

# Annual Comprehensive Financial Report

City of Solvang, California



For the Fiscal Year  
ended June 30, 2023



# City of Solvang

Solvang, California

*Annual Comprehensive Financial Report*

*For the year ended June 30, 2023*

Prepared by:  
Finance Department

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**City of Solvang**  
**Annual Comprehensive Financial Report**  
**For the year ended June 30, 2023**

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# INTRODUCTORY SECTION

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January 22, 2024

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

The City follows a policy of preparing a complete set of financial statements in conformity with U.S. generally accepted accounting principles after the end of each fiscal year. This report is published to fulfill that policy for the fiscal year ended June 30, 2023.

Management of the City of Solvang assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that the City has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the City's financial statements are free of material misstatements.

The firm of Badawi & Associates, Certified Public Accountants, has issued an unmodified independent auditor's report on the City of Solvang's financial statements for the fiscal year ended June 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### ***Profile of the City of Solvang***

Solvang, meaning "Sunny Field," was founded in 1911 by a group of Danish educators from the Midwest who were in search of a site for a Danish-type folk school. They liked what they saw and envisioned the location of the potential town, nestled between the Santa Ynez and San Rafael Mountain ranges as an ideal place to launch the school and where settlers could develop a Danish Colony that we now know as Solvang. Although Solvang has since developed into one of California's main tourist attractions, its many Danish-American residents continue to perpetuate their Danish heritage as seen by the architectural style in the downtown tourist area. The City is located inland along the Central Coast, some 45 miles north of Santa Barbara, in the historic Santa Ynez Valley.

The City was incorporated on May 1, 1985. It subsequently transitioned from a General Law City to a Charter City in November 2006. Becoming a "Charter City" means we have more "local home rule" authority than cities that incorporate under the "general laws" of the State of California. The Charter is the City's "Constitution," and any changes must be approved by the voters.

The City operates under the “Council-Manager” form of government. Policy making and legislative authority are vested in the City Council consisting of the Mayor and four other elected Council members. The Council is responsible for, among other matters, setting policy, passing ordinances, adopting the City Budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the daily operations of the City, appointing other employees, and overseeing daily operations of the City. The Council members are elected to four-year staggered terms and in 2008, the City transitioned from an appointed Mayor to an elected Mayor with a two-year term and is an equal member of the City Council.

The City of Solvang offers a comprehensive array of municipal services, including the construction and upkeep of city streets, storm drains, and other similar infrastructure assets. It is also responsible for the maintenance of parks and the organization of community recreational activities. Water, wastewater, and transit services are provided through an enterprise fund or business type structure. Additionally, the City has a contract with the County of Santa Barbara for law enforcement services.

The City’s biennial budget serves as the foundation for the City of Solvang’s financial planning and control system. Once a final draft budget is achieved, it is presented to the City Council. The City Council holds public hearings on the proposed budget and ultimately adopts a formal budget. The budget is adopted by fund, department, program, and object. During the year, the City Council periodically reviews the City’s actual financial activity in relationship to the original budget, and as necessary amends the original budget to reflect changing conditions. For the next budget cycle, the City will be implementing a more efficient and transparent budgeting software to increase community engagement and understanding.

The general fund budgetary comparison is considered a major fund according to the new reporting standards and is presented as required supplementary information in a separate section of this report following the financial statement notes. In addition, for the City’s other governmental type funds with adopted budgets, a budget to actual comparison schedule is presented as optional information within the combined statements and individual fund schedules section.

### ***Local Economy***

The City’s economy heavily relies on tourism, which contributes over 50% of the general fund revenues. The City offers various major attractions that appeal to visitors, such as the famous Danish-themed village, charming shops, inns and bakeries with European-style streets and architecture, local wineries, galleries, golf courses, equestrian activities, livestock production, the historic Santa Ines Mission, the Elverhoj Museum of History and Art, Julefest and other special events.

This year the City saw an increase in property tax revenue of 8.1%, and sales tax revenues increased by 18.8%. Our top three sales tax generators by business category for Fiscal Year 2022-23 are retail, food services, and manufacturing, in that order. Our largest General Fund revenue source, Transient Occupancy Tax (TOT) increased by 4.6%, but the occupancy rate decreased by 3.4%.

While the trends in revenues showed increases in percentage terms, it should be noted that the Fiscal Year ending June 30, 2023, was the best fiscal year on record in terms of Governmental Activities Revenues. Those revenues increased by \$1.2 million or 8.8% from Fiscal Year 2021-22. This increase in revenues in Fiscal Year 2022-23 can be attributed to the increase in all tax revenues received by the City for services, property tax, occupancy tax and interest received.

The City is also mindful of costs associated with increasing pension and retiree health liabilities, and growing regulations for stormwater management, requiring additional resources for implementation. The City continues to take a very conservative approach in the budgeting process. The City strives to operate within current revenue streams and is careful to minimize use of reserves. Staff is aware of the challenges the City faces and continue to be conservative in their spending.

### ***Long Term Financial Planning and Major Initiatives***

This year the City completed about \$3.8 million in capital projects. For the fiscal year ending 2023-24, the City has budgeted approximately \$6.4 million for capital projects, mostly for water and public works. An additional \$51.7 million in capital projects are included in the City's Ten-Year Capital Improvement Plan. These projects include about \$14.6 million in public works projects, \$16 million for wastewater system improvements, \$11.4 million for water and \$2.5 million for sewer improvements.

The major initiative planned for FY 2023-24 is the construction of the HCA Middle Well, which will be followed by various General Fund, Wastewater, and Sewer projects.

The General Fund ended fiscal year 2022-23 with a fund balance of approximately \$17.6 million. Of that fund balance, \$7.3 million is committed for emergency reserves, and approximately \$10.3 million remained unassigned. There is approximately \$3.5 million available in Gas Tax, Impact Fees, Traffic Safety, Measure A, and Local Transportation funds, which will be used for future projects, mainly street infrastructure, improvements, maintenance, and sidewalk projects.

### ***Relevant Financial Policies***

The City Council adopted a Fund Balance Policy in 2013 that sets the City's General Fund balance committed for emergency contingencies at 50% of the current year operating budget and is to be adjusted annually.

Starting in the 2019-20 Fiscal Year, the City reviews and adopts financial policies annually as part of the budget adoption process. The policies include strategic goals, budget monitoring, long-term financial planning, fund balance reserve, capital improvement program funding, and debt financing.

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solvang for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. The City

has received this award for 33 of the last 34 years. To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable legal and program requirements.

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

There are several benefits from participating in this program beyond simply gaining recognition for our efforts. We believe by striving for excellence in meeting the program standards and goals, we can produce quality reports and receive comments for improvements from other municipal finance professionals. This allows us to gain a "fresh" perspective and continually improve in our reporting for the benefit of the City and the public at large.

The preparation of this report would not have been possible without the efficient and dedicated services of the *entire Finance division staff*. We are very proud of our teamwork here and would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report and their effort throughout the year to ensure the integrity of the financial records.

Respectfully submitted,



Randy Murphy  
City Manager



Wendy Berry  
Administrative Services Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Solvang  
California**

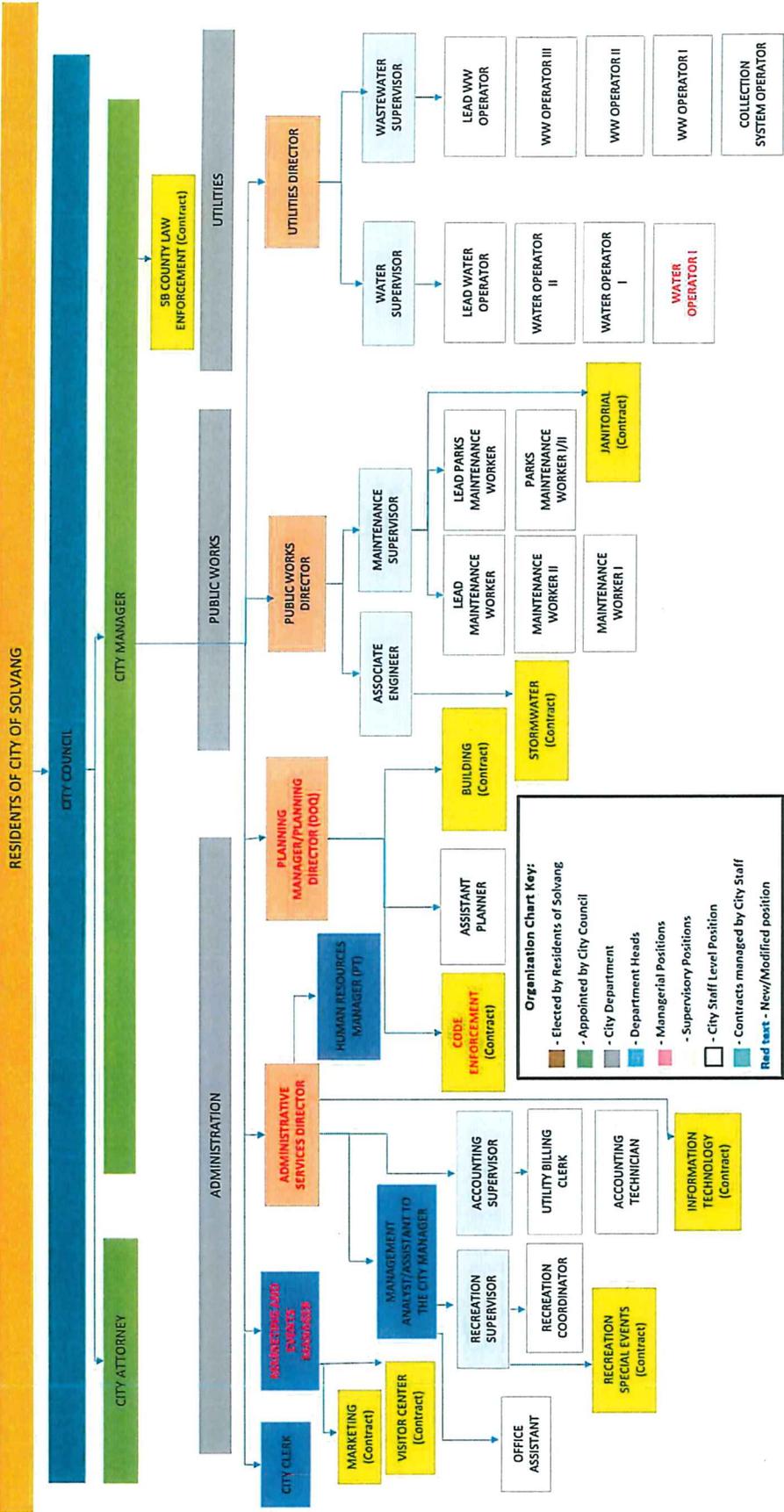
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

FY 2022-24 Organizational Chart



City of Solvang  
List of Elected and Appointed Officials  
As of June 30, 2023

Elected Officials

Mayor - At large	Mark Infanti
Mayor Pro Tem - District 4	Elizabeth Orona
Council Member - At large	Robert Clarke
Council Member - District 3	David Brown
Council Member - At large	Claudia Orona

Appointed Officials

City Manager	Randy Murphy
City Attorney	David Fleishman
City Clerk	Annamarie Porter
Administrative Services Director	Wendy Berry
Public Works Director/City Engineer	Rodger Olds
Utilities Director	Jose Acosta

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# FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Solvang  
Solvang, California

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solvang (City), as of and for the year ended 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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*

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and OPEB information on pages 17-29 and 90-98 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.

***Supplementary Information***

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

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 December 22, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Badawi & Associates, CPAs  
Berkeley, California  
December 22, 2023

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## Management's Discussion and Analysis

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As management of the City of Solvang, we offer readers of the City of Solvang's financial statements, this narrative overview and analysis of the financial activities of the City of Solvang for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-6 of this report.

### Financial Highlights

- The General Fund reported a fund balance of \$17.6 million at the end of the 2023 fiscal year; an increase of approximately \$3.1 million or 21.3% above the fiscal year 2021-2022 balance. Per the Combined Reserve and Fund Policy, 50% of the current year operating budget is committed for the emergency contingencies which of the \$17.6 million, \$7.2 million is committed to emergencies. The Emergency Contingency increased \$2,435,744.00.
- Citywide, the total net position increased by \$6.1 million or 11.9% higher than 2021-2022 after conducting all operations and programs. The net position totaled \$57.8 million dollars at year-end. Of that amount, \$25.9 million (the unrestricted net position) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- The City's Governmental activities reported a net position of \$33.3 million dollars. Of the \$33.3 million dollars, \$14.9 million remains unrestricted and available.
- Overall, Citywide revenues from governmental activities, grants and taxes increased approximately \$1.2 million compared to the 2021-2022 fiscal year. This increase is due to the increase of Occupancy, Sales tax and interest received by the City.
- Impact Fees ended FY 2022-2023 with a fund balance of \$1.6 million; an increase of approximately \$53 thousand from FY 2021-2022. The increase is primarily due to a reduction in Capital Improvement Projects being funded by Impact Fees.
- The Proprietary funds ended the fiscal year with a net position of \$24.6 million (including the funds' net investment in capital assets).
- The City's other non-major governmental funds ended FY 2022-2023 with a fund balance of \$1.9 million, an increase of \$73 thousand from FY 2021-2022. The increase is due in part to a reduction in Measure A and Highway Users Tax funds being used to fund projects.



## Management's Discussion and Analysis

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### **Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the City of Solvang's basic financial statements. The City of Solvang's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Solvang's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Solvang's assets, liabilities, deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Solvang is improving or deteriorating.

The *statement of activities* presents information showing how the City of Solvang's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City of Solvang that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Solvang include general government, public safety, highways and streets, planning and economic development, and culture and recreation. The business-type activities of the City of Solvang include water, wastewater and transit operations.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Solvang, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Solvang can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.



## Management's Discussion and Analysis

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**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Solvang maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the impact fee fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Solvang adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 42-45 of this report.

**Proprietary Funds.** The City of Solvang maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Solvang uses enterprises funds to account for its water, wastewater, and transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Solvang various functions. The City of Solvang uses an internal service fund to account for the replacement of its fleet of vehicles and major equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and transit operations, all of which are considered to be major funds of the City of Solvang. Conversely, the internal service fund is a single presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 48-53 of this report.



## Management's Discussion and Analysis

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***Fiduciary Funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City of Solvang own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Solvang maintains one type of fiduciary funds. The *Custodial fund* reports resources held by the City of Solvang in a custodial capacity for individuals, private organizations, and other governments. The City of Solvang maintains one custodial fund on behalf of the Santa Ynez Valley Tourism Business Improvement District (District). The City collects the revenue from the local hotels, and then remits the funds to the District.

The fiduciary fund financial statements can be found on pages 56-57 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 61-88 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the general and impact fee funds budget to actual comparisons, funding progress on the City's other post-employment benefits (OPEB), the City's proportionate share of the net pension liability in regards to the California Public Employees Retirement System (CalPERS) cost sharing pool of which the City is a member, and the City's pension plan employer contributions. Required supplementary information can be found on pages 90-98 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on the City's pension liability. Combining and individual fund statements and schedules can be found on pages 102-110 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City of Solvang, assets and deferred outflows of resources exceeded liabilities by \$57,845,252 at the close of the most recent fiscal year.



## Management's Discussion and Analysis

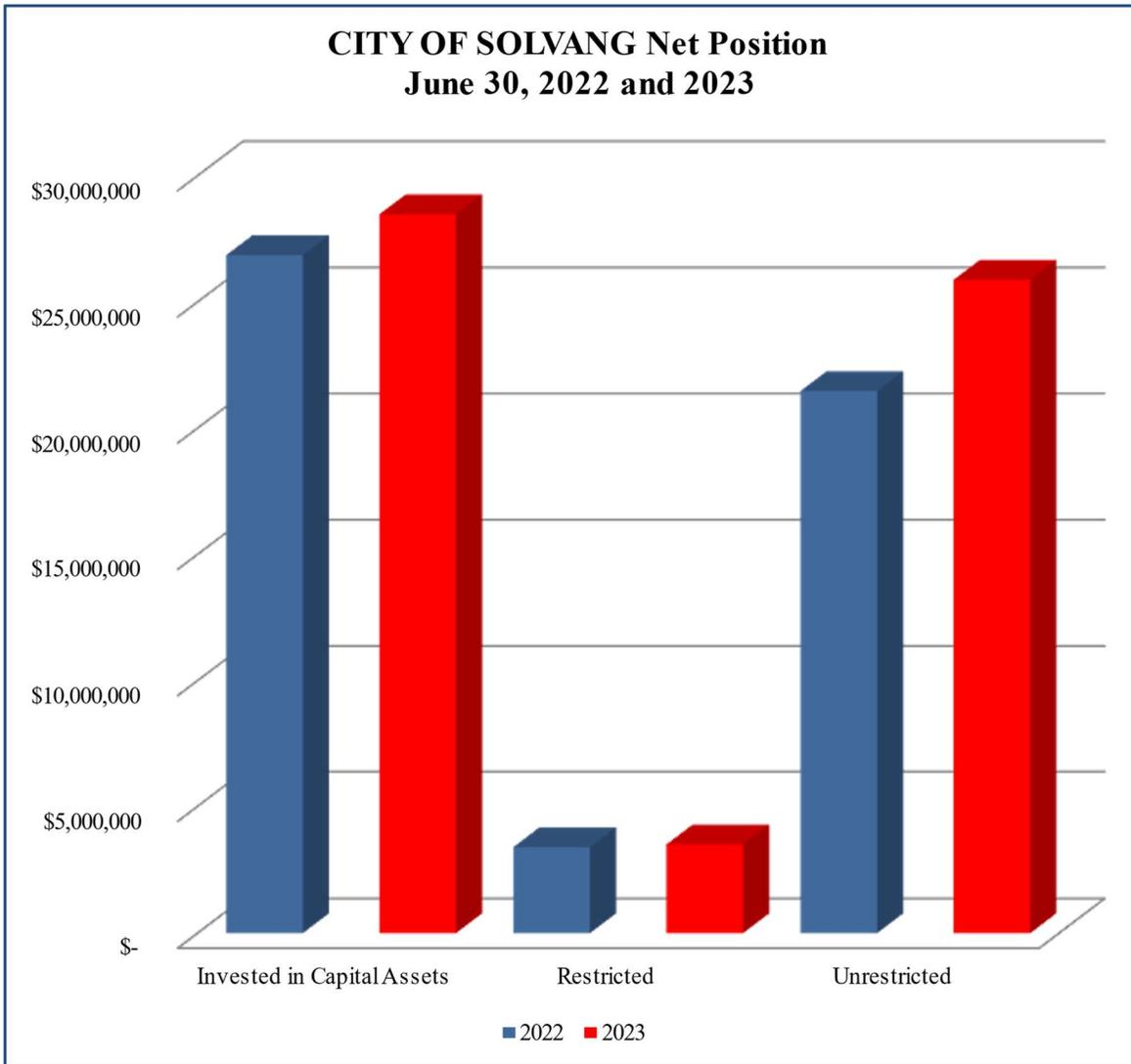
### City of Solvang Net Position

<b>Table A-1 City of Solvang Net Position</b>							
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022-2023</u>
<b>Assets:</b>							
Current and other Assets	\$ 19,778,766	\$ 22,898,194	\$ 12,227,052	\$ 12,945,207	\$ 32,005,818	\$ 35,843,401	12%
Capital Assets	13,988,390	14,902,003	12,865,006	13,568,698	26,853,396	28,470,701	6%
<b>Total Assets</b>	<b>\$ 33,767,156</b>	<b>\$ 37,800,197</b>	<b>\$ 25,092,058</b>	<b>\$ 26,513,905</b>	<b>\$ 58,859,214</b>	<b>\$ 64,314,102</b>	<b>9%</b>
<b>Deferred outflows of resources:</b>							
Pension and OPEB plans deferrals	\$ 881,865	\$ 2,045,194	\$ 293,955	\$ 681,731	\$ 1,175,820	\$ 2,726,925	132%
Current liabilities	\$ 634,467	\$ 599,530	\$ 244,046	\$ 443,504	\$ 878,513	\$ 1,043,034	19%
Noncurrent liabilities	3,109,832	5,241,091	1,057,409	1,769,498	4,167,241	7,010,589	68%
<b>Total Liabilities</b>	<b>\$ 3,744,299</b>	<b>\$ 5,840,621</b>	<b>\$ 1,301,455</b>	<b>\$ 2,213,002</b>	<b>\$ 5,045,754</b>	<b>\$ 8,053,623</b>	<b>60%</b>
<b>Deferred inflows of resources:</b>							
Pension, OPEB, and leases	\$ 2,319,068	\$ 731,819	\$ 955,650	\$ 410,333	\$ 3,274,718	\$ 1,142,152	-65%
<b>Net Position:</b>							
Invested in capital assets	\$ 13,988,390	\$ 14,902,003	\$ 12,865,006	\$ 13,568,698	\$ 26,853,396	\$ 28,470,701	6%
Restricted	3,390,500	3,498,573	-	-	3,390,500	3,498,573	3%
Unrestricted	11,206,764	14,872,375	10,263,902	11,003,603	21,470,666	25,875,978	21%
<b>Total Net Position</b>	<b>\$ 28,585,654</b>	<b>\$ 33,272,951</b>	<b>\$ 23,128,908</b>	<b>\$ 24,572,301</b>	<b>\$ 51,714,562</b>	<b>\$ 57,845,252</b>	<b>12%</b>

By far, the largest portion of the City of Solvang's net position (49%) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Solvang uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

An additional portion of the City of Solvang's net position (6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$25.6 million is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Solvang is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.



The City of Solvang’s overall net position increased by \$6.1 Million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

**Governmental Activities.** Taxes are the primary source of revenue for governmental activities and account for 73% of all revenues. The tax category includes property tax, sales tax, transient occupancy tax (TOT) and other taxes.

Solvang is a tourist community and the largest portion of its tax revenues come from transient occupancy tax (local hotel tax). These taxes generate 42.2% of all governmental-type revenues. In fiscal year 2022-23, local hotel tax increased approximately \$280 Thousand or 4.6% from fiscal year 2021-22.



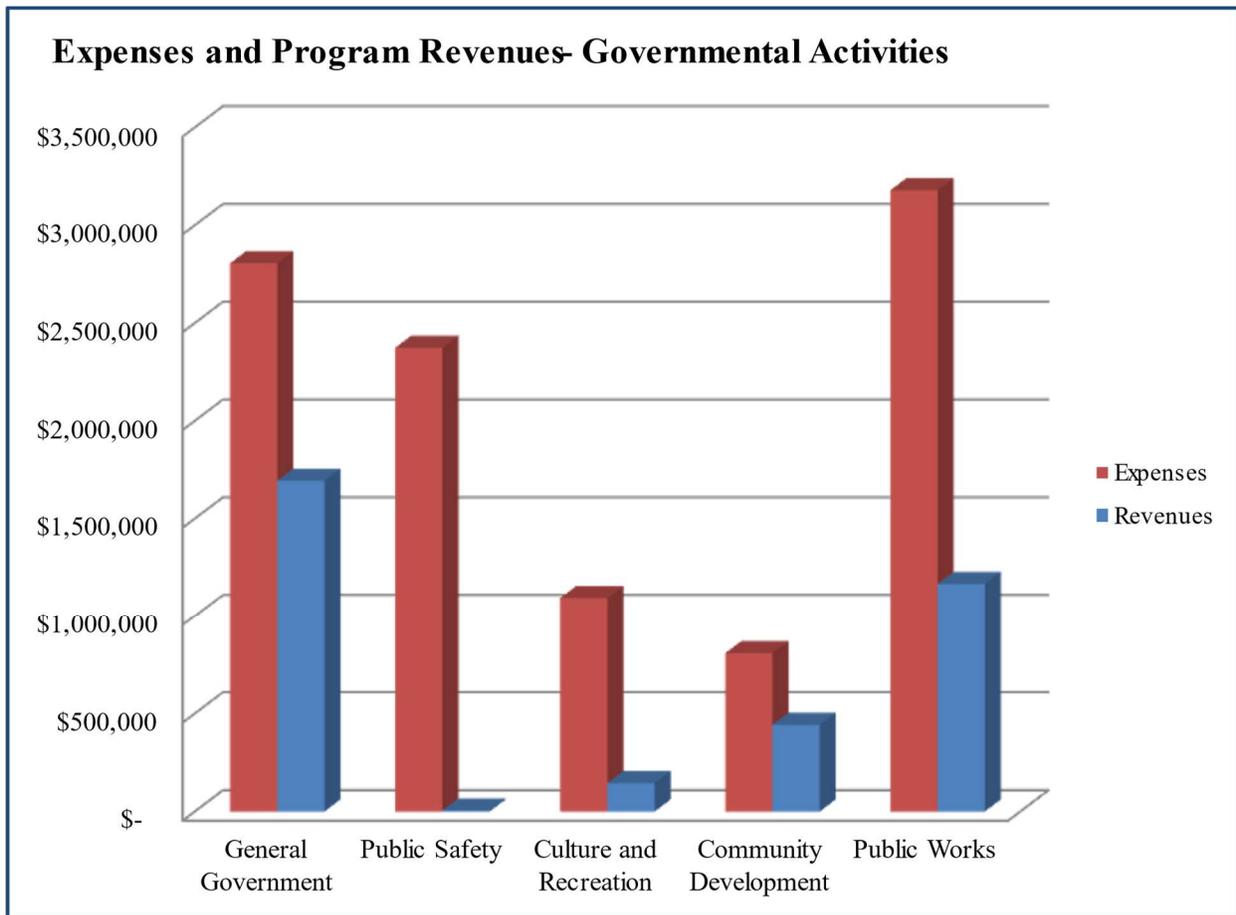
## Management's Discussion and Analysis

The City's governmental-type operating expenses consist of public safety, culture and recreation, public works, general government, and community development.

When all operations were concluded, the governmental activities function generated an increase of \$4.7 Million in net position for FY 2022-23.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2022-2023
<b>Revenues:</b>							
Program revenues							
Charges	\$ 1,561,382	\$ 1,382,037	\$ 7,121,414	\$ 6,846,318	\$ 8,682,796	\$ 8,228,355	6%
Operating grants and contributions	1,735,759	2,242,909	1,826,086	1,470,179	3,561,845	3,713,088	-4%
Capital grants and contributions	155,723	139,958	43,735	166,715	199,458	306,673	-35%
General revenues:							
Transient occupancy taxes	6,311,438	6,031,568			6,311,438	6,031,568	5%
Property, sales and other taxes	4,618,039	4,030,858			4,618,039	4,030,858	15%
Other	658,769	(41,348)	199,569	(48,721)	858,338	(90,069)	-1053%
<b>Total revenues</b>	<b>15,041,110</b>	<b>13,785,982</b>	<b>9,190,804</b>	<b>8,434,491</b>	<b>24,231,914</b>	<b>22,220,473</b>	<b>9%</b>
<b>Expenses:</b>							
General government	2,805,808	2,911,369			2,805,808	2,911,369	-4%
Public safety	2,373,664	2,189,633			2,373,664	2,189,633	8%
Culture and recreation	1,093,712	1,221,471			1,093,712	1,221,471	-10%
Community development	808,250	805,316			808,250	805,316	0%
Public works	3,179,379	2,580,297			3,179,379	2,580,297	23%
Water			4,303,277	5,216,176	4,303,277	5,216,176	-18%
Wastewater			2,402,724	2,248,410	2,402,724	2,248,410	7%
Transit			1,134,410	1,099,939	1,134,410	1,099,939	3%
<b>Total expenses</b>	<b>10,260,813</b>	<b>9,708,086</b>	<b>7,840,411</b>	<b>8,564,525</b>	<b>18,101,224</b>	<b>18,272,611</b>	<b>-1%</b>
<b>Increase (decrease) in net position before transfers</b>	<b>4,780,297</b>	<b>4,077,896</b>	<b>1,350,393</b>	<b>(130,034)</b>	<b>6,130,690</b>	<b>3,947,862</b>	<b>55%</b>
Transfers	(93,000)	(57,968)	93,000	57,698	-	-	
<b>Increase (decrease) in net position</b>	<b>4,687,297</b>	<b>4,019,928</b>	<b>1,443,393</b>	<b>(72,336)</b>	<b>6,130,690</b>	<b>3,947,862</b>	<b>55%</b>
<b>Net position, beginning</b>	<b>\$ 28,585,654</b>	<b>\$ 24,565,726</b>	<b>\$ 23,128,908</b>	<b>\$ 23,200,974</b>	<b>\$ 51,714,562</b>	<b>\$ 47,766,700</b>	<b>8%</b>
<b>Net position, ending</b>	<b>\$ 33,272,951</b>	<b>\$ 28,585,654</b>	<b>\$ 24,572,301</b>	<b>\$ 23,128,638</b>	<b>\$ 57,845,252</b>	<b>\$ 51,714,562</b>	<b>12%</b>

## Management’s Discussion and Analysis



**Business-type Activities.** For the City of Solvang’s business-type activities, the City’s net position increased, ending the year with a balance of \$24,572,301. The increase in net position for business-type activities (water, wastewater, and transit funds) was approximately \$1.4 Million from the prior fiscal year. Water revenue decreased by 2.2% due to a reduction in connections compared to the prior fiscal year. Water expenses decreased by 18%. This decrease is mainly due to less Capital Improvement Projects. Wastewater revenue increased by 24.7% due primarily to new sewer rates being implemented. Wastewater expenses increased by 7% and Transit expenses increased by 3%. The increases are due to an increase in energy and fuel costs.

### Financial Analysis of Governmental Funds

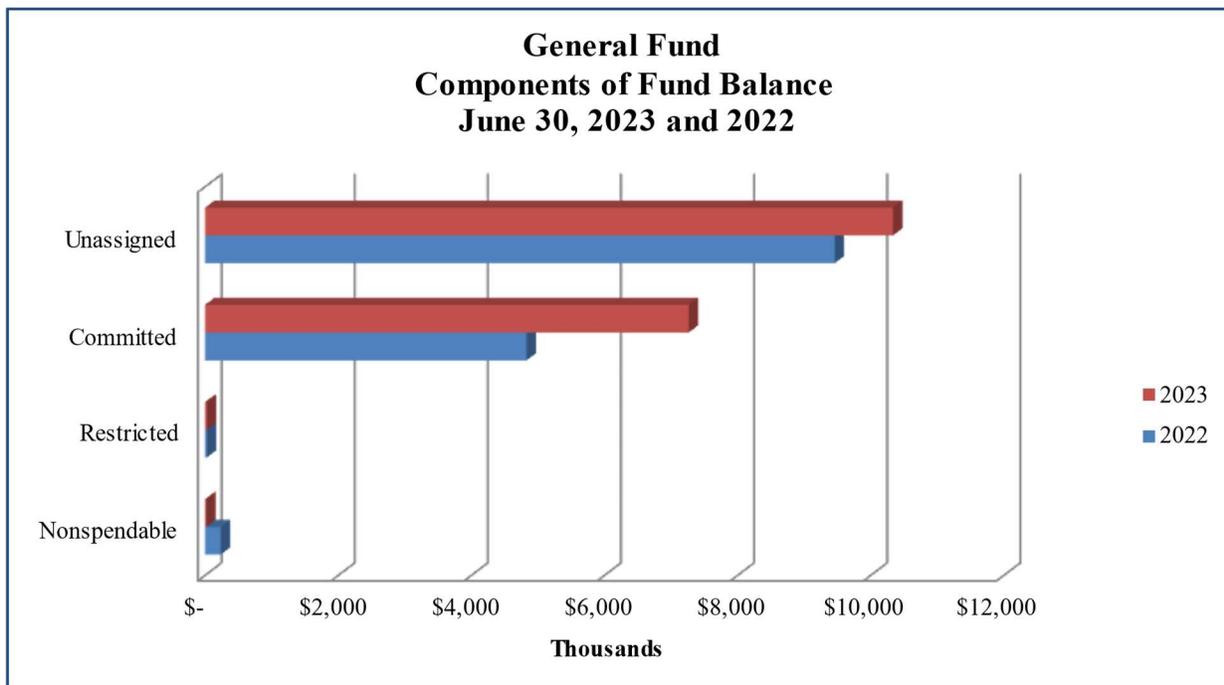
As noted earlier, the City of Solvang uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



## Management's Discussion and Analysis

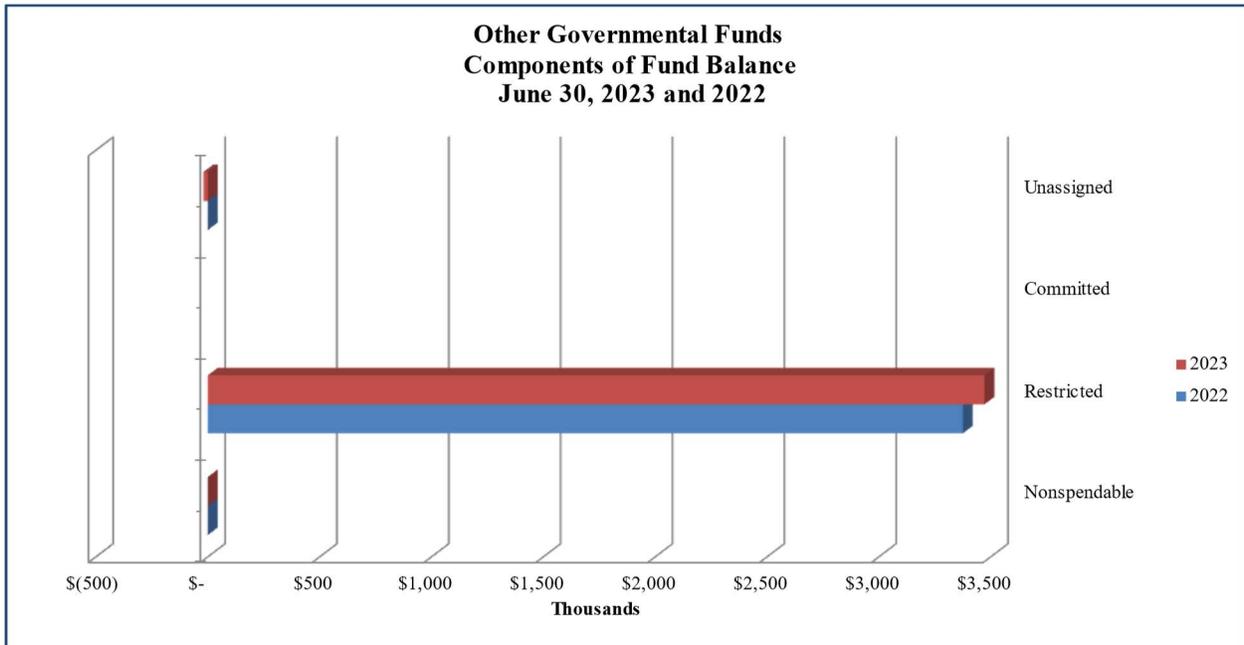
**Governmental Funds.** The focus of the City of Solvang's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Solvang's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Solvang itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Solvang's City Council.

At June 30, 2023, the City of Solvang's governmental funds reported combined fund balances of \$21,098,246, an increase of 3,190,387 in comparison with the prior year. Approximately 48.9% of this amount (\$10,315,906) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, or committed, to indicate that it is 1) not in spendable form (\$17,390) 2) restricted for particular purposes (\$3,498,573) or 3) committed for particular purposes (\$7,266,377). The increase in governmental funds from fiscal year 2021-22 to fiscal year 2022-23, was due primarily to increased tax revenues.



The general fund is the primary operating fund for the City of Solvang. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$10,335,782, while total fund balance increased to \$17,645,864. Impact Fees ended FY 2022-2023 with a fund balance of \$1.57 million, a increase of approximately \$53 thousand from FY 2022-2023. The increase is a result of using less impact fee funds to fund projects around the City of Solvang.

## Management's Discussion and Analysis



**Proprietary Funds.** The City of Solvang’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Unrestricted net position** for the Water and Wastewater funds at the end of the year were \$7,820,534 and \$1,519,529 respectively. **Total net position** for Water increased by \$1.1 Million. The Wastewater fund increased its net position by \$175,284. The Wastewater Division shows an operating surplus due to increased revenues and slight decreases in Salaries and Benefits.

Transit operations **unrestricted net position** totaled \$1,663,540 a decrease of \$206,479 from fiscal year 2021-22. Transit operations’ **total net position** increased by 8.9% to end the fiscal year at \$2,401,741, primarily due to continued increases in fare box revenues.



## Management's Discussion and Analysis

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### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** There were a few budget adjustments greater than \$50,000 during the fiscal year. Budget adjustments greater than \$50,000 are listed below:

<b>Expenditure Budget Adjustments &gt; \$50k</b>	<b>RSI Schedule Classification</b>	<b>Initial Budget</b>	<b>Final Budget</b>	<b>Difference</b>
Solvang Chamber of Commerce Funding	Tourism	\$ 50,000	\$ 100,000	\$ 50,000
Temporary Agency Services	Administration	\$ 5,000	\$ 61,735	\$ 56,735
Professional Services	Public Works/Admin.	\$ 70,000	\$ 328,376	\$ 258,376
Roads/Custodial Operations	Public Works	\$ 196,000	\$ 1,034,120	\$ 838,120
<b>Total</b>				<b>\$ 1,203,231</b>

**Final budget compared to actual results.** The most significant differences (greater than \$100,000) between estimated revenues and actual revenues were as follows:

<b>Revenue Source</b>	<b>Final Budgeted Revenues</b>	<b>Actual Revenues</b>	<b>Difference</b>
Transient Occupancy Tax	\$ 5,192,010	\$ 6,311,438	\$ 1,119,428
Sales Tax	\$ 1,954,600	\$ 2,517,643	\$ 563,043
Property Taxes	\$ 1,474,254	\$ 1,754,910	\$ 280,656
Miscellaneous	\$ 18,000	\$ 280,700	\$ 262,700

Notable differences, between estimated expenditures and actual expenditures by function were as follows:

<b>Expenditures</b>	<b>Final Budgeted Expenditures</b>	<b>Actual Expenditures</b>	<b>Difference</b>
General administration	\$ 3,285,987	\$ 2,863,503	\$ (422,484)
Community Development	\$ 989,690	\$ 829,798	\$ (159,892)
Culture and Recreation	\$ 1,176,516	\$ 1,147,486	\$ (29,030)
Public Works	\$ 3,383,338	\$ 2,509,616	\$ (873,722)
Public Safety	\$ 2,519,496	\$ 2,366,496	\$ (153,000)

Most of these differences were due to lower-than-expected legal fees, salaries and contracted services.



## Management's Discussion and Analysis

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### **Capital Asset and Debt Administration**

**Capital assets.** The City of Solvang's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$28,470,701 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, and the wastewater treatment plant. Investment in capital assets increased by 6.02%. Major capital asset events (greater than \$100K) during fiscal year 2022-23 include the following:

FY 2022-23 Slurry Seal Project	\$ 466,012
WWTP Upgrade Phase 2 (In Progress)	\$ 206,248
Public Works Lift Truck	\$ 205,048

Additional information on the City of Solvang's capital assets can be found in Note 6 on pages 75-76 of this report.

**Long-term Debt.** Under insurance arrangements, the City is self-insured for the first \$50,000 for each workers' compensation claim, \$20,000 for each general liability claim, and \$5,000 per property damage claim. The statement of net position also shows no liability for 2023 for estimated claim obligations and has no current obligation for 2024. This liability was fully funded and paid in 2023, and there were no pending claims at the end of the fiscal year.

The City has a take or pay water purchase agreement with the Santa Ynez River Water Conservation District, Improvement District No. 1 (ID No.1), for State Water, where the City must make annual payments for the State Water whether or not water is delivered. ID No 1. has pledged its water sale revenue from Solvang for repayment of its long-term debt. Solvang has an ongoing commitment to buy water from ID No 1, but the bonded debt is that of ID No. 1 and not the City of Solvang. The agreement requires annual payments until 2035.

Additional information on the City's long-term debt can be found starting on page 77 of the notes to the financial statements



## Management's Discussion and Analysis

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### **Economic Factors and Next Year's Budget and Rates**

The following economic factors currently affect the City of Solvang and were considered in developing the 2022-24 two year fiscal budget:

- In June 2023, the City Council adopted a General Fund budget with revenues greater than budgeted expenses. This was, in part, due to increased budgeted revenues of Transient Occupancy and Sales Taxes.
- In 2022, an annual increase in water and wastewater rates were approved and scheduled for each July from fiscal year 2022-23 through fiscal year 2026-2027. The additional funds generated by the increase are intended to support maintenance and capital replacement costs, as well as provide adequate funding of reserves.
- As property values slowly increase, the taxable assessed value as a percentage of estimated actual value in property assessments increases. This contributes to the increase in City revenues.
- The City is receiving higher interest revenues than were budgeted for from our investments in the State Wide Local Agency Investment Fund. Interest rates are still on the incline currently, and this will be addressed during the budget process for FY 2024-26.
- Increases are expected in pension and other post-employment benefit costs. The City's pension liabilities will continue to climb over the next 5-7 years as CalPERS adjusts their methodology and assumptions, which also increases employer contributions. Staff continue to review and evaluate pension costs and work with CalPERS on possible funding strategies.
- The City of Solvang relies heavily on tourism, with over 1.5 million visitors annually, requiring daily services for residents and non-residents alike.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Solvang's finances for anyone with an interest in the government's finances. If you have questions about this report or need additional financial information, contact the Administrative Services Director at:

City of Solvang  
1644 Oak Street  
Solvang, California 93463  
(805) 688-5575

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# **BASIC FINANCIAL STATEMENTS**

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# GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**City of Solvang**  
**Statement of Net Position**  
**June 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 20,724,945	\$ 8,689,256	\$ 29,414,201
Taxes receivable	8,949	-	8,949
Accounts receivable	1,897,694	1,330,457	3,228,151
Due from other government	76,502	-	76,502
Lease receivable	-	9,516	9,516
Interest receivable	154,876	64,242	219,118
Deposits	-	636,134	636,134
Prepayments	16,049	2,041,516	2,057,565
Total current assets	22,879,015	12,771,121	35,650,136
Noncurrent assets:			
Loans receivable	19,179	-	19,179
Lease receivable	-	174,086	174,086
Capital assets:			
Capital assets not being depreciated	2,764,514	610,040	3,374,554
Capital assets being depreciated, net	12,137,489	12,958,658	25,096,147
Total capital assets	14,902,003	13,568,698	28,470,701
Total noncurrent assets	14,921,182	13,742,784	28,663,966
<b>Total assets</b>	37,800,197	26,513,905	64,314,102
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	1,752,971	584,323	2,337,294
Deferred outflows - OPEB	292,223	97,408	389,631
<b>Total deferred outflows of resources</b>	2,045,194	681,731	2,726,925

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	448,654	413,504	862,158
Deposits	91,745	-	91,745
Unearned advances	29,131	-	29,131
Compensated absences, due within one year	30,000	30,000	60,000
Total current liabilities	599,530	443,504	1,043,034
Noncurrent liabilities:			
Compensated absences, due in more than one year	51,112	39,506	90,618
Net other post employment benefit liability	987,601	329,199	1,316,800
Net pension liability	4,202,378	1,400,793	5,603,171
Total noncurrent liabilities	5,241,091	1,769,498	7,010,589
<b>Total liabilities</b>	5,840,621	2,213,002	8,053,623
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	403,623	134,541	538,164
Deferred inflows - OPEB	328,196	109,399	437,595
Deferred inflows - leases	-	166,393	166,393
<b>Total deferred inflows of resources</b>	731,819	410,333	1,142,152
<b>NET POSITION</b>			
Net investment in capital assets	14,902,003	13,568,698	28,470,701
Restricted for:			
Highways and streets	790,502	-	790,502
Capital improvements and other	2,708,071	-	2,708,071
Total restricted	3,498,573	-	3,498,573
Unrestricted	14,872,375	11,003,603	25,875,978
<b>Total net position</b>	<u>\$ 33,272,951</u>	<u>\$ 24,572,301</u>	<u>\$ 57,845,252</u>

**City of Solvang**  
**Statement of Activities**  
**For the year ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>City Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 2,805,808	\$ 760,807	\$ 933,125	\$ -	\$ 1,693,932
Public safety	2,373,664	5,190	-	-	5,190
Culture and recreation	1,093,712	143,851	1,000	-	144,851
Community development	808,250	331,821	110,907	-	442,728
Public works	3,179,379	319,713	690,727	155,723	1,166,163
Total governmental activities	10,260,813	1,561,382	1,735,759	155,723	3,452,864
<b>Business-type activities:</b>					
Water	4,303,277	5,112,107	-	43,735	5,155,842
Wastewater	2,402,724	1,953,239	589,140	-	2,542,379
Transit	1,134,410	56,068	1,236,946	-	1,293,014
Total business-type activities	7,840,411	7,121,414	1,826,086	43,735	8,991,235
<b>Total primary government</b>	<b>\$ 18,101,224</b>	<b>\$ 8,682,796</b>	<b>\$ 3,561,845</b>	<b>\$ 199,458</b>	<b>\$ 12,444,099</b>
<b>General Revenues:</b>					
Taxes:					
Property taxes					
Sales taxes					
Transient occupancy taxes					
Other taxes					
Total taxes					
Investment earnings					
Miscellaneous					
Transfers					
<b>Total general revenues and transfers</b>					
<b>Change in net position</b>					
<b>Net position - beginning of year</b>					
<b>Net position - end of year</b>					

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Net (Expense) Revenue  
and Changes in Net Position

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Primary Government

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Governmental Activities	Business-Type Activities	Total
\$ (1,111,876)	\$ -	\$ (1,111,876)
(2,368,474)	-	(2,368,474)
(948,861)	-	(948,861)
(365,522)	-	(365,522)
(2,013,216)	-	(2,013,216)
(6,807,949)	-	(6,807,949)
-	852,565	852,565
-	139,655	139,655
-	158,604	158,604
-	1,150,824	1,150,824
(6,807,949)	1,150,824	(5,657,125)
1,754,910	-	1,754,910
2,517,643	-	2,517,643
6,311,438	-	6,311,438
345,486	-	345,486
10,929,477	-	10,929,477
379,069	199,569	578,638
279,700	-	279,700
(93,000)	93,000	-
11,495,246	292,569	11,787,815
4,687,297	1,443,393	6,130,690
28,585,654	23,128,908	51,714,562
\$ 33,272,951	\$ 24,572,301	\$ 57,845,252

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# FUND FINANCIAL STATEMENTS

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*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

*Impact Fee Special Revenue Fund* accounts for impact fees paid by developers restricted for various capital improvement projects.

*City Projects Capital Projects Fund* accounts for monies committed and restricted for City capital projects.

**City of Solvang**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	Major Funds				Total Governmental Funds
	General Fund	Impact Fee Special Revenue Fund	City Projects Capital Projects Fund	Non-Major Governmental Funds	
<b>ASSETS</b>					
Cash and investments	\$ 16,127,200	\$ 1,535,471	\$ 95,184	\$ 1,746,168	\$ 19,504,023
Receivables:					
Taxes receivable	8,949	-	-	-	8,949
Accounts receivable	1,749,042	-	-	148,652	1,897,694
Due from other government	76,502	-	-	-	76,502
Interest receivable	113,214	12,119	-	20,047	145,380
Due from other funds	1,776	-	-	-	1,776
Prepaid items	16,049	-	-	-	16,049
Loans and notes receivables	1,341	17,838	-	-	19,179
<b>Total assets</b>	<b>\$ 18,094,073</b>	<b>\$ 1,565,428</b>	<b>\$ 95,184</b>	<b>\$ 1,914,867</b>	<b>\$ 21,669,552</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 327,333	\$ -	\$ 113,517	\$ 7,804	\$ 448,654
Due to other funds	-	-	-	1,776	1,776
Deposits payable	91,745	-	-	-	91,745
Unearned revenues	29,131	-	-	-	29,131
<b>Total liabilities</b>	<b>448,209</b>	<b>-</b>	<b>113,517</b>	<b>9,580</b>	<b>571,306</b>
<b>Fund Balances:</b>					
Nonspendable (Prepaid items and loans)	17,390	-	-	-	17,390
Restricted for:					
Recycling	16,947	-	-	-	16,947
Highways and streets	-	790,502	-	1,905,287	2,695,789
Park improvements	-	46,489	-	-	46,489
Drainage	-	287,964	-	-	287,964
Affordable housing	-	442,016	-	-	442,016
Tennis facilities	9,368	-	-	-	9,368
Total restricted	26,315	1,566,971	-	1,905,287	3,498,573
Committed to:					
Emergencies	7,266,377	-	-	-	7,266,377
Total committed	7,266,377	-	-	-	7,266,377
Unassigned	10,335,782	(1,543)	(18,333)	-	10,315,906
<b>Total fund balances</b>	<b>17,645,864</b>	<b>1,565,428</b>	<b>(18,333)</b>	<b>1,905,287</b>	<b>21,098,246</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,094,073</b>	<b>\$ 1,565,428</b>	<b>\$ 95,184</b>	<b>\$ 1,914,867</b>	<b>\$ 21,669,552</b>

**City of Solvang**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2023**

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<b>Total Fund Balances - Total Governmental Funds</b>	\$ 21,098,246
Amounts reported for governmental activities in the statement of net position are different	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds	14,690,278
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position	1,442,143
Pension actuarial deferrals and certain employer contributions are reported as deferred inflows and outflows of resources and are, therefore, not reported in the funds	1,349,348
Net pension liability (NPL) obligations are not due and payable in the current period and are not reported in the funds	(4,202,378)
OPEB actuarial deferrals and certain employer contributions are reported as deferred inflows and outflows of resources and are, therefore, not reported in the funds	(35,973)
The net OPEB liability is not due and payable in the current period and is therefore not reported in the funds	(987,601)
Some liabilities, including compensated absences, and claims are not due and payable in the current period and are therefore not reported in the funds	(81,112)
<b>Net Position of Governmental Activities</b>	<u>\$ 33,272,951</u>

# City of Solvang

## Statement of Revenues, Expenditures and Changes in Fund Balances

### Governmental Funds

For the year ended June 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Impact Fee Special Revenue Fund	City Projects Capital Projects Fund	Non-Major Governmental Funds	
<b>REVENUES:</b>					
Property taxes	\$ 1,754,910	\$ -	\$ -	\$ -	\$ 1,754,910
Sales taxes	2,517,643	-	-	-	2,517,643
Transient occupancy taxes	6,311,438	-	-	-	6,311,438
Other taxes	345,486	-	-	-	345,486
Special assessments	-	-	-	219,025	219,025
Licenses and permits	278,418	-	-	-	278,418
Fines and forfeits	50	-	-	-	50
Intergovernmental	1,069,199	-	-	846,450	1,915,649
Interest	276,615	28,731	-	48,416	353,762
Charges for services	1,028,743	5,190	-	4,789	1,038,722
Miscellaneous	280,700	-	-	-	280,700
<b>Total revenues</b>	<b>13,863,202</b>	<b>33,921</b>	<b>-</b>	<b>1,118,680</b>	<b>15,015,803</b>
<b>EXPENDITURES:</b>					
Current:					
General government	2,863,503	-	-	-	2,863,503
Public safety	2,366,496	-	-	-	2,366,496
Culture and recreation	1,147,486	-	-	-	1,147,486
Community development	829,798	-	-	-	829,798
Public works	2,452,471	-	-	199,413	2,651,884
Capital outlay	57,145	-	2,121,753	3,027	2,181,925
<b>Total expenditures</b>	<b>9,716,899</b>	<b>-</b>	<b>2,121,753</b>	<b>202,440</b>	<b>12,041,092</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,146,303</b>	<b>33,921</b>	<b>(2,121,753)</b>	<b>916,240</b>	<b>2,974,711</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	388,171	-	2,092,319	-	2,480,490
Transfers out	(1,439,859)	-	-	(843,631)	(2,283,490)
<b>Total other financing sources (uses)</b>	<b>(1,051,688)</b>	<b>-</b>	<b>2,092,319</b>	<b>(843,631)</b>	<b>197,000</b>
<b>Net change in fund balances</b>	<b>3,094,615</b>	<b>33,921</b>	<b>(29,434)</b>	<b>72,609</b>	<b>3,171,711</b>
<b>FUND BALANCES:</b>					
Beginning of year	14,551,249	1,531,507	11,101	1,832,678	17,926,535
End of year	\$ 17,645,864	\$ 1,565,428	\$ (18,333)	\$ 1,905,287	\$ 21,098,246

# City of Solvang

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2023

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 3,171,711
Amounts reported for governmental activities in the Statement of Activities were different	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$1,844,696 exceed depreciation (\$881,861) in the current period.	962,835
Decreases in liabilities for other post employment benefits (OPEB) and other related amounts do not provide current financial resources and are therefore not reported in the governmental fund statements.	128,361
Changes in the net pension liability and related deferred amounts do not use or provide current financial resources and are reported in the statement of activities, but not in the governmental fund statements.	425,858
Some expenses in the statement of activities for noncurrent liabilities such as long-term compensated absences do not require the use of or provide current financial resources and, therefore, are not reported as expenditures in the governmental funds	95,100
Internal service funds are consolidated by charging additional amounts or reducing charges to participating governmental activities to completely cover the internal service fund's costs	<u>(96,568)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 4,687,297</u></u>

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## PROPRIETARY FUND FINANCIAL STATEMENTS

*Water Service Enterprise Fund* accounts for the activities associated with providing water services.

*Wastewater Enterprise Fund* accounts for the wastewater treatment plant and wastewater pumping stations and collection systems.

*Transit Enterprise Fund* is used to account for transit operations.

*Vehicle/Equipment Replacement Internal Service Fund* is used to account for replacement costs of City vehicles and equipment and accumulate resources for replacement assets.

**City of Solvang**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

		Enterprise Funds	
		Water	Wastewater
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$	5,353,574	\$ 2,115,291
Accounts receivable		599,473	238,275
Interest receivable		38,937	16,339
Lease receivable		9,516	-
Deposits		632,101	836
Prepayments		2,035,713	5,803
<b>Total current assets</b>		<u>8,669,314</u>	<u>2,376,544</u>
Noncurrent assets:			
Lease receivable		174,086	-
Capital assets:			
Capital assets not being depreciated		210,917	399,123
Capital assets being depreciated		5,752,384	6,468,073
<b>Total capital assets</b>		<u>5,963,301</u>	<u>6,867,196</u>
<b>Total noncurrent assets</b>		<u>6,137,387</u>	<u>6,867,196</u>
<b>Total assets</b>		<u>14,806,701</u>	<u>9,243,740</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension		233,729	350,594
Deferred outflows - OPEB		38,963	58,445
<b>Total deferred outflows of resources</b>		<u>272,692</u>	<u>409,039</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other		316,284	35,497
Compensated absences - due within one year		15,000	15,000
<b>Total current liabilities</b>		<u>331,284</u>	<u>50,497</u>
Noncurrent liabilities:			
Compensated absences - due in more than one year		8,307	31,199
Net other postemployment benefit liability		131,680	197,519
Net pension liability		560,317	840,476
<b>Total noncurrent liabilities</b>		<u>700,304</u>	<u>1,069,194</u>
<b>Total liabilities</b>		<u>1,031,588</u>	<u>1,119,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension		53,817	80,724
Deferred inflows - OPEB		43,760	65,639
Deferred inflows - leases		166,393	-
<b>Total deferred inflows of resources</b>		<u>263,970</u>	<u>146,363</u>
<b>NET POSITION</b>			
Net investment in capital assets		5,963,301	6,867,196
Unrestricted		7,820,534	1,519,529
<b>Total net position</b>	\$	<u>13,783,835</u>	\$ <u>8,386,725</u>

Enterprise Funds		Vehicle/Equipment Replacement Internal Service Fund
Transit	Total	Fund
\$ 1,220,391	\$ 8,689,256	\$ 1,220,922
492,709	1,330,457	-
8,966	64,242	9,496
-	9,516	-
3,197	636,134	-
-	2,041,516	-
<u>1,725,263</u>	<u>12,771,121</u>	<u>1,230,418</u>
-	174,086	-
-	610,040	-
738,201	12,958,658	211,725
<u>738,201</u>	<u>13,568,698</u>	<u>211,725</u>
738,201	13,742,784	211,725
<u>2,463,464</u>	<u>26,513,905</u>	<u>1,442,143</u>
-	584,323	-
-	97,408	-
<u>-</u>	<u>681,731</u>	<u>-</u>
61,723	413,504	-
-	30,000	-
<u>61,723</u>	<u>443,504</u>	<u>-</u>
-	39,506	-
-	329,199	-
-	1,400,793	-
<u>-</u>	<u>1,769,498</u>	<u>-</u>
61,723	2,213,002	-
-	134,541	-
-	109,399	-
-	166,393	-
<u>-</u>	<u>410,333</u>	<u>-</u>
738,201	13,568,698	211,725
<u>1,663,540</u>	<u>11,003,603</u>	<u>1,230,418</u>
<u>\$ 2,401,741</u>	<u>\$ 24,572,301</u>	<u>\$ 1,442,143</u>

See accompanying Notes to Basic Financial Statements.

**City of Solvang**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Enterprise Funds	
	Water	Wastewater
<b>OPERATING REVENUES:</b>		
Sales of water	\$ 5,079,051	\$ -
Service fees	-	1,942,183
Miscellaneous	33,056	11,056
<b>Total operating revenues</b>	<b>5,112,107</b>	<b>1,953,239</b>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	643,005	861,039
Purchased power	151,540	211,604
Transit operator	-	-
Services and supplies	1,079,072	835,444
Joint operating expenses	2,075,538	-
Depreciation expense	354,443	494,637
<b>Total operating expenses</b>	<b>4,303,598</b>	<b>2,402,724</b>
<b>OPERATING INCOME (LOSS)</b>	<b>808,509</b>	<b>(449,485)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Grant revenue	-	589,140
Operating subsidies	-	-
Gain on sale of capital assets	321	-
Interest and investment revenue	129,772	35,629
<b>Total nonoperating revenues (expenses)</b>	<b>130,093</b>	<b>624,769</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>938,602</b>	<b>175,284</b>
Transfers in	90,000	-
Transfers out	-	-
Capital contributions	43,735	-
<b>Net contributions and transfers</b>	<b>133,735</b>	<b>-</b>
Change in net position	1,072,337	175,284
<b>NET POSITION:</b>		
Beginning of year	12,711,498	8,211,441
End of year	<b>\$ 13,783,835</b>	<b>\$ 8,386,725</b>

Enterprise Funds		Vehicle/Equipment Replacement Internal Service Fund
Transit	Total	
\$ -	\$ 5,079,051	\$ -
56,068	1,998,251	217,347
-	44,112	-
56,068	7,121,414	217,347
-	1,504,044	-
-	363,144	-
702,829	702,829	-
333,832	2,248,348	-
-	2,075,538	-
97,749	946,829	49,222
1,134,410	7,840,732	49,222
(1,078,342)	(719,318)	168,125
-	589,140	-
1,236,946	1,236,946	-
-	321	-
34,168	199,569	25,307
1,271,114	2,025,976	25,307
192,772	1,306,658	193,432
3,000	93,000	-
-	-	(290,000)
-	43,735	-
3,000	136,735	(290,000)
195,772	1,443,393	(96,568)
2,205,969	23,128,908	1,538,711
\$ 2,401,741	\$ 24,572,301	\$ 1,442,143

**City of Solvang**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2023**

	Enterprise Funds	
	Water	Wastewater
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 5,180,814	\$ 1,928,324
Payments to suppliers	(2,889,633)	(835,531)
Payments to other funds for services	(278,301)	(173,145)
Payments from other funds for services	-	-
Payments for employees and benefits	(734,703)	(974,111)
<b>Net cash provided by (used in) operating activities</b>	<b>1,278,177</b>	<b>(54,463)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers in	90,000	-
Transfers out	-	-
Grants and operating subsidies	-	589,140
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>90,000</b>	<b>589,140</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Proceeds from sale of capital assets	321	-
Capital contributions	43,735	-
Purchases of capital assets	(896,472)	(254,049)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(852,416)</b>	<b>(254,049)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment loss	99,188	22,804
<b>Net cash provided by (used in) investing activities</b>	<b>99,188</b>	<b>22,804</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>614,949</b>	<b>303,432</b>
<b>CASH AND INVESTMENTS - Beginning of year</b>	<b>4,738,625</b>	<b>1,811,859</b>
<b>CASH AND INVESTMENTS - End of year</b>	<b>\$ 5,353,574</b>	<b>\$ 2,115,291</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET</b>		
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 808,509	\$ (449,485)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	354,443	494,637
Changes in assets and liabilities:		
Decrease (increase) in receivables and related amounts	68,707	(24,915)
Decrease (increase) in deposits	-	-
Decrease (increase) in prepayments	(119,288)	64,615
Increase (decrease) in accounts payable	257,504	(26,243)
Increase (decrease) in compensated absences	(17,803)	(2,227)
Increase (decrease) in net OPEB liability and related deferred amounts	(17,115)	(25,673)
Increase (decrease) in net pension liability and related deferred amounts	(56,780)	(85,172)
<b>Total adjustments</b>	<b>469,668</b>	<b>395,022</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,278,177</b>	<b>\$ (54,463)</b>

Enterprise Funds		Vehicle/Equipment Replacement Internal Service Fund
Transit	Total	
\$ 56,068	\$ 7,165,206	\$ -
(1,012,779)	(4,737,943)	-
(58,601)	(510,047)	-
-	-	217,347
-	(1,708,814)	-
(1,015,312)	208,402	217,347
3,000	93,000	-
-	-	(290,000)
1,112,614	1,701,754	-
1,115,614	1,794,754	(290,000)
-	321	-
-	43,735	-
(500,000)	(1,650,521)	-
(500,000)	(1,606,465)	-
27,956	149,948	17,736
27,956	149,948	17,736
(371,742)	546,639	(54,917)
1,592,133	8,142,617	1,275,839
\$ 1,220,391	\$ 8,689,256	\$ 1,220,922
\$ (1,078,342)	\$ (719,318)	\$ 168,125
97,749	946,829	49,222
-	43,792	-
(3,047)	(3,047)	-
131	(54,542)	-
(31,803)	199,458	-
-	(20,030)	-
-	(42,788)	-
-	(141,952)	-
63,030	927,720	49,222
\$ (1,015,312)	\$ 208,402	\$ 217,347

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**FIDUCIARY FUND FINANCIAL STATEMENTS**

*Custodial Fund* accounts for monies collected and held for the Santa Ynez Business Improvement District.

**City of Solvang**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 37,628
Assessments receivable	<u>60,957</u>
<b>Total assets</b>	<u>98,585</u>
<b>NET POSITION</b>	
Restricted for tourism	<u>98,585</u>
<b>Total net position</b>	<u><u>\$ 98,585</u></u>

**City of Solvang**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the year ended June 30, 2023**

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	Custodial Fund
<b>ADDITIONS:</b>	
Special assessments	\$ 557,204
<b>Total additions</b>	<u>557,204</u>
<b>DEDUCTIONS:</b>	
Pass-through payments	<u>559,947</u>
<b>Total Deductions</b>	<u>559,947</u>
<b>Change in net position</b>	(2,743)
<b>NET POSITION:</b>	
Beginning of year	<u>101,328</u>
End of year	<u><u>\$ 98,585</u></u>

See accompanying Notes to Basic Financial Statements.

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# NOTES TO BASIC FINANCIAL STATEMENTS

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**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Solvang, California (City) have been prepared in conformity with generally accepted accounting principles (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 of Solvang is a municipal corporation governed by an elected five-member City Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

The Solvang Joint Powers Financing Authority is a legally separate corporate entity for which the City is financially accountable and is governed by the elected City Council. The Authority was formed to provide a method of financing public improvements. The financial activities of the Authority are blended with those of the City and are reported in the City's governmental funds, and as capital assets of the City and debt obligations of the City.

Separate financial statements are not available for the Solvang Joint Powers Financing Authority.

**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 with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes 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. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting, as are the proprietary fund financial statements*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***B. Basis of Accounting and Measurement Focus, Continued***

**Government-Wide Financial Statements, Continued**

These financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows/outflows of resources, and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

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

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

Certain eliminations have been made in regards 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 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/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

**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 meet specific qualifications.

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 sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues 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.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***B. Basis of Accounting and Measurement Focus, Continued***

**Governmental Fund Financial Statements, Continued**

The City reports the following funds as major governmental funds of the City.

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

The *Impact Fee Fund* is a special revenue fund used to account for impact fees restricted by law to use only for the specific purpose of the fee.

The *City Capital Projects Fund* is a capital projects fund used to account for monies that are restricted or committed for capital projects.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

**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.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

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 present 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 a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues 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.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**B. Basis of Accounting and Measurement Focus, Continued**

**Proprietary Fund Financial Statements, Continued**

The City reports the following major proprietary funds:

The *Water Enterprise Fund* accounts for the operations of the City's water treatment and distribution system.

The *Wastewater Enterprise Fund* accounts for the operation of the City's wastewater treatment plant and collection facilities.

The *Transit Enterprise Fund* accounts for the operation of the City's transit activities.

Internal service fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following fund:

*Vehicle/Equipment Replacement Fund* accounts for charges to the City departments for funding and acquisition of replacement vehicles and equipment.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position. The City has one type of fiduciary fund, a custodial fund. Custodial funds are used to account for fiduciary activities not required to be reported in an investment trust fund, pension trust fund, or private-purpose trust fund. Fiduciary 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 Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position present increases and decreases in total fiduciary net position The City reported the following custodial fund:

*Santa Ynez Valley Tourism Business Improvement District Custodial Fund* – accounts for monies held by the City for the Santa Ynez Valley Tourism Business Improvement District.

**C. Cash, Cash Equivalents, and Investments**

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**C. Cash, Cash Equivalents, and Investments, Continued**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money 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. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For the purpose of the statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable government funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are not shown net of an allowance for uncollectible amounts.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*D. Receivables and Payables, Continued*

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the County, and be shared by applicable jurisdictions. The County of Santa Barbara collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10. The City receives property taxes pursuant to an arrangement with the County known as the "Teeter Plan". Under the plan, the County assumes responsibility for the collection of delinquent taxes and pays the full allocation to the City. The City recognizes property tax revenues in the fiscal year in which they are due to the City.

*E. Leases - Lessor*

The City is a lessor for a noncancellable lease of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

*E. Inventories and Prepaid Items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when used or consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Such prepayments are accounted for using the consumption method in the governmental funds.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**F. Capital Assets**

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). They are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (\$100,000 for infrastructure type assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Under the GASB 34 Implementation Rules, the City is a Phase 3 entity and was not required to record infrastructure assets existing or acquired prior to July 1, 2002 at the date these new financial reporting standards were implemented. The City has not recorded such assets. The costs of normal maintenance and repairs that do not add to the value of asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the City are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	7-50
Public domain infrastructure	50
System infrastructure	50
Vehicles and equipment	5-10

**G. Compensated Absences**

It is the government’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for a portion of unpaid accumulated sick leave since the City does have a policy to pay certain amounts when employees separate from service with the City. All vacation pay and applicable sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**H. Long-term Obligations**

In the government-wide financial statements, and the 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.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***I. 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 is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted - This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

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.

***J. Fund Balances - Governmental Funds***

Fund balances for governmental funds are reported in classifications based primarily on the extent to which the City is bound to honor constraints about the specific purposes for which amounts in those funds can be spent. These classifications include (1) nonspendable, (2) restricted, (3) committed, (4) assigned and (5) unassigned amounts.

Nonspendable amounts generally are items not expected to be converted into cash such as inventories and prepaid items.

Restricted amounts include those where constraints placed on the uses of the resources are externally imposed by grantors, contributors, other governments or by laws or regulations.

Committed amounts are those that can only be used for a specific purpose as determined by the City Council. Such committed amounts may be redeployed for other uses only by the direction of the City Council. Commitments are established, modified, or rescinded by the City Council adopting such action by resolution. The City's reported committed fund balance for emergencies was established by City resolution and can only be accessed during a significant decrease in revenues as defined per the City's policy.

Assigned amounts are fund balance amounts constrained by the City's intent to be used for specific purposes as determined by the City Manager or City Administrative Services Director, Unassigned fund balance amounts are the residual amounts reported in only the general fund.

When expenditures are incurred for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available, the City considers restricted amounts to have been spent first. When expenditures are incurred for which any class of unrestricted fund balance could be used, the City considers committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***K. Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of California Public Employees Retirement System (PERS) and additions to or deductions from the PERS fiduciary net position have been determined on the same basis as they are reported by the PERS. 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.

***L. Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Retiree Benefits Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Investments are stated at fair value. For this purpose, the City's Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

***M. Use of Estimates***

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

***N. New Pronouncements***

In 2023, the City adopted the new accounting standards to conform to the following Governmental Accounting Standards Board Statements:

*GASB Statement No. 91, Conduit Debt Obligations* - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement did not apply to the City for the current fiscal year.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*N. New Pronouncements, Continued*

*GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the City for the current fiscal year.

*GASB Statement No. 96, Subscription-based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement did not apply to the City for the current fiscal year.

**2. CASH AND INVESTMENTS**

*A. Summary of Cash and Investments*

	Government-Wide Statement of Net Position			
	Governmental	Business-Type	Fiduciary	Total
	Activities	Activities	Funds	
Cash and investments	\$ 20,724,945	\$ 8,689,256	\$ 37,628	\$ 29,451,829
<b>Total cash and investments</b>	<b>\$ 20,724,945</b>	<b>\$ 8,689,256</b>	<b>\$ 37,628</b>	<b>\$ 29,451,829</b>

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, CONTINUED**

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

**City Treasury:**

Deposits:

Cash on hand	\$ 550
Deposits with financial institution	2,288,465
Total cash on hand and deposits	<u>2,289,015</u>

Investments:

Local Agency Investment Fund (LAIF)	27,162,814
Total investments	<u>27,162,814</u>
<b>Total cash and investments</b>	<u><u>\$ 29,451,829</u></u>

**B. Deposits**

At June 30, 2023, the carrying amount of the City’s cash and cash equivalents were comprised of the general checking account which had a book balance of \$2,288,465 and petty cash of \$550. The bank balance in the City’s general checking was \$2,417,195 fully insured and collateralized with securities held by the pledging financial institutions in the City’s name as discussed below. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

The California Government Code requires California banks and savings and loan associations to secure the City’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City’s name. The fair value of pledged securities must equal at least 110% of the City’s cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits. The City’s cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City’s name.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures or trust agreements. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents or held in trust is credited directly to the related fund.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**2. CASH AND INVESTMENTS, CONTINUED**

**C. Investments**

The City is authorized by State statutes to invest in the following:

- \* U.S. Treasury and U.S. Agency Issues
- \* Certificates of Deposit
- \* California Local Agency Investment Fund (LAIF)
- \* Government Bonds and Notes
- \* Passbook Savings
- \* Bankers Acceptances
- \* Commercial Paper (Corporations)
- \* Medium-Term Corporate Notes
- \* Repurchase Agreements
- \* Mutual Funds

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2023, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2023, the City had \$27,162,814 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.88% in the previous year. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF.

**D. Risk Disclosures**

*Interest Rate Risk:* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity date has a greater sensitivity of its fair value to be subject to changes in market interest rates. In accordance with the City's investment policy, exposure to interest rate risk is mitigated by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**2. CASH AND INVESTMENTS, CONTINUED**

*D. Risk Disclosures, Continued*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of five years or less.

Investment Type	Total	Investment Maturities (in years)	
		Less than 1 year	More than 1 year less than 5 years
Investments:			
Local Agency Investment Fund	\$ 27,162,814	\$ 27,162,814	\$ -
<b>Total</b>	<b>\$ 27,162,814</b>	<b>\$ 27,162,814</b>	<b>\$ -</b>

*Credit Risk* - State law limits investments in various securities to certain level of risk ratings issued by nationally recognized statistical rating organizations. It is the City's policy to comply with State law as regards securities ratings. The City's investment in the State Investment Pool is unrated.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy specifies that securities are to be held by a third party, other than the counterparty, in the City's name, whenever possible. The investment in the LAIF is not subject to custodial credit risk.

*E. Investment Valuation*

Investments are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, such bond valued by a pricing service that uses matrix pricing, pay-fixed receive-variable interest rate swap based on the Long Interbank Offered Rate (LIBOR) swap rate, three-year option on exchange-traded shares, or valuation multiple; Level 3 inputs are significant unobservable inputs. The City's investments were not subject to levelling disclosure.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**3. INTERFUND TRANSACTIONS**

The composition of interfund transfers for the year ended June 30, 2023 is as follows:

Transfers out:	Transfers in				Total Transfers
	General Fund	City Projects Fund	Water Enterprise Fund	Transit Enterprise Fund	
General Fund	\$ -	\$ 1,439,859	\$ -	\$ -	\$ 1,439,859
Non-Major Governmental Funds	388,171	452,460	-	3,000	843,631
Internal Service Fund	-	200,000	90,000	-	290,000
<b>Totals</b>	<b>\$ 388,171</b>	<b>\$ 2,092,319</b>	<b>\$ 90,000</b>	<b>\$ 3,000</b>	<b>\$ 2,573,490</b>

Transfers of \$2,092,319 to City Capital Projects Fund were to fund various street and other capital project expenditures. Remaining transfers were to fund on-going street, sewer, and transportation activities.

The composition of due to and due from other funds as of June 30, 2023 is as follows:

Due to General Fund	
Non-Major Governmental Funds	\$ 1,776
<b>Totals</b>	<b>\$ 1,776</b>

**4. LOANS AND NOTES RECEIVABLES**

The notes receivable as of June 30, 2023, comprised of a development note receivable of \$17,838 and \$1,341 in micro loans to local businesses to help with covering expenses for those businesses. Loans receivable as of June 30, 2023 was \$19,179.

**5. LEASES RECEIVABLES**

In implementing GASB Statement No. 87 - Leases, the City recognized lease receivables and deferred inflows of resources for the leasing of attachment space for cellular communications. In fiscal year ended June 30, 2023, the City recognized \$16,341 in revenues for applicable leases.

City Cell Tower - The City entered into an agreement with a telecommunications company in 1993 to lease space on a telecommunications tower. The lease term is 30 years, made up of an initial 10-year term plus four 5-year options. The City considers each optional term to likely be exercised by the lessee. The monthly payments as of July 1, 2021 were \$1,739, and increases annually by 3%. The City used an annual incremental borrowing rate of 7.25%, based on financing quotation. The lease receivable as of June 30, 2023 was \$183,602, and related deferred inflow of resources as of June 30, 2023 was \$166,393.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**5. LEASES RECEIVABLES, CONTINUED**

Future minimum rental payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 9,516	\$ 13,005	\$ 22,521
2025	10,928	12,269	23,197
2026	12,466	11,426	23,892
2027	14,142	10,468	24,610
2028	15,965	9,383	25,348
2029-2033	113,220	25,392	138,612
2034	7,365	74	7,440
Total	<u>\$ 183,602</u>	<u>\$ 82,017</u>	<u>\$ 265,620</u>
Current	\$ 9,516	\$ 13,005	\$ 22,521
Noncurrent	174,086	69,012	243,099
Total	<u>\$ 183,602</u>	<u>\$ 82,017</u>	<u>\$ 265,620</u>

**6. CAPITAL ASSETS**

Capital asset activity relating to governmental activities for the year ended June 30, 2023 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases/ Reclassification	Ending Balance
Capital assets, not being depreciated				
Land	\$ 2,721,866	\$ -	\$ -	\$ 2,721,866
Construction in progress	56,561	30,029	(43,942)	42,648
Total capital assets, not being depreciated	<u>2,778,427</u>	<u>30,029</u>	<u>(43,942)</u>	<u>2,764,514</u>
Capital assets, being depreciated:				
Buildings	3,402,544	605,561	-	4,008,105
Machinery and equipment	797,455	231,355	(8,208)	1,020,602
Internal service fund - vehicles/equipment	989,713	-	-	989,713
Improvements	6,772,605	118,570	-	6,891,175
Infrastructure-street system	12,347,405	859,181	43,942	13,250,528
Total capital assets being depreciated	<u>24,309,722</u>	<u>1,814,667</u>	<u>35,734</u>	<u>26,160,123</u>
Less accumulated depreciation for:				
Buildings	(2,020,043)	(77,178)	-	(2,097,221)
Machinery and equipment	(728,002)	(23,126)	8,208	(742,920)
Internal service fund	(728,766)	(49,222)	-	(777,988)
Improvements	(4,032,075)	(184,344)	-	(4,216,419)
Infrastructure-street system	(5,590,873)	(597,213)	-	(6,188,086)
Total accumulated depreciation	<u>(13,099,759)</u>	<u>(931,083)</u>	<u>8,208</u>	<u>(14,022,634)</u>
Total capital assets, being depreciated, net	<u>11,209,963</u>	<u>883,584</u>	<u>43,942</u>	<u>12,137,489</u>
Governmental activities capital assets, net	<u>\$ 13,988,390</u>	<u>\$ 913,613</u>	<u>\$ -</u>	<u>\$ 14,902,003</u>

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**6. CAPITAL ASSETS, CONTINUED**

Capital asset activity relating to business-type activities for the year ended June 30, 2023 was as follows:

Business-type activities:	Beginning Balance	Increases	Decreases/ Reclassification	Ending Balance
Capital assets, not being depreciated				
Land	\$ 191,208	\$ -	\$ -	\$ 191,208
Construction in progress	234,745	242,596	(58,509)	418,832
Total capital assets, not being depreciated	425,953	242,596	(58,509)	610,040
Capital assets, being depreciated:				
Buildings and bus stop facilities	8,384,276	500,000	(521,921)	8,362,355
Distribution and collection systems	11,661,781	31,016	521,921	12,214,718
Infrastructure	9,192,824	783,116	58,509	10,034,449
Vehicles	949,617	-	-	949,617
Equipment	2,061,337	93,793	-	2,155,130
Total capital assets being depreciated	32,249,835	1,407,925	58,509	33,716,269
Less accumulated depreciation for:				
Buildings	(7,172,377)	(149,889)	350,795	(6,971,471)
Distribution and collection systems	(8,164,426)	(346,494)	(350,795)	(8,861,715)
Infrastructure	(2,370,868)	(329,521)	-	(2,700,389)
Vehicles	(727,346)	(39,958)	-	(767,304)
Equipment	(1,375,765)	(80,967)	-	(1,456,732)
Total accumulated depreciation	(19,810,782)	(946,829)	-	(20,757,611)
Total capital assets, being depreciated, net	12,439,053	461,096	58,509	12,958,658
Business-type activities capital assets, net	\$ 12,865,006	\$ 703,692	\$ -	\$ 13,568,698

Depreciation and amortization expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 77,359
Public safety	7,168
Culture and recreation	114,169
Infrastructure streets	683,165
Vehicles- internal service fund	49,222
Total depreciation expense-governmental activities	\$ 931,083
Business-type activities:	
Water	\$ 354,443
Wastewater	494,637
Transit	97,749
Total depreciation expense-business-type activities	\$ 946,829

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**7. LONG-TERM OBLIGATIONS**

Long-term liability activity for the 2023 fiscal year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due in More Than One Year
<b>Governmental</b>						
<b>Activities:</b>						
Compensated absences	\$ 176,212	\$ 81,112	\$ (176,212)	\$ 81,112	\$ 30,000	\$ 51,112
<b>Total</b>	<b>\$ 176,212</b>	<b>\$ 81,112</b>	<b>\$ (176,212)</b>	<b>\$ 81,112</b>	<b>\$ 30,000</b>	<b>\$ 51,112</b>
<b>Business-type</b>						
<b>Activities:</b>						
Compensated absences	\$ 89,536	\$ 69,501	\$ (89,531)	\$ 69,506	\$ 30,000	\$ 39,506
<b>Total</b>	<b>\$ 89,536</b>	<b>\$ 69,501</b>	<b>\$ (89,531)</b>	<b>\$ 69,506</b>	<b>\$ 30,000</b>	<b>\$ 39,506</b>

The general fund is typically used to liquidate the liability for compensated absences applicable to the City's governmental activities.

**8. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City is a member of the California Joint Powers Insurance Authority (California JPIA). The California JPIA provides general liability insurance to the City with a \$50 million per occurrence and \$50 million per year aggregate limit. The City also participates in the Insurance Authority's workers compensation insurance program. The risk of loss is transferred to the California JPIA. The City is subject to retrospective premium adjustments under the arrangement.

The uninsured risk retained by the City is \$50,000 per incident for workers compensation claims, \$20,000 per incident for general liability claims, and \$5,000 per property damage claim. The Insurance Authority purchases commercial insurance for claims in excess of its deductible amounts which is \$5 million for liability and \$500,000 for workers compensation. Insurance transactions are accounted for in the general fund. Liabilities of the City are reported in the statement of net assets for the governmental activities when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Settlements have not exceeded coverage for each of the past three fiscal years. There were no changes in the balances of claims liabilities during the past two years.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**9. CONTINGENCIES AND COMMITMENTS**

*Litigation.* The City is involved in litigation incurred in the normal course of conducting City business. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

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

*Encumbrances.* As of June 30, 2023, the City had the following outstanding encumbrances:

Expense	General		Water Fund	Wastewater Fund	Transit Fund	Grand Total
	General Fund	Capital Project				
Urban Planning Concepts	\$ 17,413	\$ -	\$ -	\$ -	\$ -	\$ 17,413
Visitors Center	29,837	-	-	-	-	29,837
Stiletto Events	27,400	-	-	-	-	27,400
Hanly Emergency Construction	347,768	-	-	-	-	347,768
MNS Engineers	11,455	-	-	-	-	11,455
Lot 4 & 5 EV Charging Station Design	-	26,865	-	-	-	26,865
River Wells Project	-	-	90,366	-	-	90,366
SYVT Professional Services	-	-	-	-	20,832	20,832
Fredensberg Canyon Waterline Rep	-	-	14,634	-	-	14,634
New Valve and Hydrant Replacement	-	-	28,650	-	-	28,650
Sewer Line Replacement	-	-	-	47,800	-	47,800
WWTP Water Quality Project	-	-	-	58,212	-	58,212
WWTP Construction Engineering	-	-	-	53,000	-	53,000
WWTP Upgrades Grant Writing	-	-	-	67,886	-	67,886
Meridian Grant Writing CEQA/NEPA	-	-	-	18,827	-	18,827
<b>Grand Total</b>	<b>\$ 433,873</b>	<b>\$ 26,865</b>	<b>\$ 133,650</b>	<b>\$ 245,725</b>	<b>\$ 20,832</b>	<b>\$ 860,945</b>

**10. OPERATING AGREEMENTS**

*Water Supply Agreement.* The City has an agreement with the Santa Ynez River Water Conservation District, Improvement District One, wherein the District and The Central Coast Water Authority constructed and operate a joint water treatment facility and water conveyance system. The Authority financed the plant and system by selling revenue bonds, and in 1997, issued \$198 million in refunding revenue bonds. The agreement is a take-or-pay obligation, and the City is obligated to pay amounts specified in the agreement whether or not water is treated or delivered. The amounts paid by the City are pledged by the Authority for repayment of the Authority's debt obligations. The City records these payments as operating expenses in its water enterprise fund.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**11. PENSION PLANS**

**A. Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk 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 two miscellaneous rate plans and three safety rate plans. 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.

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 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**11. PENSION PLANS, CONTINUED**

**B. Benefits Provided**

The rate plan provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous	PEPRA Miscellaneous	Safety
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1 2013
Hire date			
Benefit formula	2.5% @ 55	2.0% @ 62	2% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 55
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0%	2.0%
Required employee contribution rates	8.000%	7.250%	0.000%
Required employer contribution rates	13.020%	7.760%	0.000%
Required unfunded liability payment	\$ 405,136	\$ 1,764	\$ 11,700

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an actuarial basis, annually and is effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The General Fund has typically been used to liquidate pension liabilities for governmental funds.

The City's contributions to the Plan for the measurement period ended June 30, 2022 were \$471,400. The City's contributions to the Plan for the fiscal year ended June 30, 2023 recorded as deferred outflows of resources were \$544,960.

As of June 30, 2023, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$5,603,171.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**11. PENSION PLANS, CONTINUED**

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

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for each Plan as of measurement dates June 30, 2021 and 2022 were as follows:

Proportion - June 30, 2021	0.04800%
Proportion - June 30, 2022	0.04851%
Change - Increase (Decrease)	0.00051%

For the year ended June 30, 2023, the City recognized pension income of \$22,822. 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
Differences between expected and actual experience	\$ 114,415	\$ 75,132
Changes in assumptions	574,017	-
Net difference between projected and actual earnings on pension plan investments	1,024,109	-
Changes in proportions	79,793	-
Differences between expected and actual contributions	-	463,032
Pension contributions subsequent to the measurement date	544,960	-
Totals	<u>\$ 2,337,294</u>	<u>\$ 538,164</u>

\$544,960 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**11. PENSION PLANS, CONTINUED**

***C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued***

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		
2024	\$	243,476
2025		238,852
2026		145,483
2027		626,359

***Actuarial Assumptions*** – The total pension liability in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return <sup>(1)</sup>	6.90%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan investment expenses.

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. Further details of the December 2017 Experience Study can be found on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov).

***Discount Rate*** – The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**11. PENSION PLANS, CONTINUED**

***C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, 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.

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

Asset Class	New Strategic Allocation	Real Return <sup>(a)(b)</sup>
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%
Total	100.00%	

(a) An expected inflation of 2.3% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -***

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Net Pension Liability	\$ 5,274,593	\$ 2,596,064	\$ 382,209

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**11. PENSION PLANS, CONTINUED**

*C. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

*Pension Plan Fiduciary Net Position* – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2023, the City reported no payable for outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

Change of Assumptions

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board.

**12. RESTRICTED NET POSITION AND FUND BALANCES**

The \$3,498,573 restricted amount in the governmental activities statement of net position represents amounts to be used only for specific purposes which restrictions are imposed by laws, formal agreements or other governments.

**13. OTHER POST- EMPLOYMENT BENEFITS**

*A. Plan Description.*

The City’s defined benefit OPEB Plan provides OPEB for all eligible full-time general and public safety employees of the City. The City entered into an agreement with CalPERS to participate in the CERBT, an agent multiple-employer other postemployment benefits plan, to fund the City’s OPEB. CERBT is administered by CalPERS, which is managed by an appointed board not under the control of the City Council. CERBT issues a publicly available financial report that can be found on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**13. OTHER POST- EMPLOYMENT BENEFITS, CONTINUED**

**A. Plan Description, Continued**

*Benefits Provided.*

The City’s OPEB plan provides healthcare benefits to eligible retirees and their dependents. Benefits are provided through third party insurers, and the full cost of the benefits is provided by the Plan. The City’s OPEB Plan provides for automatic or ad hoc post-employment benefit changes.

*Employees Covered by the Benefit Terms.*

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefits	26
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	28
	54
	54

The City’s OPEB Plan is closed to new entrants.

**B. Contributions**

The City’s plan is affiliated with the State of California PERS in so far as the City’s health insurance premium payments are paid to the PERS. The PERS through an aggregation of single employer plans pools administrative functions in regard to purchases of commercial health insurance policies and coverages. City regulations grant authority to the City Council to establish and amend contribution requirements. Employees are not required to contribute to the plan. The amount contributed for the measurement period ended June 30, 2022 was \$220,385 which amount was based on the City’s decision to prefund its obligation. The General Fund has typically been used to liquidate OPEB liabilities for governmental funds. The City’s contribution for fiscal year 2023 was \$232,892.

**C. Net OPEB Liability**

The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

**D. Actuarial Assumptions**

The total net OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	2.75 percent, average, including inflation
Investment rate of return	6.25 percent, net of OPEB plan investment expense
Healthcare cost trend rates	4.0 percent per year

Mortality rates were based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

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**13. OTHER POST- EMPLOYMENT BENEFITS, CONTINUED**

*D. Actuarial Assumptions, Continued*

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return weighing the expected future real rates of return by target asset allocation asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	40%	7.5450%
All Fixed Income	43%	4.2500%
Real Estate Investment Trusts	8%	7.2500%
All Commodities	4%	7.5450%
Treasury Inflation Protected Securities (TIPS)	5%	3.0000%

*E. Discount Rate*

The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current and active employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**13. OTHER POST- EMPLOYMENT BENEFITS, CONTINUED**

*F. Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (a)	Net OPEB Liability (a) - (b)
Balances at 6/30/2021 (Measurement Date)	\$ 2,441,071	\$ 1,045,642	\$ 1,395,429
Changes for the year:			
Service cost	27,601	-	27,601
Interest	148,855	-	148,855
Differences between expected and actual experience	(173,598)	-	(173,598)
Contributions - employer	-	220,385	(220,385)
Net investment income	-	(138,627)	138,627
Benefit payments	(150,797)	(150,797)	-
Administrative expenses	-	(271)	271
Net changes	(147,939)	(69,310)	(78,629)
Balances at 6/30/2022 (Measurement Date)	<u>\$ 2,293,132</u>	<u>\$ 976,332</u>	<u>\$ 1,316,800</u>

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 (5.25 percent) or 1-percentage point higher (7.25 percent) than the current discount rate.

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB Liability (Asset)	\$ 1,587,556	\$ 1,316,800	\$ 1,092,558

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 healthcare cost trend rate that is 1-percentage-point lower (3 percent) or 1- percentage point higher (5 percent) than the current healthcare cost trend rate.

	1% decrease to 3.00%	Healthcare Cost Trend Rate 4.00%	1% increase to 5.00%
Net OPEB Liability (Asset)	\$ 1,074,709	\$ 1,316,800	\$ 1,611,032

**City of Solvang**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2023**

**13. OTHER POST- EMPLOYMENT BENEFITS, CONTINUED**

**G. OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued financial report.

**H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the City recognized OPEB expense of \$61,743. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 232,892	\$ -
Differences between expected and actual experience	2,480	406,018
Changes in assumptions	51,067	31,577
Net difference between projected and actual earnings on OPEB plan investments	103,192	
Totals	<u>\$ 389,631</u>	<u>\$ 437,595</u>

\$232,892 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as pension expense as follows:

Fiscal Year Ended June 30	
2024	\$ (47,449)
2025	(45,887)
2026	(47,568)
2027	(26,283)
2028	(67,595)
Thereafter	(46,074)

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# REQUIRED SUPPLEMENTARY INFORMATION

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**City of Solvang**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

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**1. DEFINED BENEFIT PENSION PLAN**

*A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years\**

Fiscal year:	2023	2022	2021	2020
Measurement date:	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Proportion of the net pension liability	0.04851%	0.04800%	0.04316%	0.04206%
Proportionate share of the net pension liability	\$ 5,603,171	\$ 2,596,064	\$ 4,695,870	\$ 4,310,393
Covered payroll	\$ 1,840,839	\$ 1,617,922	\$ 2,090,447	\$ 2,588,376
Proportionate share of the net pension liability as a percentage of covered payroll	304.38%	160.46%	224.63%	166.53%
Plan's share of fiduciary net position as a percentage of total pension liability	76.68%	88.29%	75.10%	75.26%

\*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018. The discount rate was decreased to 6.9% in 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019.

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2019	2018	2017	2016	2015
6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
0.04086%	0.04040%	0.03943%	0.03911%	0.03911%
\$ 3,937,533	\$ 4,006,588	\$ 3,411,989	\$ 2,684,713	\$ 2,684,713
\$ 2,271,637	\$ 2,247,735	\$ 2,212,540	\$ 2,413,263	\$ 2,413,263
173.33%	178.25%	154.21%	111.25%	111.25%
75.26%	73.31%	74.06%	78.40%	78.40%

**City of Solvang**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

**1. DEFINED BENEFIT PENSION PLAN, CONTINUED**

***B. Schedule of Employer Pension Contributions - Last 10 Years\****

Fiscal year	2022	2022	2021	2020
Contractually required contribution (actuarially determined)	\$ 544,960	\$ 471,400	\$ 400,915	\$ 369,421
Contribution in relation to the actuarially determined contributions	(544,960)	(471,400)	(400,915)	(369,421)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,369,911	\$ 1,840,839	\$ 1,617,922	\$ 2,090,447
Contributions as a percentage of covered payroll	22.99%	25.61%	24.78%	17.67%

**Note to Schedule**

\*Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown.

Methods and assumptions used to determine contribution rates:

Valuation date:	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Actuarial cost method:	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method:	(1)	(1)	(1)	(1)
Assets valuation method:	Market Value	Market Value	Market Value	Market Value
Inflation:	2.63%	2.63%	2.63%	2.63%
Salary increases:	(2)	(2)	(2)	(2)
Investment rate of return:	7.00%	7.00%	7.00%	7.25%
Retirement age:	(3)	(3)	(3)	(3)
Mortality:	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) 50 for all plans, with the exception of 52 for Miscellaneous PEPRA 2%@62

(4) Mortality assumptions are based on mortality

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<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 339,043	\$ 279,932	\$ 267,856	\$ 275,424	\$ 390,955
<u>(339,043)</u>	<u>(279,932)</u>	<u>(267,856)</u>	<u>(275,424)</u>	<u>(390,955)</u>
<u>\$ -</u>				
\$ 2,588,376	\$ 2,271,637	\$ 2,247,735	\$ 2,212,540	\$ 2,413,263
13.10%	12.32%	11.92%	12.45%	16.20%

6/30/2016 Entry Age (1) Market Value	6/30/2015 Entry Age (1) Market Value	6/30/2014 Entry Age (1) Market Value	6/30/2013 Entry Age (1) Market Value	6/30/2012 Entry Age (1) 15 Year Smoothed Market Value
2.75%	2.75%	2.75%	2.75%	2.75%
(2)	(2)	(2)	(2)	(2)
7.375%	7.50%	7.50%	7.50%	7.50%
(3)	(3)	(3)	(3)	(3)
(4)	(4)	(4)	(4)	(4)

**City of Solvang**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

**2. OTHER POSTEMPLOYMENT BENEFITS**

*A. Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years\**

<b>Fiscal Year</b>	2023	2022	2021
<i>Measurement Period</i>	2022	2021	2020
<b>Total OPEB Liability</b>			
Service Cost	\$ 27,601	\$ 25,300	\$ 17,469
Interest on the total OPEB liability	148,855	151,678	174,097
Differences between expected and actual experience	(173,598)	-	(397,078)
Changes of assumptions	-	67,026	(49,124)
Benefit payments	(150,797)	(144,130)	(134,647)
<b>Net change in total OPEB liability</b>	(147,939)	99,874	(389,283)
<b>Total OPEB liability - beginning</b>	2,441,071	2,341,197	2,730,480
<b>Total OPEB liability - ending (a)</b>	<u>\$ 2,293,132</u>	<u>\$ 2,441,071</u>	<u>\$ 2,341,197</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 220,385	\$ 214,130	\$ 204,647
Net investment income	(138,627)	161,140	39,698
Benefit payments	(150,797)	(144,130)	(134,647)
Administrative expense	(271)	(299)	(633)
<b>Net change in plan fiduciary net position</b>	(69,310)	230,841	109,065
<b>Plan fiduciary net position - beginning</b>	1,045,642	814,801	705,736
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 976,332</u>	<u>\$ 1,045,642</u>	<u>\$ 814,801</u>
<b>Net OPEB liability/(asset) - ending (a) - (b)</b>	\$ 1,316,800	\$ 1,395,429	\$ 1,526,396
Plan fiduciary net position as a percentage of the total OPEB liability	42.58%	42.84%	34.80%
Covered-employee payroll	\$ 1,885,073	\$ 1,773,026	\$ 2,412,314
Net OPEB liability as a percentage of covered-employee payroll	69.85%	78.70%	63.28%

Notes to Schedule

\* - Fiscal year 2018 was the 1st year of implementation.

Change of assumptions: Mortality assumptions were updated in fiscal year 2021.

Actuarially determined contributions are not calculated for the plan.

2020	2019	2018
2019	2018	2017
\$ 17,001	\$ 16,546	\$ 14,390
169,714	164,529	275,096
-	-	-
-	-	-
(117,453)	(86,041)	(121,194)
69,262	95,034	168,292
2,661,218	2,566,184	2,397,892
<u>\$ 2,730,480</u>	<u>\$ 2,661,218</u>	<u>\$ 2,566,184</u>
\$ 187,453	\$ 159,080	\$ 174,832
48,299	30,282	27,989
(117,453)	(86,041)	-
(545)	(446)	(121,194)
117,754	102,875	81,627
587,982	485,107	403,480
<u>\$ 705,736</u>	<u>\$ 587,982</u>	<u>\$ 485,107</u>
\$ 2,024,744	\$ 2,073,236	\$ 2,081,077
25.85%	22.09%	18.90%
\$ 2,639,268	\$ 2,275,881	\$ 2,539,234
76.72%	91.10%	81.96%

**City of Solvang**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

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**3. BUDGETS AND BUDGETARY ACCOUNTING**

**A. *Budgeting Procedures***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except repayments of internal balances in the general fund are budgeted as an expenditure for budgetary purposes. Appropriations lapse at fiscal yearend. The appropriated budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within a department. Transfers between departments and other changes require City Council approval. The legal level of control is the department and fund level. The Council made supplemental appropriations during the fiscal year. Encumbrance accounting is not employed in governmental funds.

**City of Solvang**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

**3. BUDGETS AND BUDGETARY ACCOUNTING, CONTINUED**

**B. Budgetary Comparison Schedule - General Fund**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Fund Balance, July 1</b>	\$ 14,551,249	\$ 14,551,249	\$ 14,551,249	\$ -
Resources (inflows):				
Property taxes	1,474,254	1,474,254	1,754,910	280,656
Sales taxes	1,954,600	1,954,600	2,517,643	563,043
Transient occupancy taxes	4,667,010	5,192,010	6,311,438	1,119,428
Other taxes	255,000	255,000	345,486	90,486
Licenses and permits	140,000	140,000	278,418	138,418
Fines and forfeits	4,000	4,000	50	(3,950)
Intergovernmental	911,355	911,355	1,069,199	157,844
Interest	40,000	40,000	276,615	236,615
Charges for services	940,443	940,443	1,028,743	88,300
Miscellaneous	18,000	18,000	280,700	262,700
Transfers in	391,172	391,172	388,171	(3,001)
Proceeds from sale of assets	4,000	4,000	-	(4,000)
Amounts available for charges to appropriations	<u>25,351,083</u>	<u>25,876,083</u>	<u>28,802,622</u>	<u>2,926,539</u>
Charges to appropriations:				
General Government:				
Nondepartmental:				
City council	37,200	37,200	37,900	(700)
Other	104,741	138,541	99,193	39,348
OPEB	169,520	169,520	188,358	(18,838)
Community support	669,243	706,348	578,423	127,925
Administration:				
Legal	120,000	120,000	273,811	(153,811)
General administration	1,610,846	1,879,810	1,685,818	193,992
Transfers out	3,234,297	3,234,297	1,439,859	1,794,438
Public Safety:				
Sheriff contract	2,468,676	2,468,676	2,316,108	152,568
Animal control	47,820	47,820	47,820	-
Mental health & 211 program	3,000	3,000	2,568	432
Culture and Recreation:				
Tourism	787,572	803,675	613,314	190,361
Parks and recreation	160,173	180,591	349,317	(168,726)
Library	192,250	192,250	184,855	7,395
Community Development:				
City planning, building, development	664,057	989,690	829,798	159,892
Public works:				
Public works, streets, engineering	2,232,714	3,383,338	2,509,616	873,722
Total charges to appropriations	<u>12,502,109</u>	<u>14,354,756</u>	<u>11,156,758</u>	<u>3,197,998</u>
<b>Fund Balance, June 30</b>	<u>\$ 12,848,974</u>	<u>\$ 11,521,327</u>	<u>\$ 17,645,864</u>	<u>\$ 6,124,537</u>

**City of Solvang**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

**3. BUDGETS AND BUDGETARY ACCOUNTING, CONTINUED**

***C. Budgetary Comparison Schedule - Impact Fee Special Revenue Fund***

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 18,424	\$ 18,424	\$ 28,731	\$ 10,307
Charges for services	4,888	4,888	5,190	302
<b>Total revenues</b>	<b>23,312</b>	<b>23,312</b>	<b>33,921</b>	<b>10,609</b>
<b>EXPENDITURES:</b>				
Capital outlay	10,000	10,000	-	10,000
<b>Total expenditures</b>	<b>10,000</b>	<b>10,000</b>	<b>-</b>	<b>10,000</b>
<b>Net change in fund balances</b>	<b>\$ 13,312</b>	<b>\$ 13,312</b>	<b>33,921</b>	<b>\$ 20,609</b>
<b>FUND BALANCES:</b>				
Beginning of the year			1,531,507	
End of year			\$ 1,565,428	

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# SUPPLEMENTARY INFORMATION

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**BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN  
GENERAL FUND AND SPECIAL REVENUE FUNDS**

*City Capital Projects Fund* accounts for monies committed and restricted for City capital projects.

# City of Solvang

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### City Projects Capital Projects Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 1,100	\$ 1,100	\$ -	\$ (1,100)
<b>Total revenues</b>	<u>1,100</u>	<u>1,100</u>	<u>-</u>	<u>(1,100)</u>
<b>EXPENDITURES:</b>				
Capital outlay	3,878,000	5,623,068	2,121,753	3,501,315
<b>Total expenditures</b>	<u>3,878,000</u>	<u>5,623,068</u>	<u>2,121,753</u>	<u>3,501,315</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(3,876,900)</u>	<u>(5,621,968)</u>	<u>(2,121,753)</u>	<u>3,500,215</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	3,878,000	3,878,000	2,092,319	(1,785,681)
<b>Total other financing sources (uses)</b>	<u>3,878,000</u>	<u>3,878,000</u>	<u>2,092,319</u>	<u>(1,785,681)</u>
<b>Net change in fund balances</b>	<u>\$ 1,100</u>	<u>\$ (1,743,968)</u>	<u>(29,434)</u>	<u>\$ 1,714,534</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>11,101</u>	
End of year			<u>\$ (18,333)</u>	

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

*Traffic Safety Fund* accounts for fines, forfeitures, and other monies restricted for traffic safety.

*Gas Tax Fund* accounts for funds from the State of California under the Street and Highway Code Sections 2103, 2105, 2106, 2107 and 2107.5. The use of funds is restricted to street related projects, which can include related public facilities for non-motorized traffic, e.g. bike and pedestrian paths.

*Local Transportation Fund* accounts for monies restricted by the State of California Transportation Development Act.

*Measure A Fund* accounts for Measure A Funds (Santa Barbara County) restricted for road repair, traffic relief, and transportation safety projects and programs.

*Skytt Mesa Landscape and Lighting Fund* accounts for special assessments restricted for the Skytt Mesa Landscape and Lighting District.

**City of Solvang**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2023**

	Special Revenue Funds					Totals
	Traffic Safety	Gas Tax	Local Transportation	Measure A	Skytt Mesa Landscape and Lighting	
<b>ASSETS</b>						
Cash and investments	\$ 2,775	\$ -	\$ 422,240	\$ 890,938	\$ 430,215	\$ 1,746,168
Receivables:						
Accounts receivable	535	24,615	1,307	122,195	-	148,652
Interest receivable	57	2,457	3,356	11,016	3,161	20,047
<b>Total assets</b>	<u>\$ 3,367</u>	<u>\$ 27,072</u>	<u>\$ 426,903</u>	<u>\$ 1,024,149</u>	<u>\$ 433,376</u>	<u>\$ 1,914,867</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 7,804	\$ 7,804
Due to other funds	-	1,776	-	-	-	1,776
<b>Total liabilities</b>	<u>-</u>	<u>1,776</u>	<u>-</u>	<u>-</u>	<u>7,804</u>	<u>9,580</u>
<b>Fund Balances:</b>						
Restricted for highways and streets	3,367	25,296	426,903	1,024,149	425,572	1,905,287
<b>Total fund balances</b>	<u>3,367</u>	<u>25,296</u>	<u>426,903</u>	<u>1,024,149</u>	<u>425,572</u>	<u>1,905,287</u>
<b>Total liabilities and fund balances</b>	<u>\$ 3,367</u>	<u>\$ 27,072</u>	<u>\$ 426,903</u>	<u>\$ 1,024,149</u>	<u>\$ 433,376</u>	<u>\$ 1,914,867</u>

**City of Solvang**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2023**

	Special Revenue Funds					Totals
	Traffic Safety	Gas Tax	Local Transportation	Measure A	Skytt Mesa Landscape and Lighting	
<b>REVENUES:</b>						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ 219,025	\$ 219,025
Intergovernmental	-	268,311	86,705	491,434	-	846,450
Interest	131	6,354	7,468	26,751	7,712	48,416
Charges for services	4,789	-	-	-	-	4,789
<b>Total revenues</b>	<b>4,920</b>	<b>274,665</b>	<b>94,173</b>	<b>518,185</b>	<b>226,737</b>	<b>1,118,680</b>
<b>EXPENDITURES:</b>						
Current:						
Public works						
Highways and streets	-	-	-	-	199,413	199,413
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,440</b>	<b>202,440</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,920</b>	<b>274,665</b>	<b>94,173</b>	<b>518,185</b>	<b>24,297</b>	<b>916,240</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers out	(5,050)	(340,913)	(35,000)	(462,668)	-	(843,631)
<b>Total other financing sources (uses)</b>	<b>(5,050)</b>	<b>(340,913)</b>	<b>(35,000)</b>	<b>(462,668)</b>	<b>-</b>	<b>(843,631)</b>
<b>Net change in fund balances</b>	<b>(130)</b>	<b>(66,248)</b>	<b>59,173</b>	<b>55,517</b>	<b>24,297</b>	<b>72,609</b>
<b>FUND BALANCES:</b>						
Beginning of the year	3,497	91,544	367,730	968,632	401,275	1,832,678
End of year	\$ 3,367	\$ 25,296	\$ 426,903	\$ 1,024,149	\$ 425,572	\$ 1,905,287

# City of Solvang

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Traffic Safety Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ 50	\$ 50	\$ 131	\$ 81
Charges for services	5,000	5,000	4,789	(211)
<b>Total revenues</b>	<b>5,050</b>	<b>5,050</b>	<b>4,920</b>	<b>(130)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(5,050)	(5,050)	(5,050)	-
<b>Total other financing sources (uses)</b>	<b>(5,050)</b>	<b>(5,050)</b>	<b>(5,050)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(130)</b>	<b>\$ (130)</b>
<b>FUND BALANCES:</b>				
Beginning of the year			3,497	
End of year			<u>\$ 3,367</u>	

# City of Solvang

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Gas Tax Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 267,037	\$ 267,037	\$ 268,311	\$ 1,274
Interest	1,450	1,450	6,354	4,904
<b>Total revenues</b>	<u>268,487</u>	<u>268,487</u>	<u>274,665</u>	<u>6,178</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(368,122)	(368,122)	(340,913)	27,209
<b>Total other financing sources (uses)</b>	<u>(368,122)</u>	<u>(368,122)</u>	<u>(340,913)</u>	<u>27,209</u>
<b>Net change in fund balances</b>	<u>\$ (99,635)</u>	<u>\$ (99,635)</u>	(66,248)	<u>\$ 33,387</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>91,544</u>	
End of year			<u>\$ 25,296</u>	

# City of Solvang

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Local Transportation Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 84,203	\$ 84,203	\$ 86,705	\$ 2,502
Interest	522	522	7,468	6,946
<b>Total revenues</b>	<u>84,725</u>	<u>84,725</u>	<u>94,173</u>	<u>9,448</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(35,000)	(35,000)	(35,000)	-
<b>Total other financing sources (uses)</b>	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 49,725</u>	<u>\$ 49,725</u>	59,173	<u>\$ 9,448</u>
<b>FUND BALANCES:</b>				
Beginning of the year			<u>367,730</u>	
End of year			<u>\$ 426,903</u>	

# City of Solvang

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Measure A Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 466,753	\$ 466,753	\$ 491,434	\$ 24,681
Interest	593	593	26,751	26,158
<b>Total revenues</b>	<b>467,346</b>	<b>467,346</b>	<b>518,185</b>	<b>50,839</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(501,000)	(501,000)	(462,668)	38,332
<b>Total other financing sources (uses)</b>	<b>(501,000)</b>	<b>(501,000)</b>	<b>(462,668)</b>	<b>38,332</b>
<b>Net change in fund balances</b>	<b>\$ (33,654)</b>	<b>\$ (33,654)</b>	<b>55,517</b>	<b>\$ 89,171</b>
<b>FUND BALANCES:</b>				
Beginning of the year			968,632	
End of year			<b>\$ 1,024,149</b>	

# City of Solvang

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

### Skytt Mesa Landscape and Lighting Special Revenue Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Special assessments	\$ 219,024	\$ 219,024	\$ 219,025	\$ 1
Interest	1,500	1,500	7,712	6,212
<b>Total revenues</b>	<b>220,524</b>	<b>220,524</b>	<b>226,737</b>	<b>6,213</b>
<b>EXPENDITURES:</b>				
Current:				
Public works				
Highways and streets	208,650	227,048	199,413	27,635
Capital outlay	13,000	13,000	3,027	9,973
<b>Total expenditures</b>	<b>221,650</b>	<b>240,048</b>	<b>202,440</b>	<b>37,608</b>
<b>Net change in fund balances</b>	<b>\$ (1,126)</b>	<b>\$ (19,524)</b>	<b>24,297</b>	<b>\$ 43,821</b>
<b>FUND BALANCES:</b>				
Beginning of the year			401,275	
End of year			\$ 425,572	

# STATISTICAL SECTION

This part of the Government's annual comprehensive financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

## Contents

### Financial Trends

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

### Revenue Capacity

*These schedules contain information to help the reader assess the government's most significant local revenue sources: taxes and water revenues.*

### Debt Capacity

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

### Demographic and Economic Information

*These schedules help the reader understand the environment within which the government's financial activities take place.*

### Operating Information

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

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Schedule 1  
City of Solvang  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 12,057,865	\$ 11,748,077	\$ 11,584,893	\$ 12,128,629	\$ 12,360,410	\$ 12,565,957	\$ 12,696,479	\$ 12,740,666	\$ 13,988,390	\$ 14,902,003
Restricted	\$ 3,155,589	\$ 3,011,325	\$ 3,121,123	\$ 3,597,517	\$ 3,213,182	\$ 3,443,607	\$ 3,435,769	\$ 3,545,533	\$ 3,390,500	\$ 3,498,573
Unrestricted	\$ 5,935,965	\$ 7,488,153	\$ 8,798,516	\$ 7,485,859	\$ 9,010,003	\$ 9,093,838	\$ 7,687,783	\$ 8,279,527	\$ 11,206,764	\$ 14,872,375
<b>Total governmental activities net position</b>	<b>\$ 21,149,419</b>	<b>\$ 22,247,555</b>	<b>\$ 23,504,532</b>	<b>\$ 23,212,005</b>	<b>\$ 24,583,595</b>	<b>\$ 25,103,402</b>	<b>\$ 23,820,031</b>	<b>\$ 24,565,726</b>	<b>\$ 28,585,654</b>	<b>\$ 33,272,951</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 9,512,247	\$ 10,409,946	\$ 10,943,614	\$ 10,879,295	\$ 10,462,415	\$ 12,053,677	\$ 11,521,718	\$ 11,555,587	\$ 12,865,006	\$ 13,568,698
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 7,097,759	\$ 6,794,971	\$ 10,725,516	\$ 11,550,796	\$ 12,687,615	\$ 11,679,974	\$ 11,469,414	\$ 11,645,387	\$ 10,263,902	\$ 11,003,603
<b>Total business-type activities net position</b>	<b>\$ 16,610,006</b>	<b>\$ 17,204,917</b>	<b>\$ 21,669,130</b>	<b>\$ 22,430,091</b>	<b>\$ 23,150,030</b>	<b>\$ 23,733,651</b>	<b>\$ 22,991,132</b>	<b>\$ 23,200,974</b>	<b>\$ 23,128,908</b>	<b>\$ 24,572,301</b>
<b>Primary government (City wide totals)</b>										
Net investment in capital assets	\$ 21,570,112	\$ 22,158,023	\$ 22,528,507	\$ 23,007,924	\$ 22,822,825	\$ 24,619,634	\$ 24,218,197	\$ 24,296,253	\$ 26,853,396	\$ 28,470,701
Restricted	3,155,589	3,011,325	3,121,123	3,597,517	3,213,182	3,443,607	3,435,769	3,545,533	3,390,500	3,498,573
Unrestricted	13,033,724	14,283,124	19,524,032	19,036,655	21,697,618	20,773,812	19,157,197	19,924,914	21,470,666	25,875,978
<b>Total primary government net position</b>	<b>\$ 37,759,425</b>	<b>\$ 39,452,472</b>	<b>\$ 45,173,662</b>	<b>\$ 45,642,096</b>	<b>\$ 47,733,625</b>	<b>\$ 48,837,053</b>	<b>\$ 46,811,163</b>	<b>\$ 47,766,700</b>	<b>\$ 51,714,562</b>	<b>\$ 57,845,252</b>

**Schedule 2**  
**City of Solvang**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 1,578,629	\$ 1,417,776	\$ 1,664,564	\$ 2,031,468	\$ 1,274,194	\$ 1,778,600	\$ 2,532,206	\$ 1,973,026	\$ 2,911,369	\$ 2,805,808
Public safety	1,639,642	1,647,930	1,637,483	1,675,872	1,737,083	1,820,369	2,039,940	1,861,310	2,189,633	2,373,664
Public works	1,792,316	1,789,458	2,045,387	2,499,428	2,375,931	2,821,441	2,430,740	2,393,971	2,580,297	3,179,379
Community development	455,085	876,912	463,965	434,362	559,661	822,307	686,326	704,481	805,316	808,250
Culture and recreation	1,701,142	1,713,110	1,858,427	1,865,952	2,022,884	2,182,521	2,816,624	1,651,868	1,221,471	1,093,712
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	7,166,814	7,445,186	7,669,826	8,507,082	7,969,753	9,425,238	10,505,836	8,584,656	9,708,086	10,260,813
Business-type activities:										
Water	5,067,560	4,765,816	4,077,790	4,030,207	4,307,206	4,861,159	4,922,788	5,280,019	5,216,176	4,303,277
Wastewater	1,800,351	1,799,891	1,733,416	2,083,850	2,090,605	2,343,221	2,481,979	2,222,770	2,248,410	2,402,724
Transit	732,221	708,781	701,114	848,637	856,112	996,657	982,433	1,029,086	1,099,939	1,134,410
Total Business-type Activities	7,600,132	7,274,488	6,512,320	6,962,694	7,253,923	8,201,037	8,387,200	8,531,875	8,564,525	7,840,411
Total Expenses	\$ 14,766,946	\$ 14,719,674	\$ 14,182,146	\$ 15,469,776	\$ 15,223,676	\$ 17,626,275	\$ 18,893,036	\$ 17,116,531	\$ 18,272,611	\$ 18,101,224
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services:										
General government	467,882	552,656	497,867	499,324	512,784	555,393	559,178	577,697	605,809	760,807
Public safety	26,170	20,140	14,251	19,039	11,506	76,077	4,888	1,971	35,670	5,190
Public works	262,060	275,691	325,298	430,863	502,886	260,504	250,905	232,180	286,038	319,713
Community development	446,915	416,750	412,305	287,874	168,769	160,043	153,619	260,150	339,214	331,821
Culture and recreation	150,541	135,769	104,343	119,547	120,414	108,954	91,210	44,676	115,306	143,851
Operating grants and contributions	657,186	614,802	530,193	773,860	630,949	680,790	801,390	1,213,507	2,242,909	1,735,759
Capital grants and contributions	57,401	40,559	116,767	921,294	198,314	118,731	134,144	129,594	139,958	155,723
Total Governmental Activities	2,068,155	2,056,367	2,001,024	3,051,801	2,145,622	1,960,492	1,995,334	2,459,775	3,764,904	3,452,864
Business-type Activity:										
Charges for services:										
Water	4,671,555	4,422,992	4,457,268	4,566,227	4,919,648	4,742,528	4,817,512	5,102,750	5,231,784	5,112,107
Wastewater	1,640,187	1,623,447	1,736,952	1,669,291	1,824,725	1,463,857	1,418,281	1,415,118	1,565,759	1,953,239
Transit	67,688	65,696	59,869	78,573	61,631	64,702	47,762	37,688	48,775	56,068
Operating grants and contributions	594,073	805,635	813,847	888,618	809,650	1,827,984	1,248,222	1,452,986	1,470,179	1,826,086
Capital grants and contributions	911,348	950,429	587,845	214,575	51,708	35,716	4,707	22,978	166,715	43,735
Total Business-type Activities	7,884,851	7,868,199	7,655,781	7,417,284	7,667,362	8,134,787	7,536,484	8,031,514	8,483,212	8,991,235
Total Program Revenues	\$ 9,953,006	\$ 9,924,566	\$ 9,656,805	\$ 10,469,085	\$ 9,812,984	\$ 10,095,279	\$ 9,531,818	\$ 10,491,289	\$ 12,248,116	\$ 12,444,099

**Schedule 2 (continued)**  
**City of Solvang**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net (Expense)/Revenue:</b>										
Governmental Activities	\$ (5,098,659)	\$ (5,388,819)	\$ (5,668,802)	\$ (5,455,281)	\$ (5,824,131)	\$ (7,464,746)	\$ (8,510,502)	\$ (6,124,881)	\$ (5,943,182)	\$ (6,807,949)
Business-type Activities	284,719	593,711	1,143,461	454,590	413,439	(66,250)	(850,716)	(500,361)	(81,313)	1,150,824
Total Net Expense	\$ (4,813,940)	\$ (4,795,108)	\$ (4,525,341)	\$ (5,000,691)	\$ (5,410,692)	\$ (7,530,996)	\$ (9,361,218)	\$ (6,625,242)	\$ (6,024,495)	\$ (5,657,125)
<b>General Revenues</b>										
Governmental Activities:										
Taxes:										
Property taxes	\$ 1,096,028	\$ 1,140,579	\$ 1,213,316	\$ 1,283,266	\$ 1,380,568	\$ 1,401,623	\$ 1,480,839	\$ 1,542,764	\$ 1,623,747	\$ 1,754,910
Transient occupancy taxes	3,425,309	3,833,644	4,195,940	4,330,599	4,320,318	4,618,425	3,440,275	4,078,826	6,031,568	6,311,438
Sales taxes	1,153,845	1,241,436	1,226,777	1,453,808	1,405,281	1,507,745	1,347,670	1,606,443	2,118,762	2,517,643
Other taxes	237,256	247,173	248,247	233,572	286,790	232,707	273,226	287,548	288,349	345,486
Investment earnings	16,503	25,323	43,499	48,294	109,264	413,701	364,465	9,490	(145,251)	379,069
Miscellaneous	-	-	-	-	-	34,436	118,250	45,425	103,903	279,700
Transfers	(1,200)	(1,200)	(2,000)	(852,390)	(306,500)	(311,467)	102,992	(697,967)	(57,968)	(93,000)
Special item	-	-	-	-	-	-	-	-	-	-
Total general revenues, transfers and special item	5,927,741	6,486,955	6,925,779	6,497,149	7,195,721	7,897,170	7,127,717	6,872,529	9,963,110	11,495,246
Business-type Activity	-	-	-	-	-	258,866	211,189	12,236	(48,721)	199,569
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	1,200	1,200	2,000	852,390	306,500	311,467	(102,992)	697,967	57,968	93,000
Total Business-type Activities	1,200	1,200	2,000	852,390	306,500	570,333	108,197	710,203	9,247	292,569
Total primary government	\$ 5,928,941	\$ 6,488,155	\$ 6,927,779	\$ 7,349,539	\$ 7,502,221	\$ 8,467,503	\$ 7,235,914	\$ 7,582,732	\$ 9,972,357	\$ 11,787,815
<b>Change in net position:</b>										
Change in reporting of Component unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,414	\$ -	\$ -	\$ -
Governmental activities	829,082	1,098,136	1,256,977	1,041,868	1,371,590	432,424	(1,283,371)	747,648	4,019,928	4,687,297
Business-type activities	285,919	594,911	1,145,461	1,306,980	719,939	504,083	(742,519)	209,842	(72,066)	1,443,393
Total Changes in Net Position	\$ 1,115,001	\$ 1,693,047	\$ 2,402,438	\$ 2,348,848	\$ 2,091,529	\$ 936,507	\$ (1,926,476)	\$ 957,490	\$ 3,947,862	\$ 6,130,690

**Schedule 3**  
**City of Solvang**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 700	\$ 127,805	\$ 76,502	\$ 82,192	\$ 85,451	\$ 337,809	\$ 229,904	\$ 100,412	\$ 234,925	\$ 17,390
Restricted	13,291	14,290	18,680	12,206	58,837	298,837	26,612	26,315	26,315	26,315
Committed	3,570,693	3,619,902	4,127,320	4,127,320	4,830,633	4,830,633	4,830,633	4,830,633	4,830,633	7,266,377
Assigned	-	-	-	-	-	-	-	526,726	-	-
Unassigned	3,767,385	4,871,659	5,345,636	5,824,932	5,937,175	5,913,948	5,161,009	6,179,842	9,459,376	10,335,782
Reserved										
Unreserved										
Total general fund	<u>\$ 7,352,069</u>	<u>\$ 8,633,656</u>	<u>\$ 9,568,138</u>	<u>\$ 10,046,650</u>	<u>\$ 10,912,096</u>	<u>\$ 11,381,227</u>	<u>\$ 10,248,158</u>	<u>\$ 11,663,928</u>	<u>\$ 14,551,249</u>	<u>\$ 17,645,864</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 275,000	\$ 275,000	3,144,770	3,409,157	3,519,218	3,375,286	3,472,258
Restricted	3,143,036	2,997,035	3,180,161	3,315,997	3,154,345					
Committed	-	-	-	-	-	(21,695)	(77,681)	(23,823)	-	(19,876)
Assigned										
Unassigned										
Reserved										
Unreserved										
Special Revenue										
Capital Projects										
Other Purposes										
Total all other governmental funds	<u>\$ 3,143,036</u>	<u>\$ 2,997,035</u>	<u>\$ 3,180,161</u>	<u>\$ 3,590,997</u>	<u>\$ 3,429,345</u>	<u>\$ 3,123,075</u>	<u>\$ 3,331,476</u>	<u>\$ 3,495,395</u>	<u>\$ 3,375,286</u>	<u>\$ 3,452,382</u>

**Note:** The provisions of GASB Statement Number 54 were applied prospectively from fiscal year 2011 forward and that years prior to that have not been restated to conform with the GASB 54.

Schedule 4  
City of Solvang  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(In Rounded Thousands of Dollars)  
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES</b>										
Taxes	5,922	6,463	6,885	7,301	7,393	7,761	6,542	7,516	10,062	10,929
Licenses and permits	280	224	203	184	111	127	126	129	215	278
Fines and forfeits	22	11	9	9	9	7	4	7	0.48	0.05
Charges for services	984	982	956	920	962	834	722	765	948	1,039
Special assessments	75	111	153	203	202	193	207	215	218	219
Intergovernmental	638	731	619	1,489	618	708	918	1,334	2,383	1,916
Investment earnings	24	34	57	64	150	374	327	11	(115)	354
Other revenues	15	6	47	209	203	121	136	54	104	281
Total Revenues	7,960	8,562	8,929	10,379	9,649	10,124	8,982	10,031	13,816	15,016
<b>EXPENDITURES</b>										
General government	1,393	1,547	1,951	1,669	1,546	1,762	2,467	1,803	3,020	2,864
Public safety	1,628	1,644	1,631	1,662	1,734	1,814	2,023	1,855	2,201	2,366
Culture and recreation	1,592	1,592	1,695	1,654	1,989	1,952	2,195	1,505	1,096	1,147
Public works	1,717	1,837	2,068	3,255	1,941	1,649	1,534	1,475	2,142	2,652
Community development	455	517	464	434	560	776	622	747	780	830
Housing	-	394	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	869	1,597	1,164	1,059	1,849	2,182
Transportation	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Debt service:	-	-	-	-	-	-	-	-	-	-
Costs of issuance	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	6,785	7,531	7,809	8,674	8,638	9,550	10,004	8,444	11,088	12,041
Excess (Deficiency) of Revenues over Expenditures	1,175	1,031	1,120	1,705	1,010	574	(1,022)	1,588	2,729	2,975
Other Financing Sources (Uses)										
Transfers in	169	161	176	431	175	176	156	920	1,985	2,480
Transfers out	(170)	(162)	(178)	(1246)	(482)	(588)	(156)	(926)	(1946)	(2283)
Change in reporting of component unit	-	-	-	-	-	-	97	-	-	-
Total Other Financing Sources (Uses)	169	161	176	431	175	176	97	(6)	39	197
Net change in fund balances	1,344	1,192	1,296	2,136	1,186	750	(925)	1,582	2,767	3,172
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Schedule 5**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(in thousands of dollars)**

Fiscal Year	Assessed Taxable Values			Total Direct Tax Rate
	Real Property	Personal Property	Totals	
2013-2014	934,243	35,746	\$ 969,989	1.00%
2014-2015	979,763	32,966	\$ 1,012,729	1.00%
2015-2016	1,041,231	30,866	\$ 1,072,097	1.00%
2016-2017	1,105,535	32,355	\$ 1,137,891	1.00%
2017-2018	1,168,412	33,137	\$ 1,201,549	1.00%
2018-2019	1,224,324	34,740	\$ 1,259,064	1.00%
2019-2020	1,285,410	39,041	\$ 1,324,451	1.00%
2020-2021	1,329,682	40,297	\$ 1,369,979	1.00%
2021-2022	1,383,585	40,903	\$ 1,424,487	1.00%
2022-2023	1,482,074	43,256	\$ 1,525,331	1.00%

**Source:** County of Santa Barbara Assessor's Office

**Note:** In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property maybe increased by an inflation factor (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above (in our reports) represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**Schedule 6**  
**City of Solvang**  
**Direct and Overlapping Property Tax Rates**  
**For The Last Ten Fiscal Years**  
**(Rates per \$100 of assessed value)**

Fiscal Year	City Direct Rate			Overlapping Rates	
	Basic Rate	General Obligation Debt Rate	Total	School Districts	Special Districts
2013-2014	1.00%	0.00%	1.00%	0.05256%	0.00000%
2014-2015	1.00%	0.00%	1.00%	0.05256%	0.00000%
2015-2016	1.00%	0.00%	1.00%	0.05256%	0.00000%
2016-2017	1.00%	0.00%	1.00%	0.05256%	0.05762%
2017-2018	1.00%	0.00%	1.00%	0.06631%	0.06313%
2018-2019	1.00%	0.00%	1.00%	0.06362%	0.06197%
2019-2020	1.00%	0.00%	1.00%	0.06294%	0.05583%
2020-2021	1.00%	0.00%	1.00%	0.06294%	0.05646%
2021-2022	1.00%	0.00%	1.00%	0.06711%	0.05825%
2022-2023	1.00%	0.00%	1.00%	0.06667%	0.04984%

**Source:** California Municipal Statistics

**Note:** The City's direct property tax rates can only be changed with specific voter approval.

**Schedule 7**  
**City of Solvang**  
**Principal Property Tax Payers - Top Ten Payers**  
**Last Ten Fiscal Years**  
**(Dollar Amounts in Thousands)**

2023				2022			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Santa Ynez Band of Mission Indians	\$ 29,879	1	1.96%	Santa Ynez Band of Mission Indians	\$ 29,345	1	2.06%
Worldmark, The Club	20,135	2	1.32%	Worldmark, The Club	17,838	2	1.25%
Lombard Street, LP	17,546	3	1.15%	Lombard Street, LP	17,243	3	1.21%
Alisal Guest Ranch	16,549	4	1.08%	Alisal Guest Ranch	15,452	4	1.08%
SYBCI California Hotel No. 2, LLC	14,875	5	0.98%	SYBCI California Hotel No. 2, LLC	14,613	5	1.03%
Solvang Hotel Group, LP	14,311	6	0.94%	Solvang Hotel Group, LP	14,014	6	0.98%
Petersen Village Inn, LP	9,378	7	0.61%	Alisal Oaks, LLC	8,090	7	0.57%
Alisal Oaks, LLC	8,251	8	0.54%	Wine Manor Management, LLC	7,002	8	0.49%
Wine Manor Management, LLC	7,139	9	0.47%	Oak Park Leasing, LLC	6,856	9	0.48%
FLT Oak Park FLTE LLC	6,993	10	0.46%	M P Paso, LLC	6,196	10	0.43%
<b>Total</b>	<b>\$ 145,055</b>		<b>9.51%</b>	<b>Total</b>	<b>\$ 136,649</b>		<b>9.59%</b>

2021				2020			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Santa Ynez Band of Mission Indians	\$ 29,072	1	2.12%	Santa Ynez Band of Mission Indians	\$ 28,555	1	2.16%
Worldmark, The Club	17,838	2	1.30%	Worldmark, The Club	17,505	2	1.32%
Lombard Street, LP	16,935	3	1.24%	Lombard Street, LP	16,398	3	1.24%
Alisal Guest Ranch	15,107	4	1.10%	Alisal Guest Ranch	14,373	4	1.09%
SYBCI California Hotel No. 2, LLC	14,478	5	1.06%	SYBCI California Hotel No. 2, LLC	14,224	5	1.07%
Solvang Hotel Group, LP	13,864	6	1.01%	Solvang Hotel Group, LP	11,598	6	0.88%
Garfield Beach CVS, LLC	8,660	7	0.63%	1980s Old Mission Drive, LLC	8,353	7	0.63%
Alisal Oaks, LLC	8,007	8	0.58%	Alisal Oaks, LLC	7,851	8	0.59%
Wine Manor Management, LLC	6,931	9	0.51%	Wine Manor Management, LLC	6,798	9	0.51%
Oak Park Leasing, LLC	6,786	10	0.50%	Oak Park Leasing, LLC	6,654	10	0.50%
<b>Total</b>	<b>\$ 137,678</b>		<b>10.05%</b>	<b>Total</b>	<b>\$ 132,308</b>		<b>9.99%</b>

2019				2018			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Santa Ynez Band of Mission Indians	\$ 28,047	1	2.23%	Santa Ynez Band of Mission Indians	\$ 27,550	1	2.29%
Worldmark, The Club	17,178	2	1.36%	Worldmark, The Club	16,400	2	1.36%
Alisal Guest Ranch	13,995	3	1.11%	SYBCI California Hotel, No. 2, LLC	13,730	3	1.14%
SYBCI California Hotel, No. 2, LLC	13,974	4	1.11%	Alisal Guest Ranch	13,159	4	1.10%
Lombard Street, LP	12,376	5	0.98%	Palm Springs Inn, LLC	12,136	5	1.01%
Solvang Hotel Group, LP	10,978	6	0.87%	Solvang Hotel Group, LP	10,763	6	0.90%
Alisal Oaks, LLC	7,698	7	0.61%	Alisal Oaks, LLC	7,548	7	0.63%
Wine Manor Management, LLC	6,668	8	0.53%	Wine Manor Management, LLC	6,540	8	0.54%
1980s Old Mission Drive, LLC	6,645	9	0.53%	Oak Park Leasing, LLC	6,369	9	0.53%
Oak Park Leasing, LLC	6,524	10	0.52%	M P Paso, LLC	5,303	10	0.44%
<b>Total</b>	<b>\$ 124,083</b>		<b>9.86%</b>	<b>Total</b>	<b>\$ 119,498</b>		<b>9.95%</b>

2017				2016			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Santa Ynez Band of Mission Indians	\$ 27,063	1	2.38%	Santa Ynez Band of Mission Indians	\$ 26,696	1	2.49%
Worldmark, The Club	16,000	2	1.41%	Worldmark, The Club	17,877	2	1.67%
SYBCI California Hotel, No. 2, LLC	13,490	3	1.19%	SYBCI California Hotel, No. 2, LLC	13,310	3	1.24%
Alisal Guest Ranch	12,337	4	1.08%	Alisal Guest Ranch	12,489	4	1.16%
Palm Springs Inn, LLC	11,901	5	1.05%	Solvang Hotel Group, LP	10,393	5	0.97%
Solvang Hotel Group, LP	10,552	6	0.93%	Palm Springs Inn LLC	7,519	6	0.70%
Alisal Oaks, LLC	7,401	7	0.65%	Alisal Oaks, LLC	7,290	7	0.68%
Wine Manor Management, LLC	6,415	8	0.56%	Wine Manor Management, LLC	6,321	8	0.59%
Cook, Frieda Survivors Trust	6,272	9	0.55%	Cook, Frieda Survivors Trust	6,178	9	0.58%
Skytt Properties, LLC	6,245	10	0.55%	M P Paso, LLC	5,121	10	0.48%
<b>Total</b>	<b>\$ 117,676</b>		<b>10.34%</b>	<b>Total</b>	<b>\$ 113,194</b>		<b>10.56%</b>

2015				2014			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Santa Ynez Band of Mission Indians	\$ 26,226	1	2.59%	Santa Ynez Band of Mission Indians	\$ 26,108	1	2.69%
Worldmark, The Club	17,543	2	1.73%	Worldmark, The Club	17,467	2	1.80%
Skytt Properties, LLC	14,927	3	1.47%	SYBCI California Hotel, No. 2, LLC	13,026	3	1.34%
SYBCI California Hotel, No. 2, LLC	13,078	4	1.29%	Alisal Guest Ranch	12,743	4	1.31%
Alisal Guest Ranch	12,477	5	1.23%	Solvang Hotel Group, LP	10,144	5	1.05%
Solvang Hotel Group, LP	10,190	6	1.01%	Kabir Bluestar, LLC	8,879	6	0.92%
NWK1, Inc	7,740	7	0.76%	Alisal Oaks, LLC	7,116	7	0.73%
Kabir Bluestar, LLC	7,375	8	0.73%	Cook, Frieda Survivors Trust	6,030	8	0.62%
Alisal Oaks, LLC	7,148	9	0.71%	NWK1, Inc	5,889	9	0.61%
Cook, Frieda Survivors Trust	6,057	10	0.60%	Copper Alisal Holdings, LLC	5,520	10	0.57%
<b>Total</b>	<b>\$ 122,761</b>		<b>12.12%</b>	<b>Total</b>	<b>\$ 112,922</b>		<b>11.64%</b>

Source: Santa Barbara County Assessor's Office

**Schedule 8  
City of Solvang  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections To Date	
		Amount	Percentage of Levy		Amount Collected	Percentage of Levy
2013-14	606,613	601,774	99.2%	4,619	606,392	100.0%
2014-15	631,868	626,577	99.2%	4,985	631,562	100.0%
2015-16	667,906	661,254	99.0%	5,110	666,364	99.8%
2016-17	708,584	702,791	99.2%	4,530	707,321	99.8%
2017-18	747,495	738,881	98.8%	7,068	745,949	99.8%
2018-19	780,734	771,772	98.9%	7,011	778,783	99.8%
2019-20	821,350	809,645	98.6%	9,355	819,000	99.7%
2020-21	849,985	838,261	98.6%	9,332	847,592	99.7%
2021-22	886,964	877,202	98.9%	6,138	883,340	99.6%
2022-23	949,927	938,165	98.8%	-	938,165	98.8%

**Source:** Santa Barbara County Auditor-Controller's Office

**Note:** *Figures listed above are only representative of Secured taxes collected.*

**Schedule 9**  
**City of Solvang**  
**Transient Occupancy Tax - Principal Payers and Other Data**  
**Last Ten Fiscal Years**

Fiscal Year	City Wide Occupancy Rate	Average Daily Room Rates	Transient Occupancy Tax Revenues in Dollars Concentration By Hotel Size Based on Number of Rooms	
			50 or More Rooms	Under 50 Rooms
2014	68%	\$ 147.54	\$ 2,469,434 6	\$ 964,365 11
2015	72%	\$ 171.08	\$ 2,766,680 6	\$ 1,063,561 17
2016	74%	\$ 191.84	\$ 2,813,475 6	\$ 1,368,750 18
2017	72%	\$ 188.51	\$ 2,852,189 6	\$ 1,477,881 18
2018	70%	\$ 166.43	\$ 3,203,410 7	\$ 1,116,882 18
2019	71%	\$ 176.56	\$ 3,397,220 7	\$ 1,143,566 19
2020	55%	\$ 177.98	\$ 2,391,340 7	\$ 982,733 21
2021	59%	\$ 193.40	\$ 2,684,185 8	\$ 1,404,844 21
2022	77%	\$ 227.49	\$ 4,362,416 8	\$ 1,665,365 22
2023	74%	\$ 250.75	\$ 4,602,304 8	\$ 1,705,808 26

**Source:** City of Solvang Finance Department  
*Penalties and Interest are not included in these figures.*

**Schedule 10  
City of Solvang  
Water Rates  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Monthly Base Rate</b>	<b>Rate Per CCF (748 Gallons)</b>	<b>Outside Users Rate per CCF</b>
2014	69.08 <sup>1</sup>	3.16 <sup>2</sup> 3.71 <sup>3</sup>	4.74 5.57
2015	72.71 <sup>1</sup>	3.16 <sup>2</sup> 3.71 <sup>3</sup>	4.74 5.57
2016	75.43 <sup>1</sup>	3.45 <sup>2</sup> 4.05 <sup>3</sup>	5.18 6.08
2017	75.43 <sup>1</sup>	3.45 <sup>2</sup> 4.05 <sup>3</sup>	5.18 6.08
2018	75.43 <sup>1</sup>	3.45 <sup>2</sup> 4.05 <sup>3</sup>	5.18 6.08
2019	75.43 <sup>1</sup>	3.45 <sup>2</sup> 4.05 <sup>3</sup>	5.18 6.08
2020	75.43 <sup>1</sup>	3.45 <sup>2</sup> 4.05 <sup>3</sup>	5.18 6.08
2021	75.43 <sup>1</sup>	3.45 <sup>2</sup> 4.05 <sup>3</sup>	5.18 6.08
2022	75.43 <sup>1</sup>	3.45 <sup>2</sup> 4.05 <sup>3</sup>	5.18 6.08
2023	75.08 <sup>1</sup>	4.08 <sup>2</sup> 4.62 <sup>3</sup> 5.35 <sup>4</sup>	5.18 6.08

**Source:** City of Solvang Finance Department

**Notes:**

- (1) This rate is for a 5/8" meter
- (2) The City of Solvang went to three tiered rates, effective August 1, 2022.  
This rate is for 0 to 1500 Cubic Feet.
- (3) This rate is for 1501 - 3500 Cubic Feet.
- (4) This rate is for 3501 Cubic Feet and above.

**Schedule 11  
City of Solvang  
Water Revenue Concentration Data  
Last Ten Fiscal Years**

<b>Water Revenue Concentration Data</b>					
	<b>Class of Customer</b>				
	<b>Single Family Residential</b>	<b>Multi Family Residential</b>	<b>Commercial</b>	<b>Other</b>	
<b>Fiscal Year</b>	<b>Revenue in Dollars and Number of Customers</b>				<b>Totals</b>
<b>2014</b>	2,755,279	353,455	771,435	733,473	4,613,643
	1,695	69	226	118	2,108
<b>2015</b>	2,621,212	295,474	824,286	618,427	4,359,400
	1,734	70	226	118	2,148
<b>2016</b>	2,667,228	289,436	819,771	588,547	4,364,982
	1,767	70	226	118	2,181
<b>2017</b>	2,762,880	309,802	774,336	637,288	4,484,306
	1,780	70	222	115	2,187
<b>2018</b>	2,973,360	322,513	796,271	704,473	4,796,616
	1,781	71	223	113	2,188
<b>2019</b>	2,902,029	321,349	801,045	662,831	4,687,254
	1,781	71	224	113	2,189
<b>2020</b>	3,018,851	321,125	752,049	671,384	4,763,409
	1,781	71	224	113	2,189
<b>2021</b>	3,193,794	335,547	771,099	747,515	5,047,955
	1,781	71	224	113	2,189
<b>2022</b>	3,190,974	356,623	831,794	764,939	5,144,331
	1,769	75	213	120	2,177
<b>2023</b>	3,117,121	386,972	844,183	694,659	5,042,935
	1,774	76	212	129	2,191

**Source:** City of Solvang Finance Department

**Notes:** Connection fees, Interest Income and Transfers are not included in the above figures.

**Schedule 12**  
**City of Solvang**  
**Principal Water Sale Purchasers - Top Ten**  
**Last Ten Fiscal Years**  
**(In Alphabetical Order)**

Fiscal Years Ended June 30

2023	2022	2021	2020
Alisal Guest Ranch	Alisal Guest Ranch	Alisal Guest Ranch	Alisal Guest Ranch
Brookside Association	Atterdag Village	Atterdag Village	Atterdag Village
Chumash Casino Resort	Chumash Casino Resort	Chumash Casino Resort	Chumash Casino Resort
City of Solvang	City of Solvang	City of Solvang	City of Solvang
Mission Oaks	Mission Oaks	Mission Oaks	Mission Oaks
Rancho S.Y. Mobile Estates			
Svendsgaard's Lodge	Solvang Mesa, LLMD	Solvang Mesa, LLMD	Solvang Mesa, LLMD
The Landsby/Mad&Vin	The Landsby/Mad&Vin	SY Cottage Hospital	Solvang School
Vinland Hotel	Turtle Hospitality	The Landsby/Mad&Vin	Vinland Hotel
Worldmark	Worldmark	Worldmark	Worldmark
2019	2018	2017	2016
Alisal Guest Ranch	Alisal Guest Ranch	Alisal Guest Ranch	Alisal Guest Ranch
Atterdag Village	Atterdag Village	Atterdag Village	Atterdag Village
Chumash Casino Resort	Chumash Casino Resort	Chumash Casino Resort	Chumash Casino Resort
City of Solvang	City of Solvang	City of Solvang	City of Solvang
Mission Oaks	Holiday Inn Express	Hadsten House	Hadsten House
Rancho S.Y. Mobile Estates	Mission Oaks	Holiday Inn Express	Holiday Inn Express
Solvang Mesa, LLMD	Rancho S.Y. Mobile Estates	Mission Oaks	Inland Pacific Builders
Solvang School	Solvang Mesa, LLMD	Rancho S.Y. Mobile Estates	Mission Oaks
Vacations Inn Solvang	Solvang School	Solvang School	Rancho S.Y. Mobile Estates
Worldmark	Worldmark	Worldmark	Worldmark
2015	2014		
Alisal Guest Ranch	Alisal Guest Ranch		
Atterdag Village	Atterdag Village		
Chumash Casino Resort	Chumash Casino Resort		
City of Solvang	City of Solvang		
Hadsten House	Hadsten House		
Inland Pacific Builders	Holiday Inn Express		
Mission Oaks	Inland Pacific Builders		
Rancho S.Y. Mobile Estates	Mission Oaks		
Solvang School	Rancho S.Y. Mobile Estates		
Worldmark	Solvang School		

Source: City of Solvang Finance Department

Schedule 13  
City of Solvang  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Dollars in Thousands except for Per Capita)

Fiscal Year	Governmental Activities			Business-type Activities			Total Outstanding Debt	Percentage of Personal Income	Population	Debt per Capita
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds <sup>1</sup>	Notes	Lease Obligations	Lease Obligations				
2014	-	-	-	-	-	-	-	0% <sup>2</sup>	5336 <sup>3</sup>	\$ -
2015	-	-	-	-	-	-	-	0% <sup>2</sup>	5449 <sup>3</sup>	\$ -
2016	-	-	-	-	-	-	-	0% <sup>2</sup>	5495 <sup>3</sup>	\$ -
2017	-	-	-	-	-	-	-	0% <sup>2</sup>	5602 <sup>3</sup>	\$ -
2018	-	-	-	-	-	-	-	0% <sup>2</sup>	5613 <sup>3</sup>	\$ -
2019	-	-	-	-	-	-	-	0% <sup>2</sup>	5575 <sup>3</sup>	\$ -
2020	-	-	-	-	-	-	-	0% <sup>2</sup>	5562 <sup>3</sup>	\$ -
2021	-	-	-	-	-	-	-	0% <sup>2</sup>	5858 <sup>3</sup>	\$ -
2022	-	-	-	-	-	-	-	0% <sup>2</sup>	5709 <sup>3</sup>	\$ -
2023	-	-	-	-	-	-	-	0% <sup>2</sup>	5986 <sup>3</sup>	\$ -

**Notes:**

- (1) Presented net of original discounts and premiums
- (2) Personal income is disclosed on Schedule 17.
- (3) California Department of Finance

**Schedule 14**  
**City of Solvang**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2023**

<u>Governmental Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>2</sup></u>	<u>Amount Applicable to Primary Government</u>
<b>Direct and Overlapping General Fund Debt</b>			
Santa Barbara County Certificates of Participation	\$ 23,640,000	1.495%	\$ 353,418
Santa Ynez Valley Union High School District COP	1,058,000	18.466%	\$ 195,370
Total Gross Direct and Overlapping General Fund Debt			\$ 548,788
Less: Santa Barbara County Supported Obligations			\$ (21,977)
<b>Total Net Direct and Overlapping General Fund Debt</b>			<b>\$ 526,811</b>
<b>Overlapping Tax and Assessment Debt</b>			
Allan Hancock Joint Community College District	\$ 127,605,032	4.582%	\$ 5,846,863
Santa Ynez Valley Union School District	\$ 10,630,000	18.466%	\$ 1,962,936
Buellton Union School district	11,364,568	0.900%	\$ 102,281
Solvang School District	8,393,721	81.695%	\$ 6,857,250
<b>Total Overlapping Tax and Assessment Debt</b>			<b>\$ 14,769,330</b>
Subtotal, overlapping debt			\$ 15,318,118 <sup>3</sup>
City of Solvang direct debt			-
<b>Total direct and overlapping debt</b>			<b>\$ 15,296,141</b>

**Source:** California Municipal Statistics, Inc.

**Notes:**

(1) Overlapping governments are those that coincide, at least in part with geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Solvang. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(2) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City, divided by the district's total taxable assessed value.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**Schedule 15  
City of Solvang  
Legal Debt Margin Information  
Last Ten Fiscal Years**

Fiscal Year	Debt Limit	Total Debt Applicable To Limit	Total Debt Applicable To Limit as Percentage of Debt Limit
2014	\$ 36,374,577	\$ -	0.00%
2015	\$ 37,977,325	\$ -	0.00%
2016	\$ 40,226,713	\$ -	0.00%
2017	\$ 42,670,909	\$ -	0.00%
2018	\$ 45,058,074	\$ -	0.00%
2019	\$ 47,214,897	\$ -	0.00%
2020	\$ 49,930,185	\$ -	0.00%
2021	\$ 51,638,388	\$ -	0.00%
2022	\$ 53,679,796	\$ -	0.00%
2023	\$ 57,199,898	\$ -	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed Value	\$ 1,525,330,622
Debt Limit (3.75% of assessed value)	57,199,898
Less debt applicable to limit:	
General Obligation bonds	0
Total debt applicable to limit	0
Legal Debt Margin	\$ 57,199,898

**Sources:** Santa Barbara County Assessor's Office and California Municipal Statistics, Inc.

**Note:** California Government Code, Section 43605 sets the debt limit at 15%. The code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus the limit shown is 3.75%, one-fourth the limit of 15%.

**Schedule 16**  
**City of Solvang**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**

**Special Assessment Bonds**

Fiscal Year	Special Assessment Collections	Debt Service		
		Principal	Interest	Coverage
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-

**Water Installment Agreement and Lease**

	Water Service Revenues <sup>1</sup>	Capital Impact Fees	Less Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
2014	4,671,555	481,283	4,842,994	309,844	-	-	-
2015	4,422,992	497,405	4,541,401	378,996	-	-	-
2016	4,457,268	294,184	3,851,606	899,846	-	-	-
2017	4,566,227	102,409	3,771,037	897,599	-	-	-
2018	4,919,648	26,455	4,023,666	922,437	-	-	-
2019	4,742,528	35,716	4,558,594	219,650	-	-	-
2020	4,915,834	4,707	4,566,663	353,878	-	-	-
2021	5,110,938	22,978	4,930,863	203,053	-	-	-
2022	5,209,467	166,715	4,878,634	497,548	-	-	-
2023	5,241,879	43,735	3,949,155	1,336,459	-	-	-

**Wastewater Lease Obligation**

	Wastewater Service Revenues <sup>1</sup>	Capital Impact Fees	Less Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
2014	1,640,187	265,619	1,338,696	567,110	-	-	-
2015	1,623,447	320,403	1,390,063	553,787	-	-	-
2016	1,736,952	201,661	1,315,685	622,928	-	-	-
2017	1,669,291	90,875	1,630,740	129,426	-	-	-
2018	1,824,725	14,020	1,682,663	156,082	-	-	-
2019	1,763,132	-	1,944,950	(181,818)	-	-	-
2020	1,499,245	-	2,052,784	(553,539)	-	-	-
2021	1,417,321	-	1,802,726	(385,405)	-	-	-
2022	1,552,271	-	1,797,484	(245,213)	-	-	-
2023	1,988,868	-	1,908,087	80,781	-	-	-

Source: City of Solvang Finance Department

**Notes:**

- (1) Water and wastewater revenues include operating revenues and interest revenues.
- (2) Operating Expenses exclude depreciation and amortization

**Schedule 17  
City of Solvang  
Demographic and Economic Statistics  
For The Last Ten Fiscal Years**

Fiscal Year	Population <sup>1</sup>	Personal Income	Per Capita Personal Income <sup>2</sup>	Unemployment Rate <sup>3</sup>
2014	5336	217,297,928	40,723	2.60% <sup>3</sup>
2015	5449	216,957,384	39,816	7.10% <sup>3</sup>
2016	5495	216,140,330	39,334	7.14% <sup>3</sup>
2017	5602	224,797,056	40,128	3.45% <sup>3</sup>
2018	5613	225,238,464	40,128	2.30% <sup>3</sup>
2019	5575	242,462,325	43,491	3.00% <sup>3</sup>
2020	5562	250,395,678	45,019	6.20% <sup>3</sup>
2021	5858	297,826,578	50,841	4.30% <sup>3</sup>
2022	5709	325,144,677	56,953	4.20% <sup>3</sup>
2023	5986	370,329,876	61,866	2.90% <sup>3</sup>

**Sources:** City of Solvang Finance Department

**Notes:**

- (1) State of California, Department of Finance
- (2) United States Census Bureau
- (3) State of California, Employment Development Department

**Schedule 18**  
**City of Solvang**  
**Ten Largest Principal Employers**  
**Last Nine Fiscal Years**

Fiscal Year Ended June 30, 2023				Fiscal Year Ended June 30, 2022				Fiscal Year Ended June 30, 2021			
Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>
Alisal Guest Ranch	350	1	11.29%	Alisal Guest Ranch	389	1	13.41%	Alisal Guest Ranch	326	1	10.87%
Atterdag Village (formerly Solvang Lutheran Home)	187	2	6.03%	Atterdag Village (formerly Solvang Lutheran Home)	182	2	6.28%	Atterdag Village (formerly Solvang Lutheran Home)	163	2	5.43%
Santa Ynez Cottage Hospital	130	3	4.19%	New Frontiers Market	101	3	3.48%	New Frontiers Market	107	3	3.57%
New Frontiers Market	95	4	3.06%	Santa Ynez Cottage Hospital	101	4	3.48%	Santa Ynez Cottage Hospital	88	4	2.93%
Solvang Unified School District	76	5	2.45%	Landsby/Mad & Vin	76	5	2.62%	Landsby/Mad & Vin	69	5	2.30%
Landsby/Mad&Vin	70	6	2.26%	Valley Fresh Market	67	6	2.31%	Solvang Unified School District	68	6	2.27%
Valley Fresh Market	58	7	1.87%	Solvang Unified School District	62	7	2.14%	Valley Fresh Market	65	7	2.17%
Hotel Corque	56	8	1.81%	Solvang Brew	52	8	1.79%	Solvang Brew	51	8	1.70%
Solvang Brew	46	9	1.48%	Hotel Corque	37	9	1.28%	Hotel Corque	38	9	1.27%
Vinland Hotel and Lounge	30	10	0.97%	Nielsen Building Materials	24	10	0.83%	Nielsen Building Materials	27	10	0.90%
Totals	1098		35.42%	Totals	1091		37.62%	Totals	1002		33.40%
<i>*COVID related, normal count is 58</i>											
Fiscal Year Ended June 30, 2020				Fiscal Year Ended June 30, 2019				Fiscal Year Ended June 30, 2018			
Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>
Alisal Guest Ranch	331	1	11.41%	Alisal Guest Ranch	369	1	12.30%	Alisal Guest Ranch	356	1	12.28%
Atterdag Village (formerly Solvang Lutheran Home)	174	2	6.00%	Atterdag Village (formerly Solvang Lutheran Home)	177	2	5.90%	Atterdag Village (formerly Solvang Lutheran Home)	170	2	5.86%
New Frontiers Market	103	3	3.55%	New Frontiers Market	115	3	3.83%	Santa Ynez Cottage Hospital	87	3	3.00%
Santa Ynez Cottage Hospital	93	4	3.21%	Santa Ynez Cottage Hospital	93	4	3.10%	New Frontiers Market	77	4	2.66%
Solvang Unified School District	64	5	2.21%	Landsby/Mad & Vin	65	5	2.17%	Solvang Brew	68	5	2.34%
Valley Fresh Market	62	6	2.14%	Nielsen's Market/Valley Fresh	64	6	2.13%	Solvang Unified School District	58	6	2.00%
Landsby/Mad & Vin	58	7	2.00%	Solvang Brew	58	7	1.93%	Landsby	55	7	1.90%
Hotel Corque	35	8	1.21%	Solvang Unified School District	57	8	1.90%	Hotel Corque	53	8	1.83%
Nielsen Building Materials	27	9	0.93%	Hotel Corque	54	9	1.80%	Nielsens Market	52	9	1.79%
Solvang Brew	0*	10	0.00%	Root 246	46	10	1.53%	Root 246	47	10	1.62%
Totals	947		32.66%	Totals	1098		36.60%	Totals	1023		35.28%
Fiscal Year Ended June 30, 2017				Fiscal Year Ended June 30, 2016				Fiscal Year Ended June 30, 2015			
Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employer	Number of Employees	Rank	Percentage of Total City Employment <sup>1</sup>
Alisal Guest Ranch	303	1	10.45%	Alisal Guest Ranch	294	1	10.50%	Alisal Guest Ranch	298	1	10.64%
Atterdag Village (formerly Solvang Lutheran Home)	170	2	5.86%	Atterdag Village (formerly Solvang Lutheran Home)	167	2	5.96%	Atterdag Village (formerly Solvang Lutheran Home)	145	2	5.18%
Santa Ynez Cottage Hospital	96	3	3.31%	Santa Ynez Cottage Hospital	91	3	3.25%	Santa Ynez Cottage Hospital	91	3	3.25%
Solvang Brew	75	4	2.59%	Solvang Brew	75	4	2.68%	Nielsens Market	69	4	2.46%
Solvang Unified School District	68	5	2.34%	New Frontiers Market	70	5	2.50%	Solvang Unified School District	65	5	2.32%
Nielsens Market	62	6	2.14%	Nielsens Market	69	6	2.46%	Solvang Brew	65	5	2.32%
New Frontiers Market	55	7	1.90%	Solvang Unified School District	67	7	2.39%	New Frontiers Market	60	6	2.14%
Landsby	55	7	1.90%	Hotel Corque	51	8	1.82%	Hotel Corque	56	7	2.00%
Hotel Corque	47	8	1.62%	Landsby	46	9	1.64%	Landsby	56	7	2.00%
Root 246	42	9	1.45%	Root 246	46	9	1.64%	Root 246	53	8	1.89%
Totals	973		33.55%	Totals	976		34.86%	Totals	958		34.21%

Sources: City of Solvang Finance Department, State of California Employment Development Department, and City of Solvang Employers

Notes:

(1) Total City Labor Force is 2900, based on State of California Employment Development Department Data for FY 2021-22.

The City implemented GASB Statement Number 44 in the 2006 fiscal year, and therefore information in this schedule is being provided prospectively from the year of implementation.

**Schedule 19**  
**City of Solvang**  
**Full-Time Equivalent City Government Employees by Function/Program**  
**Last Ten Fiscal Years**

**Fiscal Year**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General government:</b>										
City Council (Stipend) <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
City clerk	1.00	1.00	1.00	1.00	1.00	1.00	-	-	1.00	1.00
City attorney (Contract) <sup>2</sup>	-	-	-	-	-	-	-	-	-	-
City manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Economic development	-	-	-	-	-	-	-	-	-	-
Finance/Admin	5.00	5.00	5.00	5.00	5.00	5.00	3.00	6.00	4.00	2.00
<b>Public safety<sup>2</sup>:</b>										
Police (Contract)	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-
<b>Planning:</b>										
Planning	2.22	2.22	2.22	2.22	2.25	2.25	-	-	1.00	1.50
Building and safety <sup>2</sup>	0.90	0.90	0.90	0.90	0.95	0.95	-	-	-	-
<b>Public works:</b>										
Engineering	0.65	1.20	1.20	1.55	2.10	2.10	1.20	1.00	0.20	0.20
Roads and streets	3.95	4.05	4.05	3.85	4.05	4.05	3.00	4.65	2.50	2.90
Maintenance	2.51	2.51	2.51	2.51	1.65	1.65	1.05	3.15	2.30	2.90
<b>Parks:</b>										
Parks and recreation	5.84	5.84	5.84	5.81	5.30	5.00	2.00	4.00	2.00	2.00
<b>Water:</b>										
Treatment and distribution	5.00	5.15	5.15	5.10	5.05	5.05	4.90	5.05	5.05	5.00
<b>Wastewater:</b>										
Collection and treatment	6.90	7.10	7.10	7.00	6.95	6.95	5.85	6.95	6.95	5.00
<b>Totals</b>	<b>34.97</b>	<b>35.97</b>	<b>35.97</b>	<b>35.94</b>	<b>35.30</b>	<b>35.00</b>	<b>22.00</b>	<b>31.80</b>	<b>26.00</b>	<b>23.50</b>

Source: The City of Solvang Finance Department.

(1) City Council are elected officials, not employees and therefore not represented.

(2) No full-time equivalent employees are shown for Police, Fire, City Attorney and previous years of Building and Safety as the City had contracts for those services.

**Schedule 20**  
**City of Solvang**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police<sup>1</sup>:</b>										
Physical arrest	96	102	126	136	107	154	178	105	173	126
Traffic violations	125	67	41	94	81	51	99	102	116	98
<b>Fire<sup>1</sup>:</b>										
Emergency responses	430	358	615	652	678	845	598	652	660	450
Fires extinguished	9	9	12	12	9	17	11	11	7	10
<b>Planning:</b>										
Building permits issued	218	146	230	212	208	205	181	256	174	275
<b>Public Works:</b>										
Street Maintenance Centerline Miles	0	0.44	4	4	0.08	3	3.4	3.4	3.4	3.4
<b>Parks:</b>										
Community events held	21	21	17	14	14	14	9	3	11	14
<b>Water:</b>										
Number new connections	38	40	33	14	2	1	-	1	4	1
Daily average water production in MGD	1.38	1.05	0.94	0.98	1.10	1.07	1.14	1.23	1.16	1.12
Daily average water consumption in MGD	1.26	0.96	0.86	0.89	1.05	0.98	1.01	1.17	1.09	0.91
<b>Wastewater:</b>										
Number new connections	35	43	33	14	2	1	1	1	4	1
Daily average treatment in millions gallons(MGD)	0.71	0.69	0.62	0.65	0.62	0.65	0.66	0.62	0.63	0.70

**Source:** City of Solvang Finance Department and County of Santa Barbara

(1) The City of Solvang contracts with the County of Santa Barbara to provide police services. The City is within the County jurisdiction for fire services.

**Schedule 21**  
**City of Solvang**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
<b>Fire<sup>1</sup></b>											
Stations	-	-	-	0	0	0	0	0	0	0	0
Engines	-	-	-	0	0	0	0	0	0	0	0
<b>Public Works:</b>											
Miles of streets	25	25	25	25	25	25	25	25	25	25	25
Streetlights	12	12	12	12	12	12	12	12	12	12	12
<b>Parks and recreation:</b>											
Community centers	2	2	2	2	2	2	2	2	2	2	2
Parks	4	4	4	4	4	4	4	4	4	4	4
Park acreage	63	63	63	63	63	63	63	63	63	63	63
<b>Water:</b>											
Miles of mains	36	36	36	36	36	36	36	36	36	36	36
Number connections	2,156	2,178	2,211	2,225	2,227	2,228	2,228	2,228	2,211	2,214	
<b>Wastewater:</b>											
Miles of sewers	42	42	42	42	42	42	42	42	42	42	42
Number connections	2,047	2,090	2,123	2,137	2,139	2,140	2,141	2,141	2,145	2,145	
Maximum plant capacity in millions of gallons	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	

**Source:** City of Solvang Finance Department and the County of Santa Barbara

(1) The City of Solvang contracts with the County of Santa Barbara to provide police services. The City is within the County jurisdiction for fire services.