



CITY OF SOLANA BEACH, CALIFORNIA

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FISCAL YEAR ENDING

JUNE 30, 2023

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**CITY OF SOLANA BEACH, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

**PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF SOLANA BEACH**

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CITY OF SOLANA BEACH, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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CITY OF SOLANA BEACH

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January 30, 2024

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, 2023.

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

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

Internal Controls

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

As a recipient of State, County, and Federal financial resources, the City is also 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

Davis Farr 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, 2023, 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, 2023, provided no instance of material weakness in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a reasonable basis for rendering an unmodified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MDA)

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

Government Profile

The City was incorporated on July 1, 1986, under the general laws of the State of California and is home to a population of 12,601 residents per the Bureau of Labor and Statistics. Included within the City's financial statements is the financial information of the Solana Beach Public Facilities Corporation. The City is considered the primary government, and the Public Facilities Corporation is a component unit. Additionally, since the governing boards of the City and the component unit are the same, the financial statements of the City and the component unit are blended.

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

The City is a coastal community encompassing approximately 3.4 square miles and is located twenty-one miles north of the City of San Diego's downtown district. It is bordered to the North and South by the cities of Encinitas and Del Mar, respectively; to the East by the County of 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 annually 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 2023, the City Council approved a two-year budget for Fiscal Years (FY) 2024 and 2025. The budget is amended from time to time during this two-year budget cycle, with budget adjustments brought before the City Council for review and approval. The final General Fund Budget as amended is presented in the Required Supplementary Information section of this report.

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

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

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2024 was prepared in accordance with Generally Accepted Accounting Principles.

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

Economic Condition and Outlook

Information presented in the City's financial statements is best understood within the context of our broader economic conditions. Fundamentals of the national economy have gained strength as the economy continues to rebound from the COVID-19 pandemic. Based on the most recent estimates from the Bureau of Economic Analysis, Real Gross Domestic Product (GDP) increased at an annual rate of 1.3% in the first quarter of 2023.

In July 2023, the U.S. Bureau of Labor Statistics (BLS) reported the Consumer Price Index for All Urban Consumers (CPI-U) increased 3.2% before seasonal adjustment after rising 0.2% for the month of June. This reflected the slowing economy due to actions by the federal reserve including raising interest rates.

The index for all items rose 3.2% over the past 12 months, ending July 2023.

Local Economy

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

As a somewhat suburban community, Solana Beach's economic base is linked primarily to the economy of the greater San Diego region. In particular, the greater San Diego economic base sustains the City's residential and industrial facilities.

The local economy is primarily based on small to medium sized retail establishments and specialty stores selling general merchandise, furniture, arts and crafts, clothing, food, and gasoline. Local economic generators such as vacation tourism support a significant portion of the City's commercial base.

The United States Bureau of Labor Statistics (BLS) reported the San Diego region's unemployment rate was 3.9% in July 2023. The region's unemployment rate remained lower than California's unemployment rate of 4.6% in July 2023.

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

In June 2023, Governor Gavin Newsom signed a \$310 billion budget for the 2024 fiscal year, an increase of 0.65% from the adopted FY 2023 budget. The state budget includes a \$225.9 Billion General Fund, a \$8.6 billion or 3.7% decrease, as compared to the adopted FY 2023 budget appropriations. The largest increases were in Health & Human Services (\$12.2 billion), Education K-12 (\$2 billion) and General Government Statewide Expenditures (\$3 billion).

Long-Term Financial Planning

Solana Beach's conservative fiscal policies have helped the City build and maintain a healthy reserve and management will continue to keep 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 2023 increased \$831,546 to \$9,962,980, or 9.1%, as compared to the prior year. Regular Sales tax receipts increased \$235,657 to \$4,648,922, or by 5.3%, which is due to the continued strong recovery in sales from the negative impact of the pandemic as well as the impact of inflation on the cost of taxable goods. In addition, the City of Solana Beach voters approved a local 1% sales and use tax measure for "Solana Beach Streets, Parks, Beaches, and Services Measure" (Measure S). These new sales tax receipts totaled \$1,197,045 for FY 2023, which was only the first quarter of collection as this new tax was implemented in April.

Overall, the City's General Fund revenues increased by \$4,942,246, or 20.6%, from \$23,935,023 in FY 2022 to \$28,877,269 in FY 2023.

For FY 2024, 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.

It is the City's continued goal not to rely on General Fund reserves to operate the City annually.

Relevant Financial Policies

The City of Solana Beach has financial policies that help guide it during the preparation of the annual budget. One such policy is the 17% reserve requirement. This policy, as in the adoption of the FYs 2024 and 2025 Budgets, is one that has been continuously adhered to by Council.

The Equipment 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 2024 and 2025 budget process, the Council again ensured that funds were appropriated to maintain adequate reserves in the Asset Replacement Fund.

The City established a Facilities Replacement Fund to ensure that funds are available in the future for the replacement of buildings and improvements. Through the end of FY 2023, the balance in this fund is \$733,095.

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 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 gain for all funds for the fiscal year ended June 30, 2023, was \$688,090 (\$568,651 investment income received plus \$119,439 gain on the FMV), an increase of \$2,122,009 from the prior fiscal year's investment loss amount of \$1,433,919 (\$582,910 investment income received minus \$2,016,829 loss on the FMV).

Major Projects and Financial Planning

Annual Street Maintenance Program

The City has been increasing its level of commitment to maintain city streets. In 2021, a City-wide pavement condition assessment was performed to determine the most effective way to budget, repair, replace and preserve City streets. Based upon this condition assessment report, the consultant prepared a priority list for the City's pavement repairs and maintenance. This list was used to select street segments for the street maintenance and repair program. The 2024 Annual Street Maintenance Program is currently being designed and will be presented to the City Council for consideration in early spring 2024.

The City strives to prioritize the streets most in need of maintenance. Overlay is an important part of preserving streets. This limits the need for major repairs which are much more costly to the City. The City Council approved allocating additional funds to this program at the end of FY 2022 and budgeted utilizing Measure S tax towards the program for FY 2024 and FY 2025 as this was identified as a priority of Measure S supporters. This signifies Council's commitment to this very impactful program.

Annual Sewer Main Maintenance Storm Drain Rehabilitation Program

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

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

Marine Safety Center Design



The existing Marine Safety Center (MSC) at Fletcher Cove, shown above, 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 2017, Staff worked with SDA on the preparation of the Fletcher Cove MSC Feasibility/Needs Assessment Study. The results of the Study indicated that nearly all building components are degraded and are past their useful lifespan. Spatially, the current building layout does not meet the functional needs of the Lifeguards.

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

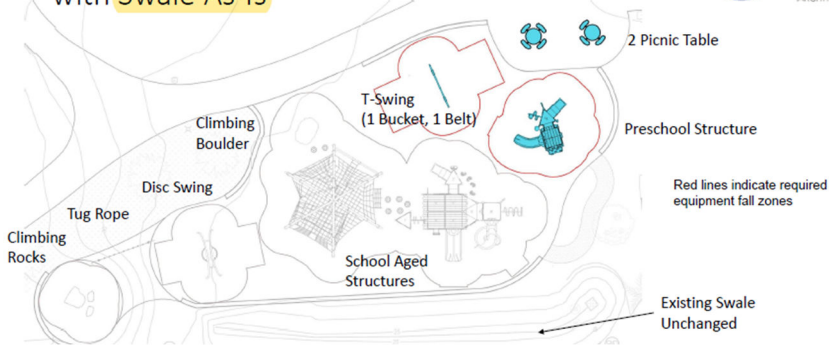
During the past fiscal year, in collaboration with the City Staff and following the City Council's direction, the consultant team continued the design work on the preferred design options. Story poles were installed, and preliminary view assessment was carried out by Staff. At the City Council meeting on February 8, 2023, the City Council provided direction to Staff based on a review of potential view impacts associated with the preliminary design. The project will be moving into the final design phase in FY 2023 subject to the City Council's approval of the preliminary design. A total of \$500,000 was appropriated in the FY 2024 budget for design and engineering for the project.

At their meeting on January 24, 2024, Council directed Staff to proceed with the permitting process for a new Marine Safety Center building by installing story poles for the proposed project (shown on next page).



La Colonia Park TOT Lot

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



In FY 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 2010 and preliminary design of the park during FY 2011.

More recently, Staff has been engaged with Van Dyke Landscape Architects (VDLA) to design a new Tot Lot at La Colonia Park. In FY 2022 the City budgeted \$479,000 to design and construct the new Tot Lot and renovate the playground.

The estimated cost for the design and construction of the Tot Lot is \$1,500,000. A Prop 68 Parks grant was received in the amount of \$233,089, which includes \$186,471 from the State and a City match of \$46,618. Staff has also successfully submitted a grant application to the County of San Diego for the Neighborhood Reinvestment Program and was awarded \$50,000. The project began construction in late 2023.

Additionally, with the City’s purchase of the property immediately north of the new Skate Park, an assessment of how to incorporate the property into the existing park is being conducted by Staff and VDLA.

Fletcher Cove Community Park and Community Center Improvements

Fletcher Cove Tot Lot

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

Elements Include:

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



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

Work also included reconstruction of the Tot Lot at Fletcher Cove. The construction of Fletcher Cove Park Tot Lot was awarded by the City Council in February 2023 and completed in July 2023. The total construction cost was \$460,600.



Other work included repairs to the community center including a new roof and siding which is now complete. Finally, these improvements will also include reconstructing the handrail and lower portion of the concrete beach access ramp, which recently was approved by the Coastal Commission. Maintenance on the boardwalk, sun plaza and basketball court have been completed during late April and early summer 2023.

Lomas Santa Fe Corridor Project



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

During the past fiscal year, Phase III of the project was completed. Phase III of the project included the final design of the improvements to LSF and was funded primarily through a grant from SANDAG. Some of the elements designed during Phase III include a multi-use path on the north side of LSF, striping and signal improvements, added parking, landscaping, and other items intended to slow down traffic and increase use of the corridor by pedestrians and bicycles. Staff is in the process of preparing a stand-alone construction plan from Highland Drive to the I-5 freeway consistent with the available Federal funding that has been successfully awarded due to significant efforts by Congressman Levin's office for this project.

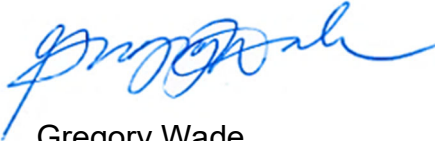
Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its ACFR for the fiscal year ended June 30, 2022. This was the twenty-first year in the past twenty-two years that the City has received this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department staff. We would also like to thank the Mayor and Council for their continued support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Gregory Wade
City Manager

Respectfully submitted,



Rachel Jacobs
Finance Director/City Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Solana Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

**CITY OF SOLANA BEACH
LIST OF OFFICIALS AND ADVISORY BODIES**

CITY COUNCIL

LESA HEEBNER
Mayor

JEWEL EDSON
Deputy Mayor

KRISTI BECKER
Council Member

DAVID A. ZITO
Council Member

JILL MACDONALD
Council Member

ADVISORY COMMISSIONS

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

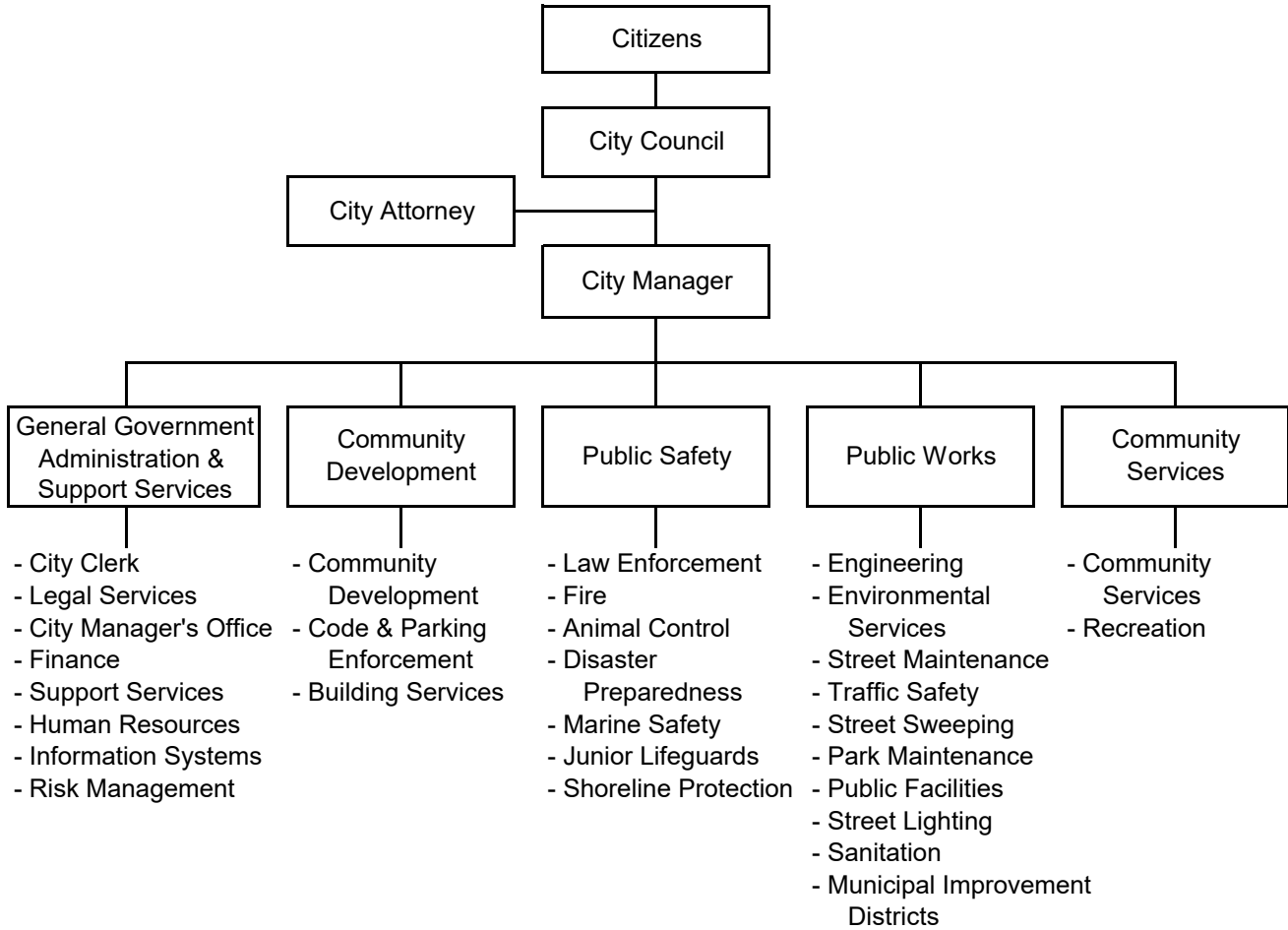
CITY ADMINISTRATION

GREGORY WADE
City Manager

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

CITY OF SOLANA BEACH

Organizational Chart
Fiscal Year 2022-2023



FINANCIAL SECTION

Independent Auditor’s Report

City Council
City of Solana Beach
City of Solana Beach, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Solana Beach (the “City”), as of and for the year June 30, 2023, 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 accompanying financial statements 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, 2023, and the respective changes in financial position and, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City’s management is responsible for the preparation and fair presentation of the 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 one year after the date that the financial statements are issued.

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 opinions. 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 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, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, budgetary comparison schedule for the General Fund and pension and other post-employment benefit schedules* 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.

Report on Summarized Comparative Information

The financial statements of the City for the year ended June 30, 2022 were audited by other auditors whose report dated February 2, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 and are not a required part of the basic financial statements.

The *combining and individual nonmajor fund financial statements and budgetary schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and budgetary 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 Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do 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 30, 2024 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 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.

DavisFarrLLP

Irvine, California
January 30, 2024

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, 2023 (Fiscal Year (FY) 2023). 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 \$112,974,537, or by \$18,520,158, due to FY 2023 operations.
- Governmental net position equaled \$61,930,784.
- The total revenues for all governmental fund sources were \$47,406,498.
- The total expenditures for all governmental funds were \$28,886,340.
- The General Fund reported an excess of revenues over expenditures and other financing sources and uses by \$2,998,764.
- The General Fund's actual resources received exceeded the final revenue budget by \$5,624,929 while actual expenditures were \$1,123,948 less than the final budget.

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 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, is 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 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 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 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 | |
|-------------------------------------|----------------------------|----------------------|------------------------|----------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assets: | | | | | | |
| Current and other assets | \$ 48,847,596 | \$ 41,783,836 | \$ 51,169,143 | \$ 49,880,265 | \$ 100,016,739 | \$ 91,664,101 |
| Capital assets, net | 41,808,198 | 34,056,404 | 17,094,784 | 17,533,954 | 58,902,982 | 51,590,358 |
| Total Assets | 90,655,794 | 75,840,240 | 68,263,927 | 67,414,219 | 158,919,721 | 143,254,459 |
| Deferred Outflows | 8,005,746 | 3,817,131 | 646,308 | 200,619 | 8,652,054 | 4,017,750 |
| Liabilities: | | | | | | |
| Long-term debt outstanding | 27,355,767 | 19,861,127 | 17,385,545 | 16,963,985 | 44,741,312 | 36,825,112 |
| Other liabilities | 7,582,795 | 6,815,603 | 336,252 | 384,932 | 7,919,047 | 7,200,535 |
| Total Liabilities | 34,938,562 | 26,676,730 | 17,721,797 | 17,348,917 | 52,660,359 | 44,025,647 |
| Deferred Inflows | 1,792,194 | 8,323,063 | 144,685 | 469,120 | 1,936,879 | 8,792,183 |
| Net Position: | | | | | | |
| Net investment in capital assets | 34,677,741 | 26,396,682 | 11,547,573 | 11,656,188 | 46,225,314 | 38,052,870 |
| Restricted | 21,964,017 | 17,970,956 | - | - | 21,964,017 | 17,970,956 |
| Unrestricted | 5,289,026 | 289,940 | 39,496,180 | 38,140,613 | 44,785,206 | 38,430,553 |
| Total Net Position | \$ 61,930,784 | \$ 44,657,578 | \$ 51,043,753 | \$ 49,796,801 | \$ 112,974,537 | \$ 94,454,379 |

The City's combined net position for the fiscal year ended June 30, 2023, was \$112,974,537. The City's net position for governmental activities increased from \$44,657,578 to \$61,930,784. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$7,063,760 or 16.9% primarily due to increased cash and investments.
- Capital Assets net of depreciation increased \$7,751,794 or 22.8% mainly due to the Sand Retention project. More information is provided following Table 4.
- Other liabilities increased by \$767,192 or 11.3% mainly due to the increase in deposits payable related to residential and commercial development activity.

Changes related to Business activities are as follows:

- Current and other assets increased \$1,288,878 or 2.6% primarily due to increased cash and investments and the investment in San Elijo Joint Powers Authority offset by decreases in receivables.
- Capital Assets net of depreciation decreased \$439,170 or 2.5% primarily due to current year depreciation on existing assets. More information is provided in the following Table 4.
- Other liabilities decreased by \$48,680 or 12.6% mainly due to the decrease in accounts payable at year end.

Governmental Activities

The cost of all Governmental activities in FY 2023 was \$23,847,505 as shown on Tables 2 and 2.1. Of this cost, \$4,339,427 was paid for by those who directly benefited from the programs; \$11,638,857 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$7,869,221 was financed through general City revenues.

Table 2
City of Solana Beach Changes in Net Position

| | Governmental Activities | | Business Activities | | Total | |
|--|----------------------------|----------------------|------------------------|----------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,339,427 | \$ 3,637,223 | \$ 5,847,517 | \$ 5,818,187 | \$ 10,186,944 | \$ 9,455,410 |
| Operating grants and contributions | 3,172,914 | 3,287,775 | - | - | 3,172,914 | 3,287,775 |
| Capital grants and contributions | 8,465,943 | - | - | - | 8,465,943 | - |
| General revenues: | | | | | | |
| Property tax | 11,638,632 | 10,523,133 | - | - | 11,638,632 | 10,523,133 |
| Sales & Use Tax | 5,845,967 | 4,413,265 | - | - | 5,845,967 | 4,413,265 |
| Transient Tax | 2,904,236 | 2,575,173 | - | - | 2,904,236 | 2,575,173 |
| Franchise Tax | 897,472 | 873,791 | - | - | 897,472 | 873,791 |
| Motor VLF - unrestricted | 2,053,486 | 3,880,489 | - | - | 2,053,486 | 3,880,489 |
| Use of Money and Property | 783,458 | (399,689) | 149,640 | 35,005 | 933,098 | (364,684) |
| Other | 1,019,176 | 3,342,715 | 288,630 | 365,344 | 1,307,806 | 3,708,059 |
| Total revenues | 41,120,711 | 32,133,875 | 6,285,787 | 6,218,536 | 47,406,498 | 38,352,411 |
| Expenses: | | | | | | |
| General government | 4,490,903 | 4,569,515 | - | - | 4,490,903 | 4,569,515 |
| Public safety | 11,414,093 | 13,906,293 | - | - | 11,414,093 | 13,906,293 |
| Public works | 5,377,186 | 5,411,937 | - | - | 5,377,186 | 5,411,937 |
| Community Development | 1,260,610 | 1,505,023 | - | - | 1,260,610 | 1,505,023 |
| Community Services | 919,234 | 1,218,243 | - | - | 919,234 | 1,218,243 |
| Interest | 385,479 | 346,224 | - | - | 385,479 | 346,224 |
| Sanitation | - | - | 5,019,606 | 4,308,057 | 5,019,606 | 4,308,057 |
| Solana Energy | - | - | 19,229 | 189,465 | 19,229 | 189,465 |
| Total expenses | 23,847,505 | 26,957,235 | 5,038,835 | 4,497,522 | 28,886,340 | 31,454,757 |
| Increase/(decrease) in net position | 17,273,206 | 5,176,640 | 1,246,952 | 1,721,014 | 18,520,158 | 6,897,654 |
| Net position - July 1 | 44,657,578 | 39,480,938 | 49,796,801 | 48,075,787 | 94,454,379 | 87,556,725 |
| Net position - June 30 | \$ 61,930,784 | \$ 44,657,578 | \$ 51,043,753 | \$ 49,796,801 | \$ 112,974,537 | \$ 94,454,379 |

Items of significance within Table 2 are:

Revenues:

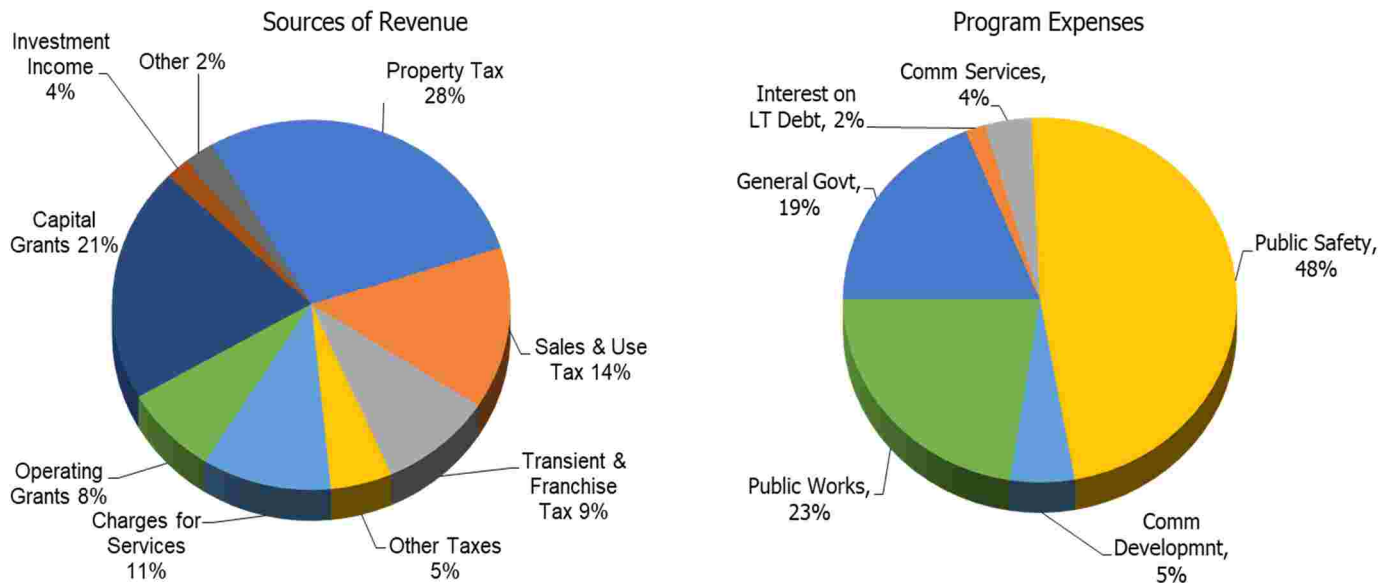
- Operating and Capital grants and contributions increased by a net 254% or \$8,351,082 over the prior fiscal year amount mainly due to Sand Replenishment grant funds.

- Tax revenue including Property, Sales & Use, Transient Occupancy, Franchise and Other (comprised of the Motor Vehicle In-Lieu, Benefit and National Pollution Discharge Elimination Fees as well as Real Property Transfer taxes) increased by a combined net 4.8% or \$1.1 million mainly driven by a 12.8% or \$329k increase in Transient Occupancy taxes and a 32.5% or \$1.4 million increase in Sales & Use taxes.

Expenses:

- General Government expenses decreased in FY 2023 by 1.7% or \$78k from the prior fiscal year primarily due to changes in the City’s Pension and Other Pension Employee Benefits (OPEB) liabilities.
- Public Safety decreased by 17.9% or \$2.5 million due decreased admin costs, OPEB liabilities, and equipment maintenance costs.
- Solana Energy Alliance expenses decreased to near zero due to the transition of operations to the Clean Energy Alliance in FY 2021. As of June 30, 2022, Clean Energy Alliance was operating on its own, however a full reconciliation has yet to be completed to wrap up some remaining items on the City’s books.

**Fiscal Year 2023
Governmental Activities**
(Graphic representation of Table 2 in percentages)

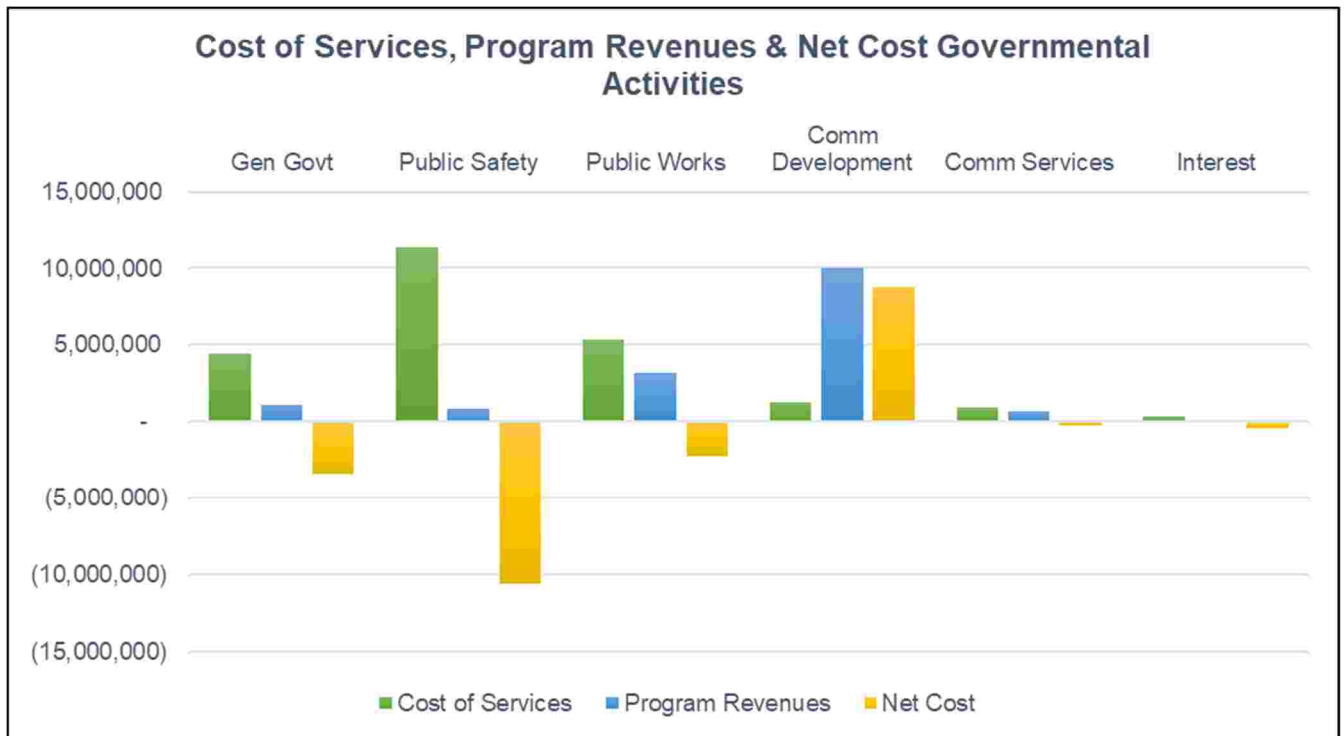


Net Cost of Governmental Activities

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 in 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 | |
|----------------------------|------------------------|----------------------|----------------------|---------------------|-----------------------|------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| General government | \$ 4,490,903 | \$ 4,569,515 | \$ 1,126,175 | \$ 16,529 | \$ (3,364,728) | \$ (4,552,986) |
| Public safety | 11,414,093 | 13,906,293 | 881,452 | 837,769 | (10,532,641) | (13,068,524) |
| Public works | 5,377,186 | 5,411,937 | 3,191,868 | 4,239,591 | (2,185,318) | (1,172,346) |
| Community development | 1,260,610 | 1,505,023 | 10,064,991 | 1,162,512 | 8,804,381 | (342,511) |
| Community services | 919,234 | 1,218,243 | 713,798 | 668,597 | (205,436) | (549,646) |
| Interest on long-term debt | 385,479 | 346,224 | - | - | (385,479) | (346,224) |
| Totals | \$ 23,847,505 | \$ 26,957,235 | \$ 15,978,284 | \$ 6,924,998 | \$ (7,869,221) | \$ (20,032,237) |



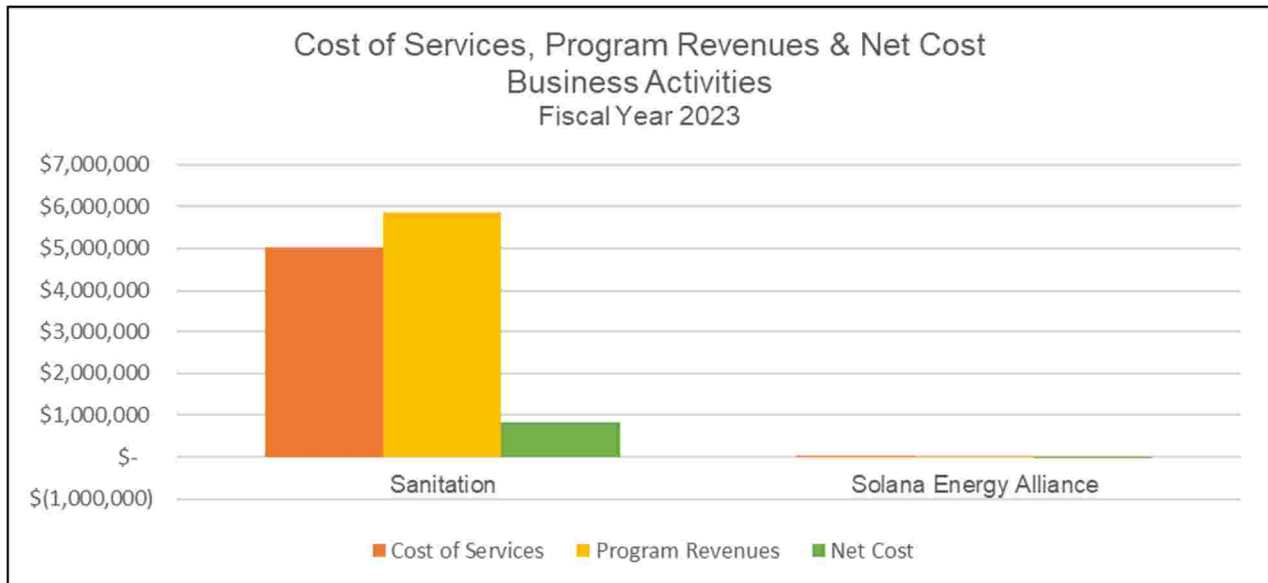
Total resources available during the year to finance governmental operations were \$85,778,289 consisting of a net position on July 1, 2022, of \$44,657,578, program revenues of \$15,978,284, and general revenues of \$25,142,427. Total governmental activities during the year were \$23,847,505, and as a result, net position increased by \$17,273,206 to \$61,930,784.

Business Type Activities

Net position of the Proprietary Fund (Business Type activities) on June 30, 2023, as reflected in Table 1, was \$51,043,753. As shown in Table 3, amounts paid by users of the Sanitation system and other operating revenue were \$5,846,765 while the cost of providing Sanitation Services in FY 2023 was \$5,019,606 resulting in a change in net position of \$827,159. The total cost of providing Solana Energy Alliance services was \$19,229 while program revenues totaled \$752 resulting in a change in net position of (\$18,477).

Table 3
Net Cost of Business Activities

| | Total Cost of Services | | Program Revenue | | Net Cost of Services | |
|----------------------------------|------------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Sanitation | \$ 5,019,606 | \$ 4,308,057 | \$ 5,846,765 | \$ 5,816,828 | \$ 827,159 | \$ 1,508,771 |
| Solana Energy Alliance | 19,229 | 189,465 | 752 | 1,359 | (18,477) | (188,106) |
| Total Business Activities | \$ 5,038,835 | \$ 4,497,522 | \$ 5,847,517 | \$ 5,818,187 | \$ 808,682 | \$ 1,320,665 |



Governmental Funds

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

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

| | General Fund | | Capital Projects Fund Sand Replenishment | | Capital Projects Fund City CIP | | Other Governmental Funds | | Total | |
|--|-----------------|-----------------|---|---------------|-----------------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues: | | | | | | | | | | |
| Taxes, Licenses, Fees and Intergovernmental Charges for Services | \$ 23,198 | \$ 20,448 | \$ 8,913 | \$ 396 | \$ - | \$ - | \$ 5,204 | \$ 5,354 | \$ 37,314 | \$ 26,198 |
| Other | 890 | 1,044 | - | - | 265 | 1,056 | 646 | 655 | 1,802 | 2,754 |
| | 4,783 | 2,444 | 5 | (27) | 337 | 253 | 168 | 517 | 5,294 | 3,188 |
| Total Revenues | 28,871 | 23,935 | 8,917 | 369 | 602 | 1,310 | 6,019 | 6,525 | 44,410 | 32,139 |
| Expenditures: | | | | | | | | | | |
| Current | 24,209 | 21,189 | - | - | 2 | 2 | 2,347 | 2,380 | 26,557 | 23,571 |
| Capital Outlay | 178 | 370 | 9,012 | 168 | 1,147 | 463 | 416 | 522 | 10,752 | 1,522 |
| Debt | 46 | - | - | - | - | - | 544 | 220 | 588 | 220 |
| Total Expenditures | 24,433 | 21,558 | 9,012 | 168 | 1,148 | 465 | 3,306 | 3,123 | 37,899 | 25,314 |
| Net Transfers | (1,440) | 259 | - | - | 2,842 | 1,182 | (1,402) | (1,440) | - | - |
| Net Change in Fund Balances | \$ 2,999 | \$ 2,636 | \$ (95) | \$ 202 | \$ 2,296 | \$ 2,026 | \$ 1,311 | \$ 1,962 | \$ 6,511 | \$ 6,826 |

The General Fund - Fund Balance increased by \$2,998,764 or 14.9% to \$23,180,254 from June 30, 2022, to June 30, 2023. This was mainly due to a 12.8% (\$329k) increase in transient occupancy tax and a 32.5% (\$1.4 million) increase in sales tax revenues. Property Tax revenue increased 10.6% (\$1.1 million) primarily due to Prop 13 assessment increases and new assessments from construction and sales.

General Fund Budgetary Highlights

Revenues:

Actual revenues received were above the final year-end budget by \$5,624,929 or 13.0%. The largest variance was Sales tax with a \$1.7 million positive variance due to the continued improvement in the local economy following COVID-19. Another large variance was Transient Occupancy Tax revenue variance to budget of a positive \$709k due mainly to the growth in short-term vacation rentals.

There was a significant revenue variance in the Capital Projects Sand Replenishment Fund due to the receipt of the Sand Project Grant revenue funds, which was not budgeted as revenue.

Expenditures:

Actual expenditures incurred were lower than the final budget by \$1,123,948 or 4.3%. The largest variance to budget was in Public Works which came in \$308k under budget. This was mainly due to the deferred maintenance projects shifting into the next fiscal year. General Government department expenditures were below the final budget by \$464k. This was mainly the result of vacancy savings and professional service savings in legal, information system and building permit services.

Actual Expenditures, in the Capital Projects City CIP fund, were \$1.8 million lower than budgeted due to ongoing projects that will be completed in FY 24.

Ending Fund Balance: Ending Fund Balance for the year increased by 14.9% from FY 2022, for a total ending balance of \$23,180,254. Included in the fund balance are non-spendable, restricted, committed, and assigned funds which total \$13,124,899. The unassigned portion is the part of the fund balance that is available for use without constraints established by legal requirements and totals \$10,055,355.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

As of June 30, 2023, net capital assets of the governmental activities totaled \$41,808,198 and the net capital assets of the business-type activities totaled \$17,094,784. Depreciation of capital assets is recognized in government-wide financial statements. (See Table 5 below and Note 5 to the financial statements.)

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

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

| | Governmental Activities | | Business Activities | | Total | |
|----------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 5,337,440 | \$ 5,337,440 | \$ 111,706 | \$ 111,706 | \$ 5,449,146 | \$ 5,449,146 |
| Buildings | 9,678,488 | 10,285,398 | 6,134,497 | 6,134,497 | 15,812,985 | 16,419,895 |
| Equipment & Vehicles | 874,744 | 1,219,816 | 231,452 | 247,984 | 1,106,196 | 1,467,800 |
| Infrastructure | 15,135,078 | 15,118,543 | 10,554,309 | 10,976,947 | 25,689,387 | 26,095,490 |
| Work in Progress | 10,782,448 | 2,095,207 | 62,820 | 62,820 | 10,845,268 | 2,158,027 |
| | <u>\$ 41,808,198</u> | <u>\$ 34,056,404</u> | <u>\$ 17,094,784</u> | <u>\$ 17,533,954</u> | <u>\$ 58,902,982</u> | <u>\$ 51,590,358</u> |

Debt

At year-end, the City had \$7,299,507 in governmental type debt and \$15,766,391 in proprietary debt (both net of any premiums or discounts) totaling \$23,065,898. In addition to Bonds and Leases, debt as displayed here in the MD&A includes Claims, Judgements and Compensated Absences. These are liabilities of the city and amount to \$1,830 per capita as of June 30, 2023, which is a decrease of \$32 from \$1,862 on June 30, 2022.

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 | |
|--|----------------------------|---------------------|------------------------|----------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Refunding lease Bond | \$ - | \$ 145,000 | \$ - | \$ - | \$ - | \$ 145,000 |
| Loan Payable | 291,010 | 349,819 | - | - | 291,010 | 349,819 |
| SEJPA Loan Payable-2017 | - | - | 10,147,500 | 10,385,000 | 10,147,500 | 10,385,000 |
| 2017 Wastewater Refunding Bond | - | - | 5,215,000 | 5,520,000 | 5,215,000 | 5,520,000 |
| TransNet Bond | 5,500,000 | 5,500,000 | - | - | 5,500,000 | 5,500,000 |
| Bond premiums | - | - | 332,211 | 357,766 | 332,211 | 357,766 |
| Bond discounts | - | (577) | - | - | - | (577) |
| Claims and judgements Compensated absences | 838,000 | 1,098,000 | - | - | 838,000 | 1,098,000 |
| | <u>670,497</u> | <u>546,979</u> | <u>71,680</u> | <u>52,449</u> | <u>742,177</u> | <u>599,428</u> |
| | <u>\$ 7,299,507</u> | <u>\$ 7,639,221</u> | <u>\$ 15,766,391</u> | <u>\$ 16,315,215</u> | <u>\$ 23,065,898</u> | <u>\$ 23,954,436</u> |

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June 2023, the City Council adopted a two-year budget for fiscal years ending June 30, 2024, and June 30, 2025.

In considering the City Budget, the City Council and management focused on the challenge of balancing the budget amid economic climate rebound after the COVID-19 pandemic. Fiscal Years 2024 and 2025 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 2024 by \$963k, or 3.1%, as compared to the FY 2023 actual revenues. The primary increases are Sales tax, Transient Occupancy tax, and Measure S transaction tax.

General Fund expenditures are projected to increase by \$703k or 2.50% in FY 2024 compared to FY 2023 actual expenditures. This is due to the COLA and CPI increase.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2023

(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

| | Primary Government | | | |
|---|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| | | | 2023 | 2022 |
| ASSETS | | | | |
| Cash and investments (Note 3) | \$ 41,028,483 | \$ 12,424,542 | \$ 53,453,025 | \$ 48,125,425 |
| Restricted cash and investments (Note 3) | 5,003,450 | - | 5,003,450 | 3,218,592 |
| Investment in joint venture (Note 13) | - | 37,054,566 | 37,054,566 | 36,460,678 |
| Receivables: | | | | |
| Accounts, net | 1,224,378 | 121,560 | 1,345,938 | 1,481,032 |
| Interest | 100,188 | 30,049 | 130,237 | 7,722 |
| Intergovernmental | 2,135,538 | 804,851 | 2,940,389 | 2,186,712 |
| Internal balances | (733,575) | 733,575 | - | - |
| Inventories | 47,545 | - | 47,545 | 47,545 |
| Prepaid costs | 41,589 | - | 41,589 | 136,395 |
| Capital assets not being depreciated (Note 4) | 16,119,888 | 174,526 | 16,294,414 | 7,607,173 |
| Capital assets, net of accumulated depreciation (Note 4) | 25,688,310 | 16,920,258 | 42,608,568 | 43,983,185 |
| Total Assets | 90,655,794 | 68,263,927 | 158,919,721 | 143,254,459 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related (Note 5) | 7,918,832 | 639,292 | 8,558,124 | 3,873,790 |
| OPEB related (Note 6) | 86,914 | 7,016 | 93,930 | 143,960 |
| Total Deferred Outflows of Resources | 8,005,746 | 646,308 | 8,652,054 | 4,017,750 |
| LIABILITIES | | | | |
| Accounts payable | 2,369,367 | 67,655 | 2,437,022 | 2,509,432 |
| Accrued liabilities | 259,192 | 64,966 | 324,158 | 426,177 |
| Accrued interest payable | 605 | 203,631 | 204,236 | 211,211 |
| Deposits payable | 4,403,446 | - | 4,403,446 | 3,610,384 |
| Unearned revenue | 550,185 | - | 550,185 | 443,331 |
| Noncurrent Liabilities: | | | | |
| Due within one year: bonds, loans, claims, compensated absences (Note 9) | 747,792 | 601,550 | 1,349,342 | 1,349,127 |
| Due in more than one year: | | | | |
| Net pension liability (Note 5) | 17,982,962 | 1,451,775 | 19,434,737 | 10,454,487 |
| Net OPEB liability (Note 6) | 2,073,298 | 167,379 | 2,240,677 | 2,416,189 |
| Bonds, loans, claims, compensated absences (Note 9) | 6,551,715 | 15,164,841 | 21,716,556 | 22,605,309 |
| Total Liabilities | 34,938,562 | 17,721,797 | 52,660,359 | 44,025,647 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related (Note 5) | 1,364,040 | 110,120 | 1,474,160 | 8,041,888 |
| OPEB related (Note 6) | 428,154 | 34,565 | 462,719 | 750,295 |
| Total Deferred Inflows of Resources | 1,792,194 | 144,685 | 1,936,879 | 8,792,183 |
| NET POSITION | | | | |
| Net investment in capital assets (Note 11) | 34,677,741 | 11,547,573 | 46,225,314 | 38,052,870 |
| Restricted: | | | | |
| Redevelopment activities | 2,454,458 | - | 2,454,458 | 2,389,310 |
| Public safety | 1,122,185 | - | 1,122,185 | 1,005,411 |
| Parks and recreation | 38,306 | - | 38,306 | 138,697 |
| Public works | 4,782,223 | - | 4,782,223 | 4,685,845 |
| Capital projects | 8,537,510 | - | 8,537,510 | 6,507,277 |
| Debt service | 25,885 | - | 25,885 | 25,824 |
| Pensions | 5,003,450 | - | 5,003,450 | 3,218,592 |
| Unrestricted | 5,289,026 | 39,496,180 | 44,785,206 | 38,430,553 |
| Total Net Position | \$ 61,930,784 | \$ 51,043,753 | \$ 112,974,537 | \$ 94,454,379 |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2023
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

| | Expenses | Program Revenues | | |
|--------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| Functions/Programs: | | | | |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 4,490,903 | \$ 1,126,175 | \$ - | \$ - |
| Public safety | 11,414,093 | 463,056 | 418,396 | - |
| Community development | 1,260,610 | 1,597,048 | 2,000 | 8,465,943 |
| Community services | 919,234 | 548,527 | 165,271 | - |
| Public works | 5,377,186 | 604,621 | 2,587,247 | - |
| Interest | 385,479 | - | - | - |
| Total Governmental Activities | <u>23,847,505</u> | <u>4,339,427</u> | <u>3,172,914</u> | <u>8,465,943</u> |
| Business-Type Activities: | | | | |
| Sanitation Fund | 5,019,606 | 5,846,765 | - | - |
| Solana Energy Alliance Fund | 19,229 | 752 | - | - |
| Total Business-Type Activities | <u>5,038,835</u> | <u>5,847,517</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 28,886,340</u> | <u>\$ 10,186,944</u> | <u>\$ 3,172,914</u> | <u>\$ 8,465,943</u> |

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Transient occupancy taxes

Franchise taxes

Motor Vehicle in Lieu - unrestricted

Use of money and property

Other

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

See Accompanying Notes to the Basic Financial Statements.

| Net (Expense) Revenue and Changes in Net Position | | | |
|--|-------------------------------------|-----------------------|----------------------|
| Primary Government | | | |
| Governmental Activities | Business-Type Activities | Total | |
| | | 2023 | 2022 |
| \$ (3,364,728) | \$ - | \$ (3,364,728) | \$ (3,347,438) |
| (10,532,641) | - | (10,532,641) | (13,068,524) |
| 8,804,381 | - | 8,804,381 | (342,511) |
| (205,436) | - | (205,436) | (549,646) |
| (2,185,318) | - | (2,185,318) | (716,427) |
| (385,479) | - | (385,479) | (346,224) |
| <u>(7,869,221)</u> | <u>-</u> | <u>(7,869,221)</u> | <u>(18,370,770)</u> |
| - | 827,159 | 827,159 | 1,508,771 |
| <u>-</u> | <u>(18,477)</u> | <u>(18,477)</u> | <u>(188,106)</u> |
| - | 808,682 | 808,682 | 1,320,665 |
| <u>(7,869,221)</u> | <u>808,682</u> | <u>(7,060,539)</u> | <u>(17,050,105)</u> |
| 11,638,632 | - | 11,638,632 | 10,844,785 |
| 5,845,967 | - | 5,845,967 | 4,413,265 |
| 2,904,236 | - | 2,904,236 | 2,575,173 |
| 897,472 | - | 897,472 | 873,791 |
| 2,053,486 | - | 2,053,486 | 1,897,370 |
| 783,458 | 149,640 | 933,098 | (364,684) |
| 1,019,176 | 288,630 | 1,307,806 | 3,708,059 |
| <u>25,142,427</u> | <u>438,270</u> | <u>25,580,697</u> | <u>23,947,759</u> |
| <u>17,273,206</u> | <u>1,246,952</u> | <u>18,520,158</u> | <u>6,897,654</u> |
| <u>44,657,578</u> | <u>49,796,801</u> | <u>94,454,379</u> | <u>87,556,725</u> |
| <u>\$ 61,930,784</u> | <u>\$ 51,043,753</u> | <u>\$ 112,974,537</u> | <u>\$ 94,454,379</u> |

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

| | Capital Projects Fund | | | Other Governmental Funds | Totals | |
|--|-----------------------|-----------------------|---------------------|--------------------------------|----------------------|----------------------|
| | General | Sand Replenishment | City CIP | | 2023 | 2022 |
| ASSETS | | | | | | |
| Cash and investments | \$ 21,999,812 | \$ 1,198,762 | \$ 6,934,876 | \$ 10,895,033 | \$ 41,028,483 | \$ 37,024,194 |
| Restricted cash and investments | 5,003,450 | - | - | - | 5,003,450 | 3,218,592 |
| Receivables: | | | | | | |
| Accounts | 1,106,211 | - | - | 118,167 | 1,224,378 | 1,084,339 |
| Accrued interest | 65,331 | 2,193 | 6,523 | 26,141 | 100,188 | 5,930 |
| Deposits | | | | | | |
| Intergovernmental | 1,954,920 | - | - | 180,618 | 2,135,538 | 1,241,359 |
| Due from other funds (Note 12) | 600,791 | - | - | - | 600,791 | 900,977 |
| Inventories | - | - | - | 47,545 | 47,545 | 47,545 |
| Prepaid costs | 41,589 | - | - | - | 41,589 | 136,395 |
| Total Assets | \$ 30,772,104 | \$ 1,200,955 | \$ 6,941,399 | \$ 11,267,504 | \$ 50,181,962 | \$ 43,659,331 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1,793,533 | \$ 107,178 | \$ 234,708 | \$ 233,948 | \$ 2,369,367 | \$ 2,397,334 |
| Accrued liabilities | 213,996 | - | - | 45,196 | 259,192 | 363,416 |
| Deposits payable | 4,318,260 | - | 15,960 | 69,226 | 4,403,446 | 3,610,384 |
| Due to other funds (Note 12) | - | - | - | 68,305 | 68,305 | 210,035 |
| Advances from other funds (Note 12) | 1,266,061 | - | - | - | 1,266,061 | 1,665,460 |
| Unearned revenues | - | - | - | 550,185 | 550,185 | 443,331 |
| Total Liabilities | 7,591,850 | 107,178 | 250,668 | 966,860 | 8,916,556 | 8,689,960 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenues | - | - | - | - | - | 215,064 |
| Total Deferred Inflows of Resources | - | - | - | - | - | 215,064 |
| FUND BALANCES | | | | | | |
| Nonspendable | 41,589 | - | - | 47,545 | 89,134 | 183,940 |
| Restricted | 5,003,450 | - | 6,690,731 | 10,269,836 | 21,964,017 | 17,970,956 |
| Committed | 1,292,880 | - | - | - | 1,292,880 | 1,295,357 |
| Assigned | 6,786,980 | - | - | - | 6,786,980 | 6,241,345 |
| Unassigned (Deficit) | 10,055,355 | 1,093,777 | - | (16,737) | 11,132,395 | 9,062,709 |
| Total Fund Balances | 23,180,254 | 1,093,777 | 6,690,731 | 10,300,644 | 41,265,406 | 34,754,307 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 30,772,104 | \$ 1,200,955 | \$ 6,941,399 | \$ 11,267,504 | \$ 50,181,962 | \$ 43,659,331 |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

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

| | |
|--|---------------|
| Total Fund Balances - Governmental Funds | \$ 41,265,406 |
|--|---------------|

| | |
|--|------------|
| Capital assets of \$117,351,712, net of accumulated depreciation of \$75,543,514, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 41,808,198 |
|--|------------|

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 | 7,918,832 | |
| Deferred outflows - OPEB related | 86,914 | |
| Deferred inflows - pension related | (1,364,040) | |
| Deferred inflows - OPEB related | <u>(428,154)</u> | |
| Total Deferred Outflows and Inflows Related to Postemployment Benefits | | 6,213,552 |

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) | |
| Compensated absences | (670,497) | |
| Claims | (838,000) | |
| Loans payable | (291,010) | |
| Accrued interest payable on long-term debt | (605) | |
| Net OPEB liability | (2,073,298) | |
| Net pension liability | <u>(17,982,962)</u> | |
| Total Long-term Liabilities | | <u>(27,356,372)</u> |

| | |
|---|----------------------|
| Net Position of Governmental Activities | <u>\$ 61,930,784</u> |
|---|----------------------|

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

| | Capital Projects Fund | | | Other Governmental Funds | Total Governmental Funds | |
|---|-----------------------|-----------------------|---------------------|--------------------------------|--------------------------|----------------------|
| | General | Sand Replenishment | City CIP | | 2023 | 2022 |
| | | | | | | |
| REVENUES | | | | | | |
| Taxes and assessments | \$ 22,145,018 | \$ 446,805 | \$ - | \$ 2,351,678 | \$ 24,943,501 | \$ 22,265,851 |
| Licenses, permits and fees | 1,002,304 | - | - | 86,970 | 1,089,274 | 773,593 |
| Intergovernmental | 56,047 | 8,465,943 | - | 2,764,865 | 11,286,855 | 3,322,539 |
| Charges for services | 890,968 | - | 264,997 | 646,173 | 1,802,138 | 2,754,210 |
| Use of money and property | 643,126 | 4,717 | (29,288) | 164,903 | 783,458 | (399,689) |
| Fines and forfeitures | 408,220 | - | - | - | 408,220 | 261,932 |
| Other revenues | 3,731,586 | - | 366,516 | 4,151 | 4,102,253 | 3,348,906 |
| Total Revenues | <u>28,877,269</u> | <u>8,917,465</u> | <u>602,225</u> | <u>6,018,740</u> | <u>44,415,699</u> | <u>32,327,342</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 7,061,076 | - | - | - | 7,061,076 | 5,598,530 |
| Public safety | 11,851,744 | - | - | 857,032 | 12,708,776 | 12,043,209 |
| Public works | 3,075,754 | - | 1,517 | 1,247,126 | 4,324,397 | 3,792,133 |
| Community development | 1,467,099 | - | - | 157,928 | 1,625,027 | 1,347,528 |
| Community services | 758,666 | - | - | 85,002 | 843,668 | 825,180 |
| Capital outlay | 177,735 | 9,012,336 | 1,146,827 | 415,513 | 10,752,411 | 1,430,880 |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | 203,808 | 203,808 | 199,531 |
| Interest and fiscal charges | 46,300 | - | - | 339,136 | 385,436 | 346,004 |
| Total Expenditures | <u>24,438,374</u> | <u>9,012,336</u> | <u>1,148,344</u> | <u>3,305,545</u> | <u>37,904,599</u> | <u>25,582,995</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>4,438,895</u> | <u>(94,871)</u> | <u>(546,119)</u> | <u>2,713,195</u> | <u>6,511,100</u> | <u>6,744,347</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in (Note 12) | 1,991,285 | - | 2,841,916 | 259,900 | 5,093,101 | 2,992,483 |
| Transfers out (Note 12) | (3,431,416) | - | - | (1,661,685) | (5,093,101) | (2,992,483) |
| Total Other Financing Sources (Uses) | <u>(1,440,131)</u> | <u>-</u> | <u>2,841,916</u> | <u>(1,401,785)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 2,998,764 | (94,871) | 2,295,797 | 1,311,410 | 6,511,100 | 6,744,347 |
| Fund Balances - Beginning | <u>20,181,490</u> | <u>1,188,648</u> | <u>4,394,934</u> | <u>8,989,234</u> | <u>34,754,306</u> | <u>28,009,960</u> |
| Fund Balances - Ending | <u>\$ 23,180,254</u> | <u>\$ 1,093,777</u> | <u>\$ 6,690,731</u> | <u>\$ 10,300,644</u> | <u>\$ 41,265,406</u> | <u>\$ 34,754,307</u> |

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, 2023**

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

| | |
|---|----------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 6,511,100 |
| 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. | 7,751,794 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | (215,062) |
| 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. | |
| Principal paid on long-term liabilities | 203,808 |
| 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. | |
| Accrued interest on long-term debt | (43) |
| Compensated absences | (123,518) |
| Claims and judgments | 260,000 |
| Changes in pension liabilities and related deferred outflows and inflows of resources | 2,502,923 |
| Changes in OPEB liabilities and related deferred outflows and inflows of resources | <u>382,204</u> |
| Total Expenses | <u>3,021,566</u> |
| Change in Net Position of Governmental Activities | <u>\$ 17,273,206</u> |

See Accompanying Notes to the Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2023
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

| | <u>Total Proprietary Funds</u> | | | |
|--|--------------------------------|------------------------------------|----------------------|----------------------|
| | <u>Sanitation Fund</u> | <u>Solana Energy Alliance Fund</u> | <u>2023</u> | <u>2022</u> |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 12,424,542 | \$ - | \$ 12,424,542 | \$ 11,101,231 |
| Receivables: | | | | |
| Accounts | 64,789 | 56,771 | 121,560 | 396,693 |
| Interest | 30,049 | - | 30,049 | 1,792 |
| Intergovernmental | 643,976 | 160,875 | 804,851 | 945,353 |
| Total Current Assets | <u>13,163,356</u> | <u>217,646</u> | <u>13,381,002</u> | <u>12,445,069</u> |
| Noncurrent Assets: | | | | |
| Advances to other funds (Note 12) | 1,266,061 | - | 1,266,061 | 1,665,460 |
| Investment in joint venture | 37,054,566 | - | 37,054,566 | 36,460,678 |
| Capital assets not being depreciated (Note 4) | 174,526 | - | 174,526 | 174,526 |
| Capital assets, net of accumulated depreciation (Note 4) | 16,920,258 | - | 16,920,258 | 17,359,428 |
| Total Noncurrent Assets | <u>55,415,411</u> | <u>-</u> | <u>55,415,411</u> | <u>55,660,092</u> |
| Total Assets | <u>68,578,767</u> | <u>217,646</u> | <u>68,796,413</u> | <u>68,105,161</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension related | 639,292 | - | 639,292 | 189,865 |
| OPEB related | 7,016 | - | 7,016 | 10,754 |
| Total Deferred Outflows of Resources | <u>646,308</u> | <u>-</u> | <u>646,308</u> | <u>200,619</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 67,475 | 180 | 67,655 | 112,098 |
| Accrued liabilities | 20,697 | 44,269 | 64,966 | 62,761 |
| Compensated absences | 36,550 | - | 36,550 | 25,591 |
| Accrued interest payable | 203,631 | - | 203,631 | 210,073 |
| Due to other funds (Note 12) | - | 532,486 | 532,486 | 690,942 |
| Loans and bonds payable - current | 565,000 | - | 565,000 | 542,500 |
| Total Current Liabilities | <u>893,353</u> | <u>576,935</u> | <u>1,470,288</u> | <u>1,643,965</u> |
| Noncurrent Liabilities: | | | | |
| Compensated absences | 35,130 | - | 35,130 | 26,858 |
| Loans and bonds payable | 15,129,711 | - | 15,129,711 | 15,720,266 |
| Net pension liability | 1,451,775 | - | 1,451,775 | 468,281 |
| Net OPEB liability | 167,379 | - | 167,379 | 180,489 |
| Total Noncurrent Liabilities | <u>16,783,995</u> | <u>-</u> | <u>16,783,995</u> | <u>16,395,894</u> |
| Total Liabilities | <u>17,677,348</u> | <u>576,935</u> | <u>18,254,283</u> | <u>18,039,859</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension related | 110,120 | - | 110,120 | 413,073 |
| OPEB related | 34,565 | - | 34,565 | 56,047 |
| Total Deferred Inflows of Resources | <u>144,685</u> | <u>-</u> | <u>144,685</u> | <u>469,120</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 11,547,573 | - | 11,547,573 | 11,656,188 |
| Unrestricted (Deficit) | 39,855,469 | (359,289) | 39,496,180 | 38,140,613 |
| Total Net Position (Deficit) | <u>\$ 51,403,042</u> | <u>\$ (359,289)</u> | <u>\$ 51,043,753</u> | <u>\$ 49,796,801</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)**

| | <u>Total Proprietary Funds</u> | | | |
|---|--------------------------------|----------------------|----------------------|----------------------|
| | Solana Energy | | <u>2023</u> | <u>2022</u> |
| | <u>Sanitation Fund</u> | <u>Alliance Fund</u> | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 5,846,765 | \$ 752 | \$ 5,847,517 | \$ 5,818,187 |
| Miscellaneous Revenue | 111,414 | 177,216 | 288,630 | 365,344 |
| Total Operating Revenues | <u>5,958,179</u> | <u>177,968</u> | <u>6,136,147</u> | <u>6,183,531</u> |
| OPERATING EXPENSES | | | | |
| Cost of sales and services | 2,182,563 | 16,951 | 2,199,514 | 2,220,296 |
| Administration | 1,093,580 | 2,278 | 1,095,858 | 933,798 |
| Depreciation | 554,480 | - | 554,480 | 525,060 |
| Total Operating Expenses | <u>3,830,623</u> | <u>19,229</u> | <u>3,849,852</u> | <u>3,679,154</u> |
| Operating Income (Loss) | <u>2,127,556</u> | <u>158,739</u> | <u>2,286,295</u> | <u>2,504,377</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest income | 144,964 | 4,676 | 149,640 | 35,005 |
| Interest expense | (598,127) | - | (598,127) | (615,256) |
| Amortization of investment premium | - | - | - | 5,100 |
| Gain (loss) on disposal of capital assets | - | - | - | (369,845) |
| Share in joint venture net gain/(loss) | (590,856) | - | (590,856) | 161,633 |
| Total Nonoperating Revenues (Expenses) | <u>(1,044,019)</u> | <u>4,676</u> | <u>(1,039,343)</u> | <u>(783,363)</u> |
| Change in Net Position | 1,083,537 | 163,415 | 1,246,952 | 1,721,014 |
| Net Position - Beginning (Deficit) | <u>50,319,505</u> | <u>(522,704)</u> | <u>49,796,801</u> | <u>48,075,787</u> |
| Net Position - Ending (Deficit) | <u>\$ 51,403,042</u> | <u>\$ (359,289)</u> | <u>\$ 51,043,753</u> | <u>\$ 49,796,801</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2022)

| | Total Proprietary Funds | | | |
|---|-------------------------|--------------------------------|----------------------|----------------------|
| | Sanitation Fund | Solana Energy Alliance Fund | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers | \$ 6,374,406 | \$ 177,376 | \$ 6,551,782 | \$ 7,027,324 |
| Payments to suppliers and service providers | (2,220,434) | (21,318) | (2,241,752) | (3,123,995) |
| Payments to employees for salaries and benefits | (874,089) | (2,278) | (876,367) | (731,934) |
| Net Cash Provided by (Used for) Operating Activities | <u>3,279,883</u> | <u>153,780</u> | <u>3,433,663</u> | <u>3,171,395</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Payment to other funds | - | - | - | (47,045) |
| Net Cash Provided by (Used for) Noncapital Financing Activities | - | - | - | (47,045) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Repayment received from capital-related interfund borrowings | 399,399 | - | 399,399 | 388,596 |
| Advances made for capital-related interfund borrowings | - | (158,456) | (158,456) | - |
| Acquisition and construction of capital assets | (115,310) | - | (115,310) | (669,803) |
| Principal paid on capital debt | (542,500) | - | (542,500) | (530,000) |
| Interest paid on capital debt | (630,124) | - | (630,124) | (646,111) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>(888,535)</u> | <u>(158,456)</u> | <u>(1,046,991)</u> | <u>(1,457,318)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on investments | 116,707 | 4,676 | 121,383 | (308,972) |
| Investment in joint venture | (1,184,744) | - | (1,184,744) | (738,352) |
| Net Cash Provided by (Used for) Investing Activities | <u>(1,068,037)</u> | <u>4,676</u> | <u>(1,063,361)</u> | <u>(1,047,324)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,323,311 | - | 1,323,311 | 619,708 |
| Cash and Cash Equivalents - Beginning | 11,101,231 | - | 11,101,231 | 10,481,523 |
| Cash and Cash Equivalents - Ending | <u>\$ 12,424,542</u> | <u>\$ -</u> | <u>\$ 12,424,542</u> | <u>\$ 11,101,231</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | |
| Operating income (loss) | \$ 2,127,556 | \$ 158,739 | 2,286,295 | \$ 2,504,377 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | |
| Depreciation expense | 554,480 | - | 554,480 | 525,060 |
| (Increase) decrease in accounts receivable | 275,725 | (592) | 275,133 | 274,196 |
| (Increase) decrease in intergovernmental receivables | 140,502 | - | 140,502 | 569,597 |
| (Increase) decrease in pension related deferred outflows of resources | (449,427) | - | (449,427) | 9,177 |
| (Increase) decrease in OPEB related deferred outflows of resources | 3,738 | - | 3,738 | (10,754) |
| Increase (decrease) in accounts payable | (40,604) | (3,839) | (44,443) | (584,988) |
| Increase (decrease) in accrued liabilities | 2,733 | (528) | 2,205 | 2,285 |
| Increase (decrease) in compensated absences | 19,231 | - | 19,231 | 1,147 |
| Increase (decrease) in net pension liability | 983,494 | - | 983,494 | (459,468) |
| Increase (decrease) in net OPEB liability | (13,110) | - | (13,110) | (16,807) |
| Increase (decrease) in pension related deferred inflows of resources | (302,953) | - | (302,953) | 395,187 |
| Increase (decrease) in OPEB related deferred inflows of resources | (21,482) | - | (21,482) | (37,614) |
| Total Adjustments | <u>1,152,327</u> | <u>(4,959)</u> | <u>1,147,368</u> | <u>667,018</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 3,279,883</u> | <u>\$ 153,780</u> | <u>\$ 3,433,663</u> | <u>\$ 3,171,395</u> |
| Schedule of Non-Cash Investing, Capital, and Financing Activities: | | | | |
| Amortization of bonds premium/discount | \$ 25,555 | \$ - | \$ 25,555 | \$ 68,647 |
| Unrealized gain on investment in joint venture | - | - | - | 161,633 |

See Accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2023

| | Pension (and Other | | |
|---|---------------------|---------------------------------------|-------------------|
| | Trust Fund | Private-Purpose Trust Fund | Custodial Funds |
| | OPEB Trust Fund | Successor Agency of the Former RDA | |
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 66,170 | \$ 265,992 |
| Investments: | | | |
| Money market mutual funds | 1,442,775 | - | 418 |
| Local Agency Investment Fund | - | - | 58,452 |
| Asset-backed securities | - | - | 14,713 |
| Federal agency securities | - | - | 43,965 |
| Medium term corporate notes | - | - | 38,809 |
| Supranational securities | - | - | 3,766 |
| US Treasury securities | - | - | 92,074 |
| Receivables: | | | |
| Accrued interest | - | - | 1,246 |
| Due from other governments | - | - | 898 |
| Total Assets | <u>1,442,775</u> | <u>66,170</u> | <u>520,333</u> |
| LIABILITIES | | | |
| Accounts payable | - | 1,106 | 3,721 |
| Accrued liabilities | - | 809 | - |
| Accrued interest | - | 5,701 | - |
| Long-term liabilities: | | | |
| Due in one year (Note 16) | - | 133,500 | - |
| Due in more than one year (Note 16) | - | 1,902,400 | - |
| Total Liabilities | <u>-</u> | <u>2,043,516</u> | <u>3,721</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Postemployment benefits other than pensions | 1,442,775 | - | - |
| Individuals, organizations, and other governments | - | (1,977,346) | 516,612 |
| Total Net Position | <u>\$ 1,442,775</u> | <u>\$ (1,977,346)</u> | <u>\$ 516,612</u> |

See Accompanying Notes to the Basic Financial Statements.

CITY OF SOLANA BEACH, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

| | Pension (and Other Employee Benefit) Trust Fund | Private-Purpose Trust Fund | |
|---|---|---------------------------------------|-------------------|
| | OPEB Trust Fund | Successor Agency of the Former RDA | Custodial Funds |
| ADDITIONS | | | |
| Employers contributions | \$ 137,000 | \$ - | \$ - |
| Investment earnings | 106,050 | 171 | 5,190 |
| Property taxes | - | 281,204 | - |
| Special assessment collections | - | - | 234,502 |
| Total Additions | <u>243,050</u> | <u>281,375</u> | <u>239,692</u> |
| DEDUCTIONS | | | |
| Administrative expenses | - | 31,639 | - |
| Contractual services | 7,423 | - | 10,981 |
| Principal expense | - | - | 100,000 |
| Interest expense | - | 71,316 | 106,432 |
| Total Deductions | <u>7,423</u> | <u>102,955</u> | <u>217,413</u> |
| Net Increase (Decrease) in Fiduciary Net Position | 235,627 | 178,420 | 22,279 |
| Net Position (Deficit) - Beginning | <u>1,207,148</u> | <u>(2,155,766)</u> | <u>494,333</u> |
| Net Position (Deficit) - Ending | <u>\$ 1,442,775</u> | <u>\$ (1,977,346)</u> | <u>\$ 516,612</u> |

See Accompanying Notes to the Basic Financial Statements.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

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NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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 ("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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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.

Sand Replenishment Fund – accounts for sand replenishment, sand retention, and coastal improvement projects.

City CIP 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major proprietary fund:

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

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

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary 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 Pension (and Other Employee Benefit) Trust fund is used to report resources held in trust for retirees and beneficiaries covered by the City.

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

The Fiduciary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

c. Cash, Cash Equivalents, and Investments

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the City’s own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City’s own data.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

f. 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 |
| Vehicles | 5-10 years |
| Infrastructure - sewer lines | 40-50 years |
| Infrastructure - other | 20-60 years |

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

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

Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current 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

Note 1: Summary of Significant Accounting Policies (Continued)

g. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. These 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.

In addition to liabilities, the statement of financial position or governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues related to resources received outside of the City's availability period. The City reports two other items that qualify for reporting in this category which are the deferred inflows related to the pensions and deferred inflows relating to other post-employment benefits reported in the government-wide statement of net position and proprietary statement of net position.

h. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

i. 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.

j. 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.

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

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2022 |
| Measurement Period | July 1, 2021 to June 30, 2022 |

k. 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 THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

k. Other Post-Employment Benefits (OPEB) (Continued)

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

| | |
|--------------------|-------------------------------|
| Valuation Date | June 30, 2021 |
| Measurement Date | June 30, 2023 |
| Measurement Period | July 1, 2022 to June 30, 2023 |

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 five years and all other amounts being recognized over the expected average remaining service lifetime (EARSLS) of 7.2 years at June 30, 2023.

l. 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.

m. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

n. 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.

o. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

o. Fund Balance Flow Assumptions (Continued)

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

p. 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 assessed values no more than 2% per year. The City receives a share of this basic levy.

q. 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.

r. Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 2: Stewardship, Compliance, and Accountability

a. Excess of Expenditures over Appropriations

On June 30, 2023, the Sand Replenishment/Retention and Coastal Access capital projects fund, the COPS special revenue fund, and the CDBG special revenue fund reported expenditures exceeding appropriations in the amount of \$6,897,856, \$65,511, and \$308, respectively.

b. Deficit Fund Equity

At June 30, 2023, the following nonmajor fund reported deficit fund balance:

| Nonmajor Fund Name | Classification | Deficit |
|--------------------|----------------------|-----------|
| CDBG | Special Revenue Fund | \$ 16,737 |

This deficit is due to the timing of reimbursements and revenues for these activities and is expected to be eliminated through future revenues.

c. Budgetary Compliance

The Assessment Districts CIP capital projects fund and Boating and Waterways fund did not adopt a budget for the fiscal year ended June 30, 2023.

Note 3: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2023:

| | Government-Wide Statement of Net Position | | Fiduciary Funds Statement of Net Position | Total |
|---------------------------------|--|-----------------------------|--|----------------------|
| | Governmental Activities | Business-Type Activities | | |
| Cash and investments | \$ 41,028,483 | \$ 12,424,542 | \$ 332,162 | \$ 53,785,187 |
| Restricted cash and investments | 5,003,450 | - | 1,694,972 | 6,698,422 |
| Total | \$ 46,031,933 | \$ 12,424,542 | \$ 2,027,134 | \$ 60,483,609 |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3: Cash and Investments (Continued)

Cash and investments consisted of the following at June 30, 2023:

| | |
|---|----------------------|
| Cash: | |
| Cash on hand | \$ 400 |
| Demand deposits | <u>4,921,376</u> |
| Total cash | <u>4,921,776</u> |
| Investments: | |
| Local Agency Investment Fund | 18,456,311 |
| Investments | 30,661,420 |
| Cash and investments held in PARS Section 115 Trust | <u>6,444,102</u> |
| Total investments | <u>55,561,833</u> |
| Total cash and investments | <u>\$ 60,483,609</u> |

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$4,921,376 at June 30, 2023. Bank balances were \$5,351,850 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 \$430,474 difference represents outstanding checks and other reconciling items.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, 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.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 3: Cash and Investments (Continued)

b. Investments

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

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

| 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 | 30% | 5% |
| U.S. Treasury bills | Yes | 5 years | None | None |
| U.S. Treasury notes | Yes | 5 years | None | None |
| State obligations - CA and others | Yes | 5 years | 30% | 5% |
| California local agency obligations | Yes | 5 years | 30% | 5% |
| U.S. agency securities | Yes | 5 years | None | None |
| Banker's acceptances | Yes | 180 days | 40% | 5% |
| Commercial paper | Yes | 270 days | 25% | 10% |
| Non-Negotiable certificates of deposit | Yes | 5 years | 20% | None |
| Negotiable certificates of deposit | Yes | 5 years | 30% | 5% |
| Certificate of Deposit Placement Services | Yes | 5 years | 30% | None |
| Collateralized Bank Deposits | Yes | N/A | None | None |
| Repurchase agreements | Yes | 1 year | None | None |
| Medium-term notes | Yes | 5 years | 30% | 5% |
| Mutual and money market funds | Yes | N/A | 20% | 10% |
| Mortgage pass-through and asset-backed securities | Yes | 5 years | 20% | 5% |
| Asset backed security | Yes | 5 years | 20% | 5% |
| County pooled investment funds | Yes | N/A | None | None |
| Joint powers authority pool | Yes | N/A | None | None |
| Supranational | Yes | 5 years | 30% | 10% |
| Local Agency Investment Fund (LAIF) | Yes | N/A | None | 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 3: Cash and Investments (Continued)

b. 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 | 180 days | None | None |
| Commercial paper | 270 days | None | None |
| Money market mutual funds | 90 days | None | None |
| Investment contracts | None | None | None |
| Local Agency Investment Fund (LAIF) | N/A | None | None |

c. External Investment Pool

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

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.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3: Cash and Investments (Continued)

d. Risk Disclosures (Continued)

| Investments | Fair Value | Remaining Investment Maturities | | |
|--|----------------------|---------------------------------|----------------------|---------------------|
| | | 12 Months or Less | 13 to 24 Months | 25 to 60 Months |
| Local Agency Investment Fund | \$ 18,456,311 | \$ 18,456,311 | \$ - | \$ - |
| U.S. Treasury | 14,571,526 | 2,820,528 | 9,440,782 | 2,310,216 |
| U.S. Government Agency Securities: | | | | |
| Federal Home Loan Bank | 1,570,219 | - | 376,013 | 1,194,206 |
| Federal Farm Credit Bank | 2,185,305 | 917,765 | 674,534 | 593,006 |
| Federal National Mortgage Association | 1,429,992 | 975,017 | 454,975 | - |
| Federal Home Loan Mortgage Corporation | 1,772,133 | 1,772,133 | - | - |
| Medium-term Notes | 6,141,720 | 2,118,848 | 3,392,201 | 630,671 |
| Money Market Mutual Funds | 66,060 | 66,060 | - | - |
| Supranationals | 596,066 | 186,231 | 409,835 | - |
| Asset Backed Securities | 2,328,398 | 2,176 | 1,120,075 | 1,206,147 |
| Investments Held in Section 115 Trust: | | | | |
| Equity Mutual Fund | 2,745,693 | 2,745,693 | - | - |
| Fixed Income Mutual Fund | 2,726,043 | 2,726,043 | - | - |
| Cash/Money Market | 972,367 | 972,367 | - | - |
| | <u>\$ 55,561,833</u> | <u>\$ 33,759,172</u> | <u>\$ 15,868,415</u> | <u>\$ 5,934,246</u> |

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most creditworthy. 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, 2023, for each investment type.

| Investments | Total as of June 30, 2023 | Minimum Legal Rating | AAA | AA+/Aa1 | Not Rated |
|--|---------------------------|----------------------|----------------------|---------------------|----------------------|
| Local Agency Investment Fund | \$ 18,456,311 | N/A | \$ - | \$ - | \$ 18,456,311 |
| U.S. Treasury * | 14,571,526 | N/A | - | - | 14,571,526 |
| U.S. Government Agency Securities: | | | | | |
| Federal Home Loan Bank | 1,570,219 | N/A | 1,570,219 | - | - |
| Federal Farm Credit Bank | 2,185,305 | N/A | 2,185,305 | - | - |
| Federal National Mortgage Association | 1,429,992 | N/A | 1,429,992 | - | - |
| Federal Home Loan Mortgage Corporation | 1,772,133 | N/A | 1,772,133 | - | - |
| Medium-term Notes | 6,141,720 | A | 232,922 | 5,908,798 | - |
| Money Market Mutual Funds | 66,060 | AAA | 66,060 | - | - |
| Supranationals | 596,066 | AA | 596,066 | - | - |
| Asset Backed Securities | 2,328,398 | AA | 2,328,398 | - | - |
| Investments Held in Section 115 Trust: | | | | | |
| Equity Mutual Fund | 2,745,693 | AA | 2,745,693 | - | - |
| Fixed Income Mutual Fund | 2,726,043 | AA | 2,726,043 | - | - |
| Money Market | 972,367 | AA | 972,367 | - | - |
| | <u>\$ 55,561,833</u> | | <u>\$ 16,625,198</u> | <u>\$ 5,908,798</u> | <u>\$ 33,027,837</u> |

* Exempt from rating disclosure

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 3: Cash and Investments (Continued)**d. Risk Disclosures (Continued)**Custodial Credit Risk

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

Concentration of Credit Risk

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

e. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following table represents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023:

| | Level 1 | Level 2 | Uncategorized | Total |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Local Agency Investment Fund | \$ - | \$ - | \$ 18,456,311 | \$ 18,456,311 |
| U.S. Treasury | 14,571,526 | - | - | 14,571,526 |
| U.S. Government Agency Securities | - | 6,957,649 | - | 6,957,649 |
| Medium-term Notes | - | 6,141,720 | - | 6,141,720 |
| Supranationals | - | 596,066 | - | 596,066 |
| Asset Backed Securities | - | 2,328,398 | - | 2,328,398 |
| Equity Mutual Fund | 2,745,693 | - | - | 2,745,693 |
| Fixed Income Mutual Fund | 2,726,043 | - | - | 2,726,043 |
| Money Market | 1,038,427 | - | - | 1,038,427 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | \$ 21,081,689 | \$ 16,023,833 | \$ 18,456,311 | \$ 55,561,833 |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 4: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2023:

| | Balance June 30, 2022 | Additions | Deletions | Balance June 30, 2023 |
|---------------------------------------|--------------------------|---------------------|-----------------------|--------------------------|
| <i>Governmental Activities</i> | | | | |
| <i>Non-Depreciable Assets:</i> | | | | |
| Land | \$ 5,337,440 | \$ - | \$ - | \$ 5,337,440 |
| Construction in progress | <u>2,095,207</u> | <u>9,924,038</u> | <u>(1,236,797)</u> | <u>10,782,448</u> |
| Total non-depreciable assets | <u>7,432,647</u> | <u>9,924,038</u> | <u>(1,236,797)</u> | <u>16,119,888</u> |
| <i>Depreciable Assets:</i> | | | | |
| Buildings | 6,016,915 | - | 2,013 | 6,014,902 |
| Improvements | 14,238,363 | - | 52,197 | 14,186,166 |
| Equipment | 3,243,402 | 38,208 | 355,617 | 2,925,993 |
| Vehicles | 2,559,556 | 17,000 | 216,812 | 2,359,744 |
| Infrastructure | <u>74,425,269</u> | <u>1,363,414</u> | <u>43,664</u> | <u>75,745,019</u> |
| Total depreciable assets | <u>100,483,505</u> | <u>1,418,622</u> | <u>670,303</u> | <u>101,231,824</u> |
| <i>Less Accumulated Depreciation:</i> | | | | |
| Buildings | (3,361,860) | (120,790) | (1,543) | (3,481,107) |
| Improvements | (6,608,020) | (482,188) | (48,735) | (7,041,473) |
| Equipment | (2,588,942) | (236,348) | (353,097) | (2,472,193) |
| Vehicles | (1,994,200) | (145,445) | (200,845) | (1,938,800) |
| Infrastructure | <u>(59,306,726)</u> | <u>(1,342,148)</u> | <u>(38,933)</u> | <u>(60,609,941)</u> |
| Total accumulated depreciation | <u>(73,859,748)</u> | <u>(2,326,919)</u> | <u>(643,153)</u> | <u>(75,543,514)</u> |
| Total depreciable assets, net | <u>26,623,757</u> | <u>(908,297)</u> | <u>27,150</u> | <u>25,688,310</u> |
| Total capital assets, net | <u>\$ 34,056,404</u> | <u>\$ 9,015,741</u> | <u>\$ (1,209,647)</u> | <u>\$ 41,808,198</u> |

Governmental activities depreciation expense for capital assets for the year ended June 30, 2023, is as follows:

| | |
|----------------------------|---------------------|
| General Government | \$ 253,282 |
| Public Safety | 247,149 |
| Public Works | 1,390,234 |
| Community Development | 5,926 |
| Community Services | <u>430,328</u> |
| Total Depreciation Expense | <u>\$ 2,326,919</u> |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4: Capital Assets (Continued)

The following is a summary of changes in capital assets for business-type activities for the year ended June 30, 2023:

| | Balance June 30, 2022 | Additions | Deletions | Balance June 30, 2023 |
|---------------------------------------|--------------------------|---------------------|---------------------|--------------------------|
| <i>Business-Type Activities</i> | | | | |
| <i>Non-Depreciable Assets:</i> | | | | |
| Land | \$ 111,706 | \$ - | \$ - | \$ 111,706 |
| Construction in progress | 62,820 | 115,310 | (115,310) | 62,820 |
| Total non-depreciable assets | <u>174,526</u> | <u>115,310</u> | <u>(115,310)</u> | <u>174,526</u> |
| <i>Depreciable Assets:</i> | | | | |
| Buildings | 6,766,498 | - | - | 6,766,498 |
| Improvements | 18,516,952 | 115,310 | - | 18,632,262 |
| Equipment | 828,705 | - | - | 828,705 |
| Total depreciable assets | <u>26,112,155</u> | <u>115,310</u> | <u>-</u> | <u>26,227,465</u> |
| <i>Less Accumulated Depreciation:</i> | | | | |
| Buildings and improvements | (8,172,006) | (537,948) | - | (8,709,954) |
| Equipment | (580,721) | (16,532) | - | (597,253) |
| Total accumulated depreciation | <u>(8,752,727)</u> | <u>(554,480)</u> | <u>-</u> | <u>(9,307,207)</u> |
| Total depreciable assets, net | <u>17,359,428</u> | <u>(439,170)</u> | <u>-</u> | <u>16,920,258</u> |
| Total capital assets, net | <u>\$ 17,533,954</u> | <u>\$ (323,860)</u> | <u>\$ (115,310)</u> | <u>\$ 17,094,784</u> |

Business-type activities depreciation expense for capital assets for the year ended June 30, 2023, is \$554,480, recorded in the Sanitation Fund.

Note 5: City Employees Retirement Plan - Pension Plans

a. General Information about the Pension Plans

Plan Descriptions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

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 ten 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, 2023, for which the City has contracted:

| <u>Major Benefit Options</u> | <u>Miscellaneous*</u> | <u>Miscellaneous Second Tier</u> | <u>Miscellaneous PEPRA</u> | <u>Safety Fire First Tier*</u> | <u>Safety Fire Second Tier</u> | <u>Safety Fire PEPRA</u> | <u>Safety Lifeguard First Tier*</u> | <u>Safety Lifeguard Second Tier*</u> | <u>PEPRA Other Safety</u> |
|---|--------------------------|--|-----------------------------|--------------------------------|--|-----------------------------|-------------------------------------|--|-----------------------------|
| Hire Date | Prior to January 1, 2010 | January 1, 2010 but prior to January 1, 2013 | On or after January 1, 2013 | Prior to January 1, 2010 | January 1, 2010 but prior to January 1, 2013 | On or after January 1, 2013 | Prior to January 1, 2010 | January 1, 2010 but prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit Provision | 2.5% @ 55 | 2.0% @ 60 | 2% @ 62 | 3.0% @ 50 | 2.0% @ 50 | 2.7% @ 57 | 3.0% @ 50 | 2.0% @ 50 | 2.7% @ 57 |
| Benefit Formula | No | No | No | No | No | No | No | No | No |
| Social Security Full/Modified | Full | Full | Full | Full | Full | Full | Full | Full | Full |
| Benefit Vesting Schedule | 5 Years Service | 5 Years Service | 5 Years Service | 5 Years Service | 5 Years Service | 5 Years Service | 5 Years Service | 5 Years Service | 5 Years 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 Percentage of Eligible Compensation | 1.426% to 2.418% | 1.092% to 2.418% | 1.0% to 2.5% | 3.0% | 2.0% to 2.7% | 2.0% to 2.7% | 1.423% to 2.0% | 1.423% to 2.0% | 2.0% to 2.7% |
| Required Employer Contribution Rates | 12.21% | 8.63% | 7.47% | 23.75% | 18.17% | 12.78% | 23.75% | 18.17% | 12.78% |
| Required Employee Contribution Rates | 7.96% | 6.93% | 6.75% | 8.99% | 8.95% | 13.00% | 8.99% | 8.95% | 13.00% |

* Closed to new member entrants.

Contribution Description

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

For the year ended June 30, 2023, the contributions recognized as a reduction to the net pension liability was \$1,938,134.

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

Note 5: 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, 2023, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

| | <u>Proportionate Share of Net Pension Liability</u> |
|---------------|---|
| Miscellaneous | \$ 7,283,498 |
| Safety | <u>12,151,239</u> |
| Total | <u>\$ 19,434,737</u> |

The net pension liability of each of the Plans is measured as of June 30, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022, respectively, was as follows:

| | <u>Miscellaneous</u> | <u>Safety</u> | <u>Combined</u> |
|----------------------------|----------------------|------------------|------------------|
| Proportion - June 30, 2022 | 0.18924% | 0.19550% | 0.19330% |
| Proportion - June 30, 2023 | <u>0.15566%</u> | <u>0.17683%</u> | <u>0.16825%</u> |
| Change | <u>-0.03358%</u> | <u>-0.01867%</u> | <u>-0.02505%</u> |

For the year ended June 30, 2023, the City recognized pension expense as follows:

| <u>Miscellaneous</u> | <u>Safety</u> | <u>Total Plans</u> |
|----------------------|---------------|--------------------|
| \$ 31,950 | \$ (108,428) | \$ (76,478) |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

At June 30, 2023, 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 | \$ 886,210 | \$ - |
| Changes of assumptions | 746,347 | - |
| Difference between expected and actual experience | 146,267 | 97,963 |
| Net difference between projected and actual earnings on plan investments | 1,334,143 | - |
| Differences between actual contributions and the proportionate share of contributions | - | 297,773 |
| Change in employer's proportion | 38,943 | 148,988 |
| | <u>3,151,910</u> | <u>544,724</u> |
| <u>Safety Plan</u> | | |
| Pension contributions subsequent to measurement date | 1,309,122 | - |
| Changes in assumptions | 1,225,213 | - |
| Difference between expected and actual experience | 502,896 | 131,953 |
| Net difference between projected and actual earnings on plan investments | 1,918,850 | - |
| Differences between actual contributions and the proportionate share of contributions | - | 797,483 |
| Change in employer's proportion | 450,133 | - |
| | <u>5,406,214</u> | <u>929,436</u> |
| Total All Plans | <u>\$ 8,558,124</u> | <u>\$ 1,474,160</u> |

The \$2,195,332 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 fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year Ended June 30, | Deferred Outflows/(Inflows) of Resources | | |
|----------------------------------|--|---------------------|---------------------|
| | Miscellaneous Plan | Safety Plan | Total |
| 2024 | \$ 389,482 | \$ 891,489 | \$ 1,280,971 |
| 2025 | 332,162 | 706,374 | 1,038,536 |
| 2026 | 183,324 | 399,271 | 582,595 |
| 2027 | 816,008 | 1,170,522 | 1,986,530 |
| | <u>\$ 1,720,976</u> | <u>\$ 3,167,656</u> | <u>\$ 4,888,632</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

c. Actuarial Methods and Assumptions

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021, total pension liabilities were based on the following actuarial methods and assumptions:

| Actuarial Cost Method | Entry Age Normal Cost Method |
|-------------------------------------|---|
| Actuarial Assumptions: | |
| Discount Rate | 6.90% |
| Inflation | 2.30% |
| 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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies |

(1) The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 5: City Employees Retirement Plan - Pension Plans (Continued)

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 next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

| Asset Class ¹ | Assumed Asset | |
|----------------------------------|---------------|----------------------------|
| | Allocation | Real Return ^{1,2} |
| Global Equity - Cap-weighted | 30.00% | 4.45% |
| Global Equity - Non-Cap-weighted | 12.00 | 3.84 |
| Private Equity | 13.00 | 7.28 |
| Treasury | 5.00 | 0.27 |
| Mortgage-backed Securities | 5.00 | 0.50 |
| Investment Grade Corporates | 10.00 | 1.56 |
| High Yield | 5.00 | 2.27 |
| Emerging Market Debt | 5.00 | 2.48 |
| Private Debt | 5.00 | 3.57 |
| Real Assets | 15.00 | 3.21 |
| Leverage | (5.00) | (0.59) |

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management Study.

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 (5.90 percent) or 1% point higher (7.90 percent) than the current rate:

| Plan Type | Discount Rate - 1% | Current Discount Rate | Discount Rate + 1% |
|---------------|----------------------|-----------------------|----------------------|
| | 5.90% | 6.90% | 7.90% |
| Miscellaneous | \$ 10,979,736 | \$ 7,283,498 | \$ 4,242,411 |
| Safety | 17,608,873 | 12,151,239 | 7,690,856 |
| Total | <u>\$ 28,588,609</u> | <u>\$ 19,434,737</u> | <u>\$ 11,933,267</u> |

d. Pension Plan Fiduciary Net Position

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 6: 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 (\$151 per month for 2023) 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.

b. Plan Membership

At June 30, 2023, the measurement date, the following numbers of participants were covered by the benefit terms:

| | |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 51 |
| Inactive plan members entitled to but not yet receiving benefit payments | 13 |
| Active plan members | 67 |
| | <u>131</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 \$398,228 during the 2023 fiscal year which consisted of \$181,055 of pay-as-you-go benefit payments, \$137,000 in contributions to the trust, \$763 in non-trust administration expenses, and \$79,410 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, 2023 | June 30, 2022 |
| Total OPEB Liability (TOL) | \$ 3,674,391 | \$ 3,620,210 |
| Fiduciary Net Position (FNP) | <u>1,433,714</u> | <u>1,204,021</u> |
| Net OPEB Liability (NOL) | <u>\$ 2,240,677</u> | <u>\$ 2,416,189</u> |
| Funded Status (FNP/TOL) | 39.0% | 33.3% |

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6: Other Post-Employment Benefits (Continued)

The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2023 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, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date: June 30, 2021

Contribution Policy: City contributes at least the full ADC

Discount Rate and Long-Term Expected Rate of Return on Assets: 5.50% at June 30, 2023; Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust

General Inflation: 2.50% annually

Mortality, Retirement, Disability, Termination: CalPERS 1997-2015 Experience Study

Mortality Improvement: Mortality projected fully generational with Scale MP-2020

Salary Increases: Aggregate – 2.75% annually; Merit – CalPERS 1997-2015 Experience Study

Medical Trend: Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Non-Kaiser) – 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076

PEMHCA Minimum Increases: 3.75% annually

Cap Increases: 0%

Healthcare Participation for Future Retirees: Actives & Surviving Spouses Hired < 1/1/07: Covered – 90%; Waived – 70%. Actives & Surviving Spouses Hired > 1/1/07: Covered – 60%; Waived – 50%. Retirees & Surviving Spouses: Covered 100%; Waived < 65 – 20% at 65; Waived > 65 – 0%

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023
Note 6: Other Post-Employment Benefits (Continued)**e. Changes in the OPEB Liability**

| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
|--------------------------------|-------------------------|---------------------------|-----------------------|
| Balance at June 30, 2022 | \$ 3,620,210 | \$ 1,204,021 | \$ 2,416,189 |
| Changes for the year: | | | |
| Service cost | 116,300 | - | 116,300 |
| Interest | 198,346 | - | 198,346 |
| Assumption changes | - | - | - |
| Actual vs. expected experience | - | - | - |
| Contributions - employer | - | 398,228 | (398,228) |
| Net investment income | - | 95,935 | (95,935) |
| Benefit payments* | (260,465) | (260,465) | - |
| Administrative expenses | - | (4,005) | 4,005 |
| Net changes | <u>54,181</u> | <u>229,693</u> | <u>(175,512)</u> |
| Balance at June 30, 2023 | <u>\$ 3,674,391</u> | <u>\$ 1,433,714</u> | <u>\$ 2,240,677</u> |

*Benefit payments include an implied subsidy of \$79,410 for the measurement date June 30, 2023.

f. 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 (4.50%) | Current Rate (5.50%) | 1% Increase (6.50%) |
|--------------------|------------------------|-------------------------|------------------------|
| Net OPEB Liability | \$ 2,706,387 | \$ 2,240,677 | \$ 1,857,616 |

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

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

| | 1% Decrease | Current Trend | 1% Increase |
|--------------------|--------------|---------------|--------------|
| Net OPEB Liability | \$ 1,920,043 | \$ 2,240,677 | \$ 2,703,439 |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 6: Other Post-Employment Benefits (Continued)

h. 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.

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

For the fiscal year ended June 30, 2023, the City recognized OPEB income of \$14,830. As of fiscal year ended June 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 49,696 |
| Changes in assumptions | 8,549 | 413,023 |
| Net difference between projected and actual earnings on plan investments | 85,381 | - |
| Total | <u>\$ 93,930</u> | <u>\$ 462,719</u> |

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

| Fiscal Year Ended June 30, | Outflows/(Inflows) of Resources |
|-------------------------------|------------------------------------|
| 2024 | \$ (235,701) |
| 2025 | (101,491) |
| 2026 | (16,760) |
| 2027 | (9,552) |
| 2028 | (4,406) |
| Thereafter | (879) |
| Total | <u>\$ (368,789)</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 7: Commitments and Contingencies

a. Litigation

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

b. Construction Commitments

The following material construction commitments existed at June 30, 2023:

| <u>Project Name</u> | <u>Remaining Contract Amount</u> |
|------------------------------|--------------------------------------|
| Sewer and Storm Drain Rehab | \$ 649,634 |
| Pavement Maintenance Project | 1,088,838 |

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 8: 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 THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 8: Risk Management (Continued)

The workers' compensation and general liability claims payable of \$838,000 reported at June 30, 2023, 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 |
|-------------|--|--|-------------------|----------------------------------|
| 2021 - 2022 | \$ 1,177,000 | \$ 111,933 | \$ (190,933) | \$ 1,098,000 |
| 2022 - 2023 | 1,098,000 | (121,075) | (138,925) | 838,000 |

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

Note 9: Long-Term Liabilities

a. Changes in Long-term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

| | Balance Beginning of Year | Additions | Deletions | Balance End of Year | Amount Due Within One Year |
|---|---------------------------------|------------|------------|---------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | | | | | |
| Limited Tax Bonds, Series 2010A | \$ 5,500,000 | \$ - | \$ - | \$ 5,500,000 | \$ - |
| Total Bonds Payable | 5,500,000 | - | - | 5,500,000 | - |
| Direct Borrowings and Direct Placements | | | | | |
| Lease Revenue Bonds - ABAG | 145,000 | - | 145,000 | - | - |
| Discount | (577) | - | (577) | - | - |
| Total Direct Borrowings and Direct Placements | 144,423 | - | 144,423 | - | - |
| Loan Payable | 349,819 | - | 58,809 | 291,010 | 60,855 |
| Compensated Absences | 546,979 | 522,030 | 398,512 | 670,497 | 488,503 |
| Claims (Note 8) | 1,098,000 | - | 260,000 | 838,000 | 198,434 |
| Total Governmental Activities | \$ 7,639,221 | \$ 522,030 | \$ 861,744 | \$ 7,299,507 | \$ 747,792 |
| Business-Type Activities: | | | | | |
| Bonds Payable | | | | | |
| 2017 Wastewater Revenue Refunding Bonds | \$ 5,520,000 | \$ - | \$ 305,000 | \$ 5,215,000 | \$ 320,000 |
| Premium | 357,766 | - | 25,555 | 332,211 | - |
| Total Bonds Payable | 5,877,766 | - | 330,555 | 5,547,211 | 320,000 |
| Direct Borrowings and Direct Placements | | | | | |
| San Elijo JPA Loan Payable - 2017 | 10,385,000 | - | 237,500 | 10,147,500 | 245,000 |
| Total Direct Borrowings and Direct Placements | 10,385,000 | - | 237,500 | 10,147,500 | 245,000 |
| Compensated Absences | 52,449 | 45,975 | 26,744 | 71,680 | 36,550 |
| Total Business-Type Activities | \$ 16,315,215 | \$ 45,975 | \$ 594,799 | \$ 15,766,391 | \$ 601,550 |

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9: Long-Term Liabilities (Continued)**b. Governmental Activities****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, 2023, is \$5,500,000.

The future principal and interest payments as of June 30, 2023, were as follows:

| Year Ending June 30, | Bonds Payable | |
|----------------------|---------------|--------------|
| | Principal | Interest |
| 2024 | \$ - | \$ 325,105 |
| 2025 | - | 325,105 |
| 2026 | - | 325,105 |
| 2027 | - | 325,105 |
| 2028 | - | 325,105 |
| 2029 - 2033 | - | 1,625,525 |
| 2034 - 2038 | - | 1,625,525 |
| 2039 - 2043 | 2,491,824 | 1,305,244 |
| 2044 - 2048 | 3,008,176 | 502,413 |
| Total | \$ 5,500,000 | \$ 6,684,232 |

Loan Payable**Energy Efficiency/Conservation Upgrades**

On May 9, 2012, the City entered into a loan financing agreement with Municipal Finance Corporation for various energy efficiency/conservation upgrades at City facilities. The loan was executed in the amount of \$818,696. Payments are due in thirty-one semi-annual payments of \$35,187 and include interest at the rate of 3.45%. The City also executed an acquisition fund agreement with Deutsche Bank National Trust Company for distribution of the funds. At June 30, 2023, the balance of the loan liability was \$291,010.

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 9: Long-Term Liabilities (Continued)**b. Governmental Activities (Continued)**

The future principal and interest payments as of June 30, 2023, were as follows:

| Year Ending June 30, | Total |
|------------------------------------|-------------------|
| 2024 | \$ 70,374 |
| 2025 | 70,374 |
| 2026 | 70,374 |
| 2027 | 70,374 |
| 2028 | 35,187 |
| Total minimum payments | 316,683 |
| Less: amount representing interest | (25,673) |
| Present value of minimum payments | <u>\$ 291,010</u> |

c. Business Type Activities**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, 2023, is \$5,215,000.

The future principal and interest payments as of June 30, 2023, were as follows:

| Year Ending June 30, | Bonds Payable | |
|----------------------|---------------------|---------------------|
| | Principal | Interest |
| 2024 | \$ 320,000 | \$ 186,806 |
| 2025 | 330,000 | 174,006 |
| 2026 | 340,000 | 164,106 |
| 2027 | 350,000 | 153,906 |
| 2028 | 370,000 | 136,406 |
| 2029 - 2033 | 2,080,000 | 437,924 |
| 2034 - 2038 | 1,425,000 | 89,106 |
| Total | <u>\$ 5,215,000</u> | <u>\$ 1,342,260</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 9: Long-Term Liabilities (Continued)

c. Business Type Activities (Continued)

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, 2023, is \$10,147,500.

The future principal and interest payments as of June 30, 2023, were as follows:

| Year Ending June 30, | Direct Borrowings | |
|----------------------|----------------------|---------------------|
| | Principal | Interest |
| 2024 | \$ 245,000 | \$ 424,088 |
| 2025 | 255,000 | 414,288 |
| 2026 | 267,500 | 401,538 |
| 2027 | 280,000 | 388,163 |
| 2028 | 295,000 | 374,163 |
| 2029 - 2033 | 1,707,500 | 1,634,440 |
| 2034 - 2038 | 2,125,000 | 1,220,402 |
| 2039 - 2043 | 2,545,000 | 795,157 |
| 2044 - 2047 | 2,427,500 | 247,400 |
| Total | <u>\$ 10,147,500</u> | <u>\$ 5,899,639</u> |

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023
Note 10: Debt Covenant Compliance for JPA Loans

In Compliance with bond issuance covenants, specifically, the 2011 and 2017 San Elijo JPA Bonds, the City is including this table showing debt service coverage for the fiscal year of at least 1.30 times (i) the loan installments coming due and payable during the fiscal year, (ii) all payments required with respect to parity debt, and (iii) amount required to replenish the Reserve Fund as required by the indenture. The City covenants under the 2017 Wastewater Revenue Refunding Bond agreement require while the Bonds remain outstanding and to the extent permitted by law, the City will fix, prescribe, and collect rates and charges which will be at least sufficient to yield during each fiscal year Residual Net Revenues equal to one hundred thirty percent (130%) of Debt Service. The debt coverage ratios for the 2011 and 2017 San Elijo JPA Loans Payable and the 2017 Wastewater Revenue Refunding Bonds are calculated as follows:

| | 2017 JPA Loan | 2017 Wastewater Bonds |
|--|---------------------|-----------------------------|
| Revenues: | | |
| Operating revenues | \$ 5,847,517 | \$ 5,847,517 |
| Other operating | 177,216 | 177,216 |
| Non-operating | <u>261,054</u> | <u>261,054</u> |
| Gross revenues | <u>6,285,787</u> | <u>6,285,787</u> |
| Expenses | <u>3,971,483</u> | <u>3,971,483</u> |
| Net Income | 2,314,304 | 2,314,304 |
| Add Back: | | |
| Interest expense | 598,127 | 598,127 |
| Depreciation | 554,480 | 554,480 |
| Loss on disposal of capital assets | <u>53,371</u> | <u>53,371</u> |
| Net Revenues Available for Debt Service (2011 and 2017 JPA Loans) | <u>\$ 3,520,282</u> | <u>3,520,282</u> |
| 2017 Refunding Revenue Bonds Debt Service: | | |
| Principal repayment | 237,500 | 237,500 |
| Interest charges | <u>423,213</u> | <u>423,213</u> |
| Total debt service | <u>\$ 660,713</u> | <u>660,713</u> |
| Net Revenues Available for Debt Service (2017 Wastewater Bonds) | | <u>\$ 2,859,569</u> |
| 2017 Wastewater Revenue Refunding Bonds Debt Service: | | |
| Principal repayment | | \$ 305,000 |
| Interest charges | | <u>199,006</u> |
| Total debt service | | <u>\$ 504,006</u> |
| Coverage Ratio | <u>5.3</u> | <u>5.7</u> |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 11: 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 | Sand Replenishment | City CIP | Other Governmental Funds | Total Governmental Funds |
|--|---------------|--------------------|--------------|--------------------------|--------------------------|
| Nonspendable: | | | | | |
| Inventories | \$ - | \$ - | \$ - | \$ 47,545 | \$ 47,545 |
| Prepaid Costs | 41,589 | - | - | - | 41,589 |
| Total Nonspendable | 41,589 | - | - | 47,545 | 89,134 |
| Restricted: | | | | | |
| Section 115 Pension Stabilization Trust | 5,003,450 | - | - | - | 5,003,450 |
| TransNet | - | - | - | 386,935 | 386,935 |
| Gas Tax | - | - | - | 672,674 | 672,674 |
| Municipal Improvement Districts | - | - | - | 1,262,782 | 1,262,782 |
| Lighting District | - | - | - | 3,519,441 | 3,519,441 |
| COPS | - | - | - | 346,115 | 346,115 |
| Public Safety | - | - | - | 711,199 | 711,199 |
| Fire Mitigation | - | - | - | 64,871 | 64,871 |
| Coastal Area Business/Visitor Assistance & Enhancement | - | - | - | 1,159,661 | 1,159,661 |
| Miscellaneous Grants | - | - | - | 88,296 | 88,296 |
| Boating & Waterways | - | - | - | 3,967 | 3,967 |
| Housing | - | - | - | 1,394,849 | 1,394,849 |
| Camp Programs | - | - | - | 38,306 | 38,306 |
| SB1 Streets & Roads | - | - | - | 520,973 | 520,973 |
| Capital Projects | - | - | 6,690,731 | 73,882 | 6,764,613 |
| Debt Service | - | - | - | 25,885 | 25,885 |
| Total Restricted | 5,003,450 | - | 6,690,731 | 10,269,836 | 21,964,017 |
| Committed: | | | | | |
| Parks & Recreation | 37,057 | - | - | - | 37,057 |
| Public Facilities | 924,228 | - | - | - | 924,228 |
| Public Art | 26,728 | - | - | - | 26,728 |
| In-Lieu Housing | 100,786 | - | - | - | 100,786 |
| Other Post-Employment Benefits | 204,081 | - | - | - | 204,081 |
| Total Committed | 1,292,880 | - | - | - | 1,292,880 |
| Assigned: | | | | | |
| Housing | 1,499,500 | - | - | - | 1,499,500 |
| Community TV | 87,740 | - | - | - | 87,740 |
| Street Sweeping | 134,706 | - | - | - | 134,706 |
| Park Fees | 44,518 | - | - | - | 44,518 |
| Asset Replacement | 3,364,430 | - | - | - | 3,364,430 |
| Self-Insurance | 203,597 | - | - | - | 203,597 |
| Workers' Compensation | 719,394 | - | - | - | 719,394 |
| Public Facilities | 733,095 | - | - | - | 733,095 |
| Total Assigned | 6,786,980 | - | - | - | 6,786,980 |
| Unassigned | 10,055,355 | 1,093,777 | - | (16,737) | 11,132,395 |
| Total Fund Balance | \$ 23,180,254 | \$ 1,093,777 | \$ 6,690,731 | \$ 10,300,644 | \$ 41,265,406 |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 11: Classification of Fund Balances (Continued)

a. Net investment in capital assets

The detail of net investment in capital assets for the year ended June 30, 2023 is as follows:

| | Governmental Activities | Business-Type Activities <u>Sanitation Fund</u> |
|--|----------------------------|---|
| Capital assets, net of accumulated depreciation | \$ 41,808,198 | \$ 17,094,784 |
| Less: | | |
| Bonds, notes and finance purchase agreements | (5,791,010) | (5,215,000) |
| Capital related, non-debt payable | (1,339,447) | - |
| Add: | | |
| Unamortized premiums/(discounts) | - | (332,211) |
| Net investment in capital assets | <u>\$ 34,677,741</u> | <u>\$ 11,547,573</u> |

Note 12: Interfund Transactions

a. Due From and To Other Funds

At June 30, 2023, the City had the following short-term interfund receivables and payables:

| | <u>Due to Other Funds</u> | <u>Due From Other Funds</u> |
|------------------------|---------------------------|-----------------------------|
| Governmental Funds: | | |
| General Fund | \$ - | \$ 600,791 |
| CDBG | 68,305 | - |
| Enterprise Fund: | | |
| Solana Energy Alliance | <u>532,486</u> | <u>-</u> |
| Total | <u>\$ 600,791</u> | <u>\$ 600,791</u> |

Due from/to other funds balances arise from the short-term borrowing made from the City's General Fund to various other funds to cover cash shortages during the year.

b. Interfund Transfers

For the year ended June 30, 2023, the City had the following transfers:

| Transfers Out | <u>Transfers In</u> | | | Totals |
|------------------------------|---------------------|---------------------|------------------------------------|---------------------|
| | General Fund | City CIP Fund | Non-Major Governmental Funds | |
| General Fund | \$ 329,600 | \$ 2,841,916 | \$ 259,900 | \$ 3,431,416 |
| Non-Major Governmental Funds | <u>1,661,685</u> | <u>-</u> | <u>-</u> | <u>1,661,685</u> |
| Total | <u>\$ 1,991,285</u> | <u>\$ 2,841,916</u> | <u>\$ 259,900</u> | <u>\$ 5,093,101</u> |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 12: Interfund Transactions (Continued)

Transfers were made from the General Fund and the Lighting District, Miscellaneous Grants nonmajor special revenue fund to the City Debt Service nonmajor debt service fund to provide resources for debt service payments. Transfer was also made to the City CIP fund for the purposes of funding capital projects. During the fiscal year ended June 30, 2023, 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 will be as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|--------------|-----------|--------------|
| 2024 | \$ 410,503 | \$ 35,196 | \$ 445,699 |
| 2025 | 421,914 | 23,785 | 445,699 |
| 2026 | 433,644 | 12,055 | 445,699 |
| Total | \$ 1,266,061 | \$ 71,036 | \$ 1,337,097 |

CITY OF SOLANA BEACH, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 13: Investment in Joint Venture

On June 17, 1987, the Cardiff Sanitation District and the City of Solana Beach established the San Elijo Joint Powers Authority (SEJPA), a separate legal entity, whose function is to manage, operate, maintain, and expand a plant for the treatment and disposal of sewage or wastewater and to determine the joint and separate obligations of the members concerning the transmission, treatment, disposal and reclamation of sewage and wastewater within the respective service territories. The SEJPA's governing board consists of two members from each entity. The City of Solana Beach's investment in the SEJPA has been recorded using the equity method of accounting and is shown as an investment in joint venture in the City's financial statements. Summarized audited information of the SEJPA for the fiscal year ended June 30, 2023, is as follows:

| | |
|---|----------------------|
| Operating revenues | \$ 9,979,094 |
| Operating expenses | (11,718,136) |
| Net non-operating income | 557,332 |
| Capital contributions | <u>2,369,487</u> |
| Change in net position | <u>\$ 1,187,777</u> |
| | |
| Total assets and deferred outflows of resources | \$ 118,743,966 |
| Total liabilities and deferred inflows of resources | <u>(44,634,834)</u> |
| Net position - total fund equity | <u>\$ 74,109,132</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, 2023, is as follows:

| | |
|---|----------------------|
| Investment at June 30, 2022 | \$ 36,460,678 |
| Capital contribution | 1,184,744 |
| Current year share in the joint venture net income (loss) | <u>(590,856)</u> |
| Investment at June 30, 2023 | <u>\$ 37,054,566</u> |

The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

Note 14: 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, 2023, were \$1,665,000.

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, 2023, were \$370,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency

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

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

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

a. 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, 2023, follows:

| | Balance June 30, 2022 | Additions | Deletions | Balance June 30, 2023 | Due Within One Year |
|---------------------|--------------------------|-----------|------------|--------------------------|------------------------|
| Fiduciary Funds: | | | | | |
| 2017 Tax Allocation | | | | | |
| Refunding Bonds | \$ 2,165,000 | \$ - | \$ 129,100 | \$ 2,035,900 | \$ 133,500 |

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

Note 15: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The annual debt service requirements are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 133,500 | \$ 67,302 | \$ 200,802 |
| 2025 | 138,200 | 62,778 | 200,978 |
| 2026 | 142,700 | 38,098 | 180,798 |
| 2027 | 147,700 | 53,263 | 200,963 |
| 2028 | 152,500 | 48,260 | 200,760 |
| 2029 - 2033 | 844,300 | 160,163 | 1,004,463 |
| 2034 - 2036 | 477,000 | 24,308 | 501,308 |
| Total | <u>\$ 2,035,900</u> | <u>\$ 454,172</u> | <u>\$ 2,490,072</u> |

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low- and Moderate-Income Housing set-aside and pass-through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low- and Moderate-Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$2,490,072 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 \$281,203 and the debt service obligation on the bonds was \$200,777.

b. Insurance

The Successor Agency is covered under the City of Solana Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 9.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <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 | \$ 20,181,490 | \$ 20,181,490 | \$ 20,181,490 | \$ - |
| Resources (Inflows): | | | | |
| Taxes: | | | | |
| Property | 9,417,000 | 9,497,000 | 10,414,854 | 917,854 |
| Transient occupancy | 1,375,000 | 1,525,000 | 2,234,028 | 709,028 |
| Sales | 3,560,300 | 4,130,300 | 5,845,967 | 1,715,667 |
| Franchise and other | 3,401,400 | 3,551,400 | 3,650,169 | 98,769 |
| Licenses and permits | 453,000 | 640,500 | 1,002,304 | 361,804 |
| Intergovernmental | 289,500 | 289,500 | 56,047 | (233,453) |
| Charges for services | 791,000 | 868,500 | 890,968 | 22,468 |
| Use of money and property | 383,000 | 358,000 | 643,126 | 285,126 |
| Fines and forfeitures | 381,500 | 206,500 | 408,220 | 201,720 |
| Other revenues | 2,064,100 | 2,185,640 | 3,731,586 | 1,545,946 |
| Amounts Available for Appropriations | 42,297,290 | 43,433,830 | 49,058,759 | 5,624,929 |
| Charges to Appropriations (Outflows): | | | | |
| General Government: | | | | |
| City Council | 351,455 | 371,455 | 368,811 | 2,644 |
| City Clerk | 574,030 | 621,625 | 542,702 | 78,923 |
| Legal Services | 479,310 | 529,315 | 529,242 | 73 |
| City Manager | 540,945 | 596,230 | 490,738 | 105,492 |
| Finance | 1,388,105 | 2,885,190 | 2,853,887 | 31,303 |
| Personnel | 413,055 | 424,870 | 358,609 | 66,261 |
| Information Systems | 417,110 | 623,300 | 596,118 | 27,182 |
| Support Services | 1,263,590 | 1,474,083 | 1,320,969 | 153,114 |
| Total General Government | 5,427,600 | 7,526,068 | 7,061,076 | 464,992 |
| Public Safety: | | | | |
| Marine safety | 1,019,990 | 1,246,985 | 1,177,052 | 69,933 |
| Law enforcement | 4,900,005 | 4,853,469 | 4,775,585 | 77,884 |
| Code & parking enforcement | 273,580 | 310,805 | 310,302 | 503 |
| Fire department | 5,441,775 | 5,227,180 | 5,321,204 | (94,024) |
| Animal regulation | 95,000 | 95,000 | 94,761 | 239 |
| Civil defense | 169,800 | 169,800 | 167,052 | 2,748 |
| Total Public Safety | 11,900,150 | 11,903,239 | 11,845,956 | 57,283 |
| Public Works: | | | | |
| Street and other | 2,139,130 | 2,497,448 | 2,179,506 | 317,942 |
| Engineering | 462,410 | 784,636 | 782,294 | 2,342 |
| Public Facilities | 101,500 | 101,500 | 113,954 | (12,454) |
| Total Public Works | 2,703,040 | 3,383,584 | 3,075,754 | 307,830 |
| Community Development: | | | | |
| Planning | 804,115 | 860,085 | 800,639 | 59,446 |
| Building services | 449,715 | 690,865 | 666,460 | 24,405 |
| Total Community Development | 1,253,830 | 1,550,950 | 1,467,099 | 83,851 |
| Community Services: | | | | |
| Community services | 124,665 | 186,685 | 166,679 | 20,006 |
| Recreation programs | 643,870 | 656,425 | 591,987 | 64,438 |
| Total Community Services | 768,535 | 843,110 | 758,666 | 84,444 |
| Capital Outlay | 71,900 | 303,283 | 177,735 | 125,548 |
| Interest Expense | 46,300 | 46,300 | 46,300 | - |
| Total Charges to Appropriations | 22,171,355 | 25,556,534 | 24,432,586 | 1,123,948 |
| Other Financing Sources (Uses): | | | | |
| Transfers in | 941,285 | 1,991,285 | 1,991,285 | - |
| Transfers out | (507,500) | (3,431,416) | (3,431,416) | - |
| Total Other Financing Sources (Uses) | 433,785 | (1,440,131) | (1,440,131) | - |
| Budgetary Fund Balance, June 30 | \$ 20,559,720 | \$ 16,437,165 | \$ 23,186,042 | \$ 6,748,877 |

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

| Measurement Date | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|--------------|--------------|
| City of Solana Beach's Proportion of the Net Pension Liability | 0.15566% | 0.06644% | 0.05654% | 0.05532% | 0.05550% |
| City of Solana Beach's Proportionate Share of the Net Pension Liability | \$ 7,283,498 | \$ 3,593,385 | \$ 6,151,557 | \$ 5,668,839 | \$ 5,177,151 |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 3,483,076 | \$ 3,353,666 | \$ 3,312,829 | \$ 3,058,602 | \$ 2,879,582 |
| City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll | 209.11% | 107.15% | 185.69% | 185.34% | 179.79% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 73.14% | 88.29% | 75.10% | 75.26% | 75.26% |
| Measurement Date | 2017 | 2016 | 2015 | 2014 | |
| City of Solana Beach's Proportion of the Net Pension Liability | 0.05313% | 0.05241% | 0.05706% | 0.04245% | |
| City of Solana Beach's Proportionate Share of the Net Pension Liability | \$ 5,268,836 | \$ 4,534,940 | \$ 3,550,604 | \$ 2,651,591 | |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 2,721,499 | \$ 2,593,359 | \$ 2,409,776 | \$ 2,517,165 | |
| City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll | 193.60% | 174.87% | 147.34% | 105.34% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.59% | 75.87% | 79.82% | 78.40% | |

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
MISCELLANEOUS EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|
| Actuarially Determined Contribution | \$ 886,210 | \$ 768,847 | \$ 685,457 | \$ 636,152 | \$ 541,582 |
| Contribution in Relation to the Actuarially Determined Contribution | <u>886,210</u> | <u>768,847</u> | <u>685,457</u> | <u>636,152</u> | <u>541,582</u> |
| Contribution Excess (Deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 4,807,042 | \$ 3,483,076 | \$ 3,353,666 | \$ 3,312,829 | \$ 3,058,602 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 18.44% | 22.07% | 20.44% | 19.20% | 17.71% |

| Fiscal Year | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|
| Actuarially Determined Contribution | \$ 460,816 | \$ 417,318 | \$ 385,634 | \$ 330,415 |
| Contribution in Relation to the Actuarially Determined Contribution | <u>460,816</u> | <u>417,318</u> | <u>385,634</u> | <u>330,415</u> |
| Contribution Excess (Deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 2,879,582 | \$ 2,721,499 | \$ 2,593,359 | \$ 2,409,776 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 16.00% | 15.33% | 14.87% | 13.71% |

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SAFETY EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

| Measurement Date | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------|--------------|---------------|--------------|--------------|
| City of Solana Beach's Proportion of the Net Pension Liability | 0.17683% | 0.12686% | 0.09655% | 0.09380% | 0.09361% |
| City of Solana Beach's Proportionate Share of the Net Pension Liability | \$ 12,151,239 | \$ 6,861,102 | \$ 10,505,198 | \$ 9,611,934 | \$ 8,884,523 |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 2,258,877 | \$ 2,138,322 | \$ 2,389,544 | \$ 2,270,208 | \$ 2,249,144 |
| City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll | 537.93% | 320.86% | 439.63% | 423.39% | 395.02% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 69.25% | 88.29% | 75.10% | 75.26% | 75.26% |
| Measurement Date | 2017 | 2016 | 2015 | 2014 | |
| City of Solana Beach's Proportion of the Net Pension Liability | 0.08816% | 0.08774% | 0.09490% | 0.07208% | |
| City of Solana Beach's Proportionate Share of the Net Pension Liability | \$ 8,742,997 | \$ 7,592,101 | \$ 5,905,301 | \$ 4,940,589 | |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 2,115,191 | \$ 2,116,065 | \$ 1,997,991 | \$ 1,925,616 | |
| City of Solana Beach's Proportionate Share of the Net Pension Liability as a Percentage of the Miscellaneous Employees Plan Covered Payroll | 413.34% | 358.78% | 295.56% | 256.57% | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.59% | 75.87% | 79.82% | 78.40% | |

See Accompanying Notes to the Required Supplementary Information.

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
SAFETY EMPLOYEES PENSION PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

| Fiscal Year | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|------------------|------------------|------------------|----------------|----------------|
| Actuarially Determined Contribution | \$ 1,309,122 | \$ 1,169,287 | \$ 1,045,632 | \$ 988,753 | \$ 838,065 |
| Contribution in Relation to the Actuarially Determined Contribution | <u>1,309,122</u> | <u>1,169,287</u> | <u>1,045,632</u> | <u>988,753</u> | <u>838,065</u> |
| Contribution Excess (Deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 3,640,252 | \$ 2,258,877 | \$ 2,138,322 | \$ 2,389,544 | \$ 2,270,208 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 35.96% | 51.76% | 48.90% | 41.38% | 36.92% |
| | | | | | |
| Fiscal Year | 2018 | 2017 | 2016 | 2015 | |
| Actuarially Determined Contribution | \$ 717,659 | \$ 673,212 | \$ 619,022 | \$ 519,933 | |
| Contribution in Relation to the Actuarially Determined Contribution | <u>717,659</u> | <u>673,212</u> | <u>619,022</u> | <u>519,933</u> | |
| Contribution Excess (Deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 2,249,144 | \$ 2,115,191 | \$ 2,116,065 | \$ 1,997,991 | |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 31.91% | 31.83% | 29.25% | 26.02% | |

CITY OF SOLANA BEACH, CALIFORNIA

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 RETIREE HEALTHCARE PLAN
 LAST TEN FISCAL YEARS
 JUNE 30, 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| TOTAL OPEB LIABILITY | | | | | | | |
| Service cost | \$ 116,300 | \$ 118,609 | \$ 115,154 | \$ 140,334 | \$ 218,793 | \$ 231,577 | \$ 225,000 |
| Interest | 198,346 | 214,173 | 210,592 | 231,171 | 187,559 | 172,035 | 164,000 |
| Actual vs. expected experience | - | (43,558) | - | (42,558) | - | - | - |
| Assumption changes | - | 11,837 | - | (384,986) | (1,145,939) | (242,883) | - |
| Benefit payments | (260,465) | (263,592) | (275,453) | (248,040) | (230,041) | (219,042) | (147,532) |
| Net Changes | 54,181 | 37,469 | 50,293 | (304,079) | (969,628) | (58,313) | 241,468 |
| Total OPEB Liability - Beginning | 3,620,210 | 3,582,741 | 3,532,448 | 3,836,527 | 4,806,155 | 4,864,468 | 4,623,000 |
| Total OPEB Liability - Ending (a) | \$ 3,674,391 | \$ 3,620,210 | \$ 3,582,741 | \$ 3,532,448 | \$ 3,836,527 | \$ 4,806,155 | \$ 4,864,468 |
| PLAN FIDUCIARY NET POSITION | | | | | | | |
| Contributions - employer | \$ 398,228 | \$ 402,299 | \$ 480,132 | \$ 446,751 | \$ 484,191 | \$ 307,582 | \$ 233,000 |
| Net investment income | 95,935 | (189,608) | 210,366 | 20,418 | 27,769 | 23,652 | 17,000 |
| Benefit payments | (260,465) | (263,592) | (275,453) | (248,040) | (227,210) | (219,042) | (148,000) |
| Administrative expenses | (4,005) | (3,959) | (3,382) | (4,056) | (2,496) | (2,062) | - |
| Other changes | - | - | (1,390) | - | - | - | 151 |
| Net Changes | 229,693 | (54,860) | 410,273 | 215,073 | 282,254 | 110,130 | 102,151 |
| Plan Fiduciary Net Position - Beginning | 1,204,021 | 1,258,881 | 848,608 | 633,535 | 351,281 | 241,151 | 139,000 |
| Plan Fiduciary Net Position - Ending (b) | \$ 1,433,714 | \$ 1,204,021 | \$ 1,258,881 | \$ 848,608 | \$ 633,535 | \$ 351,281 | \$ 241,151 |
| PLAN NET OPEB LIABILITY - ENDING (a) - (b) | \$ 2,240,677 | \$ 2,416,189 | \$ 2,323,860 | \$ 2,683,840 | \$ 3,202,992 | \$ 4,454,874 | \$ 4,623,317 |
| Retiree Healthcare Plan Fiduciary Net Position as a Percentage of the Plan Total OPEB Liability | 39.02% | 33.26% | 35.14% | 24.02% | 16.51% | 7.31% | 4.96% |
| City of Solana Beach's Retiree Healthcare Plan Covered-Employee Payroll | \$ 7,935,037 | \$ 7,671,497 | \$ 7,533,033 | \$ 7,506,736 | \$ 7,050,741 | \$ 6,666,082 | \$ 6,406,137 |
| City of Solana Beach's Net Retiree Healthcare Plan OPEB Liability as a Percentage of Retiree Healthcare Plan Covered-Employee Payroll | 28.24% | 31.50% | 30.85% | 35.75% | 45.43% | 66.83% | 72.17% |

CITY OF SOLANA BEACH, CALIFORNIA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
RETIREE HEALTHCARE PLAN
LAST TEN FISCAL YEARS
JUNE 30, 2023**

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|------------------|------------------|----------------|
| Retiree Healthcare Plan Actuarially Determined Contribution | \$ 321,907 | \$ 318,390 | \$ 389,000 | \$ 378,000 | \$ 484,191 |
| Retiree Healthcare Plan Contributions in Relation to the Actuarially Determined Contribution | <u>398,228</u> | <u>402,299</u> | <u>480,132</u> | <u>446,751</u> | <u>484,191</u> |
| Contribution Excess (Deficiency) | <u>\$ 76,321</u> | <u>\$ 83,909</u> | <u>\$ 91,132</u> | <u>\$ 68,751</u> | <u>\$ -</u> |
| Retiree Healthcare Plan Covered-Employee Payroll | \$ 7,935,037 | \$ 7,671,497 | \$ 7,533,033 | \$ 7,506,736 | \$ 7,050,741 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 5.02% | 5.24% | 6.37% | 5.95% | 6.87% |

| | <u>2018</u> | <u>2017</u> |
|--|------------------|---------------------|
| Actuarially Determined Contribution | \$ 220,491 | \$ 531,000 |
| Contribution in Relation to the Actuarially Determined Contribution | <u>252,055</u> | <u>233,000</u> |
| Contribution Excess (Deficiency) | <u>\$ 31,564</u> | <u>\$ (298,000)</u> |
| City of Solana Beach's Miscellaneous Employees Plan Covered Payroll | \$ 6,666,082 | \$ 6,406,137 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 3.31% | 3.64% |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

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.” The 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 2022-2023 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 2022-23: None
 - b. Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
 - c. For Fiscal Year 2021-22: None
 - d. For Fiscal Year 2020-21: None
 - e. For Fiscal Year 2019-20: None
 - f. 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%.
 - g. For Fiscal Year 2017-18: The discount rate was reduced from 7.65% to 7.15%.
 - h. For Fiscal Year 2016-17: None
 - i. For Fiscal Year 2015-16: The discount rate was increased from 7.50% to 7.65%
 - j. For Fiscal Year 2014-15: None
3. There were no changes of benefit terms.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2023

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, 2020
 - b. Actuarial Cost Method: Entry Age Normal Cost Method
 - c. Amortization Method: Level Percent of Pay, Direct Rate Smoothing
 - d. Remaining Amortization Periods: Differs by Employer Rate Plan but not more than 28 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.
 - j.

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

1. The schedules are intended to show information for ten years. Historical information is required only for years for which GASB Statement Nos. 74 and 75 are applicable; fiscal year 2016-17 was the first year of implementation. Additional years will be displayed as they become available.
2. There were no changes of benefit terms.
3. Methods and assumptions used to determine contribution rates for the most recent year include:
 - a. Actuarial Valuation Date: June 30, 2021
 - b. Contribution Policy: City contributes at least the full ADC
 - c. Discount Rate and Long-Term Expected Rate of Return on Assets: 5.50% at June 30, 2023; 5.50% at June 30, 2022; Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
 - e. General Inflation: 2.50% annually
 - f. Mortality, Retirement, Disability, Termination: CalPERS 1997-2015 Experience Study
 - g. Mortality improvement: Mortality projected fully generational with Scale MP-2020.
 - h. 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.
 - i. Salary Increases: Aggregate -2.75% annually
 - j. Medical Trend: Non-Medicare – 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Non-Kaiser)– 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076; Medicare (Kaiser) – 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076.
 - k. PEMHCA Minimum Increases: 3.75% annually
 - l. Cap Increases: 0%
 - m. 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%
 - n. Changes of Assumptions: None
 - o. Changes of benefit terms: None

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.

Transnet Fund – accounts for revenues received and expenditures related to transportation development, transit, and related studies. Funding is provided to the City as a secondary recipient under an agreement with the County of San Diego and with San Diego Associations of Governments.

Municipal Improvement Districts Fund - accounts for receipts and expenditures related to landscape maintenance within the various improvement districts. The assessments are collected via the County tax roll.

Lighting District Fund - accounts for the revenues received and expenditures related to streetlights on the City's streets. The City determines the yearly budget, and property owners are charged their proportionate share 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.

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

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

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

Miscellaneous Grants Fund - accounts for grants 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.

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

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|-------------------|--|
| | <u>Gas Tax</u> | <u>TransNet</u> | <u>Municipal Improvement Districts</u> |
| ASSETS | | | |
| Cash and investments | \$ 690,653 | \$ 386,189 | \$ 1,335,722 |
| Receivables: | | | |
| Accounts | - | - | - |
| Interest | 1,906 | 746 | 3,472 |
| Intergovernmental | 29,131 | - | 7,960 |
| Inventories | - | - | - |
| Total Assets | <u>\$ 721,690</u> | <u>\$ 386,935</u> | <u>\$ 1,347,154</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 49,016 | \$ - | \$ 83,752 |
| Accrued liabilities | - | - | 620 |
| Unearned revenues | - | - | - |
| Deposits payable | - | - | - |
| Due to other funds | - | - | - |
| Total Liabilities | <u>49,016</u> | <u>-</u> | <u>84,372</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 672,674 | 386,935 | 1,262,782 |
| Unassigned (Deficit) | - | - | - |
| Total Fund Balances (Deficit) | <u>672,674</u> | <u>386,935</u> | <u>1,262,782</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | <u>\$ 721,690</u> | <u>\$ 386,935</u> | <u>\$ 1,347,154</u> |

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|-------------------|----------------------|
| | <u>Lighting District</u> | <u>COPS</u> | <u>Public Safety</u> |
| ASSETS | | | |
| Cash and investments | \$ 3,526,564 | \$ 361,255 | \$ 639,117 |
| Receivables: | | | |
| Accounts | - | - | 90,513 |
| Interest | 8,827 | 1,046 | - |
| Intergovernmental | 7,623 | - | - |
| Inventories | - | - | - |
| Total Assets | <u>\$ 3,543,014</u> | <u>\$ 362,301</u> | <u>\$ 729,630</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 19,127 | \$ 16,186 | \$ 17,924 |
| Accrued liabilities | 4,446 | - | 507 |
| Unearned revenues | - | - | - |
| Deposits payable | - | - | - |
| Due to other funds | - | - | - |
| Total Liabilities | <u>23,573</u> | <u>16,186</u> | <u>18,431</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 3,519,441 | 346,115 | 711,199 |
| Unassigned (Deficit) | - | - | - |
| Total Fund Balances (Deficit) | <u>3,519,441</u> | <u>346,115</u> | <u>711,199</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | <u>\$ 3,543,014</u> | <u>\$ 362,301</u> | <u>\$ 729,630</u> |

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|------------------|---|
| | <u>Fire Mitigation</u> | <u>CDBG</u> | <u>Coastal Area Business / Visitor Assistance & Enhancement</u> |
| ASSETS | | | |
| Cash and investments | \$ 64,871 | \$ - | \$ 1,157,207 |
| Receivables: | | | |
| Accounts | - | - | - |
| Interest | - | - | 2,454 |
| Intergovernmental | - | 85,468 | - |
| Inventories | - | - | - |
| Total Assets | <u>\$ 64,871</u> | <u>\$ 85,468</u> | <u>\$ 1,159,661</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ 33,900 | \$ - |
| Accrued liabilities | - | - | - |
| Unearned revenues | - | - | - |
| Deposits payable | - | - | - |
| Due to other funds | - | 68,305 | - |
| Total Liabilities | <u>-</u> | <u>102,205</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 64,871 | - | 1,159,661 |
| Unassigned (Deficit) | <u>-</u> | <u>(16,737)</u> | <u>-</u> |
| Total Fund Balances (Deficit) | <u>64,871</u> | <u>(16,737)</u> | <u>1,159,661</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | <u>\$ 64,871</u> | <u>\$ 85,468</u> | <u>\$ 1,159,661</u> |

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------------|---------------------------------|--------------------------------|
| | <u>Boating & Waterways</u> | <u>Miscellaneous Grants</u> | <u>Developer Pass-Thru</u> |
| ASSETS | | | |
| Cash and investments | \$ 3,967 | \$ 163,060 | \$ 474,943 |
| Receivables: | | | |
| Accounts | - | - | - |
| Interest | - | 3,228 | - |
| Intergovernmental | - | - | - |
| Inventories | - | - | - |
| Total Assets | <u>\$ 3,967</u> | <u>\$ 166,288</u> | <u>\$ 474,943</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ - | \$ 2,750 |
| Accrued liabilities | - | - | - |
| Unearned revenues | - | 77,992 | 472,193 |
| Deposits payable | - | - | - |
| Due to other funds | - | - | - |
| Total Liabilities | <u>-</u> | <u>77,992</u> | <u>474,943</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted | 3,967 | 88,296 | - |
| Unassigned (Deficit) | - | - | - |
| Total Fund Balances (Deficit) | <u>3,967</u> | <u>88,296</u> | <u>-</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | <u>\$ 3,967</u> | <u>\$ 166,288</u> | <u>\$ 474,943</u> |

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|--------------------------|-------------------------------------|
| | <u>Housing</u> | <u>Camp Programs</u> | <u>SB 1 Streets & Roads</u> |
| ASSETS | | | |
| Cash and investments | \$ 1,391,466 | \$ 55,693 | \$ 469,458 |
| Receivables: | | | |
| Accounts | - | 27,654 | - |
| Interest | 3,383 | - | 1,079 |
| Intergovernmental | - | - | 50,436 |
| Inventories | - | 47,545 | - |
| Total Assets | <u>\$ 1,394,849</u> | <u>\$ 130,892</u> | <u>\$ 520,973</u> |
| LIABILITIES | | | |
| Accounts payable | \$ - | \$ 5,418 | \$ - |
| Accrued liabilities | - | 39,623 | - |
| Unearned revenues | - | - | - |
| Deposits payable | - | - | - |
| Due to other funds | - | - | - |
| Total Liabilities | <u>-</u> | <u>45,041</u> | <u>-</u> |
| FUND BALANCES | | | |
| Nonspendable | - | 47,545 | - |
| Restricted | 1,394,849 | 38,306 | 520,973 |
| Unassigned (Deficit) | - | - | - |
| Total Fund Balances (Deficit) | <u>1,394,849</u> | <u>85,851</u> | <u>520,973</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | <u>\$ 1,394,849</u> | <u>\$ 130,892</u> | <u>\$ 520,973</u> |

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

(continued)

| | <u>Capital Project Fund</u> | <u>Debt Service Fund</u> | |
|---|-------------------------------------|------------------------------|----------------------|
| | <u>Assessment Districts CIP</u> | <u>City Debt Service</u> | <u>Total</u> |
| ASSETS | | | |
| Cash and investments | \$ 148,983 | \$ 25,885 | \$ 10,895,033 |
| Receivables: | | | |
| Accounts | - | - | 118,167 |
| Interest | - | - | 26,141 |
| Intergovernmental | - | - | 180,618 |
| Inventories | - | - | 47,545 |
| Total Assets | <u>\$ 148,983</u> | <u>\$ 25,885</u> | <u>\$ 11,267,504</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 5,875 | \$ - | \$ 233,948 |
| Accrued liabilities | - | - | 45,196 |
| Unearned revenues | - | - | 550,185 |
| Deposits payable | 69,226 | - | 69,226 |
| Due to other funds | - | - | 68,305 |
| Total Liabilities | <u>75,101</u> | <u>-</u> | <u>966,860</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | 47,545 |
| Restricted | 73,882 | 25,885 | 10,269,836 |
| Unassigned (Deficit) | - | - | (16,737) |
| Total Fund Balances (Deficit) | <u>73,882</u> | <u>25,885</u> | <u>10,300,644</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit) | <u>\$ 148,983</u> | <u>\$ 25,885</u> | <u>\$ 11,267,504</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, 2023**

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|-------------------|--|
| | <u>Gas Tax</u> | <u>TransNet</u> | <u>Municipal Improvement Districts</u> |
| REVENUES | | | |
| Taxes and assessments | \$ 334,336 | \$ - | \$ 774,580 |
| License and permits | - | 86,970 | - |
| Intergovernmental | - | 484,676 | 2,663 |
| Charges for services | - | - | - |
| Use of money and property | 4,346 | (1,042) | 15,725 |
| Other revenues | - | - | - |
| Total Revenues | <u>338,682</u> | <u>570,604</u> | <u>792,968</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | - | - | - |
| Public works | 429 | 29,786 | 791,551 |
| Community development | - | - | - |
| Community services | - | - | - |
| Capital outlay | 219,985 | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | 325,105 | - |
| Total Expenditures | <u>220,414</u> | <u>354,891</u> | <u>791,551</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>118,268</u> | <u>215,713</u> | <u>1,417</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>118,268</u> | <u>215,713</u> | <u>1,417</u> |
| Fund Balances (Deficit): | | | |
| Fund Balance - Beginning | <u>554,406</u> | <u>171,222</u> | <u>1,261,365</u> |
| Fund Balance - Ending | <u>\$ 672,674</u> | <u>\$ 386,935</u> | <u>\$ 1,262,782</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, 2023**

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|-------------------|----------------------|
| | <u>Lighting District</u> | <u>COPS</u> | <u>Public Safety</u> |
| REVENUES | | | |
| Taxes and assessments | \$ 731,530 | \$ - | \$ - |
| License and permits | - | - | - |
| Intergovernmental | 3,163 | 165,271 | 286,934 |
| Charges for services | - | - | - |
| Use of money and property | 32,543 | 3,564 | 8,896 |
| Other revenues | - | - | - |
| Total Revenues | <u>767,236</u> | <u>168,835</u> | <u>295,830</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | - | 165,511 | 191,198 |
| Public works | 402,121 | - | - |
| Community development | - | - | - |
| Community services | - | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total Expenditures | <u>402,121</u> | <u>165,511</u> | <u>191,198</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>365,115</u> | <u>3,324</u> | <u>104,632</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | <u>(70,400)</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>(70,400)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>294,715</u> | <u>3,324</u> | <u>104,632</u> |
| Fund Balances (Deficit): | | | |
| Fund Balance - Beginning | <u>3,224,726</u> | <u>342,791</u> | <u>606,567</u> |
| Fund Balance - Ending | <u>\$ 3,519,441</u> | <u>\$ 346,115</u> | <u>\$ 711,199</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, 2023**

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|--------------------|--|
| | Fire | | Coastal Area Business/Visitor |
| | <u>Mitigation</u> | <u>CDBG</u> | <u>Assistance & Enhancement</u> |
| REVENUES | | | |
| Taxes and assessments | \$ - | \$ - | \$ 223,403 |
| License and permits | - | - | - |
| Intergovernmental | - | 137,476 | - |
| Charges for services | 16,384 | - | - |
| Use of money and property | - | - | 7,062 |
| Other revenues | - | - | 4,151 |
| Total Revenues | <u>16,384</u> | <u>137,476</u> | <u>234,616</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | 7,566 | 31,150 | - |
| Public works | - | - | - |
| Community development | - | - | 75,888 |
| Community services | - | - | - |
| Capital outlay | - | 106,634 | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total Expenditures | <u>7,566</u> | <u>137,784</u> | <u>75,888</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>8,818</u> | <u>(308)</u> | <u>158,728</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>8,818</u> | <u>(308)</u> | <u>158,728</u> |
| Fund Balances (Deficit): | | | |
| Fund Balance - Beginning | <u>56,053</u> | <u>(16,429)</u> | <u>1,000,933</u> |
| Fund Balance - Ending | <u>\$ 64,871</u> | <u>\$ (16,737)</u> | <u>\$ 1,159,661</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, 2023**

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------------|---------------------------------|--------------------------------|
| | <u>Boating & Waterways</u> | <u>Miscellaneous Grants</u> | <u>Developer Pass-Thru</u> |
| REVENUES | | | |
| Taxes and assessments | \$ - | \$ - | \$ - |
| License and permits | - | - | - |
| Intergovernmental | 168,125 | 1,516,557 | - |
| Charges for services | - | - | 81,274 |
| Use of money and property | - | 16,079 | - |
| Other revenues | - | - | - |
| Total Revenues | <u>168,125</u> | <u>1,532,636</u> | <u>81,274</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | - | 5,000 | - |
| Public works | - | 23,239 | - |
| Community development | - | - | 81,187 |
| Community services | - | - | - |
| Capital outlay | - | 62,338 | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total Expenditures | <u>-</u> | <u>90,577</u> | <u>81,187</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>168,125</u> | <u>1,442,059</u> | <u>87</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | (1,591,285) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(1,591,285)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>168,125</u> | <u>(149,226)</u> | <u>87</u> |
| Fund Balances (Deficit): | | | |
| Fund Balance - Beginning | <u>(164,158)</u> | <u>237,522</u> | <u>(87)</u> |
| Fund Balance - Ending | <u>\$ 3,967</u> | <u>\$ 88,296</u> | <u>\$ -</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, 2023**

(continued)

| | <u>Special Revenue Funds</u> | | |
|---|------------------------------|--------------------------|------------------------------------|
| | <u>Housing</u> | <u>Camp Programs</u> | <u>SB1 Streets & Roads</u> |
| REVENUES | | | |
| Taxes and assessments | \$ - | \$ - | \$ 287,829 |
| License and permits | - | - | - |
| Intergovernmental | - | - | - |
| Charges for services | - | 548,515 | - |
| Use of money and property | 7,325 | - | 2,874 |
| Other revenues | - | - | - |
| Total Revenues | <u>7,325</u> | <u>548,515</u> | <u>290,703</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | - | 456,703 | - |
| Public works | - | - | - |
| Community development | 853 | - | - |
| Community services | - | 85,002 | - |
| Capital outlay | - | - | 37,229 |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total Expenditures | <u>853</u> | <u>541,705</u> | <u>37,229</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>6,472</u> | <u>6,810</u> | <u>253,474</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | <u>6,472</u> | <u>6,810</u> | <u>253,474</u> |
| Fund Balances (Deficit): | | | |
| Fund Balance - Beginning | <u>1,388,377</u> | <u>79,041</u> | <u>267,499</u> |
| Fund Balance - Ending | <u>\$ 1,394,849</u> | <u>\$ 85,851</u> | <u>\$ 520,973</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, 2023**

(continued)

| | <u>Capital Project Fund</u> | <u>Debt Service Fund</u> | |
|---|-------------------------------------|------------------------------|----------------------|
| | <u>Assessment Districts CIP</u> | <u>City Debt Service</u> | <u>Total</u> |
| REVENUES | | | |
| Taxes and assessments | \$ - | \$ - | \$ 2,351,678 |
| License and permits | - | - | 86,970 |
| Intergovernmental | - | - | 2,764,865 |
| Charges for services | - | - | 646,173 |
| Use of money and property | 67,531 | - | 164,903 |
| Other revenues | <u>10,769</u> | - | <u>14,920</u> |
| Total Revenues | <u>78,300</u> | <u>-</u> | <u>6,029,509</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public safety | - | - | 857,128 |
| Public works | - | - | 1,247,126 |
| Community development | - | - | 157,928 |
| Community services | - | - | 85,002 |
| Capital outlay | - | - | 426,186 |
| Debt service: | | | |
| Principal retirement | - | 203,808 | 203,808 |
| Interest and fiscal charges | - | <u>14,031</u> | <u>339,136</u> |
| Total Expenditures | <u>-</u> | <u>217,839</u> | <u>3,316,314</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>78,300</u> | <u>(217,839)</u> | <u>2,713,195</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 42,000 | 217,900 | 259,900 |
| Transfers out | <u>-</u> | <u>-</u> | <u>(1,661,685)</u> |
| Total Other Financing Sources (Uses) | <u>42,000</u> | <u>217,900</u> | <u>(1,401,785)</u> |
| Net Change in Fund Balance | <u>120,300</u> | <u>61</u> | <u>1,311,410</u> |
| Fund Balances (Deficit): | | | |
| Fund Balance - Beginning | <u>(46,418)</u> | <u>25,824</u> | <u>8,989,234</u> |
| Fund Balance - Ending | <u>\$ 73,882</u> | <u>\$ 25,885</u> | <u>\$ 10,300,644</u> |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 554,406 | \$ 554,406 | \$ 554,406 | \$ - |
| Resources (Inflows): | | | | |
| Taxes and assessments | 373,850 | 387,850 | 334,336 | (53,514) |
| Use of money and property | <u>2,000</u> | <u>2,000</u> | <u>4,346</u> | <u>2,346</u> |
| Amounts Available for Appropriations | <u>930,256</u> | <u>944,256</u> | <u>893,088</u> | <u>(51,168)</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public works | 3,000 | 151,480 | 429 | 151,051 |
| Capital outlay | <u>220,000</u> | <u>464,482</u> | <u>219,985</u> | <u>244,497</u> |
| Total Charges to Appropriations | <u>223,000</u> | <u>615,962</u> | <u>220,414</u> | <u>395,548</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 707,256</u> | <u>\$ 328,295</u> | <u>\$ 672,674</u> | <u>\$ 344,380</u> |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 TRANSNET FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 171,222 | \$ 171,222 | \$ 171,222 | \$ - |
| Resources (Inflows): | | | | |
| Taxes: | | | | |
| Service fees | 7,800 | 90,000 | 86,970 | (3,030) |
| Intergovernmental | 250,000 | 790,105 | 484,676 | (305,429) |
| Use of money and property | 1,500 | 1,500 | (1,042) | (2,542) |
| Amounts Available for Appropriations | 430,522 | 1,052,827 | 741,826 | (311,001) |
| Charges to Appropriations (Outflows): | | | | |
| Public works | - | 44,980 | 29,786 | 15,194 |
| Capital Outlay | 250,000 | 487,348 | - | 487,348 |
| Debt service: | | | | |
| Interest and fiscal charges | - | 325,105 | 325,105 | - |
| Total Charges to Appropriations | 250,000 | 857,433 | 354,891 | 502,542 |
| Budgetary Fund Balance, June 30 | \$ 180,522 | \$ 195,394 | \$ 386,935 | \$ 191,541 |

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <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 | \$ 1,261,365 | \$ 1,261,365 | \$ 1,261,365 | \$ - |
| Resources (Inflows): | | | | |
| Taxes and assessments | 680,300 | 680,300 | 774,580 | 94,280 |
| Intergovernmental | 2,500 | 2,500 | 2,663 | 163 |
| Use of money and property | 16,050 | 16,050 | 15,725 | (325) |
| Amounts Available for Appropriations | 1,960,215 | 1,960,215 | 2,054,333 | 94,118 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public works | 680,290 | 884,158 | 791,551 | 92,607 |
| Total Charges to Appropriations | 680,290 | 884,158 | 791,551 | 92,607 |
| Budgetary Fund Balance, June 30 | \$ 1,279,925 | \$ 1,076,057 | \$ 1,262,782 | \$ 186,725 |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 LIGHTING DISTRICT FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 3,224,726 | \$ 3,224,726 | \$ 3,224,726 | \$ - |
| Resources (Inflows): | | | | |
| Taxes and assessments | 619,100 | 621,100 | 731,530 | 110,430 |
| Intergovernmental | 3,200 | 3,200 | 3,163 | (37) |
| Use of money and property | 40,500 | 40,500 | 32,543 | (7,957) |
| Amounts Available for Appropriations | 3,887,526 | 3,889,526 | 3,991,962 | 102,436 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public works | 406,680 | 422,250 | 402,121 | 20,129 |
| Transfers out | 70,400 | 70,400 | 70,400 | - |
| Total Charges to Appropriations | 477,080 | 492,650 | 472,521 | 20,129 |
| Budgetary Fund Balance, June 30 | \$ 3,410,446 | \$ 3,396,876 | \$ 3,519,441 | \$ 122,565 |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 COPS FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 342,791 | \$ 342,791 | \$ 342,791 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 100,000 | 165,272 | 165,271 | (1) |
| Use of money and property | 3,000 | 3,000 | 3,564 | 564 |
| Amounts Available for Appropriations | 445,791 | 511,063 | 511,626 | 563 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public safety | 150,000 | 100,000 | 165,511 | (65,511) |
| Total Charges to Appropriations | 150,000 | 100,000 | 165,511 | (65,511) |
| Budgetary Fund Balance, June 30 | \$ 295,791 | \$ 411,063 | \$ 346,115 | \$ (64,948) |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2023

| | <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 | \$ 606,567 | \$ 606,567 | \$ 606,567 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | 100,000 | 250,000 | 286,934 | 36,934 |
| Use of money and property | - | - | 8,896 | 8,896 |
| Amounts Available for Appropriations | 706,567 | 856,567 | 902,397 | 45,830 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public safety | - | 206,950 | 191,102 | 15,848 |
| Capital outlay | - | - | 96 | (96) |
| Total Charges to Appropriations | - | 206,950 | 191,198 | 15,752 |
| Budgetary Fund Balance, June 30 | \$ 706,567 | \$ 649,617 | \$ 711,199 | \$ 61,582 |

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
FIRE MITIGATION FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 56,053 | \$ 56,053 | \$ 56,053 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | <u>10,000</u> | <u>16,000</u> | <u>16,384</u> | <u>384</u> |
| Amounts Available for Appropriations | <u>66,053</u> | <u>72,053</u> | <u>72,437</u> | <u>384</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public safety | <u>6,000</u> | <u>12,000</u> | <u>7,566</u> | <u>4,434</u> |
| Total Charges to Appropriations | <u>6,000</u> | <u>12,000</u> | <u>7,566</u> | <u>4,434</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 60,053</u> | <u>\$ 60,053</u> | <u>\$ 64,871</u> | <u>\$ 4,818</u> |

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CDBG FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <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 | \$ (16,429) | \$ (16,429) | \$ (16,429) | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | <u>45,700</u> | <u>85,776</u> | <u>137,476</u> | <u>51,700</u> |
| Amounts Available for Appropriations | <u>29,271</u> | <u>69,347</u> | <u>121,047</u> | <u>51,700</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public safety | - | 31,150 | 31,150 | - |
| Capital outlay | <u>45,700</u> | <u>106,326</u> | <u>106,634</u> | <u>(308)</u> |
| Total Charges to Appropriations | <u>45,700</u> | <u>137,476</u> | <u>137,784</u> | <u>(308)</u> |
| Budgetary Fund Balance, June 30 | <u>\$ (16,429)</u> | <u>\$ (68,129)</u> | <u>\$ (16,737)</u> | <u>\$ 51,392</u> |

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
COASTAL AREA BUSINESS/VISITOR ASSISTANCE AND ENHANCEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <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 | \$ 1,000,933 | \$ 1,000,933 | \$ 1,000,933 | \$ - |
| Resources (Inflows): | | | | |
| Taxes and assessments | 143,000 | 143,000 | 223,403 | 80,403 |
| Use of money and property | 10,000 | 10,000 | 7,062 | (2,938) |
| Other revenues | - | - | 4,151 | 4,151 |
| Amounts Available for Appropriations | <u>1,153,933</u> | <u>1,153,933</u> | <u>1,235,549</u> | <u>81,616</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Community development | <u>53,100</u> | <u>93,100</u> | <u>75,888</u> | <u>17,212</u> |
| Total Charges to Appropriations | <u>53,100</u> | <u>93,100</u> | <u>75,888</u> | <u>17,212</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 1,100,833</u> | <u>\$ 1,060,833</u> | <u>\$ 1,159,661</u> | <u>\$ 98,828</u> |

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <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 | \$ 237,522 | \$ 237,522 | \$ 237,522 | \$ - |
| Resources (Inflows): | | | | |
| Intergovernmental | - | 1,640,343 | 1,516,557 | (123,786) |
| Use of money and property | - | - | 16,079 | 16,079 |
| Amounts Available for Appropriations | <u>237,522</u> | <u>1,877,865</u> | <u>1,770,158</u> | <u>(107,707)</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public safety | - | - | 5,000 | (5,000) |
| Public works | - | - | 23,239 | (23,239) |
| Capital outlay | - | 353,044 | 62,338 | 290,706 |
| Transfers out | 941,285 | 1,591,285 | 1,591,285 | - |
| Total Charges to Appropriations | <u>941,285</u> | <u>1,944,329</u> | <u>1,681,862</u> | <u>262,467</u> |
| Budgetary Fund Balance, June 30 | <u>\$ (703,763)</u> | <u>\$ (66,464)</u> | <u>\$ 88,296</u> | <u>\$ 154,760</u> |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER PASS-THRU FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| | <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 | \$ (87) | \$ (87) | \$ (87) | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | <u>100,000</u> | <u>100,000</u> | <u>81,274</u> | <u>(18,726)</u> |
| Amounts Available for Appropriations | <u>99,913</u> | <u>99,913</u> | <u>81,187</u> | <u>(18,726)</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Community development | <u>100,000</u> | <u>115,288</u> | <u>81,187</u> | <u>34,101</u> |
| Total Charges to Appropriations | <u>100,000</u> | <u>115,288</u> | <u>81,187</u> | <u>34,101</u> |
| Budgetary Fund Balance, June 30 | <u>\$ (87)</u> | <u>\$ (15,375)</u> | <u>\$ -</u> | <u>\$ 15,375</u> |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,388,377 | \$ 1,388,377 | \$ 1,388,377 | \$ - |
| Resources (Inflows): | | | | |
| Use of money and property | 6,000 | 6,000 | 7,325 | 1,325 |
| Amounts Available for Appropriations | 1,394,377 | 1,394,377 | 1,395,702 | 1,325 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Community development | 10,000 | 10,000 | 853 | 9,147 |
| Total Charges to Appropriations | 10,000 | 10,000 | 853 | 9,147 |
| Budgetary Fund Balance, June 30 | \$ 1,384,377 | \$ 1,384,377 | \$ 1,394,849 | \$ 10,472 |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 CAMP PROGRAMS FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 79,041 | \$ 79,041 | \$ 79,041 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | 525,000 | 525,000 | 548,515 | 23,515 |
| Amounts Available for Appropriations | 604,041 | 604,041 | 627,556 | 23,515 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public safety | 455,885 | 501,169 | 456,703 | 44,466 |
| Community services | 85,055 | 104,916 | 85,002 | 19,914 |
| Total Charges to Appropriations | 540,940 | 606,085 | 541,705 | 64,380 |
| Budgetary Fund Balance, June 30 | \$ 63,101 | \$ (2,044) | \$ 85,851 | \$ 87,895 |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 SB1 STREETS & ROADS FUND
 FOR THE YEAR ENDED JUNE 30, 2023

| | <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 | \$ 267,499 | \$ 267,499 | \$ 267,499 | \$ - |
| Resources (Inflows): | | | | |
| Taxes and assessments | 280,400 | 305,400 | 287,829 | (17,571) |
| Use of money and property | - | - | 2,874 | 2,874 |
| Amounts Available for Appropriations | 547,899 | 572,899 | 558,202 | (14,697) |
| Charges to Appropriations (Outflows): | | | | |
| Capital outlay | 290,000 | 457,311 | 37,229 | 420,082 |
| Total Charges to Appropriations | 290,000 | 457,311 | 37,229 | 420,082 |
| Budgetary Fund Balance, June 30 | \$ 257,899 | \$ 115,588 | \$ 520,973 | \$ 405,385 |

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY CIP FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <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 | \$ 4,394,934 | \$ 4,394,934 | \$ 4,394,934 | \$ - |
| Resources (Inflows): | | | | |
| Charges for services | 50,000 | 270,000 | 264,997 | (5,003) |
| Use of money and property | 6,800 | 6,800 | (29,288) | (36,088) |
| Other revenues | 50,000 | 340,000 | 366,516 | 26,516 |
| Transfers in | 360,000 | 2,841,916 | 2,841,916 | - |
| Amounts Available for Appropriations | 4,861,734 | 7,853,650 | 7,839,075 | (14,575) |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Public works | - | - | 1,517 | (1,517) |
| Capital outlay | 360,000 | 2,978,797 | 1,146,827 | 1,831,970 |
| Total Charges to Appropriations | 360,000 | 2,978,797 | 1,148,344 | 1,830,453 |
| Budgetary Fund Balance, June 30 | \$ 4,501,734 | \$ 4,874,853 | \$ 6,690,731 | \$ 1,815,878 |

CITY OF SOLANA BEACH, CALIFORNIA

BUDGETARY COMPARISON SCHEDULE
 SAND REPLENISHMENT
 FOR THE YEAR ENDED JUNE 30, 2023

| | Budget Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|--|---------------------|------------------|---------------------|---|
| | Original | Final | | |
| Budgetary Fund Balance, July 1 | \$ 1,188,648 | \$ 1,188,648 | \$ 1,188,648 | \$ - |
| Resources (Inflows): | | | | |
| Taxes and assessments | 265,000 | 265,000 | 446,805 | 181,805 |
| Intergovernmental | - | 746,151 | 8,465,943 | 7,719,792 |
| Use of money and property | 8,000 | 8,000 | 4,717 | (3,283) |
| Amounts Available for Appropriations | 1,461,648 | 2,207,799 | 10,106,113 | 7,898,314 |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Capital outlay | 191,850 | 2,114,480 | 9,012,336 | (6,897,856) |
| Total Charges to Appropriations | 191,850 | 2,114,480 | 9,012,336 | (6,897,856) |
| Budgetary Fund Balance, June 30 | \$ 1,269,798 | \$ 93,319 | \$ 1,093,777 | \$ 1,000,458 |

CITY OF SOLANA BEACH, CALIFORNIA

**BUDGETARY COMPARISON SCHEDULE
CITY DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Budget Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary Fund Balance, July 1 | \$ 25,824 | \$ 25,824 | \$ 25,824 | \$ - |
| Resources (Inflows): | | | | |
| Transfers in | <u>217,900</u> | <u>217,900</u> | <u>217,900</u> | <u>-</u> |
| Amounts Available for Appropriations | <u>243,724</u> | <u>243,724</u> | <u>243,724</u> | <u>-</u> |
| Charges to Appropriations (Outflows): | | | | |
| Current: | | | | |
| Debt service: | | | | |
| Principal retirement | 203,825 | 203,825 | 203,808 | 17 |
| Interest and fiscal charges | <u>14,040</u> | <u>14,040</u> | <u>14,031</u> | <u>9</u> |
| Total Charges to Appropriations | <u>217,865</u> | <u>217,865</u> | <u>217,839</u> | <u>26</u> |
| Budgetary Fund Balance, June 30 | <u>\$ 25,859</u> | <u>\$ 25,859</u> | <u>\$ 25,885</u> | <u>\$ 26</u> |

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 as debt service on bonds that were issued to pay for the underground 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 a 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, 2023

| | <u>Undergrounding Districts</u> | <u>South Solana Sewer District</u> | <u>Total</u> |
|---|-------------------------------------|--|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 222,896 | \$ 43,096 | \$ 265,992 |
| Investments: | | | |
| Money market mutual funds | 368 | 50 | 418 |
| Local Agency Investment Fund | 58,452 | - | 58,452 |
| Asset-backed securities | 12,959 | 1,754 | 14,713 |
| Federal agency securities | 38,724 | 5,241 | 43,965 |
| Medium term corporate notes | 34,183 | 4,626 | 38,809 |
| Supranational securities | 3,317 | 449 | 3,766 |
| US Treasury securities | 81,100 | 10,974 | 92,074 |
| Receivables: | | | |
| Accrued interest | 1,088 | 158 | 1,246 |
| Due from other governments | 879 | 19 | 898 |
| Total Assets | <u>453,966</u> | <u>66,367</u> | <u>520,333</u> |
| LIABILITIES | | | |
| Accounts payable | <u>2,541</u> | <u>1,180</u> | <u>3,721</u> |
| Total Liabilities | <u>2,541</u> | <u>1,180</u> | <u>3,721</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Individuals, organizations, and other governments | <u>451,425</u> | <u>65,187</u> | <u>516,612</u> |
| Total Net Position | <u>\$ 451,425</u> | <u>\$ 65,187</u> | <u>\$ 516,612</u> |

CITY OF SOLANA BEACH, CALIFORNIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

| | <u>Undergrounding Districts</u> | <u>South Solana Sewer District</u> | <u>Total</u> |
|---|-------------------------------------|--|-------------------|
| ADDITIONS | | | |
| Investment earnings | \$ 4,490 | \$ 700 | \$ 5,190 |
| Special assessment collections | <u>192,492</u> | <u>42,010</u> | <u>234,502</u> |
| Total Additions | <u>196,982</u> | <u>42,710</u> | <u>239,692</u> |
| DEDUCTIONS | | | |
| Contractual services | 9,748 | 1,233 | 10,981 |
| Principal | 80,000 | 20,000 | 100,000 |
| Interest expense | <u>87,612</u> | <u>18,820</u> | <u>106,432</u> |
| Total Deductions | <u>177,360</u> | <u>40,053</u> | <u>217,413</u> |
| Net Increase (Decrease) in Fiduciary Net Position | 19,622 | 2,657 | 22,279 |
| Net Position - Beginning | <u>431,803</u> | <u>62,530</u> | <u>494,333</u> |
| Net Position - Ending | <u>\$ 451,425</u> | <u>\$ 65,187</u> | <u>\$ 516,612</u> |

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Government activities | | | | | |
| Net Investment in Capital Assets | \$ 34,095,894 | \$ 32,415,836 | \$ 30,365,711 | \$ 28,412,121 | \$ 27,241,251 |
| Restricted | 5,183,814 | 4,979,850 | 5,825,595 | 6,619,853 | 9,139,181 |
| Unrestricted | 6,871,872 | (85,816) | 1,230,929 | 1,795,456 | (2,320,375) |
| Total governmental activities net position | <u>\$ 46,151,580</u> | <u>\$ 37,309,870</u> | <u>\$ 37,422,235</u> | <u>\$ 36,827,430</u> | <u>\$ 34,060,057</u> |
| Business-type activities | | | | | |
| Net Investment in Capital Assets | \$ 6,324,862 | \$ 6,798,584 | \$ 5,594,350 | \$ 6,195,352 | \$ 5,929,088 |
| Restricted | - | - | - | - | 54 |
| Unrestricted | 27,155,489 | 26,759,779 | 29,711,194 | 32,866,729 | 36,722,015 |
| Total governmental activities net position | <u>\$ 33,480,351</u> | <u>\$ 33,558,363</u> | <u>\$ 35,305,544</u> | <u>\$ 39,062,081</u> | <u>\$ 42,651,157</u> |
| Primary government | | | | | |
| Net Investment in Capital Assets | \$ 40,420,756 | \$ 39,214,420 | \$ 35,960,061 | \$ 34,607,473 | \$ 33,170,339 |
| Restricted | 5,183,814 | 4,979,850 | 5,825,595 | 6,619,853 | 9,139,235 |
| Unrestricted | 34,027,361 | 26,673,963 | 30,942,123 | 34,662,185 | 34,401,640 |
| Total governmental activities net position | <u>\$ 79,631,931</u> | <u>\$ 70,868,233</u> | <u>\$ 72,727,779</u> | <u>\$ 75,889,511</u> | <u>\$ 76,711,214</u> |

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Government activities | | | | | |
| Net Investment in Capital Assets | \$ 29,396,878 | \$ 26,666,266 | \$ 26,653,123 | \$ 26,396,682 | \$ 34,677,741 |
| Restricted | 11,238,745 | 12,664,581 | 14,173,748 | 17,970,956 | 21,964,017 |
| Unrestricted | (3,911,422) | (1,487,812) | (1,345,933) | 289,940 | 5,289,026 |
| Total governmental activities net position | \$ 36,724,201 | \$ 37,843,035 | \$ 39,480,938 | \$ 44,657,578 | \$ 61,930,784 |
| Business-type activities | | | | | |
| Net Investment in Capital Assets | \$ 8,892,771 | \$ 12,052,987 | \$ 11,185,890 | \$ 11,656,188 | \$ 11,547,573 |
| Restricted | 49 | 46 | - | - | - |
| Unrestricted | 35,710,517 | 34,349,803 | 36,889,897 | 38,140,613 | 39,496,180 |
| Total governmental activities net position | \$ 44,603,337 | \$ 46,402,836 | \$ 48,075,787 | \$ 49,796,801 | \$ 51,043,753 |
| Primary government | | | | | |
| Net Investment in Capital Assets | \$ 38,289,649 | \$ 38,719,253 | \$ 37,839,013 | \$ 38,052,870 | \$ 46,225,314 |
| Restricted | 11,238,794 | 12,664,627 | 14,173,748 | 17,970,956 | 21,964,017 |
| Unrestricted | 31,799,095 | 32,861,991 | 35,543,964 | 38,430,553 | 44,785,206 |
| Total governmental activities net position | \$ 81,327,538 | \$ 84,245,871 | \$ 87,556,725 | \$ 94,454,379 | \$ 112,974,537 |

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 3,712,734 | \$ 3,344,429 | \$ 3,944,303 | \$ 4,309,372 | \$ 4,101,170 |
| Public safety | 8,416,330 | 8,441,144 | 9,162,345 | 9,628,140 | 10,539,671 |
| Public works | 5,008,665 | 5,181,223 | 5,438,407 | 5,487,183 | 5,944,432 |
| Community development | 1,361,588 | 1,281,059 | 1,378,130 | 1,745,101 | 1,754,910 |
| Community services | 579,088 | 622,608 | 627,748 | 1,122,128 | 730,645 |
| Interest on long-term debt | 439,918 | 388,144 | 398,408 | 389,077 | 381,634 |
| Total Governmental Activities expenses | \$ 19,518,323 | \$ 19,258,607 | \$ 20,949,341 | \$ 22,681,001 | \$ 23,452,462 |
| Business-Type Activities: | | | | | |
| Sanitation | \$ 2,855,368 | \$ 4,566,357 | \$ 3,568,901 | \$ 1,602,359 | \$ 2,100,256 |
| Solana Energy Alliance Fund | - | - | - | - | 390,533 |
| Total Business-Type Activities Expenses | \$ 2,855,368 | \$ 4,566,357 | \$ 3,568,901 | \$ 1,602,359 | \$ 2,490,789 |
| Total Primary Government Expenses | \$ 22,373,691 | \$ 23,824,964 | \$ 24,518,242 | \$ 24,283,360 | \$ 25,943,251 |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | 402,670 | 464,533 | 578,282 | 620,990 | 577,351 |
| Public works | 743,210 | 238,587 | 416,524 | 449,962 | 698,999 |
| Community development | 830,429 | 852,578 | 928,065 | 1,252,126 | 1,300,411 |
| Community services | 303,070 | 347,698 | 365,289 | 400,353 | 336,079 |
| Operating Contributions: | | | | | |
| General government | - | - | - | - | - |
| Public safety | 286,687 | 285,399 | 270,152 | 198,615 | 177,936 |
| Public works | 1,577,961 | 920,807 | 1,045,301 | 1,241,379 | 1,106,636 |
| Community development | - | 109,689 | 200,388 | - | 100,000 |
| Community services | - | - | - | 129,324 | 139,416 |
| Capital Contributions and Grants: | | | | | |
| General government | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Public safety | 129,740 | 53,091 | 160,372 | 158,370 | 420,005 |
| Total Governmental Activities Program Revenues | \$ 4,273,767 | \$ 3,272,382 | \$ 3,964,373 | \$ 4,451,119 | \$ 4,856,833 |
| Business-Type Activities: | | | | | |
| Charges for services: | | | | | |
| Sanitation | \$ 4,775,489 | \$ 4,949,069 | \$ 5,151,671 | \$ 5,255,483 | \$ 5,415,690 |
| Solana Energy Alliance Fund | - | - | - | - | 494,307 |
| Total Business-Type Activities Program Revenues | 4,775,489 | 4,949,069 | 5,151,671 | 5,255,483 | 5,909,997 |
| Total Primary Government Program Revenues | \$ 9,049,256 | \$ 8,221,451 | \$ 9,116,044 | \$ 9,706,602 | \$ 10,766,830 |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | \$ (15,244,556) | \$ (15,986,225) | \$ (16,984,968) | \$ (18,229,882) | \$ (18,595,629) |
| Business-Type Activities | 1,920,121 | 382,712 | 1,582,770 | 3,653,124 | 3,419,208 |
| Total primary Government Net Expense | \$ (13,324,435) | \$ (15,603,513) | \$ (15,402,198) | \$ (14,576,758) | \$ (15,176,421) |
| General Revenues and Other Charges in Net Position | | | | | |
| Governmental Activities: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purpose | \$ 6,880,916 | \$ 7,247,202 | \$ 7,705,956 | \$ 8,095,383 | \$ 8,586,838 |
| Transient occupancy taxes | 1,220,075 | 1,467,373 | 1,605,685 | 1,740,208 | 1,827,753 |
| Sales taxes | 2,814,702 | 2,808,203 | 3,255,104 | 3,127,803 | 3,191,410 |
| Franchise taxes | 714,991 | 765,995 | 736,042 | 733,354 | 723,164 |
| Motor Vehicle in Lieu - Unrestricted | 2,736,146 | 2,747,073 | 2,797,559 | 2,868,629 | 3,170,331 |
| Use of money and property | 137,906 | 136,763 | 261,446 | 283,828 | 286,867 |
| Other | 1,399,850 | 914,672 | 735,521 | 785,872 | 722,186 |
| Total Governmental Activities | \$ 15,904,586 | \$ 16,087,281 | \$ 17,097,313 | \$ 17,635,077 | \$ 18,508,549 |
| Business-Type Activities: | | | | | |
| Use of money and property | \$ 71,541 | \$ 71,973 | \$ 115,321 | \$ 88,940 | \$ 81,629 |
| Other | 36,300 | 28,939 | 49,090 | 14,473 | 88,239 |
| Total Business-Type Activities | 107,841 | 100,912 | 164,411 | 103,413 | 169,868 |
| Total Primary Government | \$ 16,012,427 | \$ 16,188,193 | \$ 17,261,724 | \$ 17,738,490 | \$ 18,678,417 |
| Changes in Net Position | | | | | |
| Governmental Activities | \$ 660,030 | \$ 101,056 | \$ 112,345 | \$ (594,805) | \$ (87,080) |
| Business-Type Activities | 2,027,962 | 483,624 | 1,747,181 | 3,756,537 | 3,589,076 |
| Total Primary Government | \$ 2,687,992 | \$ 584,680 | \$ 1,859,526 | \$ 3,161,732 | \$ 3,501,996 |

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|-----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 3,650,982 | \$ 4,985,418 | \$ 5,537,474 | \$ 4,569,515 | \$ 4,490,903 |
| Public safety | 11,050,684 | 12,629,778 | 13,116,915 | 13,906,293 | 11,414,093 |
| Public works | 5,937,131 | 4,887,985 | 4,665,830 | 5,411,937 | 5,377,186 |
| Community development | 1,482,428 | 1,585,952 | 1,506,502 | 1,505,023 | 1,260,610 |
| Community services | 1,178,128 | 1,220,410 | 1,193,256 | 1,218,243 | 919,234 |
| Interest on long-term debt | 368,495 | 363,326 | 356,001 | 346,224 | 385,479 |
| Total Governmental Activities expenses | \$ 23,667,848 | \$ 25,672,869 | \$ 26,375,978 | \$ 26,957,235 | \$ 23,847,505 |
| Business-Type Activities: | | | | | |
| Sanitation | \$ 4,204,504 | \$ 4,221,307 | \$ 3,891,241 | \$ 4,308,057 | \$ 5,019,606 |
| Solana Energy Alliance Fund | 5,210,816 | 4,350,085 | 3,841,312 | (126,572) | 19,229 |
| Total Business-Type Activities Expenses | \$ 9,415,320 | \$ 8,571,392 | \$ 7,732,553 | \$ 4,181,485 | \$ 5,038,835 |
| Total Primary Government Expenses | \$ 33,083,168 | \$ 34,244,261 | \$ 34,108,531 | \$ 31,138,720 | \$ 28,886,340 |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 194,122 | \$ 205 | \$ 91,875 | \$ 31,397 | \$ 1,126,175 |
| Public safety | 581,313 | 401,633 | 325,042 | 384,525 | 463,056 |
| Public works | 1,005,828 | 358,450 | 493,597 | 1,566,345 | 604,621 |
| Community development | 1,169,232 | 1,190,562 | 1,082,510 | 1,274,370 | 1,597,048 |
| Community services | 335,828 | 22,844 | 276,648 | 507,312 | 548,527 |
| Operating Contributions: | | | | | |
| General government | - | - | - | (14,868) | - |
| Public safety | 186,145 | 199,300 | 466,509 | 453,244 | 418,396 |
| Public works | 1,404,721 | 889,429 | 1,214,732 | 2,673,246 | 2,587,247 |
| Community development | - | - | - | - | 2,000 |
| Community services | 148,747 | 80,000 | 232,674 | 161,285 | 165,271 |
| Capital Contributions and Grants: | | | | | |
| General government | - | - | - | (111,858) | - |
| Community development | - | - | - | - | 8,465,943 |
| Public safety | 298,205 | 345,162 | 301,580 | - | - |
| Total Governmental Activities Program Revenues | \$ 5,324,141 | \$ 3,487,585 | \$ 4,485,167 | \$ 6,924,998 | \$ 15,978,284 |
| Business-Type Activities: | | | | | |
| Charges for services: | | | | | |
| Sanitation | \$ 5,592,045 | \$ 5,588,249 | \$ 5,676,286 | \$ 5,816,828 | \$ 5,846,765 |
| Solana Energy Alliance Fund | 5,202,375 | 4,178,287 | 3,567,034 | 1,359 | 752 |
| Total Business-Type Activities Program Revenues | 10,794,420 | 9,766,536 | 9,243,320 | 5,818,187 | 5,847,517 |
| Total Primary Government Program Revenues | \$ 16,118,561 | \$ 13,254,121 | \$ 13,728,487 | \$ 12,743,185 | \$ 21,825,801 |
| Net (Expense)/Revenue | | | | | |
| Governmental Activities | \$ (18,343,707) | \$ (22,185,284) | \$ (21,890,811) | \$ (20,032,237) | \$ (7,869,221) |
| Business-Type Activities | 1,379,100 | 1,195,144 | 1,510,767 | 1,636,702 | 808,682 |
| Total primary Government Net Expense | \$ (16,964,607) | \$ (20,990,140) | \$ (20,380,044) | \$ (18,395,535) | \$ (7,060,539) |
| General Revenues and Other Charges in Net Position | | | | | |
| Governmental Activities: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purpose | \$ 9,070,200 | \$ 9,465,402 | \$ 10,093,847 | \$ 10,523,133 | \$ 11,638,632 |
| Transient occupancy taxes | 2,019,005 | 1,456,897 | 1,457,156 | 2,575,173 | 5,845,967 |
| Sales taxes | 3,502,561 | 3,291,805 | 3,689,566 | 4,413,265 | 2,904,236 |
| Franchise taxes | 792,575 | 751,324 | 789,365 | 873,791 | 897,472 |
| Motor Vehicle in Lieu - Unrestricted | 3,547,175 | 3,619,856 | 3,745,720 | 3,880,489 | 2,053,486 |
| Use of money and property | 1,100,795 | 1,132,930 | 631,813 | (399,689) | 783,458 |
| Other | 975,510 | 3,585,904 | 3,121,247 | 3,342,715 | 1,019,176 |
| Total Governmental Activities | \$ 21,007,821 | \$ 23,304,118 | \$ 23,528,714 | \$ 25,208,877 | \$ 25,142,427 |
| Business-Type Activities: | | | | | |
| Use of money and property | \$ 557,179 | \$ 423,002 | \$ 124,888 | \$ 35,005 | \$ 149,640 |
| Other | 15,901 | 181,353 | 37,296 | 49,307 | 288,630 |
| Total Business-Type Activities | 573,080 | 604,355 | 162,184 | 84,312 | 438,270 |
| Total Primary Government | \$ 21,580,901 | \$ 23,908,473 | \$ 23,690,898 | \$ 25,293,189 | \$ 25,580,697 |
| Changes in Net Position | | | | | |
| Governmental Activities | \$ 2,664,114 | \$ 1,118,834 | \$ 1,637,903 | \$ 5,176,640 | \$ 17,273,206 |
| Business-Type Activities | 1,952,180 | 1,799,499 | 1,672,951 | 1,721,014 | 1,246,952 |
| Total Primary Government | \$ 4,616,294 | \$ 2,918,333 | \$ 3,310,854 | \$ 6,897,654 | \$ 18,520,158 |

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund | | | | | |
| Nonspendable | \$ 7,523 | \$ 9,382 | \$ 7,471 | \$ 20,164 | \$ 72,579 |
| Restricted | - | - | 508,897 | 893,185 | 1,294,957 |
| Committed | 324,083 | 454,048 | 787,790 | 914,846 | 1,015,354 |
| Assigned | 5,102,543 | 5,324,048 | 5,520,890 | 5,690,381 | 5,805,890 |
| Unassigned | 4,369,152 | 5,580,686 | 6,200,244 | 6,805,201 | 7,385,736 |
| Total General Fund | <u>9,803,301</u> | <u>11,368,164</u> | <u>13,025,292</u> | <u>14,323,777</u> | <u>15,574,516</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ 200 |
| Restricted | 5,107,900 | 4,979,850 | 5,316,698 | 5,726,668 | 7,844,224 |
| Assigned | 425,416 | 589,120 | 849,917 | 1,385,099 | - |
| Unassigned | (222,713) | (213,005) | (184,544) | (336,475) | (234,689) |
| Total all other Governmental Funds | <u>5,310,603</u> | <u>5,355,965</u> | <u>5,982,071</u> | <u>6,775,292</u> | <u>7,609,735</u> |

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|------------------------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Fund | | | | | |
| Nonspendable | \$ 23,402 | \$ 52,665 | \$ 54,212 | \$ 136,395 | \$ 41,589 |
| Restricted | 1,743,908 | 2,422,056 | 3,245,475 | 3,218,592 | 5,003,450 |
| Committed | 1,436,307 | 1,179,507 | 901,576 | 1,295,357 | 1,292,880 |
| Assigned | 6,041,593 | 6,349,702 | 6,206,689 | 6,241,345 | 6,786,980 |
| Unassigned | 4,588,069 | 5,450,148 | 7,138,002 | 9,289,801 | 10,055,355 |
| Total General Fund | <u>13,833,279</u> | <u>15,454,078</u> | <u>17,545,954</u> | <u>20,181,490</u> | <u>23,180,254</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ 47,545 | \$ 47,545 |
| Restricted | 9,494,837 | 10,242,525 | 10,928,273 | 14,752,364 | 16,960,567 |
| Assigned | - | - | - | - | - |
| Unassigned | (112,596) | (58,138) | (464,267) | (227,092) | 1,077,040 |
| Total all other Governmental Funds | <u>9,382,241</u> | <u>10,184,387</u> | <u>10,464,006</u> | <u>14,572,817</u> | <u>18,085,152</u> |

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues: | | | | | |
| Taxes and assessments | \$ 13,135,199 | \$ 13,727,132 | \$ 14,719,229 | \$ 15,109,053 | \$ 15,945,223 |
| Intergovernmental | 3,217,319 | 2,674,057 | 3,069,673 | 3,185,272 | 3,498,266 |
| Licenses and permits | 429,464 | 461,687 | 471,581 | 527,146 | 508,549 |
| Charges for services | 959,935 | 1,001,943 | 1,313,658 | 1,699,140 | 1,584,561 |
| Fines and forfeitures | 348,337 | 392,683 | 502,921 | 495,885 | 479,933 |
| Use of money and property | 137,906 | 136,763 | 261,466 | 283,828 | 286,867 |
| Other | 1,941,493 | 961,755 | 735,521 | 785,872 | 1,061,983 |
| Total revenues | 20,169,653 | 19,356,020 | 21,074,049 | 22,086,196 | 23,365,382 |
| Expenditures: | | | | | |
| General government | 3,085,499 | 3,222,933 | 3,500,443 | 3,777,819 | 3,820,029 |
| Public safety | 8,238,659 | 8,315,766 | 8,912,742 | 9,070,746 | 9,831,070 |
| Public works | 2,215,596 | 2,322,090 | 2,463,442 | 2,509,194 | 2,628,777 |
| Community development | 1,360,192 | 1,291,073 | 1,380,934 | 1,721,715 | 1,574,333 |
| Community services | 259,809 | 275,790 | 278,481 | 760,475 | 328,755 |
| Capital outlay | 3,452,914 | 1,773,690 | 2,190,316 | 1,473,835 | 2,417,383 |
| Debt service: | | | | | |
| Principal retirement | 155,925 | 155,930 | 161,086 | 288,487 | 296,366 |
| Interest | 439,464 | 388,523 | 383,130 | 392,219 | 383,487 |
| Total expenses | 19,208,058 | 17,745,795 | 19,270,574 | 19,994,490 | 21,280,200 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 961,595 | 1,610,225 | 1,803,475 | 2,091,706 | 2,085,182 |
| Other financing sources (uses): | | | | | |
| Transfers in | 1,319,473 | 446,865 | 743,400 | 1,576,800 | 997,300 |
| Transfers out | (1,319,473) | (446,865) | (743,400) | (1,576,800) | (997,300) |
| Contributions to Successor Agency | (10,000) | - | - | - | - |
| Contributions to OPEB Trust Fund | - | - | (135,000) | - | - |
| Long-term debt issued | 5,500,000 | - | 614,759 | - | - |
| Capital leases | - | - | - | - | - |
| Total other financing sources (uses) | 5,490,000 | - | 479,759 | - | - |
| Net change in fund balances / net position | 6,451,595 | 1,610,225 | 2,283,234 | 2,091,706 | 2,085,182 |
| Capital assets used in debt service calculation* | \$ 3,527,607 | \$ 1,764,750 | \$ 2,194,361 | \$ 1,440,550 | \$ 2,432,556 |
| Debt service as a percentage of noncapital expenditures | 3.8% | 3.4% | 3.2% | 3.7% | 3.6% |

* 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.

CITY OF SOLANA BEACH

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

| | Fiscal Year | | | | |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Revenues: | | | | | |
| Taxes and assessments | \$ 17,275,214 | \$ 16,842,473 | \$ 19,775,654 | \$ 22,265,851 | \$ 24,943,501 |
| Intergovernmental | 3,665,899 | 3,284,923 | 1,916,664 | 3,322,539 | 11,286,855 |
| Licenses and permits | 486,891 | 345,168 | 532,496 | 773,593 | 1,089,274 |
| Charges for services | 2,230,614 | 1,268,823 | 1,449,714 | 2,754,210 | 1,802,138 |
| Fines and forfeitures | 502,249 | 359,703 | 244,331 | 261,932 | 408,220 |
| Use of money and property | 1,100,795 | 1,132,930 | 631,813 | (399,689) | 783,458 |
| Other | 975,510 | 3,585,904 | 3,121,247 | 3,348,906 | 4,102,253 |
| Total revenues | 26,237,172 | 26,819,924 | 27,671,919 | 32,327,342 | 44,415,699 |
| Expenditures: | | | | | |
| General government | 4,191,376 | 4,705,339 | 5,032,268 | 5,598,530 | 7,061,076 |
| Public safety | 10,243,546 | 11,573,438 | 12,538,907 | 12,043,209 | 12,708,776 |
| Public works | 2,975,518 | 3,401,680 | 3,125,907 | 3,792,133 | 4,324,397 |
| Community development | 1,523,428 | 1,544,402 | 1,446,878 | 1,347,528 | 1,625,027 |
| Community services | 830,315 | 797,410 | 680,982 | 825,180 | 843,668 |
| Capital outlay | 5,763,230 | 1,692,966 | 1,800,676 | 1,430,880 | 10,752,411 |
| Debt service: | | | | | |
| Principal retirement | 303,971 | 316,505 | 319,071 | 199,531 | 203,808 |
| Interest | 374,519 | 365,239 | 355,735 | 346,004 | 385,436 |
| Total expenses | 26,205,903 | 24,396,979 | 25,300,424 | 25,582,995 | 37,904,599 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 31,269 | 2,422,945 | 2,371,495 | 6,744,347 | 6,511,100 |
| Other financing sources (uses): | | | | | |
| Transfers in | 2,636,370 | 799,915 | 353,500 | 2,992,483 | 5,093,101 |
| Transfers out | (2,636,370) | (799,915) | (353,500) | (2,992,483) | (5,093,101) |
| Contributions to Successor Agency | - | - | - | - | - |
| Contributions to OPEB Trust Fund | - | - | - | - | - |
| Long-term debt issued | - | - | - | - | - |
| Capital leases | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - |
| Net change in fund balances/ net position | 31,269 | 2,422,945 | 2,371,495 | 6,744,347 | 6,511,100 |
| Capital assets used in debt service calculation* | \$ 5,754,228 | \$ 1,697,994 | \$ 1,723,018 | \$ 1,537,279 | \$ 10,105,863 |
| Debt service as a percentage of noncapital expenditures | 3.3% | 3.0% | 2.9% | 2.3% | 2.1% |

* 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.

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 | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value^a | Taxable Assessed Value as a Percentage of Actual Taxable Value |
|--------------------|-----------------------------|----------------------------|-----------------------|----------------------------------|-------------------------------------|------------------------------|---|---|
| 2014 | 3,150,064 | 457,092 | 154,207 | - | 3,761,363 | 0.1803% | N/A | N/A |
| 2015 | 3,348,897 | 471,453 | 159,027 | - | 3,979,377 | 0.1779% | N/A | N/A |
| 2016 | 3,549,149 | 490,565 | 161,797 | - | 4,201,511 | 0.1778% | N/A | N/A |
| 2017 | 3,750,959 | 504,604 | 173,545 | - | 4,429,108 | 0.1779% | N/A | N/A |
| 2018 | 3,974,035 | 567,922 | 182,779 | - | 4,724,736 | 0.1778% | N/A | N/A |
| 2019 | 4,237,025 | 598,064 | 202,769 | - | 5,037,858 | 0.1778% | N/A | N/A |
| 2020 | 4,476,935 | 618,256 | 192,564 | - | 5,287,755 | 0.1779% | N/A | N/A |
| 2021 | 4,713,080 | 632,197 | 201,845 | - | 5,547,122 | 0.1780% | N/A | N/A |
| 2022 | 4,907,207 | 642,174 | 195,653 | - | 5,745,034 | 0.1781% | N/A | N/A |
| 2023 | 5,309,190 | 657,405 | 263,918 | - | 6,230,513 | 0.1780% | N/A | N/A |

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

N/A - Data not available

Source: San Diego County Assessor 2013/14 - 2022/23 Combined Tax Rolls
HdL Coren & Cone.
City of Solana Beach Finance Department

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 | | | Total City's Share of 1% Levy per Prop 13 |
|--------------------|-----------------------|---------------------------------------|--------------------------|--|
| | Basic Tax Levy | Municipal Improvement District | Lighting District | |
| 2014 | 0.1602 | 0.0037 | 0.00955 | 0.1735 |
| 2015 | 0.1602 | 0.0037 | 0.09600 | 0.1735 |
| 2016 | 0.1602 | 0.0037 | 0.09600 | 0.1735 |
| 2017 | 0.1602 | 0.0037 | 0.09600 | 0.1735 |
| 2018 | 0.1602 | 0.0037 | 0.00955 | 0.1735 |
| 2019 | 0.1602 | 0.0037 | 0.00955 | 0.1735 |
| 2020 | 0.1602 | 0.0037 | 0.00955 | 0.1735 |
| 2021 | 0.1602 | 0.0037 | 0.00955 | 0.1735 |
| 2022 | 0.1602 | 0.0037 | 0.00955 | 0.1735 |
| 2023 | 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) |
|--------------------|-----------------------------|--|-------------------------|--------------------------|---|
| 2014 | 0.167550 | 0.0004 | 0.40281 | 0.10486 | 0.025350 |
| 2015 | 0.167550 | 0.0004 | 0.40281 | 0.10486 | 0.025340 |
| 2016 | 0.167550 | 0.0004 | 0.40281 | 0.10486 | 0.025340 |
| 2017 | 0.167550 | 0.0004 | 0.40281 | 0.10486 | 0.025340 |
| 2018 | 0.167490 | 0.0004 | 0.40285 | 0.10490 | 0.025330 |
| 2019 | 0.167490 | 0.0004 | 0.40293 | 0.10490 | 0.025330 |
| 2020 | 0.167490 | 0.0004 | 0.40293 | 0.10490 | 0.025330 |
| 2021 | 0.167490 | 0.0004 | 0.40290 | 0.10490 | 0.025330 |
| 2022 | 0.167490 | 0.0004 | 0.40290 | 0.10490 | 0.025330 |
| 2023 | 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 2022/23 Annual Tax Increment Tables and HdL. Coren and Cone.

CITY OF SOLANA BEACH

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

| Fiscal Year | Overlapping Rates | | | | | | Total Direct & Overlapping Tax Rate |
|----------------|--|--|---|---|--|--|--|
| | Educational Revenue Augmentation | Voter Approved (3) | | | | | |
| | | 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 | |
| 2014 | 0.12551 | - | 0.0035 | - | - | 0.0378 | 1.04131 |
| 2015 | 0.12551 | - | 0.0035 | - | - | 0.0215 | 1.02497 |
| 2016 | 0.12551 | - | 0.0035 | - | - | 0.0227 | 1.02622 |
| 2017 | 0.12551 | - | 0.0035 | - | - | 0.0228 | 1.02625 |
| 2018 | 0.12550 | 0.03093 | 0.0035 | - | 0.01443 | 0.0223 | 1.07115 |
| 2019 | 0.12550 | 0.02886 | 0.0035 | - | 0.01294 | 0.0230 | 1.06828 |
| 2020 | 0.12550 | 0.02800 | 0.0035 | - | 0.01299 | 0.0232 | 1.06767 |
| 2021 | 0.12550 | 0.02688 | 0.0035 | - | 0.01373 | 0.0233 | 1.06738 |
| 2022 | 0.12550 | 0.02653 | 0.0035 | - | 0.01339 | 0.0223 | 1.06575 |
| 2023 | 0.12550 | 0.02506 | 0.0035 | - | 0.01357 | 0.0214 | 1.06356 |

CITY OF SOLANA BEACH

**Principal Property Tax Payers
Current Year and Ten Years Ago**

| <u>Taxpayer</u> | <u>Taxable Assessed Value</u> | <u>Percentage of Total City Taxable Assessed Value</u> |
|---|---------------------------------------|--|
| <u>For the Fiscal Year Ended June 30, 2023</u> | | |
| S B T C Holdings LLC (Pending Appeals on Parcels) | \$ 106,588,923 | 1.73% |
| Pacific Solana Beach Holdings LP (Pending Appeals on Parcels) | 74,305,420 | 1.20% |
| SB Coporate Centre III-IV LLC | 61,684,886 | 1.00% |
| Solana Beach Self Storage Owner LP | 48,500,000 | 0.79% |
| G R E Beachwalk LLC (Pending Appeals on Parcels) | 36,363,732 | 0.59% |
| Sanyo Foods Corporation of America | 35,058,180 | 0.57% |
| Fenton Solana Highlands LLC | 34,032,084 | 0.55% |
| E R P Operating LP | 21,388,414 | 0.35% |
| Lavida Delmar Asscs LP | 18,250,950 | 0.30% |
| Solana Mar LLC | 17,163,703 | 0.28% |
| Total | \$ 453,336,292 | 7.34% |
| <u>For the Fiscal Year Ended June 30, 2014</u> | | |
| S B T C Holdings LLC (Pending Appeals on Parcels) | \$ 112,943,400 | 3.03% |
| Pacific Solana Beach Holdings LP (Pending Appeals on Parcels) | 63,353,220 | 1.70% |
| SB Corporate Centre III-IV LLC | 31,650,600 | 0.85% |
| Sanyo Foods Corporation of America | 30,193,367 | 0.81% |
| Fenton Solana Highlands LLC | 28,781,614 | 0.77% |
| E R P Operating LP | 18,400,666 | 0.49% |
| Muller-Beachwalk LLC (Pending Appeals on Parcels) | 17,888,000 | 0.48% |
| Lavida Delmar Asscs LP | 16,367,249 | 0.44% |
| Urschel Laboratories Inc | 13,341,767 | 0.36% |
| Price Self Storage Solana Beach LLC | 12,999,381 | 0.35% |
| Total | \$ 345,919,264 | 9.29% |

Source: HdL Coren & Cone and San Diego
County Assessor 2013/14 & 2022/23

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 | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2014 | 6,303,038 | 6,033,082 | 95.7% | 252,973 | 6,286,055 | 100% |
| 2015 | 6,576,197 | 6,257,093 | 95.1% | 215,422 | 6,472,515 | 98% |
| 2016 | 6,931,466 | 6,635,180 | 95.7% | 80,163 | 6,715,343 | 97% |
| 2017 | 7,300,293 | 7,017,400 | 96.1% | 27,141 | 7,044,541 | 96% |
| 2018 | 7,741,663 | 7,444,166 | 96.2% | 33,622 | 7,477,788 | 97% |
| 2019 | 8,232,844 | 7,949,648 | 96.6% | 27,740 | 7,977,388 | 97% |
| 2020 | 8,622,755 | 8,306,418 | 96.3% | 36,401 | 8,342,819 | 97% |
| 2021 | 9,074,415 | 8,652,200 | 95.3% | 65,224 | 8,717,424 | 96% |
| 2022 | 9,507,779 | 9,078,200 | 95.5% | 70,616 | 9,148,816 | 96% |
| 2023 | 10,371,116 | 10,237,578 | 98.7% | 16,297 | 10,253,875 | 99% |

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

CITY OF SOLANA BEACH

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

| Fiscal Year | Government Activities | | | | Business-type Activities | Total Primary Government | Percentage of Personal Income ^a | Per Capita ^a |
|----------------|----------------------------|--------------------|-----------|-----------|-----------------------------|--------------------------------|--|----------------------------|
| | 2002 ABAG Lease Revenue | Refunding Lease | Bonds | Capital | Bonds and Direct | | | |
| | Bonds | ABAG | | Leases | Borrowings/Placements | | | |
| 2014* | - | 1,166,600 | 5,500,000 | 745,693 | 12,175,456 | 19,587,749 | 3.56% | 1,495 |
| 2015* | - | 1,055,400 | 5,500,000 | 701,931 | 11,273,883 | 18,531,214 | 3.95% | 1,419 |
| 2016 | - | 940,600 | 5,500,000 | 1,271,372 | 10,339,405 | 18,051,377 | 4.05% | 1,338 |
| 2017 | - | 811,391 | 5,500,000 | 1,113,062 | 9,373,587 | 16,798,040 | 4.85% | 1,242 |
| 2018 | - | 685,559 | 5,500,000 | 943,496 | 19,146,912 | 26,275,967 | 3.10% | 1,885 |
| 2019 | - | 556,825 | 5,500,000 | 769,326 | 18,064,945 | 24,891,096 | 3.52% | 1,786 |
| 2020 | - | 420,291 | 5,500,000 | 590,421 | 17,449,133 | 23,959,845 | 3.66% | 1,731 |
| 2021 | - | 286,057 | 5,500,000 | 406,649 | 16,818,322 | 23,011,028 | 3.89% | 1,664 |
| 2022 | - | 144,423 | 5,500,000 | 349,819 | 16,262,766 | 22,257,008 | 4.04% | 1,737 |
| 2023 | - | - | 5,500,000 | 291,011 | 15,694,711 | 21,485,722 | 4.31% | 1,681 |

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, 2023**

Fiscal Year 2022-23 Assessed Valuation : \$ 6,231,357,887

| | Gross Bonded Debt Balance | Percent Applicable to City (1) | Net Bonded Debt |
|---|--------------------------------------|---|--------------------------------|
| <u>Overlapping Tax & Assessment Debt</u> | | | |
| Metropolitan Water District | \$ 19,215,000 | 0.171% | \$ 32,858 |
| Mira Costa Community College District | \$ 376,155,000 | 4.640% | \$ 17,453,592 |
| San Dieguito Union High School District | \$ 416,410,000 | 7.670% | \$ 31,938,647 |
| San Dieguito Union High School District Community Facilities District No. 95-1 | \$ 25,570,000 | 1.352% | \$ 345,706 |
| Solana Beach School District School Facilities Improvement District No. 2016-1 | \$ 89,095,000 | 32.263% | \$ 28,744,720 |
| City of Solana Beach 1915 Act Bonds | \$ 2,075,000 | 100.000% | \$ 2,075,000 |
| Olivenhain Municipal Water District, Assessment District No. 96-1 | \$ 4,605,000 | 0.555% | \$ 25,558 |
| Total Overlapping Tax & Assessment Debt | | | \$ 80,616,081 |
| <u>Direct & Overlapping General Fund Debt</u> | | | |
| San Diego County General Fund Obligations | \$ 229,680,000 | 0.949% | \$ 2,179,663 |
| San Diego County Pension Obligations | \$ 277,990,000 | 0.949% | \$ 2,638,125 |
| San Diego County Superintendent of Schools General Fund Obligations | \$ 6,935,000 | 0.949% | \$ 65,813 |
| San Dieguito Union High School District Certificates of Participation | \$ 12,730,000 | 7.670% | \$ 976,391 |
| Solana Beach School District General Fund Obligations | \$ 5,819,247 | 27.384% | \$ 1,593,543 |
| City of Solana Beach Capital Lease Obligation | \$ 279,445 | 100.000% | \$ 279,445 |
| Total Direct & Overlapping General Fund Debt | | | \$ 7,732,980 |
| <u>Overlapping Tax Increment Debt</u> | \$ 2,035,900 | 100.000% | \$ 2,035,900 |
| TOTAL DIRECT DEBT | | | \$ 279,445 |
| TOTAL OVERLAPPING DEBT | | | \$ 90,105,516 |
| COMBINED TOTAL DEBT | | | (2) \$ 90,384,961 |

Debt to Assessed Valuation Ratios :

| | |
|---|--------------|
| Total Overlapping Tax & Assessment Debt | 1.29% |
| Total Direct Debt (\$279,445) | 0.00% |
| Combined Total Debt | 1.45% |

Redevelopment Incremental Valuation (\$206,777,910) Ratio:

| | |
|--------------------------------------|-------|
| Total Overlapping Tax Increment Debt | 0.98% |
|--------------------------------------|-------|

Notes: (1) - Percentage of overlapping agency's assessed 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.

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 2023

| | |
|------------------------------------|-------------------|
| Assessed value | \$ 6,231,358 |
| Debt limit (15% of assessed value) | 934,704 |
| Debt applicable to limit: | |
| General obligation bonds | <u>-</u> |
| Total net debt applicable to limit | <u>-</u> |
| Legal debt margin | <u>\$ 934,704</u> |

| <u>Fiscal Year</u> | <u>Debt Limit</u> | <u>Total net debt Applicable to Limit</u> | <u>Legal Debt Margin</u> | <u>Legal Debt Margin Percentage of Debt Limit</u> |
|--------------------|-------------------|---|------------------------------|---|
| 2013 | 550,417 | - | 550,417 | 100.00% |
| 2014 | 564,290 | - | 564,290 | 100.00% |
| 2015 | 597,013 | - | 597,013 | 100.00% |
| 2016 | 630,359 | - | 630,359 | 100.00% |
| 2017 | 664,464 | - | 664,464 | 100.00% |
| 2018 | 708,810 | - | 708,810 | 100.00% |
| 2019 | 755,767 | - | 755,767 | 100.00% |
| 2020 | 793,275 | - | 793,275 | 100.00% |
| 2021 | 832,192 | - | 832,192 | 100.00% |
| 2022 | 861,939 | - | 861,939 | 100.00% |
| 2023 | 934,577 | - | 934,577 | 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> |
|--------------------|------------------------------------|--------------------|---------------------------|------------------------------|
| 2014* | - | 148,974 | - | 148,974 |
| 2015* | - | 148,732 | - | 148,732 |
| 2016* | - | 153,283 | - | 153,283 |
| 2017* | - | 152,429 | - | 152,429 |
| 2018* | - | 151,067 | - | 151,067 |
| 2019* | - | 154,321 | - | 154,321 |
| 2020* | - | 147,382 | - | 147,382 |
| 2021* | - | 150,056 | - | 150,056 |
| 2022* | - | 147,465 | - | 147,465 |
| 2023* | - | - | - | - |

| <u>Fiscal Year</u> | <u>Debt Service</u> | | <u>Coverage</u> |
|--------------------|---------------------|-----------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2014* | 111,200 | 37,774 | 1.00 |
| 2015* | 114,800 | 33,932 | 1.00 |
| 2016* | 123,400 | 29,883 | 1.00 |
| 2017* | 126,800 | 25,629 | 1.00 |
| 2018* | 129,800 | 21,267 | 1.00 |
| 2019* | 137,600 | 16,721 | 1.00 |
| 2020* | 135,300 | 12,082 | 1.00 |
| 2021* | 142,700 | 7,356 | 1.00 |
| 2022* | 145,000 | 2,465 | 1.00 |
| 2023* | - | - | 0.00 |

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

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

* 2002 ABAG Lease Revenue Bonds

CITY OF SOLANA BEACH

Demographic and Economic Statistics
Last Ten Calendar Years

| Calendar Year | Population | Personal Income <i>(thousands of dollars)</i> | Per Capita Personal Income | Unemployment Rate |
|----------------------|-------------------|---|-----------------------------------|--------------------------|
| 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 | 59,579 | 1.7% |
| 2018 | 13,933 | 875,833 | 62,860 | 1.7% |
| 2019 | 13,838 | 873,757 | 63,142 | 1.7% |
| 2020 | 13,827 | 894,002 | 64,656 | 5.1% |
| 2021 | 12,812 | 899,448 | 70,204 | 2.6% |
| 2022 | 12,784 | 925,044 | 72,360 | 1.8% |

Sources: HdL Coren & Cone report prepared on 9/6/23

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2023

| Employer | Category | Business category |
|--------------------------------|----------|---|
| 32nd St Naval Station | 3 | Federal Government-National Security |
| Collins Aerospace | 1 | Aircraft Components-Manufacturers |
| General Dynamics Nassco | 1 | Ship Builders & Repairers (Mfrs) |
| Illumina Inc | 1 | Biotechnology Products & Services |
| Kaiser Permanente Vandever Med | 2 | Physicians & Surgeons |
| MCCS MCRD | 3 | Military Bases |
| Merchants Building Maintenance | 1 | Janitor Service |
| Page One Seo | 1 | Mental Health Services |
| Rady's Children's Hospital | 1 | Hospitals |
| San Diego Community College | 2 | Junior-Community College- Tech Institutes |
| San Diego County Sheriff | 1 | Police Departments |
| Scripps Mercy Hospital | 1 | Hospitals |
| Scripps Research Institute | 1 | Laboratories-Research & Development |
| SDG & E | 1 | Gas Companies |
| Seaworld San Diego | 1 | Amusement & Theme Parks |
| Sharp Grossmont Hospital | 1 | Hospitals |
| Sharp Grossmont Rehab Center | 1 | Vocational Rehabilitation Services |
| Sharp Mary Birch Hospital | 1 | Hospitals |
| Sharp Memorial Hospital | 1 | Hospitals |
| Sony Electronics Inc | 1 | Electronic Equipment & Supplies-Retail |
| UC San Diego Health | 2 | Health Care Management |
| UCSD- Neural Computation | 3 | University-College Dept/Facility/Office |
| University of California | 3 | University-College Dept/Facility/Office |
| Univesity-California Sn Diego | 3 | Schools-Universities & College Academic |
| VA San Diego Healthcare System | 1 | Hospitals |

Source:

State of California- Employee Development Department- Major Employers in San Diego for 2023

Categories

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

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

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

CITY OF SOLANA BEACH

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | |
|---------------------------------|--------------------|--------------|--------------|--------------|--------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| General government | | | | | |
| City Council | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| City Clerk | 2.60 | 3.10 | 3.10 | 3.10 | 3.10 |
| City Manager | 1.74 | 2.05 | 2.05 | 1.80 | 1.90 |
| Legal Services | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Finance | 3.80 | 3.55 | 3.55 | 3.55 | 3.45 |
| Risk Mgt - Ins & Workers Comp | - | - | - | - | - |
| Personnel/Human Resources | 0.95 | 1.00 | 1.00 | 1.15 | 0.95 |
| Info/Communication Systems | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Community Development | 5.40 | 6.00 | 6.00 | 5.80 | 5.80 |
| Public Safety | | | | | |
| Fire | 19.95 | 19.95 | 19.95 | 19.95 | 20.20 |
| Code Enforcement | 1.75 | 1.80 | 1.80 | 1.80 | 1.80 |
| Marine Safety | 8.06 | 8.06 | 9.49 | 9.49 | 9.29 |
| Junior Lifeguards | 3.73 | 3.73 | 3.53 | 4.03 | 4.23 |
| Public Works | | | | | |
| Engineering | 2.41 | 2.28 | 2.13 | 2.73 | 2.73 |
| Environmental/Flood Control | 1.10 | 1.10 | 1.10 | 1.05 | 1.05 |
| Street Maintenance | 2.90 | 2.95 | 2.95 | 2.95 | 2.95 |
| Park Maintenance | 1.35 | 1.35 | 1.35 | 1.35 | 1.35 |
| Recreation & Community Services | | | | | |
| Community Services | 0.95 | 0.95 | 0.95 | 0.90 | 0.90 |
| Recreation | 2.59 | 2.46 | 2.48 | 2.43 | 2.43 |
| Sanitation | 2.98 | 2.93 | 3.22 | 3.12 | 3.37 |
| Improvement Districts | 0.95 | 0.90 | 0.90 | 0.90 | 0.90 |
| Redevelopment Agency | 1.05 | 0.90 | 0.90 | 1.10 | 0.80 |
| Solana Energy Alliance* | - | - | - | - | - |
| Total Personnel | 65.71 | 66.51 | 67.90 | 68.65 | 68.65 |

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

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

Source: City of Solana Beach's Annual Budget

CITY OF SOLANA BEACH

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | |
|---------------------------------|--------------------|--------------|--------------|--------------|--------------|
| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| General government | | | | | |
| City Council | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |
| City Clerk | 3.10 | 3.23 | 3.23 | 3.48 | 3.23 |
| City Manager | 1.90 | 2.48 | 2.48 | 2.58 | 2.58 |
| Legal Services | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| Finance | 3.05 | 3.30 | 3.70 | 3.35 | 3.35 |
| Risk Mgt - Ins & Workers Comp | - | 1.20 | 1.20 | 1.20 | 1.20 |
| Personnel/Human Resources | 0.95 | 0.95 | 0.95 | 1.20 | 1.20 |
| Info/Communication Systems | 1.00 | 1.00 | 1.00 | 1.50 | 1.50 |
| Community Development | 5.80 | 6.00 | 7.00 | 6.00 | 6.00 |
| Public Safety | | | | | |
| Fire | 20.20 | 20.20 | 20.20 | 20.20 | 20.20 |
| Code Enforcement | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 |
| Marine Safety | 9.29 | 9.71 | 9.71 | 9.71 | 9.71 |
| Junior Lifeguards | 4.23 | 4.7 | 3.98 | 3.93 | 3.93 |
| Public Works | | | | | |
| Engineering | 2.73 | 2.73 | 2.73 | 2.73 | 2.73 |
| Environmental/Flood Control | 1.05 | 1.05 | 1.05 | 1.20 | 1.20 |
| Street Maintenance | 2.95 | 2.95 | 2.95 | 2.95 | 2.95 |
| Park Maintenance | 1.35 | 1.35 | 1.25 | 1.35 | 1.35 |
| Recreation & Community Services | | | | | |
| Community Services | 0.65 | 0.90 | 0.65 | 0.85 | 0.85 |
| Recreation | 2.38 | 2.43 | 2.33 | 2.50 | 2.45 |
| Sanitation | 3.37 | 3.37 | 3.37 | 3.67 | 3.67 |
| Improvement Districts | 0.90 | 0.90 | 0.90 | 0.95 | 0.95 |
| Redevelopment Agency | 0.80 | 0.80 | 0.14 | 0.24 | 0.24 |
| Solana Energy Alliance* | 0.75 | 0.75 | 0.75 | - | - |
| Total Personnel | 68.70 | 72.25 | 71.82 | 71.84 | 71.54 |

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

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

Source: City of Solana Beach's Annual Budget

CITY OF SOLANA BEACH

Operating Indicators by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Community development | | | | | |
| Number of: | | | | | |
| Business licenses (A) | 2,147 | 1,957 | 2,068 | 2,007 | 2,055 |
| Plan checks (B) | 276 | 275 | 304 | 284 | 319 |
| Code violations (C) | 1,467 | 1,016 | 1,240 | 1,124 | 2,513 |
| Police (Calendar basis) | | | | | |
| Number of calls for service (D) (E): | | | | | |
| Priority 1 | 27 | 12 | 13 | 7 | 11 |
| Priority 2 | 498 | 467 | 437 | 343 | 470 |
| Priority 3 | 1,624 | 1,712 | 1,740 | 1,141 | 1,825 |
| Priority 4 | 1,037 | 1,225 | 1,110 | 826 | 1,181 |
| 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 | 210 | 305 | 240 | 173 | 227 |
| Fire | | | | | |
| Emergency Responses | 1,702 | 1,798 | 1,810 | 1,883 | 1,859 |
| Training Hours | 7,080 | 6,178 | 5,997 | 4,696 | 4,687 |
| Plan Checks | 92 | 289 | 380 | 390 | 375 |
| Public works | | | | | |
| Miles of: | | | | | |
| Street resurfacing/repair | 150000** | 550000** | 5.3* | 1.7* | 1.9 |
| Street sweeping | 900 | 900* | 900* | 900* | 504 |
| Number of: | | | | | |
| Street signal maintained | 192 | 192 | 192 | 192 | 192 |
| Trees pruned per year | 158 | 40 | 40 | 500 | 274 |
| Recreation & community services | | | | | |
| Number of enrollees: | | | | | |
| Day camp (Calendar basis) | 280 | 329 | 266 | 315 | 322 |
| Classes (classes offered to san diego adult school) | N/A | 144 | ***N/A | ***N/A | ***N/A |
| Mira Costa College Community Education, # of students | N/A | N/A | N/A | N/A | 720 |
| Special events (attendees) | 7,350 | 10,600 | 7,800 | 8,300 | 7,400 |

N/A - Data not available

(A) - Includes new & renewal licenses

(B) - Excludes temporary plan checks.

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

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

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

Sources: Various city departments.

* Street Repair in Miles

** Street repair in Square Feet (SF)

*** Classes offered by Mira Costa College

| 2019 | 2020 | 2021 | 2022 | 2023 |
|--------|--------|--------|--------|--------|
| 2,345 | 2,677 | 2,677 | 1,608 | 1,853 |
| 319 | 399 | 399 | 483 | 699 |
| 2,656 | 8 | - | 155 | 177 |
| 9 | 2 | 9 | 12 | 13 |
| 209 | 159 | 207 | 281 | 233 |
| 167 | 117 | 143 | 160 | 154 |
| 1,154 | 1,109 | 1,337 | 1,478 | 1,301 |
| 247 | 226 | 337 | 345 | 274 |
| 147 | 287 | 212 | 164 | 163 |
| 703 | 619 | 832 | 831 | 834 |
| - | - | - | - | - |
| - | - | - | - | - |
| 139 | 117 | 231 | 246 | 219 |
| 1,792 | 1,792 | 1,495 | 1,569 | 1,469 |
| 6,350 | 6,350 | 6,375 | 7,053 | 6,374 |
| 375 | 375 | 436 | 452 | 490 |
| 3.8 | 1.0 | 0.8 | 1.1 | 5.3 |
| 504 | 504 | 504 | 504 | 504 |
| 192 | 192 | 192 | 192 | 192 |
| 280 | 280 | 280 | 280 | 280 |
| 315 | 312 | 290 | 303 | 294 |
| ***N/A | ***N/A | ***N/A | ***N/A | ***N/A |
| 700 | 400 | 150 | 810 | 380 |
| 7,700 | 6,500 | 2,200 | 9,350 | 5,300 |

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | |
|---------------------------------|--------------------|-------------|-------------|-------------|
| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| Public Safety | | | | |
| Code enforcement vehicles | 2 | 2 | 2 | 2 |
| Fire | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Fire Engines | 4 | 4 | 3 | 3 |
| Fire Ladder Truck | 1 | 1 | 1 | 1 |
| Other vehicles | 2 | 1 | 2 | 2 |
| Public works | | | | |
| Streets (miles) | 46 | 46 | 42 | 42 |
| Street lights (city-owned) | 748 | 748 | 527 | 527 |
| Traffic signals | 16 | 18 | 16 | 16 |
| Public works vehicles | 7 | 8 | 11 | 11 |
| Public works Corporation Yard | 1 | 1 | 1 | 1 |
| Recreation & community service | | | | |
| Community centers | 2 | 2 | 2 | 2 |
| Parks | 3 | 3 | 3 | 3 |
| Marine Safety | | | | |
| Lifeguard Stations (Permanent)* | 3 | 3 | 3 | 3 |
| Lifeguard Stations (Temporary) | N/A | N/A | N/A | N/A |
| Vehicles | 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 | 2022 | 2023 |
|------|------|------|------|------|------|------|
| 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| 42 | 42 | 42 | 42 | 42 | 42 | 42 |
| 527 | 525 | 525 | 525 | 525 | 525 | 525 |
| 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| 12 | 8 | 8 | 8 | 8 | 8 | 8 |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| 6 | 6 | 3 | 3 | 3 | 3 | 3 |
| N/A | N/A | 3 | 4 | 4 | 4 | 4 |
| 5 | 5 | 5 | 5 | 5 | 5 | 4 |



CITY OF SOLANA BEACH

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