
Fund Balance (Deficit) - Beginning	(46,418)	987,063	25,754	8,044,574	7,341,168
Fund Balance (Deficit) - Ending	\$ (46,418)	\$ 1,188,649	\$ 25,824	\$ 10,006,661	\$ 8,044,574

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 425,941	\$ 425,941	\$ 425,941	\$ -
Resources (Inflows):				
Taxes	341,170	341,170	332,953	(8,217)
Use of money and property	3,000	3,000	(13,643)	(16,643)
Amounts Available for Appropriations	770,111	770,111	745,251	(24,860)
Charges to Appropriations (Outflows):				
Public works	3,000	3,000	685	2,315
Capital outlay	220,000	240,768	190,160	50,608
Total Charges to Appropriations	223,000	243,768	190,845	52,923
Budgetary Fund Balance, June 30	\$ 547,111	\$ 526,344	\$ 554,406	\$ 28,063

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,266,139	\$ 1,266,139	\$ 1,266,139	\$ -
Resources (Inflows):				
Taxes	671,500	671,500	733,703	62,203
Intergovernmental	2,500	2,500	2,693	193
Use of money and property	17,550	17,550	(35,459)	(53,009)
Amounts Available for Appropriations	1,957,689	1,957,689	1,967,076	9,387
Charges to Appropriations (Outflows):				
Public works	804,100	806,043	705,711	100,332
Total Charges to Appropriations	804,100	806,043	705,711	100,332
Budgetary Fund Balance, June 30	\$ 1,153,589	\$ 1,151,647	\$ 1,261,365	\$ 109,719

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
LIGHTING DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,076,356	\$ 3,076,356	\$ 3,076,356	\$ -
Resources (Inflows):				
Taxes	608,500	608,500	678,207	69,707
Intergovernmental	3,200	3,200	3,165	(35)
Use of money and property	40,500	40,500	(92,141)	(132,641)
Amounts Available for Appropriations	3,728,556	3,728,556	3,665,587	(62,969)
Charges to Appropriations (Outflows):				
Public works	415,330	417,185	370,461	46,724
Transfers out	70,400	70,400	70,400	-
Total Charges to Appropriations	485,730	487,585	440,861	46,724
Budgetary Fund Balance, June 30	\$ 3,242,826	\$ 3,240,971	\$ 3,224,726	\$ (16,245)

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COPS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 337,919	\$ 337,919	\$ 337,919	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	161,285	61,285
Use of money and property	3,500	3,500	(10,173)	(13,673)
Amounts Available for Appropriations	441,419	441,419	489,031	47,612
Charges to Appropriations (Outflows):				
Public safety	150,000	150,000	146,240	3,760
Total Charges to Appropriations	150,000	150,000	146,240	3,760
Budgetary Fund Balance, June 30	\$ 291,419	\$ 291,419	\$ 342,791	\$ 51,372

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 396,070	\$ 396,070	\$ 396,070	\$ -
Resources (Inflows):				
Intergovernmental	98,000	110,679	449,598	338,919
Use of money and property	-	-	(4,778)	(4,778)
Miscellaneous	-	-	687	687
Amounts Available for Appropriations	494,070	506,749	841,577	334,828
Charges to Appropriations (Outflows):				
Public safety	-	224,258	234,644	(10,386)
Capital outlay	-	13,045	366	12,679
Total Charges to Appropriations	-	237,303	235,010	2,293
Budgetary Fund Balance, June 30	\$ 494,070	\$ 269,446	\$ 606,567	\$ 337,121

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE MITIGATION FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 14,034	\$ 14,034	\$ 14,034	\$ -
Resources (Inflows):				
Charges for services	10,000	10,000	42,019	32,019
Amounts Available for Appropriations	24,034	24,034	56,053	32,019
Charges to Appropriations (Outflows):				
Public safety	6,000	6,000	-	6,000
Total Charges to Appropriations	6,000	6,000	-	6,000
Budgetary Fund Balance, June 30	\$ 18,034	\$ 18,034	\$ 56,053	\$ 38,019

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (103,489)	\$ (103,489)	\$ (103,489)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	158,308	158,308
Amounts Available for Appropriations	(103,489)	(103,489)	54,819	158,308
Charges to Appropriations (Outflows):				
Capital outlay	-	73,763	54,819	18,944
Total Charges to Appropriations	-	73,763	54,819	18,944
Budgetary Fund, June 30	\$ (103,489)	\$ (177,252)	\$ -	\$ 177,252

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (16,660)	\$ (16,660)	\$ (16,660)	\$ -
Resources (Inflows):				
Intergovernmental	45,700	45,700	73,740	28,040
Amounts Available for Appropriations	29,040	29,040	57,080	28,040
Charges to Appropriations (Outflows):				
Public safety	-	-	30,009	(30,009)
Capital outlay	45,700	98,200	43,500	54,700
Total Charges to Appropriations	45,700	98,200	73,509	24,691
Budgetary Fund Balance (Deficit), June 30	\$ (16,660)	\$ (69,160)	\$ (16,429)	\$ 52,731

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 881,435	\$ 881,435	\$ 881,435	\$ -
Resources (Inflows):				
Taxes	125,000	125,000	198,090	73,090
Use of money and property	12,000	12,000	(24,311)	(36,311)
Miscellaneous	-	-	6,191	6,191
Amounts Available for Appropriations	1,018,435	1,018,435	1,061,405	42,970
Charges to Appropriations (Outflows):				
Community development	53,100	68,100	60,472	7,628
Capital outlay	-	35,000	-	35,000
Total Charges to Appropriations	53,100	103,100	60,472	42,628
Budgetary Fund Balance, June 30	\$ 965,335	\$ 915,335	\$ 1,000,933	\$ 85,598

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 188,885	\$ 188,885	\$ 188,885	\$ -
Resources (Inflows):				
Intergovernmental	1,776,815	1,776,815	1,758,468	(18,347)
Use of money and property	-	-	(21,153)	(21,153)
Amounts Available for Appropriations	1,965,700	1,965,700	1,926,200	(39,500)
Charges to Appropriations (Outflows):				
Public safety	-	-	1,041	(1,041)
Public works	186,475	411,709	97,294	314,415
Transfers out	2,239,400	1,589,400	1,590,343	(943)
Total Charges to Appropriations	2,425,875	2,001,109	1,688,678	312,431
Budgetary Fund Balance, June 30	\$ (460,175)	\$ (35,409)	\$ 237,522	\$ 272,931

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER PASS-THRU FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (87)	\$ (87)	\$ (87)	\$ -
Resources (Inflows):				
Charges for services	100,000	100,000	105,637	5,637
Amounts Available for Appropriations	99,913	99,913	105,550	5,637
Charges to Appropriations (Outflows):				
Community development	100,000	100,000	105,637	(5,637)
Total Charges to Appropriations	100,000	100,000	105,637	(5,637)
Budgetary Fund Balance (Deficit), June 30	\$ (87)	\$ (87)	\$ (87)	\$ -

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 647,164	\$ 647,164	\$ 647,164	\$ -
Resources (Inflows):				
Use of money and property	7,500	7,500	741,950	734,450
Amounts Available for Appropriations	654,664	654,664	1,389,114	734,450
Charges to Appropriations (Outflows):				
Community development	10,000	63,302	737	62,565
Total Charges to Appropriations	10,000	63,302	737	62,565
Budgetary Fund Balance, June 30	\$ 644,664	\$ 591,362	\$ 1,388,377	\$ 797,015

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CAMP PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 31,657	\$ 31,657	\$ 31,657	\$ -
Resources (Inflows):				
Charges for services	490,000	490,000	507,307	17,307
Miscellaneous	-	-	(459)	(459)
Amounts Available for Appropriations	521,657	521,657	538,505	16,848
Charges to Appropriations (Outflows):				
Public safety	430,215	443,060	383,554	59,506
Parks and recreation	82,480	82,480	75,910	6,570
Total Charges to Appropriations	512,695	525,540	459,464	66,076
Budgetary Fund Balance, June 30	\$ 8,962	\$ (3,883)	\$ 79,041	\$ 82,924

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SB1 STREETS & ROADS
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 230,424	\$ 230,424	\$ 230,424	\$ -
Resources (Inflows):				
Taxes	272,315	272,316	273,707	1,391
Use of money and property	-	-	(3,403)	(3,403)
Amounts Available for Appropriations	502,739	502,740	500,728	(2,012)
Charges to Appropriation (Outflow):				
Capital outlay	270,000	270,000	233,229	36,771
Total Charges to Appropriations	270,000	270,000	233,229	36,771
Budgetary Fund Balance, June 30	\$ 232,739	\$ 232,740	\$ 267,499	\$ 34,759

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY CIP CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,368,485	\$ 2,368,485	\$ 2,368,485	\$ -
Resources (Inflows):				
Charges for services	50,000	1,015,000	1,055,726	40,726
Use of money and property	8,000	8,000	(74,871)	(82,871)
Miscellaneous	50,000	280,000	328,874	48,874
Transfers in	932,000	1,181,640	1,181,640	-
Amounts Available for Appropriations	3,408,485	4,853,125	4,859,854	6,729
Charges to Appropriations (Outflows):				
Public works	-	217,500	1,956	215,544
Capital outlay	932,000	1,187,475	462,964	724,511
Total Charges to Appropriations	932,000	1,404,975	464,920	940,055
Budgetary Fund Balance, June 30	\$ 2,476,485	\$ 3,448,150	\$ 4,394,934	\$ 946,784

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SAND REPLENISHMENT / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 987,063	\$ 987,063	\$ 987,063	\$ -
Resources (Inflows):				
Taxes	240,000	240,000	396,180	156,180
Use of money and property	10,000	10,000	(26,763)	(36,763)
Amounts Available for Appropriations	1,237,063	1,237,063	1,356,480	119,417
Charges to Appropriations (Outflows):				
Public safety	641,850	772,611	167,831	604,780
Capital outlay	230,000	230,000	-	230,000
Total Charges to Appropriations	871,850	1,002,611	167,831	834,780
Budgetary Fund Balance, June 30	\$ 365,213	\$ 234,452	\$ 1,188,649	\$ 954,197

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 25,754	\$ 25,754	\$ 25,754	\$ -
Resources (Inflows):				
Transfers in	220,500	220,500	220,500	-
Amounts Available for Appropriations	246,254	246,254	246,254	-
Charges to Appropriations (Outflows):				
Debt service:				
Principal retirement	199,550	199,550	199,531	19
Interest and fiscal charges	20,910	20,910	20,899	11
Total Charges to Appropriations	220,460	220,460	220,430	30
Budgetary Fund Balance, June 30	\$ 25,794	\$ 25,794	\$ 25,824	\$ 30

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 a custodial 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 custodial fund because the City has no responsibility for the debt service on the bonds.

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Undergrounding Districts	South Solana Sewer District	2022	2021
ASSETS				
Cash and cash equivalents	\$ 196,858	\$ 40,128	\$ 236,986	\$ 229,890
Investments:				
Money market mutual funds	1,450	196	1,646	1,646
Local Agency Investment Fund	58,740	-	58,740	59,324
Asset-backed securities	8,561	1,157	9,718	9,718
Federal agency securities	74,989	10,137	85,126	85,126
Medium term corporate notes	29,520	3,990	33,510	33,510
Supranational securities	1,189	161	1,350	1,350
US Treasury securities	58,740	7,940	66,680	66,680
Receivables:				
Accrued interest	67	10	77	431
Due from other governments	1,689	-	1,689	1,562
Total Assets	<u>431,803</u>	<u>63,719</u>	<u>495,522</u>	<u>489,237</u>
LIABILITIES				
Accounts payable	-	1,189	1,189	3,796
Accrued interest	-	-	-	68,699
Long-term liabilities:				
Due in one year	-	-	-	75,000
Due in more than one year	-	-	-	1,780,000
Total Liabilities	<u>-</u>	<u>1,189</u>	<u>1,189</u>	<u>1,927,495</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	431,803	62,530	494,333	(1,438,258)
Total Net Position	<u>\$ 431,803</u>	<u>\$ 62,530</u>	<u>\$ 494,333</u>	<u>\$ (1,438,258)</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Undergrounding Districts	South Solana Sewer District	2022	2021
ADDITIONS				
Investment earnings:				
Net increase (decrease) in fair value of investments	\$ (11,826)	\$ (1,646)	\$ (13,472)	\$ (3,836)
Interest, dividends, and other	4,255	558	4,813	3,584
Total investment earnings	<u>(7,571)</u>	<u>(1,088)</u>	<u>(8,659)</u>	<u>(252)</u>
Special assessment collections	181,489	40,890	222,379	215,329
Miscellaneous	-	-	-	99,256
Total Additions	<u>173,918</u>	<u>39,802</u>	<u>213,720</u>	<u>314,333</u>
DEDUCTIONS				
Contractual services	7,403	1,417	8,820	8,973
Interest expense	36,741	-	36,741	112,489
Total Deductions	<u>44,144</u>	<u>1,417</u>	<u>45,561</u>	<u>121,462</u>
Net Increase (Decrease) in Fiduciary Net Position	129,774	38,385	168,159	192,871
Net Position - Beginning	(1,115,395)	(322,863)	(1,438,258)	(1,631,129)
Restatement of Net Position	1,417,424	347,008	1,764,432	-
Net Position - Beginning, as Restated	<u>302,029</u>	<u>24,145</u>	<u>326,174</u>	<u>(1,631,129)</u>
Net Position - Ending	<u>\$ 431,803</u>	<u>\$ 62,530</u>	<u>\$ 494,333</u>	<u>\$ (1,438,258)</u>

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**STATISTICAL SECTION
(UNAUDITED)**

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Government activities					
Net Investment in Capital					
Assets					
Restricted	\$ 39,384,623	\$ 34,095,894	\$ 32,415,836	\$ 30,365,711	\$ 28,412,121
Unrestricted	4,688,776	5,183,814	4,979,850	5,825,595	6,619,853
	1,418,151	6,871,872	(85,816)	1,230,929	1,795,456
Total governmental activities net position	\$ 45,491,550	\$ 46,151,580	\$ 37,309,870	\$ 37,422,235	\$ 36,827,430
Business-type activities					
Net Investment in Capital					
Assets					
Restricted	\$ 5,682,518	\$ 6,324,862	\$ 6,798,584	\$ 5,594,350	\$ 6,195,352
Unrestricted	-	-	-	-	-
	25,769,871	27,155,489	26,759,779	29,711,194	32,866,729
Total governmental activities net position	\$ 31,452,389	\$ 33,480,351	\$ 33,558,363	\$ 35,305,544	\$ 39,062,081
Primary government					
Net Investment in Capital					
Assets					
Restricted	\$ 45,067,141	\$ 40,420,756	\$ 39,214,420	\$ 35,960,061	\$ 34,607,473
Unrestricted	4,688,776	5,183,814	4,979,850	5,825,595	6,619,853
	27,188,022	34,027,361	26,673,963	30,942,123	34,662,185
Total governmental activities net position	\$ 76,943,939	\$ 79,631,931	\$ 70,868,233	\$ 72,727,779	\$ 75,889,511

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

	Fiscal Year			
2018	2019	2020	2021	2022
\$ 27,241,251	\$ 29,396,878	\$ 26,666,266	\$ 26,653,123	\$ 26,396,682
9,139,181	11,238,745	12,664,581	14,173,748	17,970,956
<u>(2,320,375)</u>	<u>(3,911,422)</u>	<u>(1,487,812)</u>	<u>(1,345,933)</u>	<u>289,940</u>
<u>\$ 34,060,057</u>	<u>\$ 36,724,201</u>	<u>\$ 37,843,035</u>	<u>\$ 39,480,938</u>	<u>\$ 44,657,578</u>
\$ 5,929,088	\$ 8,892,771	\$ 12,052,987	\$ 11,185,890	\$ 11,656,188
54	49	46	-	-
<u>36,722,015</u>	<u>35,710,517</u>	<u>34,349,803</u>	<u>36,889,897</u>	<u>38,140,613</u>
<u>\$ 42,651,157</u>	<u>\$ 44,603,337</u>	<u>\$ 46,402,836</u>	<u>\$ 48,075,787</u>	<u>\$ 49,796,801</u>
\$ 33,170,339	\$ 38,289,649	\$ 38,719,253	\$ 37,839,013	\$ 38,052,870
9,139,235	11,238,794	12,664,627	14,173,748	17,970,956
<u>34,401,640</u>	<u>31,799,095</u>	<u>32,861,991</u>	<u>35,543,964</u>	<u>38,430,553</u>
<u>\$ 76,711,214</u>	<u>\$ 81,327,538</u>	<u>\$ 84,245,871</u>	<u>\$ 87,556,725</u>	<u>\$ 94,454,379</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Expenses					
Governmental Activities:					
General government	\$ 3,521,929	\$ 3,712,734	\$ 3,344,429	\$ 3,944,303	\$ 4,309,372
Public safety	8,177,235	8,416,330	8,441,144	9,162,345	9,628,140
Public works	5,070,916	5,008,665	5,181,223	5,438,407	5,487,183
Community development	957,303	1,361,588	1,281,059	1,378,130	1,745,101
Community services	604,445	579,088	622,608	627,748	1,122,128
Interest on long-term debt	78,156	439,918	388,144	398,408	389,077
Total Governmental Activities expenses	\$ 18,409,984	\$ 19,518,323	\$ 19,258,607	\$ 20,949,341	\$ 22,681,001
Business-Type Activities:					
Sanitation	\$ 3,456,455	\$ 2,855,368	\$ 4,566,357	\$ 3,568,901	\$ 1,602,359
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Expenses	\$ 3,456,455	\$ 2,855,368	\$ 4,566,357	\$ 3,568,901	\$ 1,602,359
Total Primary Government Expenses	\$ 21,866,439	\$ 22,373,691	\$ 23,824,964	\$ 24,518,242	\$ 24,283,360
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	376,156	402,670	464,533	578,282	620,990
Public works	511,843	743,210	238,587	416,524	449,962
Community development	648,280	830,429	852,578	928,065	1,252,126
Community services	357,877	303,070	347,698	365,289	400,353
Operating Contributions:					
General government	-	-	-	-	-
Public safety	270,428	286,687	285,399	270,152	198,615
Public works	583,136	1,577,961	920,807	1,045,301	1,241,379
Community development	-	-	109,689	200,388	-
Community services	-	-	-	-	129,324
Capital Contributions and Grants:					
General government	-	-	-	-	-
Public safety	162,672	129,740	53,091	160,372	158,370
Total Governmental Activities Program Revenues	\$ 2,910,392	\$ 4,273,767	\$ 3,272,382	\$ 3,964,373	\$ 4,451,119
Business-Type Activities:					
Charges for services:					
Sanitation	\$ 4,708,765	\$ 4,775,489	\$ 4,949,069	\$ 5,151,671	\$ 5,255,483
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Program Revenues	4,708,765	4,775,489	4,949,069	5,151,671	5,255,483
Total Primary Government Program Revenues	\$ 7,619,157	\$ 9,049,256	\$ 8,221,451	\$ 9,116,044	\$ 9,706,602
Net (Expense)/Revenue					
Governmental Activities	\$ (15,499,592)	\$ (15,244,556)	\$ (15,986,225)	\$ (16,984,968)	\$ (18,229,882)
Business-Type Activities	1,252,310	1,920,121	382,712	1,582,770	3,653,124
Total primary Government Net Expense	\$ (14,247,282)	\$ (13,324,435)	\$ (15,603,513)	\$ (15,402,198)	\$ (14,576,758)
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 6,655,138	\$ 6,880,916	\$ 7,247,202	\$ 7,705,956	\$ 8,095,383
Transient occupancy taxes	1,186,197	1,220,075	1,467,373	1,605,685	1,740,208
Sales taxes	3,077,691	2,814,702	2,808,203	3,255,104	3,127,803
Franchise taxes	698,672	714,991	765,995	736,042	733,354
Other taxes	2,643,515	2,736,146	2,747,073	2,797,559	2,868,629
Use of money and property	84,903	137,906	136,763	261,446	283,828
Other	722,094	1,399,850	914,672	735,521	785,872
Total Governmental Activities	\$ 15,068,210	\$ 15,904,586	\$ 16,087,281	\$ 17,097,313	\$ 17,635,077
Business-Type Activities:					
Use of money and property	\$ 78,615	\$ 71,541	\$ 71,973	\$ 115,321	\$ 88,940
Other	46,470	36,300	28,939	49,090	14,473
Total Business-Type Activities	125,085	107,841	100,912	164,411	103,413
Total Primary Government	\$ 15,193,295	\$ 16,012,427	\$ 16,188,193	\$ 17,261,724	\$ 17,738,490
Changes in Net Position					
Governmental Activities	\$ (431,382)	\$ 660,030	\$ 101,056	\$ 112,345	\$ (594,805)
Business-Type Activities	1,377,395	2,027,962	483,624	1,747,181	3,756,537
Total Primary Government	\$ 946,013	\$ 2,687,992	\$ 584,680	\$ 1,859,526	\$ 3,161,732

		Fiscal Year				
2018	2019	2020	2021	2022		
\$ 4,101,170	\$ 3,650,982	\$ 4,985,418	\$ 5,537,474	\$ 4,569,515		
10,539,671	11,050,684	12,629,778	13,116,915	13,906,293		
5,944,432	5,937,131	4,887,985	4,665,830	5,411,937		
1,754,910	1,482,428	1,585,952	1,506,502	1,505,023		
730,645	1,178,128	1,220,410	1,193,256	1,218,243		
381,634	368,495	363,326	356,001	346,224		
<u>\$ 23,452,462</u>	<u>\$ 23,667,848</u>	<u>\$ 25,672,869</u>	<u>\$ 26,375,978</u>	<u>\$ 26,957,235</u>		
\$ 2,100,256	\$ 4,204,504	\$ 4,221,307	\$ 3,891,241	\$ 4,308,057		
390,533	5,210,816	4,350,085	3,841,312	(126,572)		
<u>\$ 2,490,789</u>	<u>\$ 9,415,320</u>	<u>\$ 8,571,392</u>	<u>\$ 7,732,553</u>	<u>\$ 4,181,485</u>		
<u>\$ 25,943,251</u>	<u>\$ 33,083,168</u>	<u>\$ 34,244,261</u>	<u>\$ 34,108,531</u>	<u>\$ 31,138,720</u>		
\$ -	\$ 194,122	\$ 205	\$ 91,875	\$ 31,397		
577,351	581,313	401,633	325,042	384,525		
698,999	1,005,828	358,450	493,597	1,566,345		
1,300,411	1,169,232	1,190,562	1,082,510	1,274,370		
336,079	335,828	22,844	276,648	507,312		
-	-	-	-	(14,868)		
177,936	186,145	199,300	466,509	453,244		
1,106,636	1,404,721	889,429	1,214,732	2,673,246		
100,000	-	-	-	-		
139,416	148,747	80,000	232,674	161,285		
-	-	-	-	(111,858)		
420,005	298,205	345,162	301,580	-		
<u>\$ 4,856,833</u>	<u>\$ 5,324,141</u>	<u>\$ 3,487,585</u>	<u>\$ 4,485,167</u>	<u>\$ 6,924,998</u>		
\$ 5,415,690	\$ 5,592,045	\$ 5,588,249	\$ 5,676,286	\$ 5,816,828		
494,307	5,202,375	4,178,287	3,567,034	1,359		
5,909,997	10,794,420	9,766,536	9,243,320	5,818,187		
<u>\$ 10,766,830</u>	<u>\$ 16,118,561</u>	<u>\$ 13,254,121</u>	<u>\$ 13,728,487</u>	<u>\$ 12,743,185</u>		
\$ (18,595,629)	\$ (18,343,707)	\$ (22,185,284)	\$ (21,890,811)	\$ (20,032,237)		
3,419,208	1,379,100	1,195,144	1,510,767	1,636,702		
<u>\$ (15,176,421)</u>	<u>\$ (16,964,607)</u>	<u>\$ (20,990,140)</u>	<u>\$ (20,380,044)</u>	<u>\$ (18,395,535)</u>		
\$ 8,586,838	\$ 9,070,200	\$ 9,465,402	\$ 10,093,847	\$ 10,523,133		
1,827,753	2,019,005	1,456,897	1,457,156	2,575,173		
3,191,410	3,502,561	3,291,805	3,689,566	4,413,265		
723,164	792,575	751,324	789,365	873,791		
3,170,331	3,547,175	3,619,856	3,745,720	3,880,489		
286,867	1,100,795	1,132,930	631,813	(399,689)		
722,186	975,510	3,585,904	3,121,247	3,342,715		
<u>\$ 18,508,549</u>	<u>\$ 21,007,821</u>	<u>\$ 23,304,118</u>	<u>\$ 23,528,714</u>	<u>\$ 25,208,877</u>		
\$ 81,629	\$ 557,179	\$ 423,002	\$ 124,888	\$ 35,005		
88,239	15,901	181,353	37,296	49,307		
169,868	573,080	604,355	162,184	84,312		
<u>\$ 18,678,417</u>	<u>\$ 21,580,901</u>	<u>\$ 23,908,473</u>	<u>\$ 23,690,898</u>	<u>\$ 25,293,189</u>		
\$ (87,080)	\$ 2,664,114	\$ 1,118,834	\$ 1,637,903	\$ 5,176,640		
3,589,076	1,952,180	1,799,499	1,672,951	1,721,014		
<u>\$ 3,501,996</u>	<u>\$ 4,616,294</u>	<u>\$ 2,918,333</u>	<u>\$ 3,310,854</u>	<u>\$ 6,897,654</u>		

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 9,276	\$ 7,523	\$ 9,382	\$ 7,471	\$ 20,164
Restricted	-	-	-	508,897	893,185
Committed	278,377	324,083	454,048	787,790	914,846
Assigned	4,579,527	5,102,543	5,324,048	5,520,890	5,690,381
Unassigned	4,014,144	4,369,152	5,580,686	6,200,244	6,805,201
Total General Fund	<u>\$ 8,881,324</u>	<u>9,803,301</u>	<u>11,368,164</u>	<u>13,025,292</u>	<u>14,323,777</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,588,670	5,107,900	4,979,850	5,316,698	5,726,668
Assigned	525,735	425,416	589,120	849,917	1,385,099
Unassigned	(5,333,420)	(222,713)	(213,005)	(184,544)	(336,475)
Total all other Governmental Funds	<u>\$ (219,015)</u>	<u>5,310,603</u>	<u>5,355,965</u>	<u>5,982,071</u>	<u>6,775,292</u>

Fiscal Year				
2018	2019	2020	2021	2022
\$ 72,579	\$ 23,402	\$ 52,665	\$ 54,212	\$ 136,395
1,294,957	1,743,908	2,422,056	3,245,475	3,218,592
1,015,354	1,436,307	1,179,507	901,576	1,295,357
5,805,890	6,041,593	6,349,702	6,206,689	6,241,345
7,385,736	4,588,069	5,450,148	7,138,002	9,289,801
<u>15,574,516</u>	<u>13,833,279</u>	<u>15,454,078</u>	<u>17,545,954</u>	<u>20,181,490</u>

\$ 200	\$ -	\$ -	\$ -	\$ 47,545
7,844,224	9,494,837	10,242,525	10,928,273	14,752,364
-	-	-	-	-
<u>(234,689)</u>	<u>(112,596)</u>	<u>(58,138)</u>	<u>(464,267)</u>	<u>(227,092)</u>
<u>7,609,735</u>	<u>9,382,241</u>	<u>10,184,387</u>	<u>10,464,006</u>	<u>14,572,817</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2013	2014	2015	2016	2017
Revenues:					
Taxes and assessments	\$ 13,046,917	\$ 13,135,199	\$ 13,727,132	\$ 14,719,229	\$ 15,109,053
Intergovernmental	2,230,532	3,217,319	2,674,057	3,069,673	3,185,272
Licenses and permits	361,573	429,464	461,687	471,581	527,146
Charges for services	830,907	959,935	1,001,943	1,313,658	1,699,140
Fines and forfeitures	323,961	348,337	392,683	502,921	495,885
Use of money and property	84,903	137,906	136,763	261,466	283,828
Other	1,099,809	1,941,493	961,755	735,521	785,872
Total revenues	17,978,602	20,169,653	19,356,020	21,074,049	22,086,196
Expenditures:					
General government	3,057,761	3,085,499	3,222,933	3,500,443	3,777,819
Public safety	7,945,912	8,238,659	8,315,766	8,912,742	9,070,746
Public works	2,075,777	2,215,596	2,322,090	2,463,442	2,509,194
Community development	955,907	1,360,192	1,291,073	1,380,934	1,721,715
Community services	284,884	259,809	275,790	278,481	760,475
Capital outlay	7,638,942	3,452,914	1,773,690	2,190,316	1,473,835
Debt service:					
Principal retirement	280,700	155,925	155,930	161,086	288,487
Interest	77,283	439,464	388,523	383,130	392,219
Total expenses	22,317,166	19,208,058	17,745,795	19,270,574	19,994,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,338,564)	961,595	1,610,225	1,803,475	2,091,706
Other financing sources (uses):					
Transfers in	742,322	1,319,473	446,865	743,400	1,576,800
Transfers out	(742,322)	(1,319,473)	(446,865)	(743,400)	(1,576,800)
Contributions to Successor Agency	(834,007)	(10,000)	-	-	-
Contributions to OPEB Trust Fund	-	-	-	(135,000)	-
Long-term debt issued	-	5,500,000	-	614,759	-
Total other financing sources (uses)	(834,007)	5,490,000	-	479,759	-
Net change in fund balances / net position	\$ (5,172,571)	6,451,595	1,610,225	2,283,234	2,091,706
Capital assets used in debt service calculation*	\$ 7,859,585	\$ 3,527,607	\$ 1,764,750	\$ 2,194,361	\$ 1,440,550
Debt service as a percentage of noncapital expenditures	2.5%	3.8%	3.4%	3.2%	3.7%

* 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				
	2018	2019	2020	2021	2022
\$ 15,945,223	\$ 17,275,214	\$ 16,842,473	\$ 19,775,654	\$ 22,265,851	
3,498,266	3,665,899	3,284,923	1,916,664	3,322,539	
508,549	486,891	345,168	532,496	773,593	
1,584,561	2,230,614	1,268,823	1,449,714	2,754,210	
479,933	502,249	359,703	244,331	261,932	
286,867	1,100,795	1,132,930	631,813	(399,689)	
1,061,983	975,510	3,585,904	3,121,247	3,348,906	
23,365,382	26,237,172	26,819,924	27,671,919	32,327,342	
3,820,029	4,191,376	4,705,339	5,032,268	5,598,530	
9,831,070	10,243,546	11,573,438	12,538,907	12,043,209	
2,628,777	2,975,518	3,401,680	3,125,907	3,792,133	
1,574,333	1,523,428	1,544,402	1,446,878	1,347,528	
328,755	830,315	797,410	680,982	825,180	
2,417,383	5,763,230	1,692,966	1,800,676	1,430,880	
296,366	303,971	316,505	319,071	199,531	
383,487	374,519	365,239	355,735	346,004	
21,280,200	26,205,903	24,396,979	25,300,424	25,582,995	
2,085,182	31,269	2,422,945	2,371,495	6,744,347	
997,300	2,636,370	799,915	353,500	2,992,483	
(997,300)	(2,636,370)	(799,915)	(353,500)	(2,992,483)	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
2,085,182	31,269	2,422,945	2,371,495	6,744,347	
\$ 2,432,556	\$ 5,754,228	\$ 1,697,994	\$ 1,723,018	\$ 1,537,279	
3.6%	3.3%	3.0%	2.9%	2.3%	

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
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	4,476,935	618,256	192,564	-
2021	4,713,080	632,197	201,845	-
2022	4,907,207	642,174	195,653	-

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

N/A - Data not available

Source: San Diego County Assessor 2012/13 - 2021/22 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
3,668,886	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
5,287,755	0.1779%	N/A	N/A
5,547,122	0.1780%	N/A	N/A
5,745,034	0.1781%	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
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
2021	0.1602	0.0037	0.00955	0.1735
2022	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)
2013	0.167550	0.0004	0.40281	0.10486	0.025350
2014	0.167550	0.0004	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
2021	0.167490	0.0004	0.40290	0.10490	0.025330
2022	0.167490	0.0004	0.40290	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 2021/22 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	-	0.0035	-	-	-	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
0.12550	0.02886	0.0035	-	0.01294	0.0230	1.06828
0.12550	0.02800	0.0035	-	0.01299	0.0232	1.06767
0.12550	0.02688	0.0035	-	0.01373	0.0233	1.06738
0.12550	0.02653	0.0035	-	0.01339	0.0223	1.06575

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CITY OF SOLANA BEACH

**Principal Property Tax Payers,
Current Year and Ten 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, 2022</u>		
S B T C Holdings LLC (Pending Appeals on Parcels)	\$ 104,498,952	1.82%
Pacific Solana Beach Holdings LP	72,848,459	1.27%
SB Coporate Centre III-IV LLC (Pending Appeals on Parcels)	60,524,976	1.05%
GRE Beachwalk LLC (Pending Appeals on Parcels)	35,650,719	0.62%
Sanyo Foods Corporation of America	33,908,935	0.59%
Fenton Solana Highlands LLC	33,324,364	0.58%
E R P Operating LP	20,968,200	0.36%
Lavida Delmar Asscs LP	18,673,394	0.33%
Solana Mar LLC	17,311,461	0.30%
Showprop Monrovia II LLC (Pending Appeals on Parcels)	16,951,509	0.30%
Total	<u>\$ 414,660,969</u>	<u>7.22%</u>
<u>For the Fiscal Year Ended June 30, 2013</u>		
S B T C Holdings LLC	\$ 110,670,000	3.02%
Pacific Solana Beach Holdings LP	71,400,000	1.95%
SB Coporate Centre III-IV LLC	30,935,000	0.84%
Sanyo Foods Corporation of America	29,715,235	0.81%
Fenton Solana Highlands LLC	28,225,414	0.77%
E R P Operating LP	18,050,228	0.49%
Muller-Beachwalk LLC	17,800,000	0.49%
Lavida Delmar Asscs LP	16,056,366	0.44%
Urschel Laboratories Inc	13,109,549	0.36%
Price Self Storage Solana Beach LLC	12,744,493	0.35%
Total	<u>\$ 348,706,285</u>	<u>9.50%</u>

Source: HdL Coren & Cone and San Diego
County Assessor 2012/13 & 2021/22

CITY OF SOLANA BEACH

**Property Tax Levies and Collections,
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2013	6,110,404	5,832,325	95.4%
2014	6,303,038	6,033,082	95.7%
2015	6,576,197	6,257,093	95.1%
2016	6,931,466	6,635,180	95.7%
2017	7,300,293	7,017,400	96.1%
2018	7,741,663	7,444,166	96.2%
2019	8,232,844	7,949,648	96.6%
2020	8,622,755	8,306,418	96.3%
2021	9,074,415	8,652,200	95.3%
2022	9,507,779	9,078,200	95.5%

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
258,145	6,090,470	100%
252,973	6,286,055	100%
215,422	6,472,515	98%
80,163	6,715,343	97%
27,141	7,044,541	96%
33,622	7,477,788	97%
27,740	7,977,388	97%
36,401	8,342,819	97%
65,224	8,717,424	96%
70,616	9,148,816	96%

CITY OF SOLANA BEACH

Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	Government Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	2002 ABAG Lease Revenue	Refunding Lease	Bonds	Loan	Bonds and Direct			
	Bonds	ABAG		Payable	Borrowings/Placements			
2013*	-	1,279,300	-	787,950	13,095,631	15,162,881	4.58%	1,168
2014*	-	1,166,600	5,500,000	745,693	12,175,456	19,587,749	3.56%	1,495
2015*	-	1,055,400	5,500,000	701,931	11,273,883	18,531,214	3.95%	1,419
2016	-	940,600	5,500,000	1,271,372	10,339,405	18,051,377	4.05%	1,338
2017	-	811,391	5,500,000	1,113,062	9,373,587	16,798,040	4.85%	1,242
2018	-	685,559	5,500,000	943,496	19,146,912	26,275,967	3.10%	1,965
2019	-	556,825	5,500,000	769,326	18,064,945	24,891,096	3.52%	1,869
2020	-	420,291	5,500,000	590,421	17,449,133	23,959,845	3.66%	1,806
2021	-	286,057	5,500,000	406,649	16,818,322	23,011,028	3.89%	1,783
2022	-	144,423	5,500,000	349,819	16,262,766	22,257,008	4.04%	1,730

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, 2022**

Fiscal Year 2021-22 Assessed Valuation : \$5,746,258,585

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City (2)</u>	<u>Net Bonded Debt</u>
<u>Direct Debt:</u>			
Repaid with Sales Tax Revenue: (1)			
Limited Tax Bonds Series 2010A	\$ 338,960,000	1.623%	<u>\$ 5,500,000</u>
Repaid with Property Tax:			
City of Solana Beach Lease Agreement	\$ 145,000	100.000%	\$ 145,000
City of Solana Beach Capital Lease Obligation	\$ 349,819	100.000%	<u>349,819</u>
Total Direct Debt repaid with Property Tax			\$ 494,819
<u>Overlapping Debt:</u>			
Metropolitan Water District	\$ 20,175,000	0.169%	\$ 34,096
Mira Costa Community College District	\$ 291,380,000	4.612%	\$ 13,438,446
San Dieguito Union High School District	424,285,000	7.611%	\$ 32,292,331
San Dieguito Union High School District Community Facilities District No. 95-1	26,700,000	1.359%	\$ 362,853
Solana Beach School District School Facilities Improvement District No. 2016-1	90,570,000	31.921%	\$ 28,910,850
City of Solana Beach 1915 Act Bonds	2,135,000	100.000%	\$ 2,135,000
Olivenhain Municipal Water District, Assessment District No. 96-1	5,470,000	0.557%	\$ 30,468
San Diego County General Fund Obligations	245,340,000	0.948%	\$ 2,325,823
San Diego County Pension Obligations	340,825,000	0.948%	\$ 3,231,021
San Diego County Superintendent of Schools General Fund Obligations	7,780,000	0.948%	\$ 73,754
San Dieguito Union High School District Certificates of Participation	12,730,000	7.611%	\$ 968,880
Overlapping Tax Increment Debt	2,165,000	100.000%	<u>\$ 2,165,000</u>
Total Overlapping Debt			\$ 85,968,522
Total Direct and Overlapping Debt repaid with Property Tax			(3) \$ 86,463,341

Debt to Assessed Valuation Ratios :

Direct Debt (\$494,819)	0.01%
Overlapping Debt	1.50%
Total Debt	1.50%

Redevelopment Incremental Valuation (\$183,714,143) Ratio:

Total Overlapping Tax Increment Debt	1.18%
--------------------------------------	-------

- Notes:** (1) - Not repaid with Property Tax and therefore excluded from Assessed valuation Ratios.
 (2) - Percentage of overlapping agency's assessed valuation located within the boundaries of the city.
 (3) - Excludes tax and revenue anticipation notes, enterprise revenues, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

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 2022

Assessed value	\$ 5,746,259
Debt limit (15% of assessed value)	861,939
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 861,939</u></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>
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%
2021	832,192	-	832,192	100.00%
2022	861,939	-	861,939	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>Net Available Revenue</u>
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
2021*	-	150,056	-	150,056
2022*	-	147,465	-	147,465

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
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
2021*	142,700	7,356	1.00
2022*	145,000	2,465	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

CITY OF SOLANA BEACH

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income</u> <i>(thousands of dollars)</i>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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	13,370	830,408	62,110	1.7%
2018	13,319	875,833	65,758	1.7%
2019	13,264	873,757	65,874	1.7%
2020	12,909	894,002	69,254	5.1%
2021	12,867	899,448	69,903	2.6%

Sources: HdL Coren & Cone report prepared on 9/20/2022

*2017 through 2021 population from BLS and Per Capital Personal Income from City of Solana Beach Finance Department

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2022

Employer	Category	Business category
Ceasar Entertainment	1	Restaurants
SDG & E	1	Associations
General Dynamics Nassco	1	Ship Builders & Repairers (Mfrs)
Illumina Inc	1	Biotechnology Products & Services
Sharp Grossmont Hospital	1	Health Services
Merchants Building Maintenance	1	Janitor Service
Page One Seo	1	Mental Health Services
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 Grossmont Rehab Ctr	1	Rehabilitation Services
Sharp Mary Birch Hospital	1	Hospitals
Sharp Memorial Hospital	1	Hospitals
Sony Electronics	1	Electronic Equipment & Supplies-Retail
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- Neural Computation	3	University-College Dept/Facility/Office
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 2022 1st Edition

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

CITY OF SOLANA BEACH

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

Fiscal Years:	Fiscal Year				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Function/Program</u>					
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	2.65	2.60	3.10	3.10	3.10
City Manager	1.84	1.74	2.05	2.05	1.80
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	3.35	3.80	3.55	3.55	3.55
Risk Mgt - Ins & Workers Comp	-	-	-	-	-
Personnel/Human Resources	0.98	0.95	1.00	1.00	1.15
Info/Communication Systems	1.00	1.00	1.00	1.00	1.00
Community Development	5.50	5.40	6.00	6.00	5.80
Public Safety					
Fire	19.95	19.95	19.95	19.95	19.95
Code Enforcement	1.75	1.75	1.80	1.80	1.80
Marine Safety	8.06	8.06	8.06	9.49	9.49
Junior Lifeguards	3.73	3.73	3.73	3.53	4.03
Public Works					
Engineering	2.48	2.41	2.28	2.13	2.73
Environmental/Flood Control	1.10	1.10	1.10	1.10	1.05
Street Maintenance	2.90	2.90	2.95	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	0.90
Recreation	2.59	2.59	2.46	2.48	2.43
Sanitation	2.93	2.98	2.93	3.22	3.12
Improvement Districts	0.95	0.95	0.90	0.90	0.90
Redevelopment Agency	0.60	1.05	0.90	0.90	1.10
Solana Energy Alliance*	-	-	-	-	-
Total Personnel	<u>65.11</u>	<u>65.71</u>	<u>66.51</u>	<u>67.90</u>	<u>68.65</u>

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

*Solana Energy Alliance (SEA) started operations in mid FY2018. The City of Solana Beach provided accounting services to SEA through FY2021

Source: City of Solana Beach's Annual Budget

	Fiscal Year				
2018	2019	2020	2021	2022	
0.20	0.20	0.20	0.20	0.20	
3.10	3.10	3.23	3.23	3.48	
1.90	1.90	2.48	2.48	2.58	
0.25	0.25	0.25	0.25	0.25	
3.45	3.05	3.30	3.70	3.35	
-	-	1.20	1.20	1.20	
0.95	0.95	0.95	0.95	1.20	
1.00	1.00	1.00	1.00	1.50	
5.80	5.80	6.00	7.00	6.00	
20.20	20.20	20.20	20.20	20.20	
1.80	1.80	1.80	1.80	1.80	
9.29	9.29	9.71	9.71	9.71	
4.23	4.23	4.7	3.98	3.93	
2.73	2.73	2.73	2.73	2.73	
1.05	1.05	1.05	1.05	1.20	
2.95	2.95	2.95	2.95	2.95	
1.35	1.35	1.35	1.25	1.35	
0.90	0.65	0.90	0.65	0.85	
2.43	2.38	2.43	2.33	2.50	
3.37	3.37	3.37	3.37	3.67	
0.90	0.90	0.90	0.90	0.95	
0.80	0.80	0.80	0.14	0.24	
-	0.75	0.75	0.75	-	
68.65	68.70	72.25	71.82	71.84	

CITY OF SOLANA BEACH

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2013	2014	2015	2016	2017
Community development					
Number of:					
Business licenses (A)	2,023	2,147	1,957	2,068	2,007
Plan checks (B)	225	276	275	304	284
Code violations (C)	1,458	1,467	1,016	1,240	1,124
Police (Calendar basis)					
Number of calls for service (D) (E):					
Priority 1	11	27	12	13	7
Priority 2	480	498	467	437	343
Priority 3	1,711	1,624	1,712	1,740	1,141
Priority 4	1,156	1,037	1,225	1,110	826
Priority 5	N/A	N/A	N/A	N/A	N/A
Priority 6	N/A	N/A	N/A	N/A	N/A
Priority 7	N/A	N/A	N/A	N/A	N/A
Priority 8	N/A	N/A	N/A	N/A	N/A
Priority 9	N/A	N/A	N/A	N/A	N/A
FBI Index Crimes	321	210	305	240	173
Fire					
Emergency Responses	1,736	1,702	1,798	1,810	1,883
Training Hours	5,090	7,080	6,178	5,997	4,696
Plan Checks	335	92	289	380	390
Public works					
Miles of:					
Street resurfacing/repair	150000**	150000**	550000**	5.3*	1.7*
Street sweeping	900	900	900*	900*	900*
Number of:					
Street signal maintained	168	192	192	192	192
Trees pruned per year	500	158	40	40	500
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	385	280	329	266	315
Classes (classes offered to san diego adult school)	35	N/A	144	***N/A	***N/A
Mira Costa College Community Education, # of students	N/A	N/A	N/A	N/A	N/A
Special events (attendees)	N/A	7,350	10,600	7,800	8,300

N/A - Data not available

(A) - Includes new & renewal licenses

(B) - Excludes temporary plan checks.

(C) - 2013 - 2019 are based on calendar year and include violations that did not result in a citation. 2020 - 2022 are fiscal year. These 3 fiscal years and future years only include violations in which citations were issued.

(D) - Numbers adjusted and updated on CAFR FY16-17 for FY13-FY17 numbers to count only complete calls for service.

(E) - FY18-19 San Diego Sheriff dispatch system shifted to a 9-category system

Sources: Various city departments.

* Street Repair in Miles

** Street repair in Square Feet (SF)

*** Classes offered by Mira Costa College

Fiscal Year

2018	2019	2020	2021	2022
2,055	2,345	2,677	2,677	1,608
319	319	399	399	483
2,513	2,656	8	-	18
11	9	2	9	12
470	209	159	207	281
1,825	167	117	143	160
1,181	1,154	1,109	1,337	1,478
N/A	247	226	337	345
N/A	147	287	212	164
N/A	703	619	832	831
N/A	-	-	-	-
N/A	-	-	-	-
227	139	117	231	246
1,859	1,792	1,792	1,495	1,569
4,687	6,350	6,350	6,375	7,053
375	375	375	436	452
2	4	1	1	1
504	504	504	504	504
192	192	192	192	192
274	280	280	280	280
322	315	312	290	303
***N/A	***N/A	***N/A	***N/A	***N/A
720	700	400	150	810
7,400	7,700	6,500	2,200	9,350

CITY OF SOLANA BEACH

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public Safety					
Code enforcement vehicles	2	2	2	2	2
Fire					
Stations	1	1	1	1	1
Fire Engines	4	4	3	3	3
Fire Ladder Truck	1	1	1	1	1
Other vehicles	2	1	2	2	2
Public works					
Streets (miles)	46	46	42	42	42
Street lights (city-owned)	748	748	527	527	527
Traffic signals	16	18	16	16	16
Public works vehicles	7	8	11	11	12
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 (Permanent)*	3	3	3	3	6
Lifeguard Stations (Temporary)	N/A	N/A	N/A	N/A	N/A
Vehicles	5	4	4	4	5

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

2018	2019	2020	2021	2022
2	2	2	2	2
1	1	1	1	1
3	2	2	2	2
1	1	1	1	1
2	3	3	3	3
42	42	42	42	42
525	525	525	525	525
16	16	16	16	16
8	8	8	8	8
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
6	3	3	3	3
N/A	3	4	4	4
5	5	5	5	5



CITY OF SOLANA BEACH

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