

**CITY OF
SOLANA BEACH**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FISCAL YEAR ENDING
JUNE 30, 2021



SOLANA BEACH
CALIFORNIA

CITY OF SOLANA BEACH, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL PERIOD ENDED JUNE 30, 2021

PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF SOLANA BEACH

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 ANNUAL COMPREHENSIVE FINANCIAL REPORT
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CITY OF SOLANA BEACH

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January 31, 2022

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, 2021.

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; community choice aggregation; and general administrative activities. Contracted services include building services through a third-party consultant, law enforcement with the San Diego County Sheriff and animal control with the San Diego 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, LLP, appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2021, 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, 2021, provided no instances of material weaknesses in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a reasonable basis for rendering an unmodified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MDA)

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

Government Profile

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

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

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

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

The budget is arranged by fund, function, and department and is presented to the Council by the City Manager 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. 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 2020/21 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 beginning stages of 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 2.3% in the third quarter of 2021 after increasing 6.7% in the 2nd quarter. The national unemployment rate continued to decline from its highs in 2020. The unemployment rate was estimated at 4.2% in November 2021, down from 6.7% in November 2020.

In November, the U.S. Bureau of Labor Statistics (BLS) reported the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.8% on a seasonally adjusted basis after rising 0.9% in October. Over the last 12 months, the All Items index increased 6.8% before seasonal adjustment. Lead by food and energy increases, the CPI-U produced the largest 12-month increase since the period ending June 1982. According to the Federal Open Market Committee (FOMC), the elevated inflation is largely reflecting factors that are expected to be transitory. Supply and demand imbalances related to the pandemic and the reopening of the economy have contributed to sizable price increases in some sectors. Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.

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 4.6% in November down from 6.8% in November 2020. The region's unemployment rate remains lower than California's unemployment rate of 6.9%, but higher than the national unemployment rate of 4.2%.

Solana Beach housing prices have continued to climb. Low mortgage rates and low inventory of available homes has fueled price growth. According to the San Diego Association of Realtors, the median home price in Solana Beach in November was \$1.64 Million, up 28% from the year prior. The San Diego region's median home price was \$829,000 in November 2021, an increase of 18% as compared to the same month in 2020.

On July 12, 2021, Governor Gavin Newsom signed a \$262.5 billion budget for the 2021/22 fiscal year, an increase of 23 percent from the adopted FY 2020/21 budget. The state budget includes a \$196.4 Billion General Fund, a \$49.5 billion or 34% increase, as compared to the adopted FY 2020/21 budget appropriations. Much of the increases are due to COVID related budget reductions in the FY 2020/21 adopted budget.

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 2020/21 increased \$448,140 to \$8,748,270, or 5.4%, as compared to the prior year. However, sales tax receipts increased \$397,760 to \$3,291,805, or 12%, mainly due to the economic impact of COVID-19 in the prior year.

Overall, the City's General Fund revenues increased by \$303,692, or 1.34%, from \$22,738,060 in FY 2019/20 to \$23,041,752 in FY 2020/21.

For FY 2021/22, 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 \$22,694,100 in FY 2021/22. It is the City's goal not to rely on General Fund reserves to operate the City

annually. The General Fund budget for FY 2021/22 was adopted on June 23, 2021. The adopted budget resulted in a projected \$1,555,440 surplus for FY 2021/22.

Relevant Financial Policies

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

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

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

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

Cash Management Policies and Practices

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

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

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

Investment income includes appreciation/depreciation in the fair market value of investments (FMV). The total investment income for all funds for the fiscal year was \$759,560 (\$808,013 investment income received minus \$48,453 loss on the FMV), a decrease of \$746,060 from the prior fiscal year's amount of \$1,505,620 (\$870,880 investment income received plus \$634,740 gain on the FMV).

Major Projects and Financial Planning

Marine Safety Center Renovations

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



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

To continue with this task, a Professional Services Agreement with Domus Studios Architects was approved at the October 24, 2018 City Council meeting. During FY 2019/20, Staff worked 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. A total of \$450,000 has been appropriated in the FY 2021/22 budget for design and engineering for the project.

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. Staff is currently working on story poles plans in preparation for the next community outreach efforts.

La Colonia Park Improvements

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.

With the City's purchase of the property immediately north of the new Skate Park, analysis will need to be made on how to incorporate the property into the existing park. In FY 2021/22 the City has budgeted \$479,000 to design and construct the new Tot Lot and renovate the

playground.

Staff is currently working with the City’s consultant, Van Dyke Architects, on amending the La Colonia Park Master Plan to incorporate the recently purchased parcel to the north of the existing Park. Additionally, the City is developing design options for reconstruction of the existing playground at the La Colonia Park. As the City’s workplan includes renovation of the Fletcher Cove playground, and in an effort to take advantage of the economy of scale during construction, the design team is concurrently working on design options for replacement of the Fletcher Cove Park playground equipment.



Santa Helena Neighborhood Trail

In FY 2019/20, a Conceptual Design of the project was developed that would reduce the pavement width on Santa Helena, from Sun Valley Road to the trail head at the San Elijo Lagoon and use the additional space for traffic calming improvements and a neighborhood trail. A focus group meeting was held with representatives from several local HOAs, community members and BikeWalkSolana. The FY 2021/22 budget has \$70,000 appropriated for community outreach and engineering design for the project. Staff Negotiated a Professional Services Agreement with M.W. Peltz and Associate for community engagement and preparation of final plans, estimate, and specifications. In compliance with Covid-19 protocol, a virtual community meeting was held in October 2021. Constructive recommendations and feedback were received. The design team is currently working on refining the concept plans in preparation for additional community outreach and presentation to the City Council.

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, work continued on Phase III of the project which is developing design elements that were shared with the community for feedback. Phase III of the project

is for final design of the improvements to LSF and has been funded primarily through a grant from SANDAG. Some of the elements are being designed as part of 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.

Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its CAFR for the fiscal year ended June 30, 2020. This was the eighteenth year in the past nineteen years that the City has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Gregory Wade
City Manager

Respectfully submitted,



Ryan Smith
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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

CITY OF SOLANA BEACH
LIST OF OFFICIALS AND ADVISORY BODIES

CITY COUNCIL

LESA HEBNER
Mayor

KRISTI BECKER
Deputy Mayor

JEWEL EDSON
Council Member

KELLY HARLESS
Council Member

DAVID A. ZITO
Council Member

ADVISORY COMMISSIONS

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

CITY ADMINISTRATION

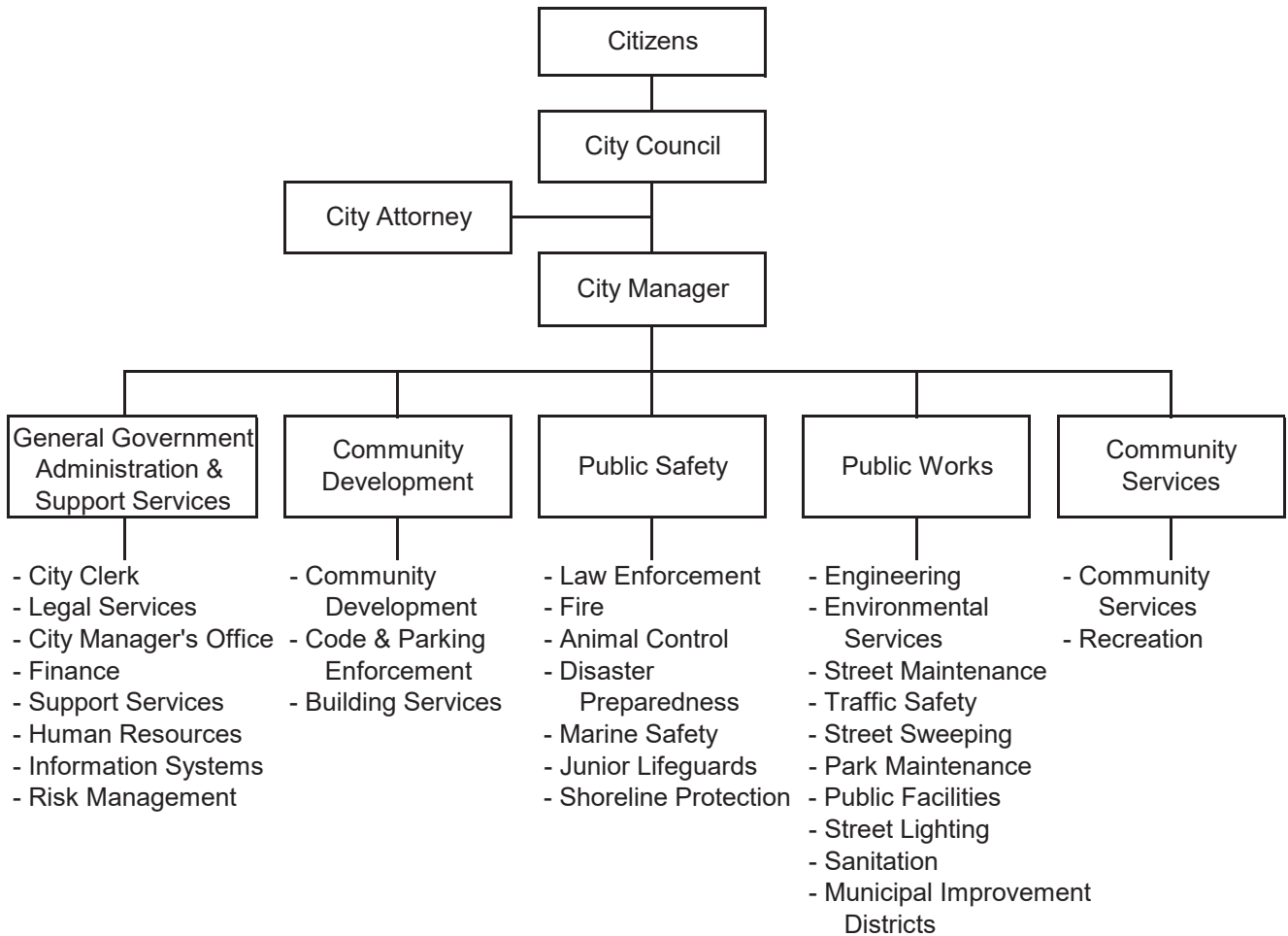
GREGORY WADE
City Manager

Dan King, Assistant City Manager
Johanna Canlas, City Attorney
Pouneh Sammak, Human Resources Director
Ryan Smith, 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 Manager

CITY OF SOLANA BEACH

Organizational Chart

Fiscal Year 2020-2021





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, 2021, 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, 2021, 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 opinion.

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 date of the financial statements.



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

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 *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; the budgetary comparison schedules for the General Fund and Transnet Fund; the schedules of proportionate shares of the net pension liabilities; the schedule of changes in net other post-employment benefits (OPEB) liability and related ratios; the schedules of employer's contributions; and the schedule of investment returns 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

Report on Summarized Comparative Information

We have previously audited the City's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 combining and individual fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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 January 18, 2022, 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 cursive script that reads "Lance, Solt & Loughard, LLP".

Brea, California
January 18, 2022

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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, 2021 (Fiscal Year (FY) 2021). 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 \$87,556,725, or by \$3,310,854, as a result of FY2021 operations.
- Governmental net position equaled \$39,480,938.
- The total revenues from all sources were \$37,419,385.
- The total cost of all City programs was \$34,108,531.
- The General Fund reported an excess of revenues over expenditures and other financing sources and uses by \$2,091,876.
- The General Fund's actual resources received exceeded the final revenue budget by \$1,529,852 while actual expenditures were \$1,300,098 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	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 34,206,580	\$ 31,561,200	\$ 49,566,684	\$ 47,750,929	\$ 83,773,264	\$ 79,312,129
Capital assets, net	34,899,886	35,609,119	17,389,211	18,602,120	52,289,097	54,211,239
Total Assets	69,106,466	67,170,319	66,955,895	66,353,049	136,062,361	133,523,368
Deferred Outflows	3,533,326	3,391,977	199,042	282,142	3,732,368	3,674,119
Liabilities:						
Long-term liabilities outstanding	25,698,201	24,818,586	17,994,668	18,620,170	43,692,869	43,438,756
Other liabilities	5,790,073	5,858,950	972,935	1,447,374	6,763,008	7,306,324
Total Liabilities	31,488,274	30,677,536	18,967,603	20,067,544	50,455,877	50,745,080
Deferred Inflows	1,670,580	2,041,725	111,547	164,811	1,782,127	2,206,536
Net Position:						
Net investment in capital assets	26,653,123	26,666,266	11,185,890	12,052,987	37,839,013	38,719,253
Restricted	14,173,748	12,664,581	-	46	14,173,748	12,664,627
Unrestricted	(1,345,933)	(1,487,812)	36,889,897	34,349,803	35,543,964	32,861,991
Total Net Position	\$ 39,480,938	\$ 37,843,035	\$ 48,075,787	\$ 46,402,836	\$ 87,556,725	\$ 84,245,871

The City's combined net position for the fiscal year ended June 30, 2021 was \$87,556,725. 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 \$37,843,035 to \$39,480,938. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$2,645,380 or 8.4% primarily due to increased cash and investments and receivables.
- Capital Assets net of depreciation decreased \$709,233 or 2.0% mainly due to current year depreciation on existing assets. More information is provided following Table 4.
- Long-term liabilities increased by \$879,615 mainly due to the increase in net pension liability related to changes in actuarial assumptions.

Changes related to Business activities are as follows:

- Current and other assets increased \$1,815,755 or 3.8% primarily due to increased cash and investments and receivables.
- Capital Assets net of depreciation decreased \$1,212,909 or 6.5% primarily due to the sale of a recycled water pipeline to San Elijo JPA. More information is provided following Table 4.
- Other liabilities decreased by \$474,439 or 32.8% mainly due to the decrease in accounts payable at year end.

Governmental Activities

The cost of all Governmental activities in FY 2021 was \$26,375,978 as shown on Tables 2 and 2.1. Of this cost, \$2,269,672 was paid for by those who directly benefited from the programs; \$2,215,495 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$21,890,811 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$4,485,167.

Table 2
City of Solana Beach Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 2,269,672	\$ 1,973,694	\$ 9,243,320	\$ 9,766,536	\$ 11,512,992	\$ 11,740,230
Operating grants and contributions	1,913,915	1,168,729	-	-	1,913,915	1,168,729
Capital grants and contributions	301,580	345,162	-	-	301,580	345,162
General revenues:						
Property taxes	10,093,847	9,465,402	-	-	10,093,847	9,465,402
Other taxes	9,681,807	9,119,882	-	-	9,681,807	9,119,882
Other	3,753,060	4,718,834	162,184	604,355	3,915,244	5,323,189
Total revenues	<u>28,013,881</u>	<u>26,791,703</u>	<u>9,405,504</u>	<u>10,370,891</u>	<u>37,419,385</u>	<u>37,162,594</u>
Expenses:						
General government	5,537,474	4,985,418	-	-	5,537,474	4,985,418
Public safety	13,116,915	12,616,348	-	-	13,116,915	12,616,348
Public works	4,665,830	4,894,915	-	-	4,665,830	4,894,915
Community development	1,506,502	1,585,952	-	-	1,506,502	1,585,952
Community services	1,193,256	1,226,910	-	-	1,193,256	1,226,910
Interest and fiscal charges	356,001	363,326	-	-	356,001	363,326
Sanitation	-	-	3,891,241	4,221,307	3,891,241	4,221,307
Solana Energy	-	-	3,841,312	4,350,085	3,841,312	4,350,085
Total expenses	<u>26,375,978</u>	<u>25,672,869</u>	<u>7,732,553</u>	<u>8,571,392</u>	<u>34,108,531</u>	<u>34,244,261</u>
Increase/(decrease) in net position	1,637,903	1,118,834	1,672,951	1,799,499	3,310,854	2,918,333
Net position - July 1	<u>37,843,035</u>	<u>36,724,201</u>	<u>46,402,836</u>	<u>44,603,337</u>	<u>84,245,871</u>	<u>81,327,538</u>
Net position - June 30	<u>\$ 39,480,938</u>	<u>\$ 37,843,035</u>	<u>\$ 48,075,787</u>	<u>\$ 46,402,836</u>	<u>\$ 87,556,725</u>	<u>\$ 84,245,871</u>

Items of significance within Table 2 are:

Revenues:

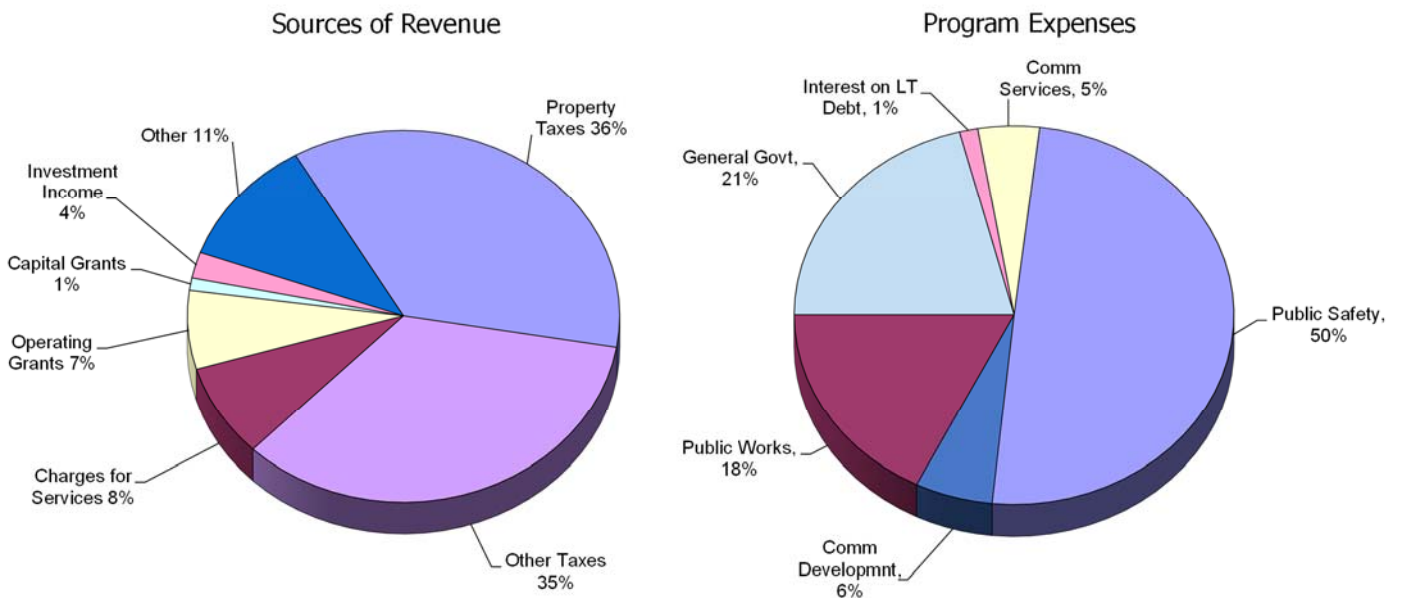
- Operating and Capital grants and contributions increased by a net \$701,604 over the prior fiscal year amount due to an increase state and federal grant revenue received including State and County CARES Covid-19 funds.
- Property taxes and other taxes increased by approximately 6.4% or \$1,190,370 due to increased revenue from property tax and sales tax.

- Other general revenues decreased by \$1,407,945 or 26.4% as compared to the prior fiscal year primarily to decreases in investment income, administrative charges, and camp related transfers.

Expenses:

- General Government expenses increased in FY 2021 by 11.1% or \$552,056 from the prior fiscal year primarily due to increased costs in the City’s net Pension liability associated with a change in actuarial assumptions.
- Public Safety increased by 4% or \$500,567 due to a combination of increases in the Sheriff’s contract with the County, equipment replacement, and pension costs.
- Solana Energy Alliance expenses decreased by \$508,773 or 11.7% due to the transition of operations to the Clean Energy Alliance in FY 2021.

**Fiscal Year 2021
Governmental Activities**
(Graphic representation of Table 2 in percentages)

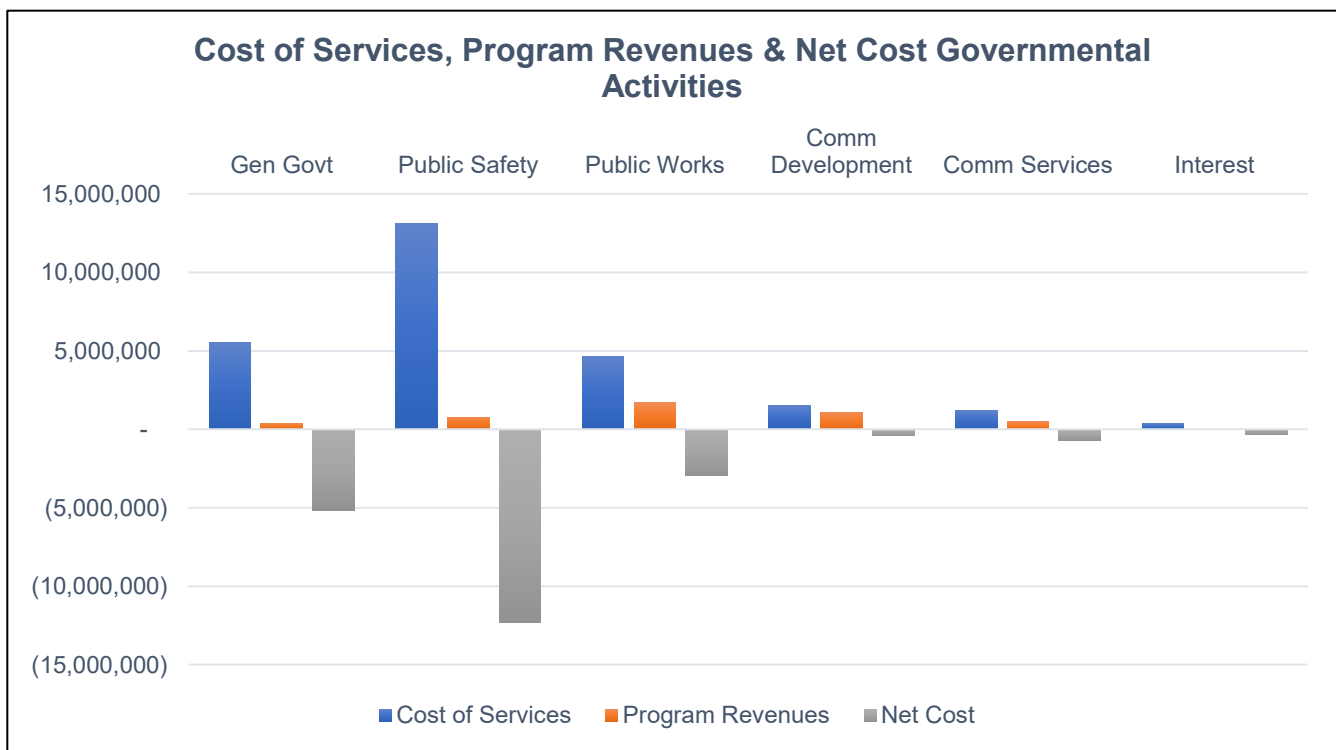


Net Cost of Governmental Activities

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.

**Table 2.1
Net Cost of Governmental Activities**

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
General government	\$ 5,537,474	\$ 4,985,418	\$ 393,455	\$ 205	\$ (5,144,019)	\$ (4,985,213)
Public safety	13,116,915	12,616,348	791,551	946,095	(12,325,364)	(11,670,253)
Public works	4,665,830	4,894,915	1,708,329	1,247,879	(2,957,501)	(3,647,036)
Community development	1,506,502	1,585,952	1,082,510	1,190,562	(423,992)	(395,390)
Community services	1,193,256	1,226,910	509,322	102,844	(683,934)	(1,124,066)
Interest on long-term debt	356,001	363,326	-	-	(356,001)	(363,326)
Totals	\$ 26,375,978	\$ 25,672,869	\$ 4,485,167	\$ 3,487,585	\$ (21,890,811)	\$ (22,185,284)



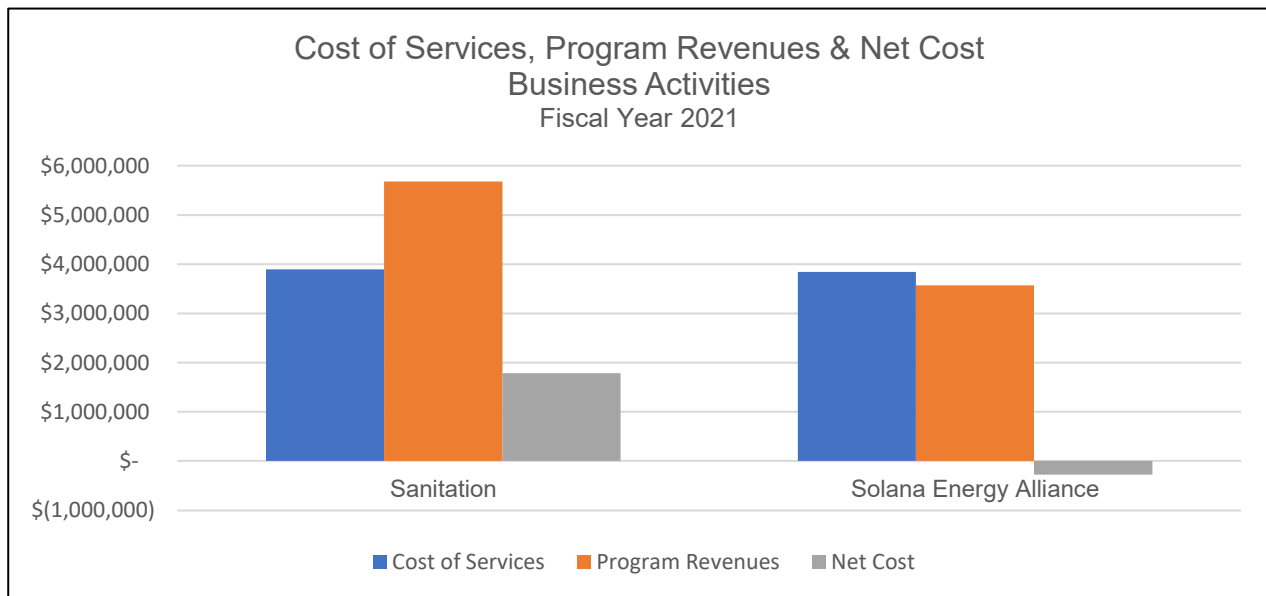
Total resources available during the year to finance governmental operations were \$65,856,916 consisting of a net position at July 1, 2020 of \$37,843,035, program revenues of \$4,485,167, and general revenues of \$23,528,714. Total governmental activities during the year were \$26,375,978, and as a result, net position increased by \$1,637,903 to \$39,480,938.

Business Type Activities

Net position of the Proprietary Fund (Business Type activities) at June 30, 2021, as reflected in Table 1, was \$48,075,787. As shown in Table 3, amounts paid by users of the Sanitation system and Solana Energy Alliance and other operating revenue were \$9,243,320 while the cost of providing all Proprietary (Business Type) activities in FY 2021 was \$7,732,553 resulting in a net gain of \$1,510,767. With the addition of negative non-operating revenues of \$162,184, as shown on Table 2, net position increased by \$1,672,951 or 3.6%.

**Table 3
Net Cost of Business Activities**

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2021	2020	2021	2020	2021	2020
Sanitation	\$ 3,891,241	\$ 4,221,307	\$ 5,676,286	\$ 5,588,249	\$ 1,785,045	\$ 1,366,942
Solana Energy Alliance	3,841,312	4,350,085	3,567,034	4,178,287	(274,278)	(171,798)
Total Business Activities	\$ 7,732,553	\$ 8,571,392	\$ 9,243,320	\$ 9,766,536	\$ 1,510,767	\$ 1,195,144



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**

	General Fund		Special Revenue Fund Transnet		Capital Projects Fund City CIP		Other Governmental Funds		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:										
Taxes, Licenses, Fees and Intergovernmental	\$ 18,174,610	\$ 17,017,289	\$ 405,974	\$ 608,951	\$ -	\$ -	\$ 3,644,229	\$ 2,846,324	\$ 22,224,813	\$ 20,472,564
Charges for Services	1,006,034	1,110,059	-	-	70,716	43,215	372,964	115,549	1,449,714	1,268,823
Other	3,861,108	4,610,712	576	6,142	159,709	171,242	(24,002)	290,441	3,997,391	5,078,537
Total Revenues	23,041,752	22,738,060	406,550	615,093	230,425	214,457	3,993,192	3,252,314	27,671,919	26,819,924
Expenditures:										
Current	20,159,439	20,096,733	3,251	461	5,265	102,148	2,656,987	1,822,927	22,824,942	22,022,269
Capital Outlay	507,337	291,013	117,579	222,389	609,562	282,589	566,198	896,975	1,800,676	1,692,966
Debt	-	-	325,105	325,105	-	-	349,701	356,639	674,806	681,744
Total Expenditures	20,666,776	20,387,746	445,935	547,955	614,827	384,737	3,572,886	3,076,541	25,300,424	24,396,979
Net Transfers	(283,100)	(729,515)	-	-	-	100,000	283,100	629,515	-	-
Net Change in Fund Balances	\$ 2,091,876	\$ 1,620,799	\$ (39,385)	\$ 67,138	\$ (384,402)	\$ (70,280)	\$ 703,406	\$ 805,288	\$ 2,371,495	\$ 2,422,945

The General Fund - Fund Balance increased by \$2,091,876 or 13.5% to \$17,545,954 from June 30, 2020 to June 30, 2021. This was mainly due to increases in tax revenues and reductions in project related transfers out due to uncertainty surrounding COVID-19. Property Tax revenue increased primarily due to Prop 13 assessment increases of 2% and new assessments from construction and sales. Sales Tax revenues increased from the prior year as the economy rebounded from the COVID-19 lows. The City's largest business segment, general consumer goods, saw a big jump which reflected a return to in-store shopping as people felt safer with the roll-out of vaccines. Restaurant activity also rebounded in the 4th quarter of FY 2021, with quick-service and casual dining returning to prior year levels. Lead by the increase in the General Fund Balance, the Total Governmental Fund balance increased by 9.3% or \$2,371,495 to \$28,009,960 from June 30, 2020 to June 30, 2021.

General Fund Budgetary Highlights

Revenues: Actual revenues received were above the final year-end budget by \$1,529,852 or 4.1%. Sales Tax revenue was \$356,566 higher than the revised budget projections. The increase is primarily attributed to a strong second half of FY 21, as the COVID-19 vaccine roll-out began and was reflected in a return to in-store shopping. Restaurant activity also rebounded in the fourth quarter of FY 21 to prior year levels. Hotel Transient Occupancy Tax revenue was \$103,511 less than the revised budget. The hotel TOT shortfall was partially offset by Short-Term Vacation Rental (STVR) TOT revenue that was \$81,720 higher than the revised budget. The variances reflect travelers' preference for STVR accommodations over traditional hotels during the COVID-19 pandemic. Charges for Services category totaled \$331,534 higher than the revised budget. The variance was due to an overall higher than expected increase in permit activity in FY 21. In addition, large development projects at Santa Fe Christian, Solana Highlands, and Solana 101 led to one-time increases in the permit and plan check categories.

Expenditures: Actual expenditures incurred were \$1,300,098 or 5.9% lower than the final year-end budget as a result of the proactive approach by City Council and staff in response to the COVID-19 pandemic. Building Services category was \$109,966 over-budget as the gains in permit revenue are offset by proportional costs for providing these services. Actual expenditures for legal professional services were \$274,062 as compared to the amended budget amount of \$476,700, resulting in a savings for this budget unit of \$202,638. These savings were the result of less than expected litigation expenses during FY 2021. Capital Outlay expenditures were \$507,337 compared to the budgeted amount of \$1,005,723, resulting in savings of \$498,386 due to the deferral of projects during the COVID-19 pandemic.

Ending Fund Balance: Ending Fund Balance for the year increased by 13.5% from FY 2019-2020, for a total ending balance of \$17,543,567. Included in the fund balance are non-spendable, restricted, committed, and assigned funds which total \$10,407,952. The unassigned portion is the part of fund balance that is available for use without constraints established by legal requirements and totals \$7,138,002. The fund balance at the fiscal year end of June 30, 2021 is equal to 85% of the FY 2021 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, 2021, net capital assets of the governmental activities totaled \$34,899,886 and the net capital assets of the business-type activities totaled \$17,389,211. 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 La Colonia Park Improvements, Lomas Santa Fe Drive Corridor Improvements, Marine Safety Center Renovations, and ongoing pavement management, traffic calming, and storm drain and sewer pipeline improvements and replacement projects.

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

	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 5,337,440	\$ 5,337,440	\$ 111,706	\$ 111,706	\$ 5,449,146	\$ 5,449,146
Buildings & Improvements	10,651,917	10,958,176	16,950,169	12,052,676	27,602,086	23,010,852
Equipment & Vehicles	1,340,465	1,221,436	264,516	281,048	1,604,981	1,502,484
Infrastructure	15,897,009	16,850,321	-	-	15,897,009	16,850,321
Work in Progress	1,673,055	1,241,746	62,820	6,156,690	1,735,875	7,398,436
	<u>\$ 34,899,886</u>	<u>\$ 35,609,119</u>	<u>\$ 17,389,211</u>	<u>\$ 18,602,120</u>	<u>\$ 52,289,097</u>	<u>\$ 54,211,239</u>

Debt

At year-end, the City had \$7,842,631 in governmental type debt and \$16,869,623 in proprietary debt (including premium on debt issuance) totaling \$24,712,254. This debt is a liability of the government and amounts to \$1,787 per capita.

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	
	2021	2020	2021	2020	2021	2020
Refunding lease	\$ 287,700	\$ 423,000	\$ -	\$ -	\$ 287,700	\$ 423,000
Capital leases	406,650	590,421	-	-	406,650	590,421
SEJPA Loan Payable-2011	-	-	-	60,000	-	60,000
SEJPA Loan Payable-2017	-	-	10,615,000	10,840,000	10,615,000	10,840,000
2017 Wastewater						
Refunding Bond	-	-	5,820,000	6,105,000	5,820,000	6,105,000
TransNet Bond	5,500,000	5,500,000	-	-	5,500,000	5,500,000
Bond premiums	-	-	383,321	444,133	383,321	444,133
Bond discounts	(1,643)	(2,709)	-	-	(1,643)	(2,709)
Claims and judgements	1,177,000	947,000	-	-	1,177,000	947,000
Compensated absences	472,924	508,845	51,302	58,453	524,226	567,298
	<u>\$ 7,842,631</u>	<u>\$ 7,966,557</u>	<u>\$ 16,869,623</u>	<u>\$ 17,507,586</u>	<u>\$ 24,712,254</u>	<u>\$ 25,474,143</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 increase for FY 2022 by \$1,313,448, or 5.7%, as compared to the FY 2021 actual revenues. The primary increases are in tax revenue and projected American Rescue Plan Act (ARPA) grant funds. The City is in line to receive \$3,180,686 in ARPA Funds over a two-year period. Although the federal guidance identifies a number of eligible uses of the ARPA funds, Staff believes replacing lost revenue affords the City the broadest latitude in using the funding to support government services.

General Fund expenditures are projected to increase by \$2,322,272 or 11.1% in FY 2022 compared to FY 2021 actual expenditures. This increase is primarily due to increases in Public Safety, Salaries & Benefits, and capital projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's fiduciary responsibility for the funds it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Solana Beach, 635 South Highway 101, Solana Beach, California 92075 or online: <http://www.ci.solana-beach.ca.us>.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2021

(With comparative totals for June 30, 2020)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
			2021	2020
ASSETS				
Cash and investments	\$ 29,467,996	\$ 10,481,523	\$ 39,949,519	\$ 39,085,428
Restricted assets - cash and investments	3,247,089	-	3,247,089	2,422,102
Investment in joint venture	-	35,555,593	35,555,593	34,949,555
Receivables:				
Accounts, net	1,280,509	670,889	1,951,398	1,910,329
Interest	61,957	27,660	89,617	133,037
Intergovernmental	1,363,341	1,514,950	2,878,291	610,623
Deposits	-	-	-	100,000
Internal balances	(1,316,069)	1,316,069	-	-
Inventories	47,545	-	47,545	47,545
Prepaid costs	54,212	-	54,212	53,510
Capital assets not being depreciated	7,010,495	174,526	7,185,021	12,847,582
Capital assets, net of accumulated depreciation	27,889,391	17,214,685	45,104,076	41,363,657
Total Assets	69,106,466	66,955,895	136,062,361	133,523,368
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	3,533,326	199,042	3,732,368	3,590,709
OPEB related	-	-	-	14,763
Deferred charge on refunding	-	-	-	68,647
Total Deferred Outflows of Resources	3,533,326	199,042	3,732,368	3,674,119
LIABILITIES				
Accounts payable	2,095,112	697,086	2,792,198	3,333,169
Accrued liabilities	366,571	60,476	427,047	349,940
Accrued interest payable	1,984	215,373	217,357	223,827
Deposits payable	2,918,384	-	2,918,384	3,003,499
Unearned revenue	408,022	-	408,022	395,889
Noncurrent Liabilities				
Due within one year: Bonds, loans, leases, claims, compensated absences	696,053	544,172	1,240,225	1,450,965
Due in more than one year				
Net pension liability	15,729,006	927,749	16,656,755	15,280,773
Net OPEB liability	2,126,564	197,296	2,323,860	2,683,840
Bonds, loans, leases, claims, compensated absences	7,146,578	16,325,451	23,472,029	24,023,178
Total Liabilities	31,488,274	18,967,603	50,455,877	50,745,080
DEFERRED INFLOWS OF RESOURCES				
Pension related	661,052	17,886	678,938	930,697
OPEB related	1,009,528	93,661	1,103,189	1,275,839
Total Deferred Inflows of Resources	1,670,580	111,547	1,782,127	2,206,536
NET POSITION				
Net investment in capital assets	26,653,123	11,185,890	37,839,013	38,719,253
Restricted:				
Redevelopment activities	1,528,599	-	1,528,599	1,427,267
Public safety	748,023	-	748,023	591,923
Parks and recreation	220,542	-	220,542	13,501
Public works	4,423,740	-	4,423,740	3,954,924
Capital projects	3,981,615	-	3,981,615	4,232,955
Debt service	25,754	-	25,754	22,001
Pensions	3,245,475	-	3,245,475	2,422,056
Unrestricted	(1,345,933)	36,889,897	35,543,964	32,861,991
Total Net Position	\$ 39,480,938	\$ 48,075,787	\$ 87,556,725	\$ 84,245,871

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2021
 (With comparative totals for June 30, 2020)

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 5,537,474	\$ 91,875	\$ -	\$ 301,580
Public safety	13,116,915	325,042	466,509	-
Community development	1,506,502	1,082,510	-	-
Community services	1,193,256	276,648	232,674	-
Public works	4,665,830	493,597	1,214,732	-
Interest	356,001	-	-	-
Total Governmental Activities	<u>26,375,978</u>	<u>2,269,672</u>	<u>1,913,915</u>	<u>301,580</u>
Business-Type Activities:				
Sanitation Fund	3,891,241	5,676,286	-	-
Solana Energy Alliance Fund	3,841,312	3,567,034	-	-
Total Business-Type Activities	<u>7,732,553</u>	<u>9,243,320</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 34,108,531</u>	<u>\$ 11,512,992</u>	<u>\$ 1,913,915</u>	<u>\$ 301,580</u>

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	
		2021	2020
\$ (5,144,019)	\$ -	\$ (5,144,019)	\$ (4,985,213)
(12,325,364)	-	(12,325,364)	(11,670,253)
(423,992)	-	(423,992)	(395,390)
(683,934)	-	(683,934)	(1,124,066)
(2,957,501)	-	(2,957,501)	(3,647,036)
(356,001)	-	(356,001)	(363,326)
<u>(21,890,811)</u>	<u>-</u>	<u>(21,890,811)</u>	<u>(22,185,284)</u>
-	1,785,045	1,785,045	1,366,942
-	<u>(274,278)</u>	<u>(274,278)</u>	<u>(171,798)</u>
-	1,510,767	1,510,767	1,195,144
<u>(21,890,811)</u>	<u>1,510,767</u>	<u>(20,380,044)</u>	<u>(20,990,140)</u>
10,093,847	-	10,093,847	9,465,402
3,689,566	-	3,689,566	3,291,805
1,457,156	-	1,457,156	1,456,897
789,365	-	789,365	751,324
3,745,720	-	3,745,720	3,619,856
631,813	124,888	756,701	1,555,932
3,121,247	37,296	3,158,543	3,767,257
<u>23,528,714</u>	<u>162,184</u>	<u>23,690,898</u>	<u>23,908,473</u>
1,637,903	1,672,951	3,310,854	2,918,333
<u>37,843,035</u>	<u>46,402,836</u>	<u>84,245,871</u>	<u>81,327,538</u>
<u>\$ 39,480,938</u>	<u>\$ 48,075,787</u>	<u>\$ 87,556,725</u>	<u>\$ 84,245,871</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**

CITY OF SOLANA BEACH, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
 (With comparative totals for June 30, 2020)

	Special Revenue Fund		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
	General	TransNet	City CIP		2021	2020
ASSETS						
Cash and investments	\$ 18,097,000	\$ 78,748	\$ 2,363,958	\$ 8,928,290	\$ 29,467,996	\$ 29,279,786
Restricted cash and investments	3,247,089	-	-	-	3,247,089	2,422,056
Receivables:						
Accounts	996,912	-	3,929	279,668	1,280,509	1,162,513
Accrued interest	32,404	344	6,605	22,604	61,957	102,896
Intergovernmental	1,005,607	-	-	357,734	1,363,341	408,927
Due from other funds	1,282,631	-	31,171	-	1,313,802	1,044,102
Inventories	-	-	-	47,545	47,545	47,545
Prepaid costs	54,212	-	-	-	54,212	52,665
Total Assets	\$ 24,715,855	\$ 79,092	\$ 2,405,663	\$ 9,635,841	\$ 36,836,451	\$ 34,520,490
LIABILITIES						
Accounts payable	\$ 1,855,980	\$ 28,145	\$ 28,299	\$ 182,688	\$ 2,095,112	\$ 2,129,973
Accrued liabilities	329,943	-	8,879	27,749	366,571	326,805
Deposits payable	2,849,158	-	-	69,226	2,918,384	3,003,499
Due to other funds	-	-	-	575,815	575,815	527,149
Advances from other funds	2,054,056	-	-	-	2,054,056	2,432,141
Unearned revenues	-	-	-	408,022	408,022	395,889
Total Liabilities	7,089,137	28,145	37,178	1,263,500	8,417,960	8,815,456
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	80,764	-	-	327,767	408,531	66,569
Total Deferred Inflows of Resources	80,764	-	-	327,767	408,531	66,569
FUND BALANCES						
Nonspendable	54,212	-	-	-	54,212	52,665
Restricted	3,245,475	50,947	2,368,485	8,508,841	14,173,748	12,664,581
Committed	901,576	-	-	-	901,576	1,179,507
Assigned	6,206,689	-	-	-	6,206,689	6,349,702
Unassigned	7,138,002	-	-	(464,267)	6,673,735	5,392,010
Total Fund Balances	17,545,954	50,947	2,368,485	8,044,574	28,009,960	25,638,465
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,715,855	\$ 79,092	\$ 2,405,663	\$ 9,635,841	\$ 36,836,451	\$ 34,520,490

CITY OF SOLANA BEACH, CALIFORNIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

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

Total Fund Balances - Governmental Funds	\$ 28,009,960	
Capital assets of \$106,489,606, net of accumulated depreciation of \$71,589,720, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		34,899,886
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	\$ 3,533,326	
Deferred inflows - pension related	(661,052)	
Deferred inflows - OPEB related	<u>(1,009,528)</u>	
Total Deferred Outflows and Inflows Related to Postemployment Benefits		1,862,746
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.		408,531
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	(287,700)	
Compensated absences	(472,924)	
Claims	(1,177,000)	
Leases payable	(406,650)	
Accrued interest payable on long-term debt	(1,984)	
Net OPEB liability	(2,126,564)	
Net pension liability	<u>(15,729,006)</u>	
Total Long-term Liabilities		(25,701,828)
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	<u>1,643</u>	
Total Premiums, Discounts, and Deferred Items		<u>1,643</u>
Net Position of Governmental Activities		<u>\$ 39,480,938</u>

CITY OF SOLANA BEACH, CALIFORNIA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)**

	Special Revenue Fund		Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	
	General	TransNet	City CIP		2021	2020
REVENUES						
Taxes and assessments	\$ 17,515,370	\$ -	\$ -	\$ 2,260,284	\$ 19,775,654	\$ 16,842,473
Licenses, permits and fees	521,627	10,869	-	-	532,496	345,168
Intergovernmental	137,613	395,105	-	1,383,946	1,916,664	3,284,923
Charges for services	1,006,034	-	70,716	372,964	1,449,714	1,268,823
Use of money and property	590,097	576	66,026	(24,886)	631,813	1,132,930
Fines and forfeitures	244,331	-	-	-	244,331	359,703
Other revenues	3,026,680	-	93,683	884	3,121,247	3,585,904
Total Revenues	23,041,752	406,550	230,425	3,993,192	27,671,919	26,819,924
EXPENDITURES						
Current:						
General government	5,032,268	-	-	-	5,032,268	4,705,339
Public safety	11,081,431	-	-	1,457,476	12,538,907	11,560,008
Public works	2,155,391	3,251	5,265	962,000	3,125,907	3,408,610
Community development	1,258,578	-	-	188,300	1,446,878	1,544,402
Community services	631,771	-	-	49,211	680,982	803,910
Capital outlay	507,337	117,579	609,562	566,198	1,800,676	1,692,966
Debt service:						
Principal retirement	-	-	-	319,071	319,071	316,505
Interest and fiscal charges	-	325,105	-	30,630	355,735	365,239
Total Expenditures	20,666,776	445,935	614,827	3,572,886	25,300,424	24,396,979
Excess (Deficiency) of Revenue						
Over (Under) Expenditures	2,374,976	(39,385)	(384,402)	420,306	2,371,495	2,422,945
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	353,500	353,500	799,915
Transfers out	(283,100)	-	-	(70,400)	(353,500)	(799,915)
Total Other Financing Sources (Uses)	(283,100)	-	-	283,100	-	-
Net Change in Fund Balances	2,091,876	(39,385)	(384,402)	703,406	2,371,495	2,422,945
Fund Balances - Beginning	15,454,078	90,332	2,752,887	7,341,168	25,638,465	23,215,520
Fund Balances - Ending	\$ 17,545,954	\$ 50,947	\$ 2,368,485	\$ 8,044,574	\$ 28,009,960	\$ 25,638,465

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, 2021**

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

Net Change in Fund Balances - Total Governmental Funds	\$	2,371,495	
<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>			
			(709,233)
<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	\$	327,767	
Earned but unavailable miscellaneous revenues		<u>14,195</u>	
			341,962
<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 leases		<u>319,071</u>	
			319,071
<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		800	
Amortization of lease discount		(1,066)	
Compensated absences		35,921	
Claims and judgments		(230,000)	
Changes in pension liabilities and related deferred outflows and inflows of resources		(964,435)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources		<u>473,388</u>	
			(685,392)
Change in Net Position of Governmental Activities	\$		<u><u>1,637,903</u></u>

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**PROPRIETARY FUND
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2021

(With comparative totals for June 30, 2020)

			<u>Total Proprietary Funds</u>	
	<u>Sanitation Fund</u>	<u>Solana Energy Alliance Fund</u>	<u>2021</u>	<u>2020</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 10,481,523	\$ -	\$ 10,481,523	\$ 9,805,642
Restricted assets - cash and cash equivalents	-	-	-	46
Receivables:				
Accounts	145,143	525,746	670,889	690,364
Taxes	-	-	-	57,452
Interest	27,660	-	27,660	30,141
Intergovernmental	1,354,075	160,875	1,514,950	201,696
Deposits	-	-	-	100,000
Prepaid costs	-	-	-	845
Total Current Assets	<u>12,008,401</u>	<u>686,621</u>	<u>12,695,022</u>	<u>10,886,186</u>
Noncurrent Assets:				
Advances to other funds	2,054,056	-	2,054,056	2,432,141
Investment in joint venture	35,555,593	-	35,555,593	34,949,555
Capital Assets:				
Land	111,706	-	111,706	111,706
Construction in progress	62,820	-	62,820	6,156,690
Building and improvements	24,613,647	-	24,613,647	19,391,927
Equipment	828,705	-	828,705	828,705
Less accumulated depreciation	<u>(8,227,667)</u>	<u>-</u>	<u>(8,227,667)</u>	<u>(7,886,908)</u>
Total Noncurrent Assets	<u>54,998,860</u>	<u>-</u>	<u>54,998,860</u>	<u>55,983,816</u>
Total Assets	<u>67,007,261</u>	<u>686,621</u>	<u>67,693,882</u>	<u>66,870,002</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	-	-	68,647
Pension related	156,777	42,265	199,042	212,240
OPEB related	-	-	-	1,255
Total Deferred Outflows of Resources	<u>156,777</u>	<u>42,265</u>	<u>199,042</u>	<u>282,142</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	681,558	15,528	697,086	1,203,196
Accrued liabilities	13,403	47,073	60,476	23,135
Compensated absences	14,172	-	14,172	29,340
Accrued interest payable	215,373	-	215,373	221,043
Due to other funds	-	737,987	737,987	516,953
Loans and bonds payable - current	530,000	-	530,000	570,000
Total Current Liabilities	<u>1,454,506</u>	<u>800,588</u>	<u>2,255,094</u>	<u>2,563,667</u>
Noncurrent Liabilities:				
Compensated absences	37,130	-	37,130	29,113
Loans and bonds payable	16,288,321	-	16,288,321	16,879,133
Net pension liability	728,648	199,101	927,749	884,339
Net OPEB liability	156,628	40,668	197,296	228,245
Total Noncurrent Liabilities	<u>17,210,727</u>	<u>239,769</u>	<u>17,450,496</u>	<u>18,020,830</u>
Total Liabilities	<u>18,665,233</u>	<u>1,040,357</u>	<u>19,705,590</u>	<u>20,584,497</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related	13,552	4,334	17,886	56,365
OPEB related	74,355	19,306	93,661	108,446
Total Deferred Inflows of Resources	<u>87,907</u>	<u>23,640</u>	<u>111,547</u>	<u>164,811</u>
NET POSITION				
Net investment in capital assets	11,185,890	-	11,185,890	12,052,987
Restricted for debt service	-	-	-	46
Unrestricted	37,225,008	(335,111)	36,889,897	34,349,803
Total Net Position	<u>\$ 48,410,898</u>	<u>\$ (335,111)</u>	<u>\$ 48,075,787</u>	<u>\$ 46,402,836</u>

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
JUNE 30, 2021
(With comparative totals for June 30, 2020)

	<u>Total Proprietary Funds</u>			
	<u>Sanitation Fund</u>	<u>Solana Energy Alliance Fund</u>	<u>2021</u>	<u>2020</u>
OPERATING REVENUES				
Charges for services	\$ 5,676,286	\$ 3,567,034	\$ 9,243,320	\$ 9,766,536
Miscellaneous Revenue	37,135	161	37,296	181,353
Total Operating Revenues	<u>5,713,421</u>	<u>3,567,195</u>	<u>9,280,616</u>	<u>9,947,889</u>
OPERATING EXPENSES				
Cost of sales and services	2,227,686	3,833,710	6,061,396	6,604,507
Administration	540,898	7,602	548,500	771,192
Depreciation	391,505	-	391,505	426,773
Total Operating Expenses	<u>3,160,089</u>	<u>3,841,312</u>	<u>7,001,401</u>	<u>7,802,472</u>
Operating Income (Loss)	<u>2,553,332</u>	<u>(274,117)</u>	<u>2,279,215</u>	<u>2,145,417</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	124,624	264	124,888	423,002
Interest expense	(666,139)	-	(666,139)	(682,773)
Amortization of investment premium	(10,945)	-	(10,945)	(10,945)
Gain (loss) on disposal of capital assets	(164,807)	-	(164,807)	-
Share in joint venture net gain/(loss)	110,739	-	110,739	(75,202)
Total Nonoperating Revenues (Expenses)	<u>(606,528)</u>	<u>264</u>	<u>(606,264)</u>	<u>(345,918)</u>
Change in Net Position	1,946,804	(273,853)	1,672,951	1,799,499
Net Position - Beginning	46,464,094	(61,258)	46,402,836	44,603,337
Net Position - Ending	<u>\$ 48,410,898</u>	<u>\$ (335,111)</u>	<u>\$ 48,075,787</u>	<u>\$ 46,402,836</u>

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 JUNE 30, 2021

(With comparative totals for June 30, 2020)

	Sanitation Fund	Solana Energy Alliance Fund	Total Proprietary Funds	
			2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,342,463	\$ 3,702,324	\$ 8,044,787	\$ 10,191,884
Payments to suppliers and service providers	(2,510,632)	(3,790,970)	(6,301,602)	(6,167,853)
Payments to employees for salaries and benefits	(577,565)	(132,154)	(709,719)	(620,508)
Net Cash Provided by (Used for) Operating Activities	1,254,266	(220,800)	1,033,466	3,403,523
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayment received from short-term interfund borrowings	-	221,034	221,034	367,859
Cash advance made to other governments	-	(498)	(498)	(160,377)
Net Cash Provided by (Used for) Noncapital Financing Activities	-	220,536	220,536	207,482
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayment received from capital-related interfund borrowings	378,085	-	378,085	359,764
Proceeds from the sale of assets	1,053,119	-	1,053,119	1,452
Acquisition and construction of capital assets	(396,522)	-	(396,522)	(3,267,423)
Principal paid on capital debt	(570,000)	-	(570,000)	(555,000)
Interest paid on capital debt	(663,974)	-	(663,974)	(691,366)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(199,292)	-	(199,292)	(4,152,573)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	127,105	264	127,369	437,753
Investment in joint venture	(506,244)	-	(506,244)	(409,356)
Net Cash Provided by (Used for) Investing Activities	(379,139)	264	(378,875)	28,397
Net Increase (Decrease) in Cash and Cash Equivalents	675,835	-	675,835	(513,171)
Cash and Cash Equivalents - Beginning	9,805,688	-	9,805,688	10,318,859
Cash and Cash Equivalents - Ending	\$ 10,481,523	\$ -	\$ 10,481,523	\$ 9,805,688
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating income (loss)	\$ 2,553,332	\$ (274,117)	\$ 2,279,215	\$ 2,145,417
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation expense	391,505	-	391,505	426,773
(Increase) decrease in accounts receivable	(58,202)	135,129	76,927	119,704
(Increase) decrease in intergovernmental receivables	(1,312,756)	-	(1,312,756)	124,291
(Increase) decrease in deposits	-	100,000	100,000	-
(Increase) decrease in prepaid costs	845	-	845	846
(Increase) decrease in pension related deferred outflows of resources	11,927	1,271	13,198	4,110
(Increase) decrease in OPEB related deferred outflows of resources	1,004	251	1,255	(1,255)
Increase (decrease) in accounts payable	(283,526)	(222,584)	(506,110)	435,808
Increase (decrease) in accrued liabilities	1,197	36,144	37,341	(12,044)
Increase (decrease) in compensated absences	(7,151)	-	(7,151)	7,051
Increase (decrease) in net pension liability	25,712	17,698	43,410	73,597
Increase (decrease) in net OPEB liability	(25,968)	(4,981)	(30,949)	23,789
Increase (decrease) in pension related deferred inflows of resources	(31,251)	(7,228)	(38,479)	19,469
Increase (decrease) in OPEB related deferred inflows of resources	(12,402)	(2,383)	(14,785)	35,967
Total Adjustments	(1,299,066)	53,317	(1,245,749)	1,258,106
Net Cash Provided by (Used for) Operating Activities	\$ 1,254,266	\$ (220,800)	\$ 1,033,466	\$ 3,403,523
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	110,739	-	110,739	(75,202)

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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, 2021

(with comparative totals for the year ended June 30, 2020)

	Pension (and Other Employee Benefit) Trust Fund		Private-Purpose Trust Fund			
	OPEB Trust Fund		Successor Agency of the Former RDA		Custodial Funds	
	2021	2020	2021	2020	2021	2020
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 98,875	\$ 229,890	\$ 112,380
Investments:						
Money market mutual funds	1,265,851	849,021	-	-	1,646	17,287
Local Agency Investment Fund	-	-	-	-	59,324	178,690
Asset-backed securities	-	-	-	-	9,718	3,608
Federal agency securities	-	-	-	-	85,126	30,989
Medium term corporate notes	-	-	-	-	33,510	12,627
Supranational securities	-	-	-	-	1,350	618
US Treasury securities	-	-	-	-	66,680	23,552
Receivables:						
Accrued interest	-	-	-	-	431	837
Due from other governments	-	-	-	-	1,562	1,623
Total Assets	1,265,851	849,021	-	98,875	489,237	382,211
LIABILITIES						
Accounts payable	629	413	-	600	3,796	1,964
Accrued liabilities	-	-	1,419	1,294	-	-
Accrued interest	-	-	6,413	6,750	68,699	71,376
Long-term liabilities:						
Due in one year	-	-	124,900	120,900	75,000	85,000
Due in more than one year	-	-	2,165,000	2,289,900	1,780,000	1,855,000
Total Liabilities	629	413	2,320,052	2,419,444	1,927,495	2,013,340
NET POSITION						
Restricted for:						
Postemployment benefits other than pensions	1,265,222	848,608	-	-	-	-
Individuals, organizations, and other governments	-	-	(2,320,052)	(2,320,569)	(1,438,258)	(1,631,129)
Total Net Position	\$ 1,265,222	\$ 848,608	\$ (2,320,052)	\$ (2,320,569)	\$ (1,438,258)	\$ (1,631,129)

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (with comparative totals for the year ended June 30, 2020)

	Pension (and Other Employee Benefit) Trust Fund		Private-Purpose Trust Fund			
	OPEB Trust Fund		Successor Agency of the Former RDA		Custodial Funds	
	2021	2020	2021	2020	2021	2020
ADDITIONS						
Contributions:						
Employers	\$ 204,000	\$ 198,000	\$ -	\$ -	\$ -	\$ -
Total contributions	204,000	198,000	-	-	-	-
Investment earnings:						
Net increase (decrease) in fair value of investments	153,596	(1,817)	(192)	-	(3,836)	5,046
Interest, dividends, and other	65,596	23,098	-	47	3,584	7,544
Total investment earnings	219,192	21,281	(192)	47	(252)	12,590
Property taxes	-	-	136,847	100,899	-	-
Special assessment collections	-	-	-	-	215,329	97,439
Miscellaneous	-	-	-	-	99,256	-
Total Additions	423,192	219,281	136,655	100,946	314,333	110,029
DEDUCTIONS						
Administrative expenses	-	-	44,117	41,638	-	-
Contractual services	6,578	4,208	12,353	4,606	8,973	50,020
Interest expense	-	-	79,668	83,637	112,489	190,671
Total Deductions	6,578	4,208	136,138	129,881	121,462	240,691
Net Increase (Decrease) in Fiduciary Net Position	416,614	215,073	517	(28,935)	192,871	(130,662)
Net Position - Beginning	848,608	633,535	(2,320,569)	(2,291,634)	(1,631,129)	-
Restatement of Net Position	-	-	-	-	-	(1,500,467)
Net Position - Beginning, as Restated	848,608	633,535	(2,320,569)	(2,291,634)	(1,631,129)	(1,500,467)
Net Position - Ending	\$ 1,265,222	\$ 848,608	\$ (2,320,052)	\$ (2,320,569)	\$ (1,438,258)	\$ (1,631,129)

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 the cost of providing clean energy services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. The City's fiduciary funds include 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.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Cash, Cash Equivalents, and Investments

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

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

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

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

d. Restricted Cash and Investments

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

e. Capital Assets

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

f. Deferred Outflows/Inflows of Resources

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

g. Long-Term Liabilities

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

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

h. Compensated Absences

Government-Wide Financial Statements

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

Fund Financial Statements

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

i. Pensions

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

j. Other Post-Employment Benefits (OPEB)

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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 5.0 years at June 30, 2021.

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)

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

The City implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* during fiscal year 2020-21. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The change in accounting principle resulted in a prior period adjustment in the amount of \$(1,500,467) being reported for the custodial funds in the Statement of Changes in Fiduciary Net Position.

The City early adopted GASB Statement No. 98, the *Annual Comprehensive Financial Report*, which establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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 \$408,531 are as follows:

Grant revenues	\$ 327,767
Miscellaneous revenues	<u>80,764</u>
Total other long-term assets	<u>\$ 408,531</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 \$(709,233) difference are as follows:

Capital outlay	\$ 1,723,018
Depreciation expense	<u>(2,432,251)</u>
Total other long-term assets	<u>\$ (709,233)</u>

Note 3: Stewardship, Compliance, and Accountability

a. Excess of Expenditures over Appropriations

At June 30, 2021, the Transnet major special revenue fund reported expenditures exceeding appropriations in the amount of \$137,043.

b. Deficit Fund Equity

At June 30, 2021, the following nonmajor funds reported deficit fund balance:

Nonmajor Fund Name	Classification	Deficit
Transportation Development Act	Special Revenue Fund	\$ 103,489
CDBG	Special Revenue Fund	16,660
Boating & Waterways	Special Revenue Fund	297,613
Developer Pass-Thru	Special Revenue Fund	87
Assessment Districts CIP	Capital Projects Fund	46,418

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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

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

c. Budgetary Compliance

The Assessment Districts CIP capital projects fund did not adopt a budget for the fiscal year ended June 30, 2021.

Note 4: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2021:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Position	
Cash and investments	\$ 29,467,996	\$ 10,481,523	\$ 487,244	\$ 40,436,763
Restricted cash and investments	3,247,089	-	1,265,851	4,512,940
Total	\$ 32,715,085	\$ 10,481,523	\$ 1,753,095	\$ 44,949,703

Cash and investments consisted of the following at June 30, 2021:

Cash:	
Cash on hand	\$ 400
Demand deposits	8,554,302
Total cash	8,554,702
Investments:	
Local Agency Investment Fund	4,087,811
Investments	27,794,250
Cash and investments held in PARS Section 115 Trust	4,512,940
Total investments	36,395,001
Total cash and investments	\$ 44,949,703

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$8,554,302 at June 30, 2021. Bank balances were \$9,088,822 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 \$534,520 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

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 4: Cash and Investments (Continued)

market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, 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.

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

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

Investments Authorized by Debt Agreements

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

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 4: Cash and Investments (Continued)

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	360 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	90 days	None	None
Investment contracts	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

c. External Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based on the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on accounting records maintained by LAIF, which are recorded on an amortized cost basis. The entire balance of the City's share of the investment pool is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals in LAIF are made on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

d. Risk Disclosures

Interest Rate Risk

Interest rate risk is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages this risk by investing its operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools to ensure liquidity and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Investments:	Fair Value	Remaining Investment Maturities		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund	\$ 4,087,811	\$ 4,087,811	\$ -	\$ -
US Treasury	9,358,556	1,222,735	3,977,277	4,158,544
US Government Agency Securities				
Federal Home Loan Bank	2,686,696	713,381	1,973,315	-
Federal Farm Credit Bank	4,399,693	1,216,503	2,250,934	932,256
Federal National Mortgage Association	2,589,210	-	2,069,269	519,941
Federal Home Loan Mortgage Corporation	2,271,762	-	-	2,271,762
Medium Term Notes	4,703,207	1,632,981	628,078	2,442,148
Money Market Mutual Funds	231,820	231,820	-	-
Supranationals	189,374	-	189,374	-
Asset Backed Securities	1,363,932	7,697	85,390	1,270,845
Investments Held in Section 115 Trust:				
Money Market Mutual Funds	4,512,940	4,512,940	-	-
	\$ 36,395,001	\$ 13,625,868	\$ 11,173,637	\$ 11,595,496

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 4: Cash and Investments (Continued)

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2021, for each investment type.

Investments:	Total as of June 30, 2021	Minimum Legal Rating	AAA	AA+/Aa1	Exempt
Local Agency Investment Fund	\$ 4,087,811	N/A	\$ -	\$ -	\$ 4,087,811
US Treasury	9,358,556	N/A	-	-	9,358,556
US Government Agency Securities					
Federal Home Loan Bank	2,686,696	N/A	-	-	2,686,696
Federal Farm Credit Bank	4,399,693	N/A	-	-	4,399,693
Federal National Mortgage Association	2,589,210	N/A	-	-	2,589,210
Federal Home Loan Mortgage Corporation	2,271,762	N/A	-	-	2,271,762
Medium Term Notes	4,703,207	A	-	4,703,207	-
Money Market Mutual Funds	231,820	AAA	231,820	-	-
Supranationals	189,374	AA	-	189,374	-
Asset Backed Securities	1,363,932	AA	-	1,363,932	-
Investments Held in Section 115 Trust:					
Money Market Mutual Funds	4,512,940	AAA	4,512,940	-	-
	<u>\$ 36,395,001</u>		<u>\$ 4,744,760</u>	<u>\$ 6,256,513</u>	<u>\$ 25,393,728</u>

Custodial Credit Risk

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

Concentration of Credit Risk

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

Issuer	Investment Amount	Percentage of Portfolio
Federal Home Loan Bank	\$ 2,686,696	7.4%
Federal Farm Credit Bank	4,399,693	12.1%
Federal National Mortgage Association	2,589,210	7.1%
Federal National Mortgage Loan Corporation	2,271,762	6.2%

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 4: Cash and Investments (Continued)

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 and value using specified fair market value factors.

The Section 115 Trust values its assets as follows:

	Level 1	Level 2	Total
Money Market Mutual Funds	\$ 388,453	\$ 4,124,487	\$ 4,512,940

Note 5: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
<i>Governmental Activities:</i>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 5,337,440	\$ -	\$ -	\$ -	\$ 5,337,440
Construction in progress	1,241,746	1,213,704	-	(782,395)	1,673,055
Total non-depreciable assets	6,579,186	1,213,704	-	(782,395)	7,010,495
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	13,709,809	-	-	292,093	14,001,902
Equipment	2,519,028	454,217	-	-	2,973,245
Vehicles	2,548,858	55,097	-	-	2,603,955
Infrastructure	73,392,792	-	-	490,302	73,883,094
Total depreciable assets	98,187,402	509,314	-	782,395	99,479,111
<i>Less accumulated depreciation:</i>					
Buildings	(3,120,277)	(120,791)	-	-	(3,241,068)
Improvements	(5,648,271)	(477,561)	-	-	(6,125,832)
Equipment	(2,128,809)	(225,913)	-	-	(2,354,722)
Vehicles	(1,717,641)	(164,372)	-	-	(1,882,013)
Infrastructure	(56,542,471)	(1,443,614)	-	-	(57,986,085)
Total accumulated depreciation	(69,157,469)	(2,432,251)	-	-	(71,589,720)
Total depreciable assets, net	29,029,933	(1,922,937)	-	782,395	27,889,391
Total capital assets, net	\$ 35,609,119	\$ (709,233)	\$ -	\$ -	\$ 34,899,886

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5: Capital Assets (Continued)

Governmental activities depreciation expense for capital assets for the year ended June 30, 2021, is as follows:

General Government	\$ 211,789
Public Safety	252,818
Public Works	1,499,234
Community Development	42,657
Community Services	425,753
	<hr/>
Total Depreciation Expense	<u>\$ 2,432,251</u>

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
<u>Business-Type Activities</u>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 111,706	\$ -	\$ -	\$ -	\$ 111,706
Construction in progress	6,156,690	396,522	-	(6,490,392)	62,820
Total non-depreciable assets	<u>6,268,396</u>	<u>396,522</u>	<u>-</u>	<u>(6,490,392)</u>	<u>174,526</u>
<i>Depreciable Assets:</i>					
Building and improvements	19,391,927	-	(1,268,672)	6,490,392	24,613,647
Equipment	828,705	-	-	-	828,705
Total depreciable assets	<u>20,220,632</u>	<u>-</u>	<u>(1,268,672)</u>	<u>6,490,392</u>	<u>25,442,352</u>
<i>Less accumulated depreciation:</i>					
Building and improvements	(7,339,251)	(374,973)	50,746	-	(7,663,478)
Equipment	(547,657)	(16,532)	-	-	(564,189)
Total accumulated depreciation	<u>(7,886,908)</u>	<u>(391,505)</u>	<u>50,746</u>	<u>-</u>	<u>(8,227,667)</u>
Total depreciable assets, net	<u>12,333,724</u>	<u>(391,505)</u>	<u>(1,217,926)</u>	<u>6,490,392</u>	<u>17,214,685</u>
Total capital assets, net	<u>\$ 18,602,120</u>	<u>\$ 5,017</u>	<u>\$(1,217,926)</u>	<u>\$ -</u>	<u>\$ 17,389,211</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2021, is \$391,505, 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

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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

issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Below is a summary of the plans' provisions and benefits in effect at June 30, 2021, 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 Full/ Modified	no full	no full	no full	no full	no full	no full	no full	no full	no full
Benefit vesting schedule	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67	50	50-55	50-57	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%	3%	2.0% to 2.7%	2% to 2.7%	1.423% to 2.0%	1.423% to 2.0%	2.0% to 2.7%
Required employer contribution rates	11.432%	8.081%	6.985%	21.927%	16.636%	13.034%	21.927%	18.152%	13.034%
Required employee contribution rates	8.000%	7.000%	6.750%	9.000%	9.000%	12.000%	9.000%	9.000%	12.000%

*closed to new member entrants

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the contributions recognized as a reduction to the net pension liability was \$1,624,905.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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, 2021, 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	\$ 6,151,557
Safety	10,505,198
Total	<u>\$ 16,656,755</u>

The net pension liability of each of the Plans is measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020, respectively, was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Combined</u>
Proportion - June 30, 2019	0.05532%	0.09380%	0.14912%
Proportion - June 30, 2020	<u>0.05654%</u>	<u>0.09655%</u>	<u>0.15309%</u>
Change - Increase (Decrease)	<u>0.00122%</u>	<u>0.00275%</u>	<u>0.00397%</u>

For the year ended June 30, 2021, the City recognized pension expense as follows:

<u>Miscellaneous</u>	<u>Safety</u>	<u>Total Plans</u>
\$ 1,041,137	\$ 1,672,516	\$ 2,713,653

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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

At June 30, 2021, 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	\$ 685,457	\$ -
Adjustment due to differences in proportions	178,443	-
Difference between expected and actual experience	317,007	-
Difference between actual contributions and the proportionate share of contributions	-	214,892
Changes in assumptions	-	43,875
Net difference between projected and actual earnings on plan investments	182,742	-
Total Miscellaneous Plan	<u>1,363,649</u>	<u>258,767</u>
<u>Safety Plan</u>		
Pension contributions subsequent to measurement date	1,045,632	-
Adjustment due to differences in proportions	280,141	-
Difference between expected and actual experience	814,624	-
Difference between actual contributions and the proportionate share of contributions	-	385,178
Changes in assumptions	-	34,993
Net difference between projected and actual earnings on plan investments	228,322	-
Total Safety Plan	<u>2,368,719</u>	<u>420,171</u>
Total All Plans	<u>\$ 3,732,368</u>	<u>\$ 678,938</u>

The \$1,731,089 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, 2022. 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
2022	\$ 60,897	\$ 217,083	\$ 277,980
2023	156,108	355,657	511,765
2024	122,445	237,889	360,334
2025	79,975	92,287	172,262
	<u>\$ 419,425</u>	<u>\$ 902,916</u>	<u>\$ 1,322,341</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019, 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, 2021
Note 6: City Employees Retirement Plan - Pension Plans (Continued)

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

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

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

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

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

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

Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Miscellaneous	\$ 9,325,054	\$ 6,151,557	\$ 3,529,397
Safety	15,312,220	10,505,198	6,560,582
Total	\$ 24,637,274	\$ 16,656,755	\$ 10,089,979

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 (\$136 per month for 2021) 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, 2021

Note 7: Other Post-Employment Benefits (Continued)

b. Plan Membership

At June 30, 2021, the measurement date, the following numbers of participants were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	50
Inactive plan members entitled to but not yet receiving benefit payments	14
Active plan members	65
	<u>129</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 \$480,132 during the 2021 fiscal year which consisted of \$178,856 of pay-as-you-go benefit payments, \$204,000 in contributions to the trust, and \$97,276 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, 2021	June 30, 2020
Total OPEB Liability (TOL)	\$ 3,582,741	\$ 3,532,448
Fiduciary Net Position (FNP)	1,258,881	848,608
Net OPEB Liability (NOL)	<u>\$ 2,323,860</u>	<u>\$ 2,683,840</u>
Funded Status (FNP/TOL)	35.1%	24.0%

The City's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2021 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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Valuation Date: June 30, 2019
- Contribution Policy: City contributes at least the full ADC
- Discount Rate and Long-Term Expected Rate of Return on Assets: 6.00% at June 30, 2021; 6.00% at June 30, 2020; Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
- General Inflation: 2.75% annually

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021
Note 7: Other Post-Employment Benefits (Continued)

- Mortality, Retirement, Disability, Termination: CalPERS 1997-2015 Experience Study
- Mortality Improvement: Mortality projected fully generational with Scale MP-2019
- Salary Increases: Aggregate – 3% annually; Merit – CalPERS 1997-2015 Experience Study
- Medical Trend: Non-Medicare – 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076; Medicare – 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
- PEMHCA Minimum Increases: 4.25% annually
- Cap Increases: 0%
- Healthcare Participation for Future Retirees: Actives & Surviving Spouses Hired < 1/1/07: Covered – 90%; Waived – 70%. 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: None
- Changes of Benefit Terms: None

f. Changes in the OPEB Liability

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 3,532,448	\$ 847,218	\$ 2,685,230
Changes for the year			
Service Cost	115,154	-	115,154
Interest	210,592	-	210,592
Assumption changes	-	-	-
Actual vs. Expected Experience	-	-	-
Contributions - employer	-	480,132	(480,132)
Net investment income	-	210,366	(210,366)
Benefit payments*	(275,453)	(275,453)	-
Administrative Expenses	-	(3,382)	3,382
Net changes	<u>50,293</u>	<u>411,663</u>	<u>(361,370)</u>
Balance at June 30, 2021	<u>\$ 3,582,741</u>	<u>\$ 1,258,881</u>	<u>\$ 2,323,860</u>

*Benefit payments include an implied subsidy of \$97,276 for the measurement date June 30, 2021

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	\$ 2,749,798	\$ 2,323,860	\$ 1,970,920

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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	\$ 2,028,828	\$ 2,323,860	\$ 2,741,615

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, 2021, the City recognized OPEB income of \$39,125. As of fiscal year ended June 30, 2021, 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	\$ -	\$ 30,398
Changes in assumptions	-	963,915
Net difference between projected and actual earnings on plan investments	-	108,876
Total	<u>\$ -</u>	<u>\$ 1,103,189</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>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (308,690)
2023	(307,597)
2024	(280,018)
2025	(145,808)
2026	(61,076)
Thereafter	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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

Construction Commitments

The following material construction commitments existed at June 30, 2021:

Project Name	Contract Amount	Expenditures as of June 30, 2021	Remaining Commitments
Drain Rehab	\$ 978,955	\$ 606,460	\$ 372,495

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.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 9: Risk Management (Continued)

The workers' compensation and general liability claims payable of \$1,177,000 reported at June 30, 2021, 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
2018-2019	\$ 1,026,000	\$ 142,144	\$ (174,144)	\$ 994,000
2019-2020	994,000	291,083	(338,083)	947,000
2020-2021	947,000	529,364	(299,364)	1,177,000

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: Leases

a. Energy Efficiency/Conservation Upgrades

On May 9, 2012, the City entered into a capital lease with Municipal Finance Corporation for various energy efficiency/conservation upgrades at City facilities. The lease was executed in the amount of \$818,696. Rental payments are due in thirty-one semi-annual payments of \$35,187 and include interest at the rate of 3.45%. The City also executed an acquisition fund agreement with Deutsche Bank National Trust Company for distribution of the funds. At June 30, 2021, the balance of the lease liability was \$406,650.

b. Fire Truck Lease

In 2016, the City entered into a capital lease with Municipal Finance Corporation for a fire truck at the cost of \$614,759. Rental payments are due in annual installments of \$131,944 which includes interest at the rate of 2.40% per annum. Payments are due July of each year. At June 30, 2021, the lease liability is completely repaid, with no balance outstanding.

The future principal and interest lease payments as of June 30, 2021, were as follows:

Year Ending June 30,	Governmental Activities
2022	\$ 70,374
2023	70,374
2024	70,374
2025	70,374
2026	70,374
2027-2029	105,561
Total minimum lease payments	457,431
Less: amount representing interest	(50,781)
Present value of minimum lease payments	\$ 406,650

Note 11: Long-Term Liabilities

a. Bonds Payable

San Diego County Regional Transportation Commission Sales Tax Revenue Bonds

On October 28, 2010, the San Diego Association of Governments (SANDAG), acting as the San Diego County Regional Transportation Commission, issued \$338,960,000 Taxable Build America Bonds 2010 Series A (Limited Tax Bonds). SANDAG is responsible for the administration of programs under the TransNet Extension ordinance, Proposition A, which sets forth the permitted uses for revenues from a half cent transaction and use tax in San Diego County (TransNet Extension Program). In fiscal year ended June 2010, the City borrowed \$5,500,000 from the TransNet debt financing program for the Highway 101 Streetscaping/Traffic Calming Project and other projects eligible under the terms of the debt financing and applicable SANDAG policies and approved projects. 2017 Wastewater Revenue Refunding Bonds. The bond is wholly secured by sales tax revenues pledged for the payment of debt service. In the event of default, all sales tax revenues pledged for the payment of the debt must be transferred to the bond trustee; however, there is no acceleration of payment on outstanding debt service. The total amount of the bond outstanding at June 30, 2021, 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, 2021, is \$5,820,000.

Note 11: Long-Term Liabilities (Continued)

b. Direct Borrowings and Direct Placements

Lease Revenue Bonds – ABAG

On January 10, 2002, the City issued \$3,465,000 of Series 2002 ABAG Lease Revenue Bonds to advance refund \$2,185,000 of the outstanding Certificates of Participation, Series 1992, and \$1,125,000 of the outstanding Certificates of Participation, Series 1995, establish a reserve account for the bonds, and to pay the cost of issuing the bonds. On November 1, 2011, the City entered into a refunding lease agreement with Municipal Financial Corporation in the amount of \$1,388,300 to current refund the outstanding balance of the ABAG Lease Revenue Bonds, Series 2002 and to take advantage of historically low interest rates. The average savings are approximately \$21,258 per fiscal year with the net present value savings equal to \$185,245. The lease matures on December 1, 2022. Principal payments are due December 1st of each year with semi-annual interest rate at 3.40%. In the event of default, the City remains liable for the continued payment of debt service and damages for breach of the refunding lease agreement. The total amount of the bond outstanding at June 30, 2021, is \$287,700.

San Elijo JPA Loan Payable - 2011

On March 1, 2012, the San Elijo Joint Powers Authority issued the 2012 Refunding Revenue Bonds to refund on a current basis the 2003 Refunding Revenue Bonds and prepaid a note to the California Energy Commission. Each local agency entered into a Third Amended and Restated Loan Agreement as of January 1, 2012 to assist in the financing of the Local Agencies' respective share of the Bonds. The City of Encinitas and the City of Solana Beach will be paying approximately 52% and 48% of total debt service on the bonds, respectively. In the event of default, the trustee may accelerate the payment of outstanding principal and interest. The loan is wholly secured by revenues pledged for the payment of the loan. The amended loan matures on March 1, 2021. The interest rates on the bonds range from 2.00% to 4.00% per year. The City of Solana Beach's portion of annual principal installments range from \$25,000 to \$751,155. The bond was fully repaid as of June 30, 2021, with no balance outstanding.

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, 2021, is \$10,615,000.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 11: Long-Term Liabilities (Continued)

c. Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	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	\$ -
Discount	(2,709)	-	(1,066)	(1,643)	-
Total Bonds Payable	5,497,291	-	(1,066)	5,498,357	-
Direct Borrowings and Direct Placements:					
Lease Revenue Bonds - ABAG	423,000	-	135,300	287,700	142,700
Total Direct Borrowings and Direct Placements	423,000	-	135,300	287,700	142,700
Leases (Note 10)	461,569	-	54,919	406,650	56,831
Compensated Absences	508,845	234,705	270,626	472,924	251,522
Claims (Note 9)	947,000	529,364	299,364	1,177,000	245,000
Total Governmental Activities	\$ 7,837,705	\$ 764,069	\$ 759,143	\$ 7,842,631	\$ 696,053
Business-Type Activities:					
Bonds Payable:					
2017 Wastewater Revenue Refunding Bonds	\$ 6,105,000	\$ -	\$ 285,000	\$ 5,820,000	\$ 300,000
Premium	444,133	-	60,812	383,321	-
Total Bonds Payable	6,549,133	-	345,812	6,203,321	300,000
Direct Borrowings and Direct Placements:					
San Elijo JPA Loan Payable - 2011	60,000	-	60,000	-	-
San Elijo JPA Loan Payable - 2017	10,840,000	-	225,000	10,615,000	230,000
Total Direct Borrowings and Direct Placements	10,900,000	-	285,000	10,615,000	230,000
Compensated Absences	58,453	8,996	16,147	51,302	14,172
Total Business-Type Activities	\$ 17,507,586	\$ 8,996	\$ 646,959	\$ 16,869,623	\$ 544,172

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, 2021

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, 2021, are as follows:

Year Ending June 30,	Governmental Activities			
	Bonds Payable		Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ -	\$ 325,105	\$ 142,700	\$ 7,356
2023	-	325,105	145,000	2,465
2024	-	325,105	-	-
2025	-	325,105	-	-
2026	-	325,105	-	-
2027-2031	-	1,625,525	-	-
2032-2036	-	1,625,525	-	-
2037-2041	1,567,452	1,521,388	-	-
2042-2046	2,816,793	841,808	-	-
2047-2051	1,115,755	94,674	-	-
Total	\$ 5,500,000	\$ 7,334,445	\$ 287,700	\$ 9,821

Year Ending June 30,	Business-Type Activities			
	Bonds Payable		Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 300,000	\$ 208,006	\$ 230,000	\$ 438,113
2023	305,000	199,006	237,500	431,213
2024	320,000	186,806	245,000	424,088
2025	330,000	174,006	255,000	414,288
2026	340,000	164,106	267,500	401,538
2026-2031	1,920,000	601,131	1,550,000	1,793,313
2031-2036	2,305,000	216,213	1,955,000	1,388,938
2036-2041	-	-	2,370,000	970,769
2041-2046	-	-	2,862,500	481,000
2046-2051	-	-	642,500	25,700
Total	\$ 5,820,000	\$ 1,749,274	\$ 10,615,000	\$ 6,768,960

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021
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:

	2011 and 2017 JPA Loans	2017 Wastewater Bonds
Revenues:		
Operating revenues	\$ 5,676,285	\$ 5,676,285
Other operating	37,135	37,135
Non-operating	124,624	124,624
Gross revenues	<u>5,838,044</u>	<u>5,838,044</u>
Expenses:	<u>4,598,867</u>	<u>4,598,867</u>
Net Income	1,239,177	1,239,177
Add Back:		
Interest expense	666,139	666,139
Depreciation	391,505	391,505
Loss on disposal of capital assets	164,807	164,807
Amortization of investment in JPA	<u>10,945</u>	<u>10,945</u>
Net revenues available for debt service (2011 and 2017 JPA Loans)	<u>\$ 2,472,573</u>	<u>2,472,573</u>
2011 Refunding Revenue Bonds debt service:		
Principal repayment	\$ 60,000	60,000
Interest charges	1,710	1,710
2017 Refunding Revenue Bonds debt service:		
Principal repayment	285,000	285,000
Interest charges	<u>444,863</u>	<u>444,863</u>
Total debt service	<u>\$ 791,573</u>	<u>791,573</u>
Net revenues available for debt service (2017 Wastewater Bonds)		<u>\$ 1,681,000</u>
2017 Wastewater Bonds debt service:		
Principal repayment		\$ 285,000
Interest charges		<u>216,556</u>
Total debt service		<u>\$ 501,556</u>
Coverage ratio	<u>3.1</u>	<u>3.4</u>

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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:					
Prepaid costs	\$ 54,212	\$ -	\$ -	\$ -	\$ 54,212
Total Nonspendable	54,212	-	-	-	54,212
Restricted:					
Section 115 Pension Stabilization Trust	3,245,475	-	-	-	3,245,475
TransNet	-	50,947	-	-	50,947
Gas Tax	-	-	-	425,941	425,941
Municipal Improvement Districts	-	-	-	1,266,139	1,266,139
Lighting District	-	-	-	3,076,356	3,076,356
COPS	-	-	-	337,919	337,919
Public Safety	-	-	-	396,070	396,070
Fire Mitigation	-	-	-	14,034	14,034
Coastal Area Business/Visitor Assistance & Enhancement	-	-	-	881,435	881,435
Miscellaneous Grants	-	-	-	188,885	188,885
Housing	-	-	-	647,164	647,164
Camp Programs	-	-	-	31,657	31,657
SB1 Streets & Roads	-	-	-	230,424	230,424
Capital Projects	-	-	2,368,485	987,063	3,355,548
Debt Service	-	-	-	25,754	25,754
Total Restricted	3,245,475	50,947	2,368,485	8,508,841	14,173,748
Committed:					
Parks & Recreation	32,199	-	-	-	32,199
Public Facilities	539,047	-	-	-	539,047
Public Art	26,858	-	-	-	26,858
In-Lieu Housing	100,786	-	-	-	100,786
Other Post-Employment Benefits	202,686	-	-	-	202,686
Total Committed	901,576	-	-	-	901,576
Assigned:					
Housing	1,499,500	-	-	-	1,499,500
Community TV	90,564	-	-	-	90,564
Street Sweeping	129,637	-	-	-	129,637
Park Fees	38,703	-	-	-	38,703
Asset Replacement	2,391,099	-	-	-	2,391,099
Self-Insurance	618,490	-	-	-	618,490
Workers' Compensation	696,923	-	-	-	696,923
Public Facilities	741,773	-	-	-	741,773
Total Assigned	6,206,689	-	-	-	6,206,689
Unassigned	7,138,002	-	-	(464,267)	6,673,735
Total Fund Balance	\$ 17,545,954	\$ 50,947	\$ 2,368,485	\$ 8,044,574	\$ 28,009,960

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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 \$1,993,423 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	\$ 54,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,212
Total Nonspendable	54,212	-	-	-	-	-	-	-	54,212
Restricted:									
Section 115 Pension Stabilization Trust	-	-	-	-	-	-	-	3,245,475	3,245,475
Total Restricted	-	-	-	-	-	-	-	3,245,475	3,245,475
Committed:									
Parks & Recreation	32,199	-	-	-	-	-	-	-	32,199
Public Facilities	539,047	-	-	-	-	-	-	-	539,047
Public Art	26,858	-	-	-	-	-	-	-	26,858
In-Lieu Housing	100,786	-	-	-	-	-	-	-	100,786
Other Post-Employment Benefits	-	-	-	-	-	-	202,686	-	202,686
Total Committed	698,890	-	-	-	-	-	202,686	-	901,576
Assigned:									
Housing	1,499,500	-	-	-	-	-	-	-	1,499,500
Community TV	90,564	-	-	-	-	-	-	-	90,564
Street Sweeping	129,637	-	-	-	-	-	-	-	129,637
Park Fees	38,703	-	-	-	-	-	-	-	38,703
Asset Replacement	-	-	-	2,391,099	-	-	-	-	2,391,099
Self-Insurance	-	618,490	-	-	-	-	-	-	618,490
Workers' Compensation	-	-	696,923	-	-	-	-	-	696,923
Public Facilities	-	-	-	-	741,773	-	-	-	741,773
Total Assigned	1,758,404	618,490	696,923	2,391,099	741,773	-	-	-	6,206,689
Unassigned	9,131,425	-	-	-	-	(1,993,423)	-	-	7,138,002
Total Fund Balance	\$ 11,642,931	\$ 618,490	\$ 696,923	\$ 2,391,099	\$ 741,773	\$ (1,993,423)	\$ 202,686	\$ 3,245,475	\$ 17,545,954

Note 13: Interfund Transactions

a. Due From and To Other Funds

At June 30, 2021, the City had the following short-term interfund receivables and payables:

Due to other funds	Due from other funds		
	General Fund	City CIP	Total
Non-major Governmental Funds	\$ 575,815	\$ -	\$ 575,815
Solana Energy Alliance	706,816	31,171	737,987
Total	\$ 1,282,631	\$ 31,171	\$ 1,313,802

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

Note 13: Interfund Transactions (Continued)

b. Interfund Transfers

For the year ended June 30, 2021, the City had the following transfers:

Transfers Out	Transfers In Non-Major Governmental Funds
General Fund	\$ 283,100
Non-major governmental funds	70,400
	\$ 353,500

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. During the fiscal year ended June 30, 2021, 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 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
2022	\$ 388,596	\$ 57,103	\$ 445,699
2023	399,399	46,300	445,699
2024	410,503	35,196	445,699
2025	421,914	23,785	445,699
2026	433,644	12,055	445,699
Total	\$ 2,054,056	\$ 174,439	\$ 2,228,495

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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, 2021, is as follows:

Operating revenues	\$ 8,794,541
Operating expenses	(9,852,449)
Net non-operating income	1,279,386
Capital contributions	<u>1,157,490</u>
Change in net position	<u>\$ 1,378,968</u>
Total assets and deferred outflows of resources	\$ 105,367,985
Total liabilities and deferred inflows of resources	<u>(34,101,597)</u>
Net position- total fund equity	<u>\$ 71,266,388</u>

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

A summary of the changes in the City's investment in the San Elijo Joint Powers Authority for the year ended June 30, 2021, is as follows:

Investment at June 30, 2020	\$ 34,949,555
Capital contribution	578,745
Current year share in the joint venture net income	689,484
Amortization of JPA	<u>(662,191)</u>
Investment at June 30, 2021	<u>\$ 35,555,593</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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

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, 2021, were \$1,490,000.

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, 2021, were \$405,000.

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.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2021

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

a. Due to City of Solana Beach

The City made a short-term loan in the amount of \$22,320 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, 2022.

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, 2021, follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Fiduciary Funds:					
2017 Tax Allocation					
Refunding Bonds	\$ 2,410,800	\$ -	\$ 120,900	\$ 2,289,900	\$ 124,900

2017 Tax Allocation Refunding Bonds

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

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 124,900	\$ 75,909	\$ 200,809
2023	129,100	71,677	200,777
2024	133,500	67,302	200,802
2025	138,200	62,778	200,978
2026	142,700	58,098	200,798
2027 - 2031	789,800	214,581	1,004,381
2032 - 2036	831,700	71,410	903,110
Total	<u>\$ 2,289,900</u>	<u>\$ 621,755</u>	<u>\$ 2,911,655</u>

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

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 \$2,911,655 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 \$136,847 and the debt service obligation on the bonds was \$200,905.

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 10.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)**

	2021		Actual Amounts	Variance with Final Budget Positive (Negative)	2020
	Budget Amounts				Actual
	Original	Final			Amounts
Budgetary Fund Balance, July 1	\$ 15,454,078	\$ 15,454,078	\$ 15,454,078	\$ -	\$ 13,833,279
Resources (Inflows):					
Taxes:					
Property	8,586,500	8,701,500	8,748,270	46,770	8,300,130
Transient occupancy	1,004,400	1,224,400	1,120,889	(103,511)	1,120,664
Sales	3,493,000	3,333,000	3,689,566	356,566	3,291,805
Franchise and other	1,990,200	3,808,700	3,956,645	147,945	1,933,499
Licenses and permits	323,800	423,800	521,627	97,827	337,922
Intergovernmental	1,906,500	97,000	137,613	40,613	2,033,269
Charges for services	574,500	674,500	1,006,034	331,534	1,110,059
Use of money and property	261,000	306,000	590,097	284,097	725,551
Fines and forfeitures	396,000	306,000	244,331	(61,669)	359,703
Miscellaneous	2,622,000	2,637,000	3,026,680	389,680	3,525,458
Amounts Available for Appropriations	36,611,978	36,965,978	38,495,830	1,529,852	36,571,339
Charges to Appropriations (Outflows):					
General Government:					
City Council	322,500	322,500	338,199	(15,699)	328,172
City Clerk	700,600	649,500	597,329	52,171	446,243
Legal Services	476,700	476,700	274,062	202,638	348,069
City Manager	406,300	523,276	500,676	22,600	374,001
Finance	1,375,500	1,465,500	1,397,212	68,288	1,445,974
Personnel	236,900	256,675	242,946	13,729	219,862
Information Systems	423,900	433,900	441,386	(7,486)	393,313
Support Services	1,392,000	1,388,000	1,240,458	147,542	1,142,745
Total General Government	5,334,400	5,516,051	5,032,268	483,783	4,698,379
Public Safety:					
Marine safety	1,006,400	1,023,700	1,047,161	(23,461)	941,300
Law enforcement	4,495,600	4,499,600	4,492,116	7,484	4,322,787
Code & parking enforcement	236,600	236,600	189,513	47,087	207,168
Fire department	5,099,700	5,099,700	5,003,705	95,995	5,082,555
Animal regulation	88,600	92,900	90,075	2,825	85,142
Civil defense	235,300	260,300	258,861	1,439	225,936
Environmental services	1,100	-	-	-	1,000
Total Public Safety	11,163,300	11,212,800	11,081,431	131,369	10,865,888
Public Works:					
Street and other	1,639,500	1,867,900	1,651,923	215,977	1,551,966
Engineering	415,900	401,100	415,781	(14,681)	398,926
Public Facilities	335,300	93,000	87,687	5,313	453,465
Total Public Works	2,390,700	2,362,000	2,155,391	206,609	2,404,357
Community Development:					
Planning	745,900	751,900	714,712	37,188	798,376
Building services	283,900	433,900	543,866	(109,966)	593,848
Total Community Development	1,029,800	1,185,800	1,258,578	(72,778)	1,392,224
Community Services:					
Community services	88,600	88,600	74,730	13,870	75,763
Recreation programs	603,400	595,900	557,041	38,859	660,122
Total Community Services	692,000	684,500	631,771	52,729	735,885
Capital Outlay	388,000	1,005,723	507,337	498,386	291,013
Total Charges to Appropriations	20,998,200	21,966,874	20,666,776	1,300,098	20,387,746
Other Financing Sources (Uses):					
Transfers in	80,000	80,000	-	(80,000)	-
Transfers out	(283,100)	(283,100)	(283,100)	-	(729,515)
Total Other Financing Sources (Uses)	(203,100)	(203,100)	(283,100)	(80,000)	(729,515)
Budgetary Fund Balance, June 30	\$ 15,410,678	\$ 14,796,004	\$ 17,545,954	\$ 2,749,950	\$ 15,454,078

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRANSNET FUND
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)**

	2021			Variance with Final Budget Positive (Negative)	2020
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 90,332	\$ 90,332	\$ 90,332	\$ -	\$ 23,194
Resources (Inflows):					
Service fees	-	-	10,869	10,869	7,246
Intergovernmental	144,400	144,400	395,105	250,705	601,705
Use of money and property	-	-	576	576	6,142
Amounts Available for Appropriations	234,732	234,732	496,882	262,150	638,287
Charges to Appropriations (Outflows):					
Public works	75,000	75,000	3,251	71,749	461
Capital outlay	144,400	233,892	117,579	116,313	222,389
Debt service:					
Interest and fiscal charges	-	-	325,105	(325,105)	325,105
Total Charges to Appropriations	219,400	308,892	445,935	(137,043)	547,955
Budgetary Fund Balance, June 30	\$ 15,332	\$ (74,160)	\$ 50,947	\$ 125,107	\$ 90,332

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2021**

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

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2021**

	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 685,457	\$ 636,152	\$ 541,582	\$ 460,816	\$ 417,318
Contribution in Relation to the Actuarially Determined Contribution	685,457	636,152	541,582	460,816	417,318
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 3,353,666	\$ 3,312,829	\$ 3,058,602	\$ 2,879,582	\$ 2,721,499
City of Solana Beach's Contributions as a Percentage of the Miscellaneous Employees Plan Covered Payroll	20.44%	19.20%	17.71%	16.00%	15.33%

	2016	2015
Actuarially Determined Contribution	\$ 385,634	\$ 330,415
Contribution in Relation to the Actuarially Determined Contribution	385,634	330,415
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>
City of Solana Beach's Miscellaneous Employees Plan Covered Payroll	\$ 2,593,359	\$ 2,409,776
City of Solana Beach's Contributions as a Percentage of the Miscellaneous Employees Plan Covered Payroll	14.87%	13.71%

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2021**

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

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
SAFETY EMPLOYEES PENSION PLAN
LAST TEN YEARS
JUNE 30, 2021**

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

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTHCARE PLAN
LAST FIVE FISCAL YEARS
JUNE 30, 2021

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

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
 RETIREE HEALTHCARE PLAN
 LAST FIVE FISCAL YEARS
 JUNE 30, 2021**

	2021	2020	2019	2018	2017
Retiree Healthcare Plan Actuarially Determined Contribution	\$ 389,000	\$ 378,000	\$ 484,191	\$ 220,491	\$ 531,000
Retiree Healthcare Plan Contributions in Relation to the Actuarially Determined Contribution	<u>480,132</u>	<u>446,751</u>	<u>484,191</u>	<u>252,055</u>	<u>233,000</u>
Contribution Excess (Deficiency)	<u>\$ 91,132</u>	<u>\$ 68,751</u>	<u>\$ -</u>	<u>\$ 31,564</u>	<u>\$ (298,000)</u>
Retiree Healthcare Plan Covered-Employee Payroll	\$ 7,533,033	\$ 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	-6.4%	-6.0%	-6.9%	-3.8%	-3.6%

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF INVESTMENT RETURNS
RETIREE HEALTHCARE PLAN
LAST FIVE FISCAL YEARS
JUNE 30, 2021

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

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

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 2020-2021 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 2020-21: None
 - b. For Fiscal Year 2019-20: None
 - c. 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%.
 - d. For Fiscal Year 2018-19: None
 - e. For Fiscal Year 2017-18: The discount rate was reduced from 7.65% to 7.15%.
 - f. For Fiscal Year 2016-17: None
 - g. For Fiscal Year 2015-16: The discount rate was increased from 7.50% to 7.65%
 - h. For Fiscal Year 2014-15: None
3. There were no changes of benefit terms.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2021

Note 2: Miscellaneous and Safety Employees' Pension Plans (Continued)

4. Methods and assumptions used to determine contribution rates for the most recent year include:
 - a. Valuation Date: June 30, 2017
 - 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: 7.00% (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.

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 assumptions.
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, 2017
 - b. Actuarial Cost Method: Entry Age Normal, Level % of Pay
 - c. Amortization Method: Level % of Pay
 - d. Amortization Period: 19-year fixed period for 2020/21
 - e. Asset Valuation Method: Fair value of assets
 - f. Discount Rate: 6.00%
 - g. General Inflation: 2.75%
 - h. Medical Trend: Non-Medicare – 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076; Medicare – 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076
 - i. Mortality, Retirement, Disability, Termination: CalPERS 1997-2011 Experience Study
 - j. Mortality Improvement: Mortality projected fully generational with Scale MP-2016

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (With comparative totals for June 30, 2020)

	Special Revenue Funds		Capital Projects Funds	
	2021	2020	2021	2020
ASSETS				
Cash and investments	\$ 7,869,546	\$ 6,976,742	\$ 1,032,990	\$ 1,090,034
Receivables:				
Accounts	279,668	74,320	-	-
Interest	19,803	20,040	2,801	3,005
Intergovernmental	357,734	286,637	-	-
Inventories	47,545	47,545	-	-
Total Assets	<u>\$ 8,574,296</u>	<u>\$ 7,405,284</u>	<u>\$ 1,035,791</u>	<u>\$ 1,093,039</u>
LIABILITIES				
Accounts payable	\$ 156,768	\$ 156,771	\$ 25,920	\$ 23,351
Accrued liabilities	27,749	6,454	-	-
Unearned revenues	408,022	395,889	-	-
Deposits payable	-	-	69,226	69,226
Due to other funds	575,815	527,149	-	-
Total Liabilities	<u>1,168,354</u>	<u>1,086,263</u>	<u>95,146</u>	<u>92,577</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	327,767	-	-	-
Total Deferred Inflows of Resources	<u>327,767</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	7,496,024	6,376,889	987,063	1,000,462
Unassigned	(417,849)	(58,138)	(46,418)	-
Total Fund Balances	<u>7,078,175</u>	<u>6,318,751</u>	<u>940,645</u>	<u>1,000,462</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,574,296</u>	<u>\$ 7,405,014</u>	<u>\$ 1,035,791</u>	<u>\$ 1,093,039</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (With comparative totals for June 30, 2020)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2021	2020	2021	2020
ASSETS				
Cash and investments	\$ 25,754	\$ 21,955	\$ 8,928,290	\$ 8,088,731
Receivables:				
Accounts	-	-	279,668	74,320
Interest	-	-	22,604	23,045
Intergovernmental	-	-	357,734	286,637
Inventories	-	-	47,545	47,545
Total Assets	<u>\$ 25,754</u>	<u>\$ 21,955</u>	<u>\$ 9,635,841</u>	<u>\$ 8,520,278</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 182,688	\$ 180,122
Accrued liabilities	-	-	27,749	6,454
Unearned revenues	-	-	408,022	395,889
Deposits payable	-	-	69,226	69,226
Due to other funds	-	-	575,815	527,149
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,263,500</u>	<u>1,178,840</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	327,767	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>327,767</u>	<u>-</u>
FUND BALANCES				
Restricted	25,754	21,955	8,508,841	7,399,306
Unassigned	-	-	(464,267)	(58,138)
Total Fund Balances	<u>25,754</u>	<u>21,955</u>	<u>8,044,574</u>	<u>7,341,168</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 25,754</u>	<u>\$ 21,955</u>	<u>\$ 9,635,841</u>	<u>\$ 8,520,008</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (With comparative totals for June 30, 2020)

Special Revenue Funds

	Gas Tax	Municipal Improvement Districts	Lighting District	COPS	Public Safety
ASSETS					
Cash and investments	\$ 443,421	\$ 1,296,641	\$ 3,087,497	\$ 373,294	\$ 343,252
Receivables:					
Accounts	-	-	-	-	84,461
Interest	1,130	3,473	9,403	1,001	-
Intergovernmental	-	5,034	4,372	-	-
Inventories	-	-	-	-	-
Total Assets	<u>\$ 444,551</u>	<u>\$ 1,305,148</u>	<u>\$ 3,101,272</u>	<u>\$ 374,295</u>	<u>\$ 427,713</u>
LIABILITIES					
Accounts payable	\$ 18,610	\$ 39,009	\$ 22,139	\$ 36,376	\$ 3,785
Accrued liabilities	-	-	2,777	-	1,671
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>18,610</u>	<u>39,009</u>	<u>24,916</u>	<u>36,376</u>	<u>5,456</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	26,187
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,187</u>
FUND BALANCES					
Restricted	425,941	1,266,139	3,076,356	337,919	396,070
Unassigned	-	-	-	-	-
Total Fund Balances	<u>425,941</u>	<u>1,266,139</u>	<u>3,076,356</u>	<u>337,919</u>	<u>396,070</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 444,551</u>	<u>\$ 1,305,148</u>	<u>\$ 3,101,272</u>	<u>\$ 374,295</u>	<u>\$ 427,713</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (With comparative totals for June 30, 2020)

(CONTINUED)

	Special Revenue Funds				
	Fire Mitigation	Transportation Development Act	CDBG	Coastal Area Business / Visitor Assistance & Enhancement	Boating & Waterways
ASSETS					
Cash and investments	\$ 12,275	\$ -	\$ -	\$ 878,961	\$ -
Receivables:					
Accounts	1,759	154,265	-	-	-
Interest	-	-	-	2,483	-
Intergovernmental	-	-	-	-	301,580
Inventories	-	-	-	-	-
Total Assets	\$ 14,034	\$ 154,265	\$ -	\$ 881,444	\$ 301,580
LIABILITIES					
Accounts payable	\$ -	\$ 21,265	\$ -	\$ 9	\$ -
Accrued liabilities	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	236,489	16,660	-	297,613
Total Liabilities	-	257,754	16,660	9	297,613
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	301,580
Total Deferred Inflows of Resources	-	-	-	-	301,580
FUND BALANCES					
Restricted	14,034	-	-	881,435	-
Unassigned	-	(103,489)	(16,660)	-	(297,613)
Total Fund Balances	14,034	(103,489)	(16,660)	881,435	(297,613)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,034	\$ 154,265	\$ -	\$ 881,444	\$ 301,580

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (With comparative totals for June 30, 2020)

	<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	\$ 190,627	\$ 414,999	\$ 645,233	\$ -	\$ 183,346
Receivables:					
Accounts	-	-	-	39,183	-
Interest	-	-	1,983	-	330
Intergovernmental	-	-	-	-	46,748
Inventories	-	-	-	47,545	-
Total Assets	<u>\$ 190,627</u>	<u>\$ 414,999</u>	<u>\$ 647,216</u>	<u>\$ 86,728</u>	<u>\$ 230,424</u>
LIABILITIES					
Accounts payable	\$ 1,742	\$ 7,064	\$ 52	\$ 6,717	\$ -
Accrued liabilities	-	-	-	23,301	-
Unearned revenues	-	408,022	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	25,053	-
Total Liabilities	<u>1,742</u>	<u>415,086</u>	<u>52</u>	<u>55,071</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted	188,885	-	647,164	31,657	230,424
Unassigned	-	(87)	-	-	-
Total Fund Balances	<u>188,885</u>	<u>(87)</u>	<u>647,164</u>	<u>31,657</u>	<u>230,424</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 190,627</u>	<u>\$ 414,999</u>	<u>\$ 647,216</u>	<u>\$ 86,728</u>	<u>\$ 230,424</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021
 (With comparative totals for June 30, 2020)

	Capital Projects Funds		Debt Service Funds	Total Nonmajor Governmental Funds	
	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP	City Debt Service	2021	2020
ASSETS					
Cash and investments	\$ 39,452	\$ 993,538	\$ 25,754	\$ 8,928,290	\$ 8,088,731
Receivables:					
Accounts	-	-	-	279,668	74,050
Interest	-	2,801	-	22,604	23,045
Intergovernmental	-	-	-	357,734	286,637
Inventories	-	-	-	47,545	47,545
Total Assets	\$ 39,452	\$ 996,339	\$ 25,754	\$ 9,635,841	\$ 8,520,008
LIABILITIES					
Accounts payable	\$ 16,644	\$ 9,276	\$ -	\$ 182,688	\$ 180,122
Accrued liabilities	-	-	-	27,749	6,454
Unearned revenues	-	-	-	408,022	395,889
Deposits payable	69,226	-	-	69,226	69,226
Due to other funds	-	-	-	575,815	527,149
Total Liabilities	85,870	9,276	-	1,263,500	1,178,840
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	327,767	-
Total Deferred Inflows of Resources	-	-	-	327,767	-
FUND BALANCES					
Restricted	-	987,063	25,754	8,508,841	7,399,306
Unassigned	(46,418)	-	-	(464,267)	(58,138)
Total Fund Balances	(46,418)	987,063	25,754	8,044,574	7,341,168
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 39,452	\$ 996,339	\$ 25,754	\$ 9,635,841	\$ 8,520,008

CITY OF SOLANA BEACH, CALIFORNIA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)**

	Special Revenue Funds		Capital Projects Funds	
	2021	2020	2021	2020
REVENUES				
Taxes and assessments	\$ 2,036,106	\$ 1,972,220	\$ 224,178	\$ 224,155
Intergovernmental	1,383,946	649,949	-	-
Charges for services	372,964	115,549	-	-
Use of money and property	35,933	239,111	(60,819)	34,835
Other revenues	884	16,495	-	-
Total Revenues	<u>3,829,833</u>	<u>2,993,324</u>	<u>163,359</u>	<u>258,990</u>
EXPENDITURES				
Current:				
Public safety	1,333,556	596,013	123,920	98,107
Public works	962,000	953,601	-	-
Community development	89,044	107,181	99,256	-
Community services	49,211	68,025	-	-
Capital outlay	566,198	833,321	-	63,654
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,000,009</u>	<u>2,558,141</u>	<u>223,176</u>	<u>161,761</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>829,824</u>	<u>435,183</u>	<u>(59,817)</u>	<u>97,229</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	346,415	-	-
Transfers out	(70,400)	(70,400)	-	-
Total Other Financing Sources (Uses)	<u>(70,400)</u>	<u>276,015</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	759,424	711,198	(59,817)	97,229
Fund Balance - Beginning	<u>6,318,751</u>	<u>5,607,553</u>	<u>1,000,462</u>	<u>903,233</u>
Fund Balance - Ending	<u>\$ 7,078,175</u>	<u>\$ 6,318,751</u>	<u>\$ 940,645</u>	<u>\$ 1,000,462</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, 2021
(With comparative totals for the year ended June 30, 2020)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2021	2020	2021	2020
REVENUES				
Taxes and assessments	\$ -	\$ -	\$ 2,260,284	\$ 2,196,375
Intergovernmental	-	-	1,383,946	649,949
Charges for services	-	-	372,964	115,549
Use of money and property	-	-	(24,886)	273,946
Other revenues	-	-	884	16,495
Total Revenues	-	-	3,993,192	3,252,314
EXPENDITURES				
Current:				
Public safety	-	-	1,457,476	694,120
Public works	-	-	962,000	953,601
Community development	-	-	188,300	107,181
Community services	-	-	49,211	68,025
Capital outlay	-	-	566,198	896,975
Debt service:				
Principal retirement	319,071	316,505	319,071	316,505
Interest and fiscal charges	30,630	40,134	30,630	40,134
Total Expenditures	349,701	356,639	3,572,886	3,076,541
Excess (Deficiency) of Revenue Over (Under) Expenditures	(349,701)	(356,639)	420,306	175,773
OTHER FINANCING SOURCES (USES)				
Transfers in	353,500	353,500	353,500	699,915
Transfers out	-	-	(70,400)	(70,400)
Total Other Financing Sources (Uses)	353,500	353,500	283,100	629,515
Net Change in Fund Balance	3,799	(3,139)	703,406	805,288
Fund Balance - Beginning	21,955	25,094	7,341,168	6,535,880
Fund Balance - Ending	\$ 25,754	\$ 21,955	\$ 8,044,574	\$ 7,341,168

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Special Revenue Funds				
	Gas Tax	Municipal Improvement Districts	Lighting District	COPS	Public Safety
REVENUES					
Taxes and assessments	\$ 310,442	\$ 710,306	\$ 646,733	\$ -	\$ -
Intergovernmental	10,000	2,749	3,231	232,674	454,707
Charges for services	-	-	-	-	-
Use of money and property	7,122	4,818	21,468	3,179	-
Other revenues	-	-	-	-	884
Total Revenues	327,564	717,873	671,432	235,853	455,591
EXPENDITURES					
Current:					
Public safety	-	-	-	148,877	313,595
Public works	2,924	605,495	325,839	-	-
Community development	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	96,533	-	-	-	24,677
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	99,457	605,495	325,839	148,877	338,272
Excess (Deficiency) of Revenue Over (Under) Expenditures	228,107	112,378	345,593	86,976	117,319
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(70,400)	-	-
Total Other Financing Sources (Uses)	-	-	(70,400)	-	-
Net Change in Fund Balance	228,107	112,378	275,193	86,976	117,319
Fund Balance - Beginning	197,834	1,153,761	2,801,163	250,943	278,751
Fund Balance - Ending	\$ 425,941	\$ 1,266,139	\$ 3,076,356	\$ 337,919	\$ 396,070

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)**

(CONTINUED)

	Special Revenue Funds				
	Fire Mitigation	Transportation Development Act	CDBG	Coastal Area Business / Visitor Assistance & Enhancement	Boating & Waterways
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 112,089	\$ -
Intergovernmental	-	167,872	-	-	91,545
Charges for services	27,078	-	-	-	-
Use of money and property	-	-	-	5,165	(1,387)
Other revenues	-	-	-	-	-
Total Revenues	27,078	167,872	-	117,254	90,158
EXPENDITURES					
Current:					
Public safety	5,606	-	743	-	450,000
Public works	-	-	-	-	-
Community development	-	-	-	25,821	-
Community services	-	-	-	-	-
Capital outlay	-	236,665	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	5,606	236,665	743	25,821	450,000
Excess (Deficiency) of Revenue Over (Under) Expenditures	21,472	(68,793)	(743)	91,433	(359,842)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	21,472	(68,793)	(743)	91,433	(359,842)
Fund Balance - Beginning	(7,438)	(34,696)	(15,917)	790,002	62,229
Fund Balance - Ending	\$ 14,034	\$ (103,489)	\$ (16,660)	\$ 881,435	\$ (297,613)

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Special Revenue Funds				
	Miscellaneous Grants	Developer Pass- Thru	Housing	Camp Programs	SB1 Streets & Roads
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 256,536
Intergovernmental	421,168	-	-	-	-
Charges for services	-	74,423	-	271,463	-
Use of money and property	(142)	(12,149)	10,848	-	(2,989)
Other revenues	-	-	-	-	-
Total Revenues	<u>421,026</u>	<u>62,274</u>	<u>10,848</u>	<u>271,463</u>	<u>253,547</u>
EXPENDITURES					
Current:					
Public safety	210,639	-	-	204,096	-
Public works	27,742	-	-	-	-
Community development	-	62,274	949	-	-
Community services	-	-	-	49,211	-
Capital outlay	-	-	-	-	208,323
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>238,381</u>	<u>62,274</u>	<u>949</u>	<u>253,307</u>	<u>208,323</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>182,645</u>	<u>-</u>	<u>9,899</u>	<u>18,156</u>	<u>45,224</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	182,645	-	9,899	18,156	45,224
Fund Balance - Beginning	<u>6,240</u>	<u>(87)</u>	<u>637,265</u>	<u>13,501</u>	<u>185,200</u>
Fund Balance - Ending	<u>\$ 188,885</u>	<u>\$ (87)</u>	<u>\$ 647,164</u>	<u>\$ 31,657</u>	<u>\$ 230,424</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, 2021
(With comparative totals for the year ended June 30, 2020)

	Capital Projects Funds		Debt Service Funds	Total Nonmajor Governmental Funds	
	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP	City Debt Service	2021	2020
REVENUES					
Taxes and assessments	\$ -	\$ 224,178	\$ -	\$ 2,260,284	\$ 2,196,375
Intergovernmental	-	-	-	1,383,946	649,949
Charges for services	-	-	-	372,964	115,549
Use of money and property	(67,531)	6,712	-	(24,886)	273,946
Other revenues	-	-	-	884	16,495
Total Revenues	(67,531)	230,890	-	3,993,192	3,252,314
EXPENDITURES					
Current:					
Public safety	-	123,920	-	1,457,476	694,120
Public works	-	-	-	962,000	953,601
Community development	99,256	-	-	188,300	107,181
Community services	-	-	-	49,211	68,025
Capital outlay	-	-	-	566,198	896,975
Debt service:					
Principal retirement	-	-	319,071	319,071	316,505
Interest and fiscal charges	-	-	30,630	30,630	40,134
Total Expenditures	99,256	123,920	349,701	3,572,886	3,076,541
Excess (Deficiency) of Revenue					
Over (Under) Expenditures	(166,787)	106,970	(349,701)	420,306	175,773
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	353,500	353,500	699,915
Transfers out	-	-	-	(70,400)	(70,400)
Total Other Financing Sources (Uses)	-	-	353,500	283,100	629,515
Net Change in Fund Balance	(166,787)	106,970	3,799	703,406	805,288
Fund Balance - Beginning	120,369	880,093	21,955	7,341,168	4,927,549
Fund Balance - Ending	\$ (46,418)	\$ 987,063	\$ 25,754	\$ 8,044,574	\$ 7,341,168

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 197,834	\$ 197,834	\$ 197,834	\$ -
Resources (Inflows):				
Taxes	336,400	336,400	310,442	(25,958)
Intergovernmental	-	-	10,000	10,000
Use of money and property	2,000	2,000	7,122	5,122
Amounts Available for Appropriations	536,234	536,234	525,398	(10,836)
Charges to Appropriations (Outflows):				
Public works	2,600	47,600	2,924	44,676
Capital outlay	292,300	247,300	96,533	150,767
Total Charges to Appropriations	294,900	294,900	99,457	195,443
Budgetary Fund Balance, June 30	\$ 241,334	\$ 241,334	\$ 425,941	\$ 184,607

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,153,761	\$ 1,153,761	\$ 1,153,761	\$ -
Resources (Inflows):				
Taxes	662,900	662,900	710,306	47,406
Intergovernmental	2,500	2,500	2,749	249
Use of money and property	800	800	4,818	4,018
Amounts Available for Appropriations	1,819,961	1,819,961	1,871,634	51,673
Charges to Appropriations (Outflows):				
Public works	630,100	631,098	605,495	25,603
Total Charges to Appropriations	630,100	631,098	605,495	25,603
Budgetary Fund Balance, June 30	\$ 1,189,861	\$ 1,188,863	\$ 1,266,139	\$ 77,276

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
LIGHTING DISTRICT FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,801,163	\$ 2,801,163	\$ 2,801,163	\$ -
Resources (Inflows):				
Taxes	598,100	598,100	646,733	48,633
Intergovernmental	3,200	3,200	3,231	31
Use of money and property	30,000	30,000	21,468	(8,532)
Amounts Available for Appropriations	3,432,463	3,432,463	3,472,595	40,132
Charges to Appropriations (Outflows):				
Public works	339,000	370,879	325,839	45,040
Transfers out	70,400	70,400	70,400	-
Total Charges to Appropriations	409,400	441,279	396,239	45,040
Budgetary Fund Balance, June 30	\$ 3,023,063	\$ 2,991,184	\$ 3,076,356	\$ 85,172

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 COPS FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 250,943	\$ 250,943	\$ 250,943	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	232,674	132,674
Use of money and property	400	400	3,179	2,779
Amounts Available for Appropriations	351,343	351,343	486,796	135,453
Charges to Appropriations (Outflows):				
Public safety	150,000	150,000	148,877	1,123
Total Charges to Appropriations	150,000	150,000	148,877	1,123
Budgetary Fund Balance, June 30	\$ 201,343	\$ 201,343	\$ 337,919	\$ 136,576

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 PUBLIC SAFETY FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 278,751	\$ 278,751	\$ 278,751	\$ -
Resources (Inflows):				
Intergovernmental	49,500	61,824	454,707	392,883
Miscellaneous	-	-	884	884
Amounts Available for Appropriations	328,251	340,575	734,342	393,767
Charges to Appropriations (Outflows):				
Public safety	85,000	97,324	313,595	(216,271)
Capital outlay	-	-	24,677	(24,677)
Total Charges to Appropriations	85,000	97,324	338,272	(240,948)
Budgetary Fund Balance, June 30	\$ 243,251	\$ 243,251	\$ 396,070	\$ 152,819

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE MITIGATION FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,438)	\$ (7,438)	\$ (7,438)	\$ -
Resources (Inflows):				
Charges for services	5,000	5,000	27,078	22,078
Amounts Available for Appropriations	(2,438)	(2,438)	19,640	22,078
Charges to Appropriations (Outflows):				
Public safety	5,000	5,000	5,606	(606)
Total Charges to Appropriations	5,000	5,000	5,606	(606)
Budgetary Fund Balance, June 30	\$ (7,438)	\$ (7,438)	\$ 14,034	\$ 21,472

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION DEVELOPMENT ACT FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (34,696)	\$ (34,696)	\$ (34,696)	\$ -
Resources (Inflows):				
Intergovernmental	-	-	167,872	167,872
Amounts Available for Appropriations	(34,696)	(34,696)	133,176	167,872
Charges to Appropriations (Outflows):				
Capital outlay	-	310,429	236,665	73,764
Total Charges to Appropriations	-	310,429	236,665	73,764
Budgetary Fund (Deficit), June 30	\$ (34,696)	\$ (345,125)	\$ (103,489)	\$ 241,636

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CDBG FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (15,917)	\$ (15,917)	\$ (15,917)	\$ -
Resources (Inflows):				
Intergovernmental	-	49,500	-	(49,500)
Amounts Available for Appropriations	(15,917)	33,583	(15,917)	(49,500)
Charges to Appropriations (Outflows):				
Public safety	-	-	743	(743)
Capital outlay	-	49,500	-	49,500
Total Charges to Appropriations	-	49,500	743	48,757
Budgetary Fund Balance, June 30	\$ (15,917)	\$ (15,917)	\$ (16,660)	\$ (743)

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
 COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND
 FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 790,002	\$ 790,002	\$ 790,002	\$ -
Resources (Inflows):				
Taxes	100,500	100,500	112,089	11,589
Use of money and property	2,500	2,500	5,165	2,665
Amounts Available for Appropriations	893,002	893,002	907,256	14,254
Charges to Appropriations (Outflows):				
Community development	53,100	68,950	25,821	43,129
Total Charges to Appropriations	53,100	68,950	25,821	43,129
Budgetary Fund Balance, June 30	\$ 839,902	\$ 824,052	\$ 881,435	\$ 57,383

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
BOATING AND WATERWAYS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 62,229	\$ 62,229	\$ 62,229	\$ -
Resources (Inflows):				
Intergovernmental	-	450,000	91,545	(358,455)
Use of money and property	-	-	(1,387)	(1,387)
Amounts Available for Appropriations	62,229	512,229	152,387	(359,842)
Charges to Appropriations (Outflows):				
Public safety	-	450,000	450,000	-
Total Charges to Appropriations	-	450,000	450,000	-
Budgetary Fund Balance, June 30	\$ 62,229	\$ 62,229	\$ (297,613)	\$ (359,842)

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,240	\$ 6,240	\$ 6,240	\$ -
Resources (Inflows):				
Intergovernmental	-	-	421,168	421,168
Use of money and property	-	-	(142)	(142)
Amounts Available for Appropriations	6,240	6,240	427,266	421,026
Charges to Appropriations (Outflows):				
Public safety	-	-	210,639	(210,639)
Public works	-	165,000	27,742	137,258
Total Charges to Appropriations	-	165,000	238,381	(73,381)
Budgetary Fund Balance, June 30	\$ 6,240	\$ (158,760)	\$ 188,885	\$ 347,645

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
DEVELOPER PASS-THRU FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (87)	\$ (87)	\$ (87)	\$ -
Resources (Inflows):				
Charges for services	100,000	100,000	74,423	(25,577)
Use of money and property	-	-	(12,149)	(12,149)
Amounts Available for Appropriations	99,913	99,913	62,187	(37,726)
Charges to Appropriations (Outflows):				
Community development	100,000	179,902	62,274	117,628
Public works	-	18,512	-	18,512
Total Charges to Appropriations	100,000	198,414	62,274	136,140
Budgetary Fund Balance, June 30	\$ (87)	\$ (98,501)	\$ (87)	\$ 98,414

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 637,265	\$ 637,265	\$ 637,265	\$ -
Resources (Inflows):				
Use of money and property	2,500	2,500	10,848	8,348
Amounts Available for Appropriations	639,765	639,765	648,113	8,348
Charges to Appropriations (Outflows):				
Community development	10,000	58,559	949	57,610
Total Charges to Appropriations	10,000	58,559	949	57,610
Budgetary Fund Balance, June 30	\$ 629,765	\$ 581,206	\$ 647,164	\$ 65,958

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CAMP PROGRAMS FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,501	\$ 13,501	\$ 13,501	\$ -
Resources (Inflows):				
Charges for services	388,900	388,900	271,463	(117,437)
Amounts Available for Appropriations	402,401	402,401	284,964	(117,437)
Charges to Appropriations (Outflows):				
Public safety	322,800	323,000	204,096	118,904
Parks and recreation	66,100	65,900	49,211	16,689
Total Charges to Appropriations	388,900	388,900	253,307	135,593
Budgetary Fund Balance, June 30	\$ 13,501	\$ 13,501	\$ 31,657	\$ 18,156

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 SB1 STREETS & ROADS
 FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 185,200	\$ 185,200	\$ 185,200	\$ -
Resources (Inflows):				
Taxes	236,400	236,400	256,536	20,136
Use of money and property	-	-	(2,989)	(2,989)
Amounts Available for Appropriations	421,600	421,600	438,747	17,147
Charges to Appropriation (Outflow):				
Capital outlay	208,300	208,300	208,323	(23)
Total Charges to Appropriations	208,300	208,300	208,323	(23)
Budgetary Fund Balance, June 30	\$ 213,300	\$ 213,300	\$ 230,424	\$ 17,124

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY CIP CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,752,887	\$ 2,752,887	\$ 2,752,887	\$ -
Resources (Inflows):				
Charges for services	50,000	50,000	70,716	20,716
Use of money and property	37,000	37,000	66,026	29,026
Miscellaneous	10,000	10,000	93,683	83,683
Transfers in	70,000	70,000	-	(70,000)
Amounts Available for Appropriations	2,919,887	2,919,887	2,983,312	63,425
Charges to Appropriations (Outflows):				
Public works	63,400	63,400	5,265	58,135
Capital outlay	870,000	986,722	609,562	377,160
Total Charges to Appropriations	933,400	1,050,122	614,827	435,295
Budgetary Fund Balance, June 30	\$ 1,986,487	\$ 1,869,765	\$ 2,368,485	\$ 498,720

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
SAND REPLENISHMENT / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 880,093	\$ 880,093	\$ 880,093	\$ -
Resources (Inflows):				
Taxes	200,900	200,900	224,178	23,278
Use of money and property	400	400	6,712	6,312
Amounts Available for Appropriations	1,081,393	1,081,393	1,110,983	29,590
Charges to Appropriations (Outflows):				
Public safety	150,300	241,003	123,920	117,083
Capital outlay	150,000	150,000	-	150,000
Total Charges to Appropriations	300,300	391,003	123,920	267,083
Budgetary Fund Balance, June 30	\$ 781,093	\$ 690,390	\$ 987,063	\$ 296,673

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,955	\$ 21,955	\$ 21,955	\$ -
Resources (Inflows):				
Transfers in	353,500	353,500	353,500	-
Amounts Available for Appropriations	375,455	375,455	375,455	-
Charges to Appropriations (Outflows):				
Debt service:				
Principal retirement	267,300	267,300	319,071	(51,771)
Interest and fiscal charges	86,200	86,200	30,630	55,570
Total Charges to Appropriations	353,500	353,500	349,701	3,799
Budgetary Fund Balance, June 30	\$ 21,955	\$ 21,955	\$ 25,754	\$ 3,799

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FIDUCIARY FUNDS

Undergrounding District Funds - the Barbara/Granados Avenue, Pacific Avenue/East and West Circle Drive, and Marsalan Avenue Utility Underground Assessment Districts are utility districts created to finance the undergrounding of utility lines. These funds account for payments from property owners as well debt service on bonds that were issued to pay for the undergrounding improvements within the assessment districts. This is accounted for as 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, 2021

(with comparative totals for the year ended June 30, 2020)

	Undergrounding Districts	South Solana Sewer District	2021	2020
ASSETS				
Cash and cash equivalents	\$ 194,317	\$ 35,573	\$ 229,890	\$ 112,380
Investments:				
Money market mutual funds	1,450	196	1,646	17,287
Local Agency Investment Fund	59,324	-	59,324	178,690
Asset-backed securities	8,561	1,157	9,718	3,608
Federal agency securities	74,989	10,137	85,126	30,989
Medium term corporate notes	29,520	3,990	33,510	12,627
Supranational securities	1,189	161	1,350	618
US Treasury securities	58,740	7,940	66,680	23,552
Receivables:				
Accrued interest	354	77	431	837
Due from other governments	789	773	1,562	1,623
Total Assets	<u>429,233</u>	<u>60,004</u>	<u>489,237</u>	<u>382,211</u>
LIABILITIES				
Accounts payable	2,607	1,189	3,796	1,964
Accrued interest	62,021	6,678	68,699	71,376
Long-term liabilities:				
Due in one year	60,000	15,000	75,000	85,000
Due in more than one year	1,420,000	360,000	1,780,000	1,855,000
Total Liabilities	<u>1,544,628</u>	<u>382,867</u>	<u>1,927,495</u>	<u>2,013,340</u>
NET POSITION				
Restricted for:				
Individuals, organizations, and other governments	(1,115,395)	(322,863)	(1,438,258)	(1,631,129)
Total Net Position	<u>\$ (1,115,395)</u>	<u>\$ (322,863)</u>	<u>\$ (1,438,258)</u>	<u>\$ (1,631,129)</u>

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021
 (with comparative totals for the year ended June 30, 2020)

	Undergrounding Districts	South Solana Sewer District	2021	2020
ADDITIONS				
Investment earnings:				
Net increase (decrease) in fair value of investments	\$ (2,661)	\$ (1,175)	\$ (3,836)	\$ 5,046
Interest, dividends, and other	3,044	540	3,584	7,544
Total investment earnings	383	(635)	(252)	12,590
Special assessment collections	176,822	38,507	215,329	97,439
Miscellaneous	99,256	-	99,256	-
Total Additions	276,461	37,872	314,333	110,029
DEDUCTIONS				
Contractual services	7,354	1,619	8,973	50,020
Interest expense	92,336	20,153	112,489	190,671
Total Deductions	99,690	21,772	121,462	240,691
Net Increase (Decrease) in Fiduciary Net Position	176,771	16,100	192,871	(130,662)
Net Position - Beginning	(1,292,166)	(338,963)	(1,631,129)	-
Restatement of Net Position	-	-	-	(1,500,467)
Net Position - Beginning, as Restated	(1,292,166)	(338,963)	(1,631,129)	(1,500,467)
Net Position - Ending	\$ (1,115,395)	\$ (322,863)	\$ (1,438,258)	\$ (1,631,129)

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**STATISTICAL SECTION
(UNAUDITED)**

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Statistical Section

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

Contents

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

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

Operating Information

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

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

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

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Financial Trends

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Government activities					
Net Investment in Capital Assets	\$ 34,301,049	\$ 39,384,623	\$ 34,095,894	\$ 32,415,836	\$ 30,365,711
Restricted	6,370,933	4,688,776	5,183,814	4,979,850	5,825,595
Unrestricted	5,275,012	1,418,151	6,871,872	(85,816)	1,230,929
Total governmental activities net position	\$ 45,946,994	\$ 45,491,550	\$ 46,151,580	\$ 37,309,870	\$ 37,422,235
Business-type activities					
Net Investment in Capital Assets	\$ 5,470,469	\$ 5,682,518	\$ 6,324,862	\$ 6,798,584	\$ 5,594,350
Restricted	-	-	-	-	-
Unrestricted	24,794,121	25,769,871	27,155,489	26,759,779	29,711,194
Total governmental activities net position	\$ 30,264,590	\$ 31,452,389	\$ 33,480,351	\$ 33,558,363	\$ 35,305,544
Primary government					
Net Investment in Capital Assets	\$ 39,771,518	\$ 45,067,141	\$ 40,420,756	\$ 39,214,420	\$ 35,960,061
Restricted	6,370,933	4,688,776	5,183,814	4,979,850	5,825,595
Unrestricted	30,069,133	27,188,022	34,027,361	26,673,963	30,942,123
Total governmental activities net position	\$ 76,211,584	\$ 76,943,939	\$ 79,631,931	\$ 70,868,233	\$ 72,727,779

ote: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 200

Fiscal Year				
2017	2018	2019	2020	2021
\$ 28,412,121	\$ 27,241,251	\$ 29,396,878	\$ 26,666,266	\$ 26,653,123
6,619,853	9,139,181	11,238,745	12,664,581	14,173,748
1,795,456	(2,320,375)	(3,911,422)	(1,487,812)	(1,345,933)
\$ 36,827,430	\$ 34,060,057	\$ 36,724,201	\$ 37,843,035	\$ 39,480,938
\$ 6,195,352	\$ 5,929,088	\$ 8,892,771	\$ 12,052,987	\$ 11,185,890
-	54	49	46	-
32,866,729	36,722,015	35,710,517	34,349,803	36,889,897
\$ 39,062,081	\$ 42,651,157	\$ 44,603,337	\$ 46,402,836	\$ 48,075,787
\$ 34,607,473	\$ 33,170,339	\$ 38,289,649	\$ 38,719,253	\$ 37,839,013
6,619,853	9,139,235	11,238,794	12,664,627	14,173,748
34,662,185	34,401,640	31,799,095	32,861,991	35,543,964
\$ 75,889,511	\$ 76,711,214	\$ 81,327,538	\$ 84,245,871	\$ 87,556,725

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental Activities:					
General government	\$ 3,509,970	\$ 3,521,929	\$ 3,712,734	\$ 3,344,429	\$ 3,944,303
Public safety	7,801,875	8,177,235	8,416,330	8,441,144	9,162,345
Public works	4,499,601	5,070,916	5,008,665	5,181,223	5,438,407
Community development	957,995	957,303	1,361,588	1,281,059	1,378,130
Community services	561,563	604,445	579,088	622,608	627,748
Interest on long-term debt	139,345	78,156	439,918	388,144	398,408
Total Governmental Activities expenses	17,470,349	18,409,984	19,518,323	19,258,607	20,949,341
Business-Type Activities:					
Sanitation	4,038,404	3,456,455	2,855,368	4,566,357	3,568,901
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Expenses	4,038,404	3,456,455	2,855,368	4,566,357	3,568,901
Total Primary Government Expenses	\$ 21,508,753	\$ 21,866,439	\$ 22,373,691	\$ 23,824,964	\$ 24,518,242
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 21,370	\$ -	\$ -	\$ -	\$ -
Public safety	439,523	376,156	402,670	464,533	578,282
Public works	251,766	511,843	743,210	238,587	416,524
Community development	796,475	648,280	830,429	852,578	928,065
Community services	229,571	357,877	303,070	347,698	365,289
Operating Contributions:					
Public safety	273,048	270,428	286,687	285,399	270,152
Public works	173,664	583,136	1,577,961	920,807	1,045,301
Community development	-	-	-	109,689	200,388
Community services	30,331	-	-	-	-
Capital Contributions and Grants:					
Public safety	78,590	162,672	129,740	53,091	160,372
Public works	25,000	-	-	-	-
Total Governmental Activities Program Revenues	2,319,338	2,910,392	4,273,767	3,272,382	3,964,373
Business-Type Activities:					
Charges for services:					
Sanitation	\$ 4,517,005	4,708,765	4,775,489	4,949,069	5,151,671
Solana Energy Alliance Fund	-	-	-	-	-
Total Business-Type Activities Program Revenues	4,517,005	4,708,765	4,775,489	4,949,069	5,151,671
Total Primary Government Program Revenues	\$ 6,836,343	\$ 7,619,157	\$ 9,049,256	\$ 8,221,451	\$ 9,116,044
Net (Expense)/Revenue					
Governmental Activities	\$ (15,151,011)	\$ (15,499,592)	\$ (15,244,556)	\$ (15,986,225)	\$ (16,984,968)
Business-Type Activities	478,601	1,252,310	1,920,121	382,712	1,582,770
Total primary Government Net Expense	\$ (14,672,410)	\$ (14,247,282)	\$ (13,324,435)	\$ (15,603,513)	\$ (15,402,198)
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 6,597,393	\$ 6,655,138	\$ 6,880,916	\$ 7,247,202	\$ 7,705,956
Transient occupancy taxes	1,118,592	1,186,197	1,220,075	1,467,373	1,605,685
Sales taxes	2,963,507	3,077,691	2,814,702	2,808,203	3,255,104
Intergovernmental, unrestricted:					
Franchise taxes	52,084	-	-	-	-
Other taxes	685,336	698,672	714,991	765,995	736,042
Use of money and property	2,670,333	2,643,515	2,736,146	2,747,073	2,797,559
Other	102,469	84,903	137,906	136,763	261,446
Extraordinary Gain/(Loss) on dissolution on redevelopment agency	494,008	722,094	1,399,850	914,672	735,521
Total Governmental Activities	2,933,995	-	-	-	-
Business-Type Activities:					
Use of money and property	17,617,717	15,068,210	15,904,586	16,087,281	17,097,313
Other	152,477	78,615	71,541	71,973	115,321
Total Business-Type Activities	269,358	46,470	36,300	28,939	49,090
Total Primary Government	\$ 18,039,552	\$ 15,193,295	\$ 16,012,427	\$ 16,188,193	\$ 17,261,724
Changes in Net Position					
Governmental Activities	\$ 2,466,706	\$ (431,382)	\$ 660,030	\$ 101,056	\$ 112,345
Business-Type Activities	900,436	1,377,395	2,027,962	483,624	1,747,181
Total Primary Government	\$ 3,367,142	\$ 946,013	\$ 2,687,992	\$ 584,680	\$ 1,859,526

		Fiscal Year							
		2017	2018	2019	2020	2021			
\$	4,309,372	\$	4,101,170	\$	3,650,982	\$	4,985,418	\$	5,537,474
	9,628,140		10,539,671		11,050,684		12,616,348		13,116,915
	5,487,183		5,944,432		5,937,131		4,894,915		4,665,830
	1,745,101		1,754,910		1,482,428		1,585,952		1,506,502
	1,122,128		730,645		1,178,128		1,226,910		1,193,256
	389,077		381,634		368,495		363,326		356,001
	<u>22,681,001</u>		<u>23,452,462</u>		<u>23,667,848</u>		<u>25,672,869</u>		<u>26,375,978</u>
	1,602,359		2,100,256		4,204,504		4,221,307		3,891,241
	-		390,533		5,210,816		4,350,085		3,841,312
	<u>1,602,359</u>		<u>2,490,789</u>		<u>9,415,320</u>		<u>8,571,392</u>		<u>7,732,553</u>
\$	<u>24,283,360</u>	\$	<u>25,943,251</u>	\$	<u>33,083,168</u>	\$	<u>34,244,261</u>	\$	<u>34,108,531</u>
\$	-	\$	-	\$	194,122	\$	205	\$	91,875
	620,990		577,351		581,313		401,633		325,042
	449,962		698,999		1,005,828		358,450		493,597
	1,252,126		1,300,411		1,169,232		1,190,562		1,082,510
	400,353		336,079		335,828		22,844		276,648
	198,615		177,936		186,145		199,300		466,509
	1,241,379		1,106,636		1,404,721		889,429		1,214,732
	-		100,000		-		-		-
	129,324		139,416		148,747		80,000		232,674
	158,370		420,005		298,205		345,162		301,580
	-		-		-		-		-
	<u>4,451,119</u>		<u>4,856,833</u>		<u>5,324,141</u>		<u>3,487,585</u>		<u>4,485,167</u>
	5,255,483		5,415,690		5,592,045		5,588,249		5,676,286
	-		494,307		5,202,375		4,178,287		3,567,034
	<u>5,255,483</u>		<u>5,909,997</u>		<u>10,794,420</u>		<u>9,766,536</u>		<u>9,243,320</u>
\$	<u>9,706,602</u>	\$	<u>10,766,830</u>	\$	<u>16,118,561</u>	\$	<u>13,254,121</u>	\$	<u>13,728,487</u>
\$	(18,229,882)	\$	(18,595,629)	\$	(18,343,707)	\$	(22,185,284)	\$	(21,890,811)
	3,653,124		3,419,208		1,379,100		1,195,144		1,510,767
\$	<u>(14,576,758)</u>	\$	<u>(15,176,421)</u>	\$	<u>(16,964,607)</u>	\$	<u>(20,990,140)</u>	\$	<u>(20,380,044)</u>
\$	8,095,383	\$	8,586,838	\$	9,070,200	\$	9,465,402	\$	10,093,847
	1,740,208		1,827,753		2,019,005		1,456,897		1,457,156
	3,127,803		3,191,410		3,502,561		3,291,805		3,689,566
	-		-		-		-		-
	733,354		723,164		792,575		751,324		789,365
	2,868,629		3,170,331		3,547,175		3,619,856		3,745,720
	283,828		286,867		1,100,795		1,132,930		631,813
	785,872		722,186		975,510		3,585,904		3,121,247
	-		-		-		-		-
	<u>17,635,077</u>		<u>18,508,549</u>		<u>21,007,821</u>		<u>23,304,118</u>		<u>23,528,714</u>
	88,940		81,629		557,179		423,002		124,888
	14,473		88,239		15,901		181,353		37,296
	<u>103,413</u>		<u>169,868</u>		<u>573,080</u>		<u>604,355</u>		<u>162,184</u>
\$	<u>17,738,490</u>	\$	<u>18,678,417</u>	\$	<u>21,580,901</u>	\$	<u>23,908,473</u>	\$	<u>23,690,898</u>
\$	(594,805)	\$	(87,080)	\$	2,664,114	\$	1,118,834	\$	1,637,903
	3,756,537		3,589,076		1,952,180		1,799,499		1,672,951
\$	<u>3,161,732</u>	\$	<u>3,501,996</u>	\$	<u>4,616,294</u>	\$	<u>2,918,333</u>	\$	<u>3,310,854</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable	\$ 6,482	\$ 9,276	\$ 7,523	\$ 9,382	\$ 7,471
Restricted	-	-	-	-	508,897
Committed	264,534	278,377	324,083	454,048	787,790
Assigned	4,486,177	4,579,527	5,102,543	5,324,048	5,520,890
Unassigned	2,573,592	4,014,144	4,369,152	5,580,686	6,200,244
Total General Fund	<u>\$ 7,330,785</u>	<u>\$ 8,881,324</u>	<u>\$ 9,803,301</u>	<u>\$ 11,368,164</u>	<u>\$ 13,025,292</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	6,241,182	4,588,670	5,107,900	4,979,850	5,316,698
Assigned	539,450	525,735	425,416	589,120	849,917
Unassigned	(315,857)	(5,333,420)	(222,713)	(213,005)	(184,544)
Total all other Governmental Funds	<u>\$ 6,464,775</u>	<u>\$ (219,015)</u>	<u>\$ 5,310,603</u>	<u>\$ 5,355,965</u>	<u>\$ 5,982,071</u>

Fiscal Year				
2017	2018	2019	2020	2021
\$ 20,164	\$ 72,579	\$ 23,402	\$ 52,665	\$ 54,212
893,185	1,294,957	1,743,908	2,422,056	3,245,475
914,846	1,015,354	1,436,307	1,179,507	901,576
5,690,381	5,805,890	6,041,593	6,349,702	6,206,689
6,805,201	7,385,736	4,588,069	5,450,148	7,138,002
<u>\$ 14,323,777</u>	<u>\$ 15,574,516</u>	<u>\$ 13,833,279</u>	<u>\$ 15,454,078</u>	<u>\$ 17,545,954</u>
\$ -	\$ 200	\$ -	\$ -	\$ -
5,726,668	7,844,224	9,494,837	10,242,525	10,928,273
1,385,099	-	-	-	-
(336,475)	(234,689)	(112,596)	(58,138)	(464,267)
<u>\$ 6,775,292</u>	<u>\$ 7,609,735</u>	<u>\$ 9,382,241</u>	<u>\$ 10,184,387</u>	<u>\$ 10,464,006</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues:					
Taxes and assessments	\$ 12,881,767	\$ 13,046,917	\$ 13,135,199	\$ 13,727,132	\$ 14,719,229
Intergovernmental	1,822,705	2,230,532	3,217,319	2,674,057	3,069,673
Licenses and permits	420,339	361,573	429,464	461,687	471,581
Charges for services	799,836	830,907	959,935	1,001,943	1,313,658
Fines and forfeitures	342,136	323,961	348,337	392,683	502,921
Use of money and property	102,469	84,903	137,906	136,763	261,466
Other	604,953	1,099,809	1,941,493	961,755	735,521
Total revenues	16,974,205	17,978,602	20,169,653	19,356,020	21,074,049
Expenditures:					
General government	3,230,362	3,057,761	3,085,499	3,222,933	3,500,443
Public safety	7,614,262	7,945,912	8,238,659	8,315,766	8,912,742
Public works	2,301,953	2,075,777	2,215,596	2,322,090	2,463,442
Community development	953,383	955,907	1,360,192	1,291,073	1,380,934
Community services	244,955	284,884	259,809	275,790	278,481
Capital outlay	2,048,301	7,638,942	3,452,914	1,773,690	2,190,316
Debt service:					
Principal retirement	239,900	280,700	155,925	155,930	161,086
Interest	155,519	77,283	439,464	388,523	383,130
Payment to refunded bond escrow agent	1,545,000	-	-	-	-
Pass-through payments	7,147	-	-	-	-
Total expenses	18,340,782	22,317,166	19,208,058	17,745,795	19,270,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,366,577)	(4,338,564)	961,595	1,610,225	1,803,475
Other financing sources (uses):					
Transfers in	2,560,970	742,322	1,319,473	446,865	743,400
Transfers out	(2,560,970)	(742,322)	(1,319,473)	(446,865)	(743,400)
Contributions to Successor Agency	-	(834,007)	(10,000)	-	-
Refunding Bonds issued	1,388,300	-	-	-	-
Other Debts Issued	818,696	-	-	-	-
Bond Discount	(10,650)	-	-	-	-
Contributions to OPEB Trust Fund	-	-	-	-	(135,000)
Long-term debt issued	(24,062)	-	5,500,000	-	614,759
Capital leases	-	-	-	-	-
Total other financing sources (uses)	2,172,284	(834,007)	5,490,000	-	479,759
Extraordinary Gain/(Loss) on dissolution of Redevelopment Agency	(366,005)	-	-	-	-
Net change in fund balances / net position	\$ 439,702	\$ (5,172,571)	\$ 6,451,595	\$ 1,610,225	\$ 2,283,234
Capital assets used in debt service calculation*	\$ 2,055,611	\$ 7,859,585	\$ 3,527,607	\$ 1,764,750	\$ 2,194,361
Debt service as a percentage of noncapital expenditures	2.4%	2.5%	3.8%	3.4%	3.2%

* 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.

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Revenue Capacity

CITY OF SOLANA BEACH

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

Fiscal Year	Residential Property	Commercial Property	Other Property	Less: Tax-Exempt Property
2012	2,990,970	352,417	158,210	-
2013	3,053,864	459,003	156,019	-
2014	3,150,064	457,092	154,207	-
2015	3,348,897	471,453	159,027	-
2016	3,549,149	490,565	161,797	-
2017	3,750,959	504,604	173,545	-
2018	3,974,035	567,922	182,779	-
2019	4,237,025	598,064	202,769	-
2020	4,479,369	619,869	254,522	-
2021	4,713,080	632,197	201,845	-

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

N/A - Data not available

Source: San Diego County Assessor 2011/12 - 2020/21 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
3,501,597	0.1800%	N/A	N/A
3,668,886	0.1800%	N/A	N/A
3,761,363	0.1803%	N/A	N/A
3,979,377	0.1779%	N/A	N/A
4,201,511	0.1778%	N/A	N/A
4,429,108	0.1779%	N/A	N/A
4,724,736	0.1778%	N/A	N/A
5,037,858	0.1778%	N/A	N/A
5,353,760	0.1779%	N/A	N/A
5,547,122	0.1780%	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
2012	0.1602	0.0037	0.00955	0.1735
2013	0.1602	0.0037	0.00955	0.1735
2014	0.1602	0.0037	0.00955	0.1735
2015	0.1602	0.0037	0.09600	0.1735
2016	0.1602	0.0037	0.09600	0.1735
2017	0.1602	0.0037	0.09600	0.1735
2018	0.1602	0.0037	0.00955	0.1735
2019	0.1602	0.0037	0.00955	0.1735
2020	0.1602	0.0037	0.00955	0.1735
2021	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)
2012	0.167550	0.0004	0.40281	0.10486	0.025350
2013	0.167550	0.0004	0.40281	0.10486	0.025350
2014	0.167550	0.0004	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

(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 2020/21 Annual Tax Increment Tables and HdL Coren and Cone.

Overlapping Rates

Educational Revenue Augmentation	Voter Approved (3)					Total Direct & Overlapping Tax Rate
	Solana Beach School District Prop JJ Debt Service	Metropolitan Water District Debt Service	Santa Fe Irrigation Tax Rate Reduction	Mira Costa Comm College 2016A	San Dieguito Prop Aa 11/6/2013 2013A A1	
0.12551	-	0.0037	-	-	-	1.00370
0.12551	-	0.0035	-	-	-	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

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CITY OF SOLANA BEACH

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

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<u>For the Fiscal Year Ended June 30, 2021</u>		
S B T C Holdings LLC	\$ 103,427,450	1.86%
Pacific Solana Beach Holdings LP	72,101,495	1.30%
SB Coporate Centre III-IV LLC	59,922,135	1.08%
GRE Beachwalk LLC (Pending Appeals on Parcels)	35,285,166	0.64%
Sanyo Foods Corporation of America	34,035,001	0.61%
Fenton Solana Highlands LLC	33,139,762	0.60%
E R P Operating LP	20,749,877	0.37%
Lavida Delmar Asscs LP	17,709,620	0.32%
Solana Mar LLC	17,200,349	0.31%
Showprop Monrovia II LLC	16,777,695	0.30%
Total	\$ 410,348,550	7.40%
<u>For the Fiscal Year Ended June 30, 2012</u>		
SB Corporate Centre III-IV LLC	\$ 37,324,946	1.07%
Solana Beach Towne Centres Investments (Pending Appeals on Parcels)	31,930,384	0.91%
Sanyo Foods Corporation of America	29,241,915	0.84%
Pacific Solana Beach Holdings LP	29,235,554	0.83%
Fenton Solana Highlands LLC	27,669,189	0.79%
Muller-Beachwalk LLC	22,400,000	0.64%
E R P Operating LP	17,708,254	0.51%
Lavida Delmar Asscs LP	15,649,998	0.45%
445 Marine View LLC	15,000,000	0.43%
Urschel Laboratories Inc	12,853,076	0.37%
Total	\$ 239,013,316	6.83%

Source: HdL Coren & Cone and San Diego County Assessor 2011/12 & 2020/21

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
2012	\$ 5,770,042	\$ 5,489,946	95.1%
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%

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
\$ -	\$ 5,489,946	95%
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%

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Debt Capacity

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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 Bonds	Refunding Lease ABAG	Bonds	Capital Leases	Loans			
2012*	\$ -	\$ 1,388,300	\$ -	\$ 958,681	\$ 14,132,771	\$ 16,479,752	4.20%	0.0032
2013*	-	1,279,300	-	787,950	13,095,631	15,162,881	4.58%	0.0035
2014*	-	1,166,600	5,500,000	745,693	12,175,456	19,587,749	3.56%	0.0027
2015*	-	1,055,400	5,500,000	701,931	11,273,883	18,531,214	3.95%	0.0030
2016	-	940,600	5,500,000	1,271,372	10,339,405	18,051,377	4.05%	0.0031
2017	-	817,200	5,500,000	1,113,062	9,373,587	16,803,849	4.85%	0.0036
2018	-	690,400	5,500,000	943,496	19,146,912	26,280,808	3.10%	0.0023
2019	-	560,600	5,500,000	769,326	18,064,945	24,894,871	3.52%	0.0025
2020	-	423,000	5,500,000	590,421	17,449,133	23,962,554	3.66%	0.0026
2021	-	287,700	5,500,000	406,650	16,818,321	23,012,671	3.88%	0.0028

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, 2021**

Fiscal Year 2020-21 Assessed Valuation : \$5,547,944,868

<u>Direct Debt:</u>	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City (1)</u>	<u>Net Bonded Debt</u>
City of Solana Beach Lease Agreement	\$ 287,700	100.000%	(3) \$ 287,700
City of Solana Beach Capital Lease Obligation	406,650	100.000%	406,650
Total Direct Debt			<u>694,350</u>
 <u>Overlapping Debt:</u>			
Metropolitan Water District	26,830,000	0.170%	45,611
Mira Costa Community College District	306,265,000	4.628%	14,173,944
San Dieguito Union High School District	431,325,000	7.632%	32,918,724
San Dieguito Union High School District			
Community Facilites District No. 95-1	27,780,000	1.303%	361,973
Solana Beach School District School Facilities			
Improvement District No. 2016-1	93,095,000	31.929%	29,724,303
City of Solana Beach 1915 Act Bonds	2,220,000	100.000%	2,220,000
Olivenhain Municpal Water District, Assessment District No. 96-1	6,315,000	0.557%	35,175
 San Diego County General Fund Obligations	 211,585,000	 0.947%	 2,003,710
San Diego County Pension Obligations	400,125,000	0.947%	3,789,184
San Diego County Superintendent of Schools			
General Fund Obligations	8,585,000	0.947%	81,300
San Dieguito Union High School District			
Certificates of Participation	12,730,000	7.632%	971,554
 Overlapping Tax Increment Debt	 2,289,900	 100.000%	 2,289,900
Total Overlapping Debt			<u>88,615,378</u>
Total Direct and Overlapping Debt			<u>(2) \$ 89,309,728</u>

Debt to Assessed Valuation Ratios :

Direct Debt	0.01%
Overlapping Debt	1.60%
Total Debt	1.61%

Note:

(1) - Percentage of overlapping agency's assess valuation located within the boundaries of the city.

(2) - Excludes tax and revenue anticipation notes, enterprise revenues, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

(3) Includes the Unamortized Bond Discount

Source: California Municipal Statistics, Inc.

CITY OF SOLANA BEACH

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

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 5,547,945
Debt limit (15% of assessed value)	<u>832,192</u>
Legal debt margin	<u><u>\$ 832,192</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>
2012	\$ 513,291	\$ -	\$ 513,291	100.00%
2013	550,417	-	550,417	100.00%
2014	564,290	-	564,290	100.00%
2015	597,013	-	597,013	100.00%
2016	630,359	-	630,359	100.00%
2017	664,464	-	664,464	100.00%
2018	708,810	-	708,810	100.00%
2019	755,767	-	755,767	100.00%
2020	793,275	-	793,275	100.00%
2021	832,192	-	832,192	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>
2012*	4,122	154,349	-	158,471
2013*	-	154,280	-	154,280
2014*	-	148,974	-	148,974
2015*	-	148,732	-	148,732
2016*	-	153,283	-	153,283
2017*	-	152,429	-	152,429
2018*	-	151,067	-	151,067
2019*	-	154,321	-	154,321
2020*	-	147,382	-	147,382
2021*	-	150,056	-	150,056

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
2012*	109,000	45,349	1.03
2013*	112,700	41,580	1.00
2014*	111,200	37,774	1.00
2015*	114,800	33,932	1.00
2016*	123,400	29,883	1.00
2017*	126,800	25,629	1.00
2018*	129,800	21,267	1.00
2019*	137,600	16,721	1.00
2020*	135,300	12,082	1.00
2021*	142,700	7,356	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

Demographic and Economic Information

CITY OF SOLANA BEACH

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	13,000	\$ 691,899	\$ 53,223	6.8%
2012	12,987	695,142	53,526	4.7%
2013	13,099	697,561	53,253	4.1%
2014	13,059	731,200	55,992	6.0%
2015	13,494	778,568	57,697	4.8%
2016	13,527	815,210	60,265	4.3%
2017	13,938	830,408	59,578	1.7%
2018	13,933	875,833	62,860	1.7%
2019	13,838	873,757	63,141	1.7%
2020	13,827	894,002	64,656	5.1%

Sources: HdL Coren & Cone report prepared on 7/28/2021

CITY OF SOLANA BEACH
25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2021

Employer	Category	Business category
Cesar Entertainment	1	Restaurants
Employee's Association SDG-E	1	Associations
General Dynamics Nassco	1	Ship Builders & Repairers (Mfrs)
Illumina Inc	1	Biotechnology Products & Services
Kaiser Permanente Zion Med Ctr	1	Health Services
Merchants Building Maintenance	1	Janitor Service
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 2021

Categories

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

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

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

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Operating Information

CITY OF SOLANA BEACH

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

Fiscal Years:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Function/Program</u>					
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	2.75	2.65	2.60	3.10	3.10
City Manager	1.92	1.84	1.74	2.05	2.05
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	3.40	3.35	3.80	3.55	3.55
Personnel	1.10	0.98	0.95	1.00	1.00
Info/Communication Systems	1.00	1.00	1.00	1.00	1.00
Community Development	5.50	5.50	5.40	6.00	6.00
Public Safety					
Fire	19.22	19.95	19.95	19.95	19.95
Code Enforcement	1.78	1.75	1.75	1.80	1.80
Marine Safety	8.08	8.06	8.06	8.06	9.49
Junior Lifeguards	3.73	3.73	3.73	3.73	3.53
Public Works					
Engineering	2.31	2.48	2.41	2.28	2.13
Environmental/Flood Control	1.10	1.10	1.10	1.10	1.10
Street Maintenance	2.90	2.90	2.90	2.95	2.95
Park Maintenance	1.35	1.35	1.35	1.35	1.35
Recreation & Community Services					
Community Services	0.95	0.95	0.95	0.95	0.95
Recreation	(1) 2.59	2.59	2.59	2.46	2.48
Sanitation	2.93	2.93	2.98	2.93	3.22
Improvement Districts	0.95	0.95	0.95	0.9	0.9
Redevelopment Agency	0.50	0.60	1.05	0.90	0.90
Solana Energy Alliance*	-	-	-	-	-
Total Personnel	<u>64.51</u>	<u>65.11</u>	<u>65.71</u>	<u>66.51</u>	<u>67.90</u>

N/A - Data Not Available

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

*Solana Energy Alliance started mid FY18

(1) Includes Camp Recreation

Source: City of Solana Beach's Annual Budget

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
0.20	0.20	0.20	0.20	0.20
3.10	3.10	3.10	3.23	3.23
1.80	1.90	1.90	2.48	2.48
0.25	0.25	0.25	0.25	0.25
3.55	3.45	3.05	3.30	3.30
1.15	0.95	0.95	0.95	0.95
1.00	1.00	1.00	1.00	1.00
5.80	5.80	5.80	6.00	6.00
19.95	20.20	20.20	20.20	20.20
1.80	1.80	1.80	1.80	1.80
9.49	9.29	9.29	9.71	9.71
4.03	4.23	4.23	4.7	4.7
2.73	2.73	2.73	2.73	2.73
1.05	1.05	1.05	1.00	1.00
2.95	2.95	2.95	2.95	2.95
1.35	1.35	1.35	1.35	1.35
0.90	0.90	0.65	0.65	0.65
2.43	2.43	2.38	2.40	2.40
3.12	3.37	3.37	3.37	3.37
0.9	0.9	0.9	0.9	0.9
1.10	0.80	0.80	0.14	0.14
-	-	0.75	0.75	0.75
<u>68.65</u>	<u>68.65</u>	<u>68.70</u>	<u>70.06</u>	<u>70.06</u>

CITY OF SOLANA BEACH

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Community development					
Number of:					
Business licenses (A)	1877	2023	2147	1957	2068
Plan checks (B)	211	225	276	275	304
Code violations (calendar basis)	1277	1458	1467	1016	1240
Police (Calendar basis)					
Number of calls for service (C) (D):					
Priority 1	12	11	27	12	13
Priority 2	501	480	498	467	437
Priority 3	1689	1711	1624	1712	1740
Priority 4	1199	1156	1037	1225	1110
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	337	321	210	305	240
Fire					
Emergency Responses	1093	1736	1702	1798	1810
Training Hours	n/a	5090	7079.67	6178	5997
Plan Checks	161	335	92	289	380
Public works					
Miles of:					
Street resurfacing/repair	180000**	150000**	150000**	550000**	5.3*
Street sweeping	900	900	900	900*	900*
Number of:					
Street signal maintained	168	168	192	192	192
Trees pruned per year	158	500	158	40	40
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	315	385	280	329	266
Classes (classes offered to san digueto adult school)	35	35	N/A	144	***N/A
Mira Costa College Community Education, # of students	N/A	N/A	N/A	N/A	N/A
Special events (attendees)	11250	N/A	7350	10600	7800

N/A - Data not available

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

(B) - Excludes temporary plan checks.

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

(D) - 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				
2017	2018	2019	2020	2021
2007	2055	2345	2677	2677
284	319	319	399	399
1124	2513	2656	N/A	N/A
7	11	9	2	9
343	470	209	159	207
1141	1825	167	117	143
826	1181	1154	1109	1337
N/A	N/A	247	226	337
N/A	N/A	147	287	212
N/A	N/A	703	619	832
N/A	N/A	0	0	0
N/A	N/A	0	0	0
173	227	139	117	231
1883	1859	1792	1792	1495
4695.6	4687	6350	6350	6375
390	375	375	375	436
1.7*	1.9	3.8	1	0.8
900*	504	504	504	504
192	192	192	192	192
500	274	280	280	280
315	322	315	312	290
***N/A	***N/A	***N/A	***N/A	***N/A
N/A	720	700	400	150
8300	7400	7700	6500	2200

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety					
Code enforcement vehicles	2	2	2	2	2
Fire					
Stations	1	1	1	1	1
Fire Engines	4	4	4	3	3
Other vehicles	2	2	1	2	2
Public works					
Streets (miles)	46	46	46	42	42
Street lights (city-owned)	748	748	748	527	527
Traffic signals	13	16	18	16	16
Public works vehicles	7	7	8	11	11
Public works Corporation Yard	1	1	1	1	1
Recreation & community service					
Community centers	2	2	2	2	2
Parks	3	3	3	3	3
Marine Safety					
Lifeguard Stations (Permanent)*	3	3	3	3	3
Lifeguard Stations (Temporary)	N/A	N/A	N/A	N/A	N/A
Vehicles	5	5	4	4	4

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

Sources: Various city departments.

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

Fiscal Year					
2017	2018	2019	2020	2021	
	2	2	2	2	2
	1	1	1	1	1
	3	3	2	2	2
	2	2	3	3	3
	42	42	42	42	42
	527	525	525	525	525
	16	16	16	16	16
	12	8	8	8	8
	1	1	1	1	1
	2	2	2	2	2
	3	2	2	2	2
	6	6	3	3	3
N/A	N/A		3	4	4
	5	5	5	5	5

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**CITY OF
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