



CITY OF SOLANA BEACH



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR

JULY 1, 2008 - JUNE 30, 2009





CITY OF SOLANA BEACH
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended
June 30, 2009

Prepared by the Finance Department

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Aina Grant, Administrative Assistant II

Photos and Design by David Kloz

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Comprehensive Annual Financial Report
Year ended June 30, 2009

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November 23, 2009

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

It is with great pleasure that we present to you the City of Solana Beach (City) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2009.

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

The Comprehensive Annual Financial Report includes the financial activity for all funds of the City. The City provides a wide range of services including planning; building; public works; engineering; maintenance of streets, parks and public facilities; community services and recreation; fire and marine safety; sanitation; and general administrative activities. Contracted services include law enforcement and animal control with the County of San Diego.

Internal Controls

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

As a recipient of State, County, and Federal financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure

compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

Annual Audit

Mayer Hoffman McCann P.C., appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end June 30, 2009, are free of material misstatement. As part of the City's annual audit, reviews are made to determine the adequacy of the internal control structure as well as to determine that the City has complied with applicable laws and regulations.

The results of the City's annual audit for the fiscal year ended June 30, 2009, provided no instances of material weaknesses in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a basis for rendering an unqualified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MDA)

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

Government Profile

The City of Solana Beach was incorporated July 1, 1986 under the general laws of the State of California and is home to a population of 13,500 per the State of California Department of Finance. Included within the City's financial statements is the financial information of the Solana Beach Redevelopment Agency (the Agency) and the Solana Beach Public Facilities Corporation. The City is considered the primary government and the Agency and Public Facilities Corporation are component units. Additionally, since the governing boards of the City and the component unit are the same, the financial statements of the City and the component units are blended.

The Solana Beach Redevelopment Agency was created and activated by the City of Solana Beach on December 2, 2003 by Ordinance No. 318 pursuant to the State of California Health and Safety Code Section 33200. On July 13, 2004, the City of Solana Beach adopted Ordinance No. 326 that formed the Solana Beach Redevelopment

Project Area. The purpose of the Agency is to prepare and carryout plans for improvement, rehabilitation, and redevelopment in the blighted areas of the Solana Beach Redevelopment Project Area.

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

The City of Solana Beach, an affluent coastal community, encompasses approximately 3.4 square miles and is located twenty-one miles north of the City of San Diego. It is bordered to the North, South, and East by the cities of Encinitas, Del Mar, and San Diego respectively, and the Pacific Ocean to the West.

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

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

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

Budgetary Process and Controls

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

The process is all-inclusive as department directors work with the City Manager and representatives of the Finance Department to discuss departmental requests relative to the City's available resources. The City's overall objectives and goals, along with the economic outlook, serve as a platform for the proposed budget that is distributed to the

City Council, and Budget and Finance Committee for preliminary review and analysis in preparation of public workshops and hearings. The public workshops and hearings are held to facilitate discussions of items contained within the proposed budget and allow the citizenry to participate in the budget process.

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

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

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2008-09 was prepared in accordance with Generally Accepted Accounting Principles.

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

Economic Condition and Outlook

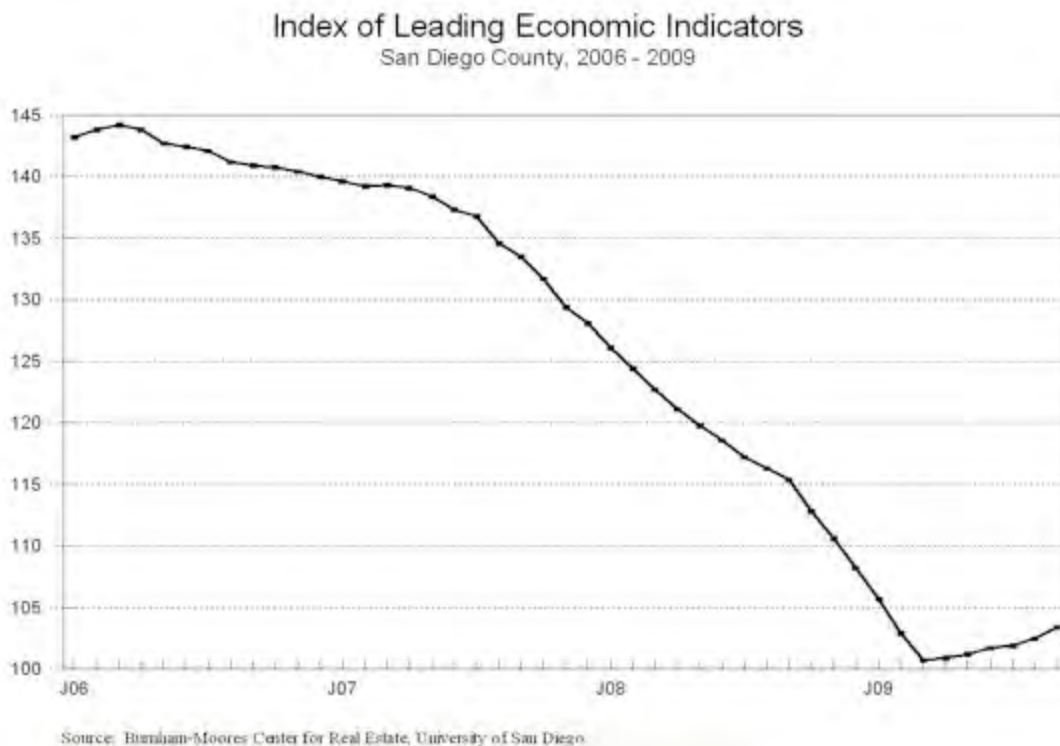
Solana Beach is home to citizens who enjoy the benefits of a coastal community atmosphere as well as a close proximity to the City of San Diego. The local beaches are a big attraction to both residents and non-residents. The City is comprised mainly of single-family homes and condominiums with some retail,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

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

Professor Alan Gin of the School of Business at the University of San Diego, and the author of the University of San Diego's Index of Leading Economic Indicators (Index), predicts that the local economy will remain weak for the rest of 2009 and hit the bottom

of this economic downturn in the first half of 2010. Professor Gin feels that even if a bottom is reached, it is likely that the rebound from there will be weak.

In regards to San Diego's local economy, the University of San Diego's Index of Leading Economic Indicators has recorded a sixth straight monthly increase since it turned positive in April 2009. The Index reports on local economic components such as building permits issued, initial claims for unemployment, stock prices on the San Diego Stock Exchange Index, consumer confidence, and help wanted advertising. Until the Index began to increase in April, it declined in 35 of the previous 36 months, beginning in April 2006 at 143.8 and declining to 100.9 by April 2009, a decrease of 29.8% over three years. The Index in September 2009 was 103.4 which is an increase of 2.5% in the six months since April 2009 which matches the trend in the national Index of Leading Economic Indicators. The USD Index for the period January 2006 to September 2009 is charted below



The California economy continued its decline during the fiscal year with the recession appearing to have ended in the third quarter for 2009, paralleling the slight upswing in the San Diego region's local economy. According to the UCLA Anderson Forecast, the effects of the recession will have long term impacts, with consumer spending and financial institutions willingness to lend remaining at a standstill. Housing sales are increasing and conditions are favorable for new residential construction, given that the prices of existing homes have dropped to affordable levels. The unemployment rate is expected to reach a high of 12.2 % for the fourth quarter of 2009. While the state economy will be growing by

2011, not enough jobs will be produced for the unemployment rate to drop below double digits through the end of that year.

In addition to the effects of the state economy, the State of California's fiscal problems further undermine the City's fiscal outlook. The State has been in a critical fiscal crisis for the past few years and its budget has been balanced utilizing one-time revenues, borrowings between state funds, bond issues, and raids of local government revenues.

To close the current fiscal year's budget gap, the State borrowed \$1.9 billion or 8% of city, county, and special district property tax shares with repayment due in June 2013. The state has mostly stayed afloat by making deep cuts to its operating budget — the source of funding for education programs, social services and public safety. Its general fund is at \$84.5 billion, down from \$103 billion two years ago. Other steps such as selling off part of the workers' compensation insurance fund and making cuts to In-Home Supportive Services have been held up in litigation. Continued declining tax revenues has created a further budget gap of \$5 to \$7 billion in the middle of the State's current fiscal year.

Long-Term Financial Planning

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

General Fund property taxes have been, and are expected to be, the highest revenue generator for the City. Sales tax is the City's second largest revenue source. During Fiscal Year 2008-09, actual dollars received in General Fund property taxes increased from 2007-08 by \$244,086 or 5%, while sales tax decreased for the third fiscal year in a row by \$358,957 or 12%. Overall, the City's General Fund decreased 0.6%.

For Fiscal Year 2009-10, budgeted property and sales taxes are expected to increase slightly as compared to actual for the prior fiscal year. Total General Fund revenues, including transfers in, are budgeted at \$13,655,168. It is the City's goal not to rely on General Fund reserves to operate the City annually. However, due to the current economic downturn, the General Fund will use \$89,671 of reserve balances to support expenditures, including transfers out, of \$13,744,839 for Fiscal Year 2009-10.

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

- 1) signing a five year contract beginning July 2004 with the San Diego Sheriff's Department to provide law enforcement services with increases from year to year capped at no more than 5.5 %;
- 2) approving a Fire Department Management Services Cooperative Agreement with the Cities of Del Mar, Encinitas, and the Rancho Santa Fe Fire Protection

District that provides a cost effective option to eliminate redundancy and increased levels of service by sharing common functions of organizational direction and control, and supervision of operations, training, fire prevention, administrative and fiscal management, and disaster preparedness;

- 3) working with the business community to enact a business tax program to help increase locally-controlled revenue for general city services and operations- such as law enforcement, fire, parks and recreation, street repairs, and capital improvement program projects; and
- 4) maintaining a 17% of operating expenditures, including debt service, reserve in the General Fund to be used in the case of significant financial or other emergency.

Relevant Financial Policies

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

One such policy is the 17 % reserve requirement discussed in the previous section. This policy, as in the adoption of the FY 2009-10 budget, is one that has been continuously adhered to by Council.

The Asset Replacement Reserve Fund is used to provide for the replacement of the City's existing equipment, vehicles, computers, and furnishings and the City's financial policy is to annually budget funds to this Reserve. In Fiscal Year 2008-09, the Adopted Budget did not include funding the Asset Replacement Reserves. During the fiscal year, Council made a decision that it was important to maintain the viability of the fund to ensure assets could be replaced that were at the end of their useful lives and made a mid-year appropriation to fund the Reserve. Despite the economic factors facing the City during the Fiscal Year 2009-10 budget process, Council again ensured that funds were appropriated to maintain adequate reserves in the Asset Replacement Fund.

The City's debt policies state that leases can be used to purchase high-cost items of equipment only if necessary because of funding availability. The Fire Department was scheduled to replace a twenty-year old fire truck with a new \$765,600 apparatus, and a decision was made to enter a capital lease to help the City's cash flow.

Cash Management Policies and Practices

Cash resources of the individual funds are combined to form a pool of cash and investments. Cash temporarily idle during the year was invested in the Local Agency Investment Fund consistent with the City's Investment Policy.

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

The average yield on funds invested was 2.18% as compared to 4.37% the previous year. Investment income includes appreciation/depreciation in the fair value of investments. The total investment income for all funds for the year was \$663,222.

Major Projects and Financial Planning

Highway 101 Streetscape/Traffic Calming Project

Council selected the preferred alternative conceptual design for the Highway 101 Streetscape project in March 2006 with final design and construction pending the identification of funding. A Request for Proposals (RFP) was issued in February 2008 to solicit proposals for civil engineering design work associated with the project. This design work would include the alignment of the curb, gutter, and sidewalk for the project as well as necessary drainage improvements.

A Professional Services Agreement was approved at the February 25, 2009 Council meeting for preliminary engineering on the project. This phase of the project will advance the project through 30 % design and to a stage that is suitable for submittal to the California Coastal Commission (CCC). Public workshops are scheduled for later this year and submittal to the CCC is estimated for early 2010.

La Colonia Needs Park Improvements

After completing a Request for Qualifications (RFQ) process, the City retained Van Dyke Landscape Architects (Van Dyke) to prepare design concepts for improvements to La Colonia Park. After soliciting input through a series of community/public workshops, Van Dyke developed three design options that were presented to the City Council in December 2008, at which time the City Council selected their preferred option. At the City's request, minor modifications were made to the preferred design option. The modified design was presented to the City Council in March 2009 and the Council accepted the design and authorized Staff to enter into negotiations with Van Dyke for final design and preparation of bid documents. After several months of negotiations and submittal of several proposals, the City successfully negotiated a contract with Van Dyke that was approved by Council in October 2009.

Fletcher Cove Community Center

Following an facility assessment completed in June 2004, ADA and Building Code deficiencies (i.e. roof, walls) were found to exist in this aging facility, built circa 1940s. A certified asbestos report was completed in September 2003 and the report findings show that less than 2% non-friable floor tiles are present. This is not considered to be

an asbestos hazard and there are no regulations that require the asbestos to be removed. However, specific requirements must be met if the asbestos is disturbed when construction improvements are commenced. No design plans have been formulated to date.

An ADA Transition Plan study has been completed for the facility and includes a series of improvements that would be required to meet current ADA standards. These primarily include improvements to the restrooms, kitchen access, parking, and exterior walkways to the building and entrances to the building. Several alternatives are currently being evaluated. Staff is currently looking into potential community participation options to generate funding for the project. City staff, a City Council Ad-hoc committee, and a group of residents are working on this concept and have reviewed the preliminary design drawings for the building. A geotechnical investigation is being performed to determine the extent of improvements the current foundation can handle. Coastal Commission approval would be necessary.

Eden Gardens Pump Station

The Solana Beach Sanitary Sewer Master Plan, adopted by the City Council in 2000 (revised May 2001), recommended extensive upgrades and replacements to the 48-year-old Eden Gardens Sewer Pump Station. Identified projects include new pumps, controls, and enlarging the below-ground pump room, wet-well and above-ground control room, as well as adding emergency overflow storage.

Along with replacing the aging pump station, the plans include landscaping, curb, gutter and sidewalk from Highland to the existing bus stop next to the pump station, a bus stop canopy and bench and storm drain improvements. At the corner of Highland and Valley, a City monument sign designed in accordance with the recently adopted Master Arts Plan process is being constructed.

The main building foundation and lower walls have been constructed. The contractor is currently forming the upper, below-grade walls and the ground floor. Construction is anticipated to be completed December 2009.

The majority of future scheduled projects are infrastructure related. Funds have been allocated for improving the City's storm drain system to comply with State mandated requirements, improving the sanitation pump stations and transmission lines, and improvements to public facilities. Future capital needs of the City are approximately \$14.6 million over a five-year period. Most of the funding for these projects is from redevelopment and sanitation funds as well as external funding sources and grants.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2008. This was the ninth consecutive year that the City has


year ended June 30, 2008. This was the ninth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

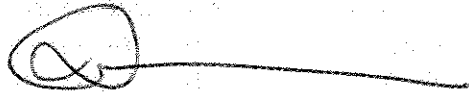
The preparation of the Comprehensive Annual Financial Report in accordance with the GASB 34 financial reporting model was made possible by the dedicated work of the Finance Department staff. Each member of the staff, Marie Marron Berkuti, David Kloz, Sandi Lewis, and Aina Grant has our sincere appreciation for their contributions made in the preparation of this report. We would also like to thank the Mayor and Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



David Ott
City Manager/Director of Public Safety

Respectfully submitted,



Dennis M. Coleman
Finance Director/City Treasurer

**CITY OF SOLANA BEACH
FISCAL YEAR 2008-2009
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

CITY COUNCIL

TERM EXPIRES

Mike Nichols, Mayor	November 2010
Thomas M. Campbell, Deputy Mayor	November 2010
Lesa Heebner, Council Member	November 2012
Joe G. Kellejian, Council Member	November 2012
David W. Roberts, Council Member	November 2012

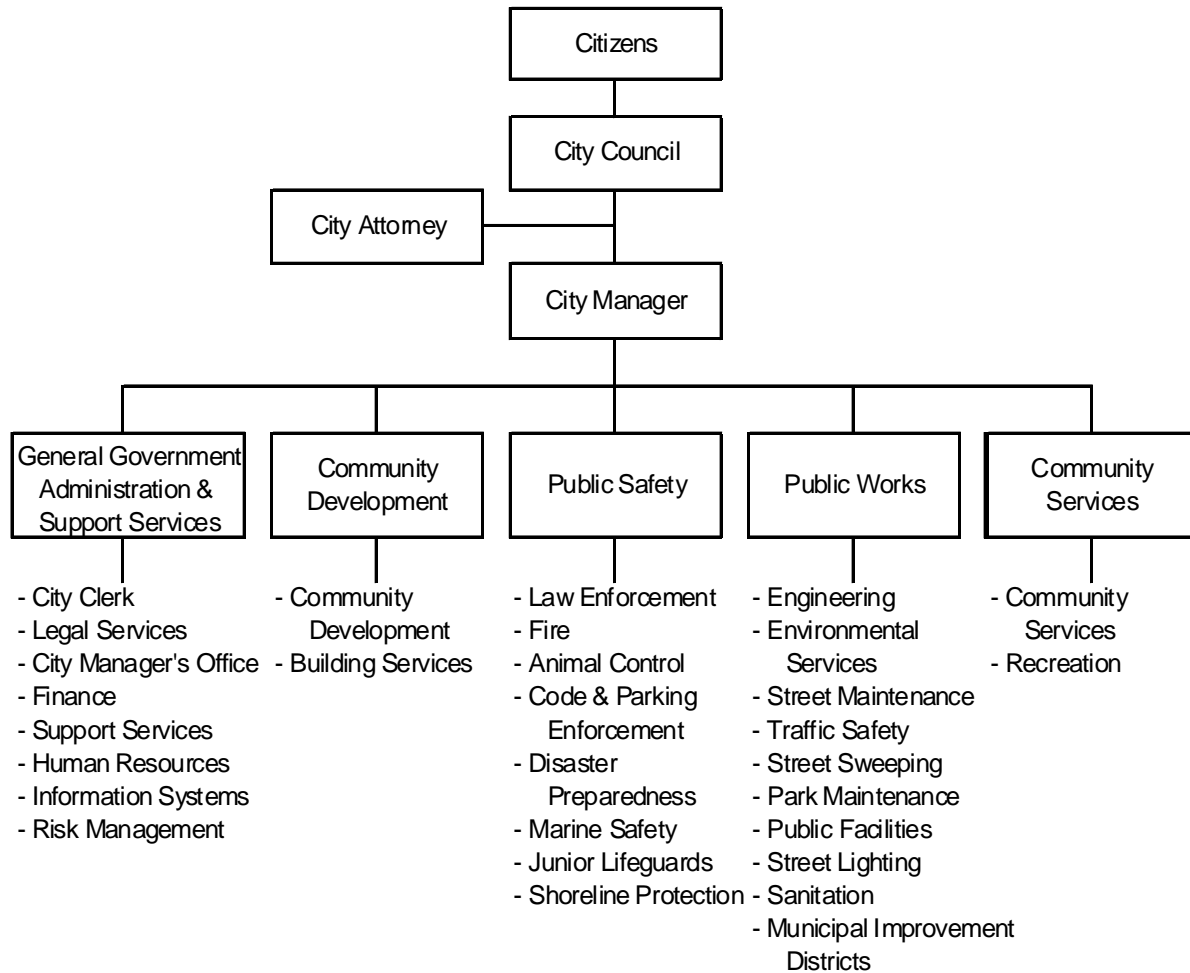
COMMITTEES AND COMMISSIONS

Budget & Finance Committee
Public Safety Commission
Parks & Recreation Committee
Public Arts Advisory Committee
View Assessment Committee

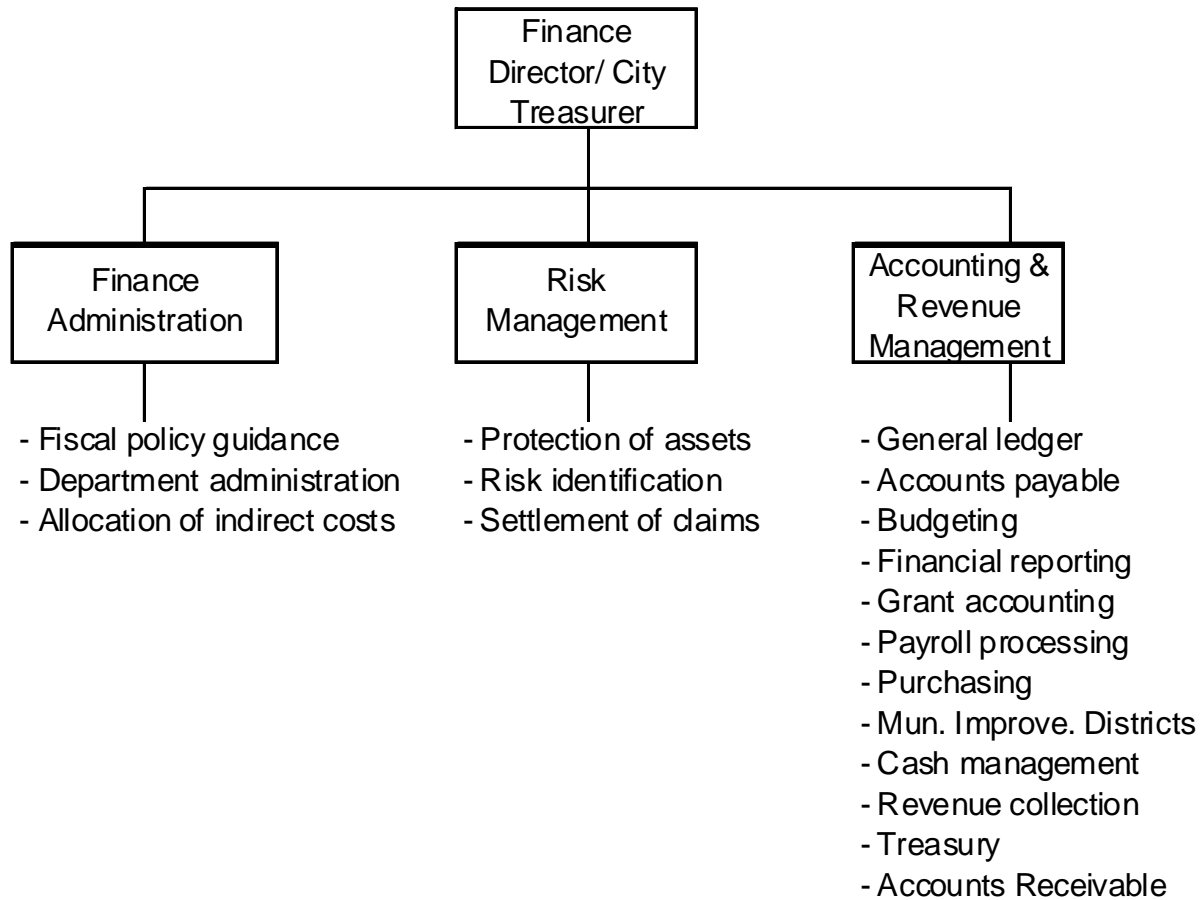
APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS

David Ott	City Manager/Director of Public Safety
Wendé Protzman	Director of Administrative Services/Deputy City Manager
Tina Christiansen	Director of Community Development
Dennis M. Coleman	Director of Finance/City Treasurer
Mohammed Sammak	Director of Public Works/City Engineer
Angela Ivey	City Clerk
Johanna Canlas	City Attorney

CITY OF SOLANA BEACH
CITY GOVERNMENT
ORGANIZATIONAL CHART
FISCAL YEAR 2008/2009



**CITY OF SOLANA BEACH
FINANCE DEPARTMENT
ORGANIZATIONAL CHART
FISCAL YEAR 2008/2009**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Solana Beach
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director







Mayer Hoffman McCann P.C.

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Honorable Mayor and City Council
City of Solana Beach, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Solana Beach. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Solana Beach for the year ended June 30, 2008, and in our report dated March 31, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach, California, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, of the City of Solana Beach, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in note 8 to the financial statements, the City changed its method of accounting for postemployment benefits for fiscal years ending on or after June 30, 2009.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Honorable Mayor and City Council
City of Solana Beach, California
Page Two

have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2009 on our consideration of the City of Solana Beach's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
November 23, 2009





MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Solana Beach (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. It should be read in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The City's net assets decreased to \$549,022, or by \$1,378, as a result of this year's operations.
- During the year, the City's expenses exceeded taxes, other governmental revenues, and business activity revenues by \$1,378.
- Governmental net assets were \$521,781.
- The total revenues from all sources were \$22,039.
- The total cost of all City programs was \$23,417.
- The General Fund reported an excess of expenditures and other financing uses over revenue of \$58.
- The General Fund's final revenue budget exceeded actual resources received by \$344 while actual expenditures were \$762 less than final budget before other financing uses.
- At the end of the fiscal year, the undesignated fund balance for the General Fund was \$2,535 or 17.8% of total General Fund expenditures (excluding other financing uses).

USING THIS ANNUAL REPORT

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

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

Reporting the City as a Whole

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

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

- *Governmental funds* - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* through a reconciliation in Note 1 in the Notes To Basic Financial Statements.
- *Proprietary funds* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

The City as Trustee

Reporting the City's Fiduciary Responsibilities

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

THE CITY AS A WHOLE

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

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

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 20,205	\$ 20,395	\$ 35,377	\$ 36,731	\$ 55,582	\$ 57,126
Capital assets, net	511,059	513,131	9,452	7,476	520,511	520,607
Total assets	531,264	533,526	44,829	44,207	576,093	577,733
Liabilities:						
Long-term debt outstanding	6,110	6,168	15,932	16,633	22,042	22,801
Other liabilities	3,373	3,240	1,656	1,292	5,029	4,532
Total liabilities	9,483	9,408	17,588	17,925	27,071	27,333
Net assets:						
Invested in capital assets, net of debt	506,384	508,787	9,451	5,300	515,835	514,087
Restricted	6,228	5,635	1,021	1,021	7,249	6,656
Unrestricted	9,169	9,696	16,769	19,961	25,938	29,657
Total net assets	\$ 521,781	\$ 524,118	\$ 27,241	\$ 26,282	\$ 549,022	\$ 550,400

The City's combined net assets for the fiscal year ended June 30, 2009 were \$549,022. The City has chosen to account for its sanitation operations in an enterprise fund, which is shown as Business Activities on Table 1. The City's net assets for governmental activities decreased from \$524,118 to \$521,781. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets decreased \$190 or 0.9% because of reduced fiscal year end tax and interest revenue receivables as compared to the prior fiscal year due to decreases in property tax receipts and interest rates.
- Capital assets decreased \$2,072 (net of \$34,341 depreciation and disposition) as detailed in Table 4. During fiscal year 2008-09, ongoing budgeted capital projects were reduced in scope or delayed to future years due to the downturn in the City's economic situation. This change resulted in capital asset additions, less deletions, to drop 85% as compared to the last fiscal year. The major capital project that was completed in fiscal year 2008-09 was the Cliff Street Pedestrian Bridge. The Bridge spans the separation grade for the North County Transit district's Coaster and Amtrak trains between the Coastal Rail Trail and Cliff Street.
- Governmental long-term debt decreased \$58 due to routine principle payments made on existing debt principle. See Table 5 for additional detail.
- Other liabilities increased \$133 primarily due to an increase in noncurrent liabilities due within one year. In fiscal year 2008-09, additions to debt included a capital lease for the purchase of a fire truck and an amount for the City's Other Postemployment Benefits Other than Pension liability as a result of implementing GASB 45.
- Investment in capital assets net of debt decreased \$2,403 from an increase in accumulated depreciation over the prior fiscal year.
- Restricted net assets increased \$593 primarily due to revenues related to budgeted capital projects that were put on hold during the current fiscal year remained unspent.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, decreased from \$9,696 at June 30, 2008 to \$9,169 at the end of this fiscal year. This net decrease of \$527 is due principally to lower sales tax, franchise taxes, charges for services, and interest income revenue received in fiscal year 2008-09 as compared to the prior fiscal year, and an increase over the same period in costs associated with law enforcement and fire services.

Governmental Activities

The cost of all Governmental activities this year was \$19,818 as shown on Tables 2 and 2.1. \$2,342 of this cost was paid for by those who directly benefited from the programs; \$1,499 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$13,640 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$3,841. Items of significance within Table 2 are:

Revenues:

- Charges for services decreased by 6.2% as a result of Community Development revenue, such as fees for planning applications, building plan checks, and building permits, were lower as compared to the previous fiscal year.
- Grants and contributions decreased 60.0% due to the receipt in the last fiscal year of monies received from the Federal Regional Surface Transportation Program (TEA) and Transportation Development Act (TDA) grants for the I-5 Interchange Project and Cliff Street Pedestrian Bridge, the two major projects in the City during that time. No revenues of this size were received in fiscal year 2008-09. Additionally, there is the inherent nature of timing differences between actual project expenditures and when reimbursements are received. The City makes every effort to request reimbursement from granting agencies shortly after project expenditures are known and paid.
- The general revenue categories decreased 2% predominantly because of decreased sales tax, franchise fees, and investment income received as compared to the previous fiscal year.

Expenses:

- General Government expenses decreased 10.7% due to reduced costs for workers compensation and financial reporting systems hardware and software upgrades.
- The Public Safety line item increased 3.4% due to the annual increase in the County of San Diego's Sheriff contract for police protection and costs for the acquisition of a fire truck.
- Public Works experienced a 57% increase in expenses primarily due to the completion of the undergrounding of utilities paid for by assessment districts and the Cliff Street Pedestrian Bridge funded by the Solana Beach Redevelopment District.
- There was a 15.3% decrease in Community Development costs. The department decreased its expenses from the prior fiscal year due to personnel vacancies not being filled. Decreases in the Building department resulted from a decrease in private construction building permit processing and professional services costs.
- Community Services decreased 76.4% as compared to last fiscal year due to the addition of the Fletcher Cove Park renovation expenses in fiscal year 2007-08.
- Interest on Long-term Debt increased by 12.4% due to the addition of the capital lease for the purchase of the fire truck.

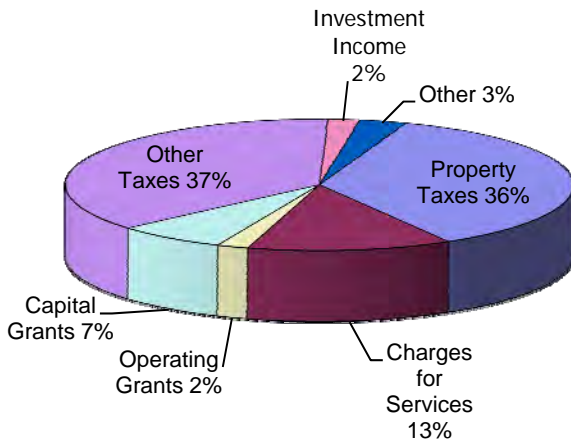
Table 2
City of Solana Beach Changes in Net Assets
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2,342	\$ 2,498	\$ 4,297	\$ 4,099	\$ 6,639	\$ 6,597
Operating grants and contributions	350	316			350	316
Capital grants and contributions	1,149	3,338		1,822	1,149	5,160
General revenues:						
Property taxes	6,291	5,955			6,291	5,955
Other taxes	6,366	6,591			6,366	6,591
Other	983	1,377	261	488	1,244	1,865
Total revenues	17,481	20,075	4,558	6,409	22,039	26,484
Expenses:						
General government	3,518	3,938			3,518	3,938
Public safety	7,544	7,295			7,544	7,295
Public works	6,254	3,983			6,254	3,983
Community development	1,116	1,318			1,116	1,318
Community services	863	3,662			863	3,662
Interest on long-term debt	523	465			523	465
Sanitation			3,599	3,321	3,599	3,321
Total expenses	19,818	20,661	3,599	3,321	23,417	23,982
Increase/(decrease) in net assets	(2,337)	(586)	959	3,088	(1,378)	2,502
Net assets - 07/01/08	524,118	524,704	26,282	23,194	550,400	547,898
Net assets - 06/30/09	\$ 521,781	\$ 524,118	\$ 27,241	\$ 26,282	\$ 549,022	\$ 550,400

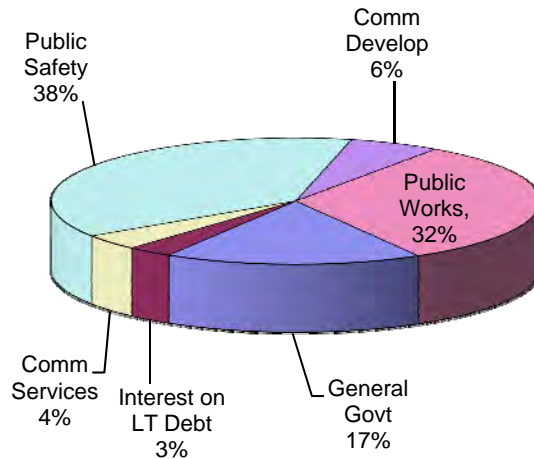
Fiscal Year 2009 Governmental Activities

(Graphic representation of Table 2 in percentages)

Sources of Revenue



Program Expenses



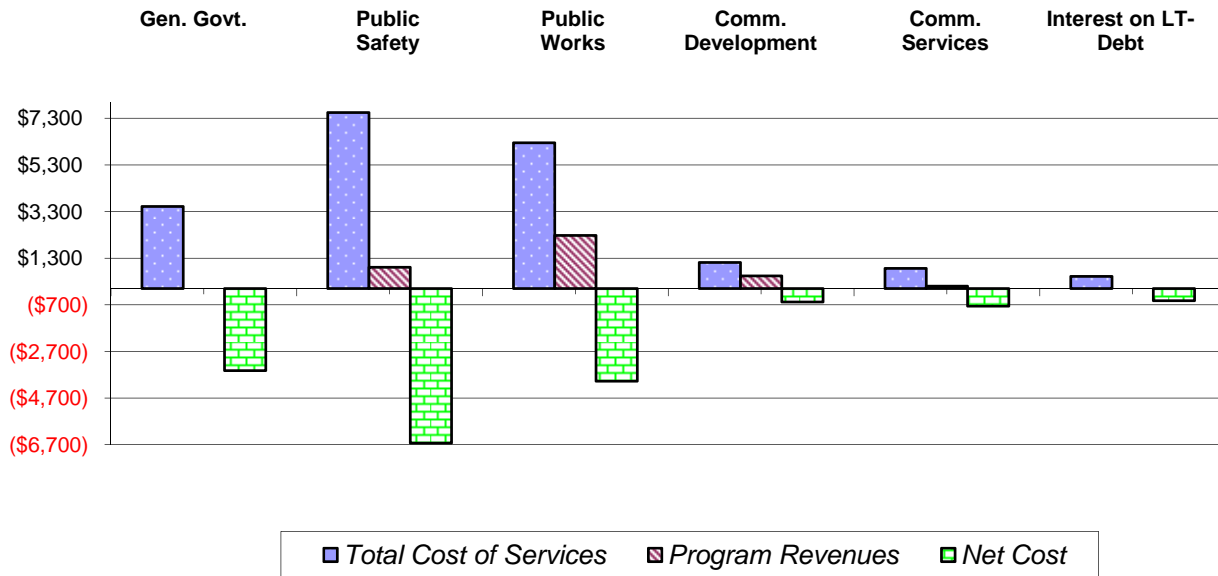
Net Cost of Governmental Activities

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

Table 2.1
Net Cost of Governmental Activities
(in Thousands)

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2009	2008	2009	2008	2009	2008
General government	\$ 3,518	\$ 3,938	\$ -	\$ -	\$ (3,518)	\$ (3,938)
Public safety	7,544	7,295	914	870	(6,630)	(6,425)
Public works	6,254	3,983	2,281	4,413	(3,973)	430
Community development	1,116	1,318	540	718	(576)	(600)
Community services	863	3,662	106	151	(757)	(3,511)
Interest on long-term debt	523	465	-	-	(523)	(465)
Totals	\$ 19,818	\$ 20,661	\$ 3,841	\$ 6,152	\$ (15,977)	\$ (14,509)

**Total Cost of Services, Program Revenues & Net Cost
Governmental Activities**
(in Thousands)



Total resources available during the year to finance governmental operations were \$541,599 consisting of net assets at July 1, 2008 of \$524,118, program revenues of \$3,841, and general revenues of \$13,640. Total governmental activities during the year were \$19,818; thus net assets decreased by \$2,337 to \$521,781.

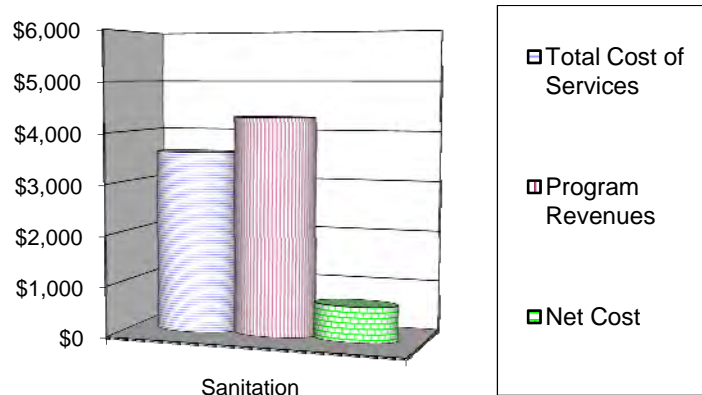
Business Type Activities

Net assets of the Proprietary Fund (Business Type activities) at June 30, 2009 as reflected in Table 1 were \$27,241. As shown in Table 3, amounts paid by users of the system were \$4,297 while the cost of providing all Proprietary (Business Type) activities this year was \$3,599 resulting in a net gain of \$698. With the addition of non-operating revenues of \$261, assets increased by \$959 or 3.6%, primarily due to holding expenses in line with revenues.

Table 3
Net Cost of Business Activities
(in Thousands)

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2009	2008	2009	2008	2009	2008
Sanitation	\$ 3,599	\$ 3,321	\$ 4,297	\$ 5,921	\$ 698	\$ 2,600

Fiscal Year 2009
Total Cost of Services, Program Revenues & Net Cost – Business Activities
(in thousands)



General Fund Budgetary Highlights

The final appropriations for the City’s General Fund at year-end were \$762 less than actual expenditures prior to other financing uses. The budget to actual variance in appropriations was principally due to conservative estimates at mid-year by management. Actual revenues were \$344 greater than the final budget (excluding other financing sources). Budget amendments and supplemental appropriations were made during the normal course of business to increase appropriations for unanticipated expenditures after adoption of the original budget. Significant supplemental appropriations were:

- \$498 for asset replacement charges charged to City departments,
- \$150 for increased overtime in the Fire department budget,
- \$109 to cover increased costs associated with the purchase of a fire truck, and
- \$49 for a marine safety rescue boat.

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

- Support services: savings occurred in a lower than expected costs for damage claims and insurance premiums.
- Code and parking enforcement: payment for monies owed to the County of San Diego for court administration and fees was moved into the next fiscal year.
- Fire: a portion of asset replacement charges were not used in the current fiscal year.

- Streets and other public works: professional service expense was lower than budgeted in environmental services, street maintenance, traffic safety, and park maintenance.
- Planning: vacant positions were not filled during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital assets include equipment, buildings, land, park facilities, and roads. GASB Statement No. 34 allows four years after the year of original implementation to have a complete inventory of infrastructure related capital assets. The City implemented GASB 34 in fiscal year 2001.

At June 30, 2009, net capital assets of the governmental activities totaled \$511,058 and the net capital assets of the business-type activities totaled \$9,452. Depreciation on capital assets is recognized in the government-wide financial statements. (See Table 4 and Note 5 to the financial statements.)

The City's five-year Capital Improvement Plan projects spending \$15,393 through fiscal 2013-14. Over the next five years, funding will come from current fund balances, projected revenues, and the Redevelopment Agency. Significant projects are the Shoreline Management and Local Coastal Plan, the General Plan update, rebuilding the Solana Beach Pump Station, the Highway 101 Streetscape and Traffic Calming project, and replacement of the Del Mar Shores Staircase.

Table 4
City of Solana Beach Capital Assets at Year-End
(Net of Depreciation)
(In Thousands)

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 473,451	\$ 473,451	\$ 112	\$ 112	\$ 473,563	\$ 473,563
Buildings & Improvements	10,998	11,144	6,719	3,569	17,717	14,713
Equipment & Vehicles	698	933	17	19	715	952
Infrastructure	25,091	24,769	-	-	25,091	24,769
Work in Progress	820	2,834	2,604	3,776	3,424	6,610
	<u>\$ 511,058</u>	<u>\$ 513,131</u>	<u>\$ 9,452</u>	<u>\$ 7,476</u>	<u>\$ 520,510</u>	<u>\$ 520,607</u>

Debt

At year-end, the City had \$6,971 in governmental type debt and \$16,639 in proprietary debt (including premium on debt issuance) totaling \$23,610. This debt is a liability of the government and amounts to \$1,749 per capita. Additions to debt schedule included a capital lease for the purchase of a fire truck and an amount for the City's Other Post Employment Benefits Other than Pension liability as a result of the City implementing GASB 45. (See Table 5 and Note 6 to the financial statements for detailed descriptions).

Table 5
City of Solana Beach Outstanding Debt at Year-End
(In Thousands)

	Governmental Activities		Business Activities		Total	
	2009	2008	2009	2008	2009	2008
Lease revenue						
bonds	\$ 2,100	\$ 2,320	\$ -	\$ -	\$ 2,100	\$ 2,320
Tax allocation bonds	3,435	3,495	-	-	3,435	3,495
Capital lease	569	-	-	-	569	-
JPA loan payable	-	-	7,110	7,610	7,110	7,610
Sewer revenue bond	-	-	9,510	9,695	9,510	9,695
Compensated						
absences	323	286	19	14	342	300
Claims payable	393	459	-	-	393	459
Other post employment						
benefits	151	-	-	-	151	-
	<u>\$ 6,971</u>	<u>\$ 6,560</u>	<u>\$ 16,639</u>	<u>\$ 17,319</u>	<u>\$ 23,610</u>	<u>\$ 23,879</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for fiscal year 2009-2010, the focus of the City Council and management was fiscal sustainability. Budget decisions were made with the understanding that given the current economic downturn, the City's growth rate for revenues had slowed and that the rate of any expenditure cost increase needed to be closely evaluated and monitored. The challenge given these circumstances was to prepare a budget that reduced costs while continuing to provide high quality services and to move forward implementing the City's five-year capital improvement plan.

The result was that no new programs or services were added and there was a decrease in staffing by 1.0 FTE position in the Planning Department. Departments were asked to prepare budgets with at least a 5% decrease in their materials, supplies, and services categories and any requests for new monies needed to be justified.

While fiscal sustainability included focusing on the expenditure side of the budget, in the coming fiscal year, City staff will be tasked with developing and recommending new and enhanced revenue sources to help broaden the revenue base needed by the City for its short and long-term needs.

Overall, the budget anticipates that local tax revenues to the City next year will continue to decrease based upon the economic activity in the California economy, with the exception of property taxes, where the assessed valuations are projected to increase by 1.66% in FY 2009-10. The City's assessed valuations have increased over the past year while the City's sales tax is expected to decline by about 3% in FY 2009-10. Overall General Fund expenditures for fiscal year 2009-10 are budgeted 7% less than the previous fiscal year. The CIP budget was set to be \$4,377 for the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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CITY OF SOLANA BEACH
Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 2)	\$ 18,085,389	7,523,590	25,608,979
Receivables:			
Accounts	223,019	777,957	1,000,976
Taxes	156,443	31,991	188,434
Interest	69,089	26,367	95,456
Prepaid expense	5,784	-	5,784
Due from other governments	235,529	-	235,529
Restricted cash with fiscal agent (Note 2)	1,430,029	8,313,612	9,743,641
Deferred debt issuance cost	-	901,901	901,901
Investment in joint venture (including unamortized premium of \$227,998) (Note 8)	-	17,802,014	17,802,014
Capital assets (Note 5):		-	
Non-depreciable capital assets	474,270,980	2,716,351	476,987,331
Depreciable capital assets	71,128,810	10,718,768	81,847,578
Less: Accumulated depreciation	<u>(34,341,470)</u>	<u>(3,983,549)</u>	<u>(38,325,019)</u>
Total assets	<u>531,263,602</u>	<u>44,829,002</u>	<u>576,092,604</u>
Liabilities			
Accounts payable	1,067,301	417,955	1,485,256
Accrued salaries and benefits	67,888	6,130	74,018
Accrued interest payable	24,045	244,248	268,293
Deposits payable	1,204,563	-	1,204,563
Unearned revenue	147,777	-	147,777
Premium on debt issuance	-	280,227	280,227
Noncurrent liabilities (Note 6):			
Due within one year	861,175	706,570	1,567,745
Due in more than one year	<u>6,110,182</u>	<u>15,932,268</u>	<u>22,042,450</u>
Total liabilities	<u>9,482,931</u>	<u>17,587,398</u>	<u>27,070,329</u>
Net assets			
Invested in capital assets, net of accumulated depreciation and related debt	506,384,350	9,451,570	515,835,920
Restricted for:			
Community development	722,543		722,543
Public safety	86,849		86,849
Public works	3,551,039		3,551,039
Redevelopment activities	1,867,208		1,867,208
Debt service		1,021,293	1,021,293
Unrestricted	<u>9,168,682</u>	<u>16,768,741</u>	<u>25,937,423</u>
Total net assets	<u>521,780,671</u>	<u>27,241,604</u>	<u>549,022,275</u>

See accompanying notes to basic financial statements.

CITY OF SOLANA BEACH
Statement of Activities
Year ended June 30, 2009

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Total Program Revenues</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	
Governmental activities:					
General government	\$ 3,518,394	-	-	-	-
Public safety	7,543,706	804,810	-	109,194	914,004
Public works	6,254,133	923,315	318,590	1,039,257	2,281,162
Community development	1,115,746	508,514	31,725	-	540,239
Community services	862,778	105,511	-	-	105,511
Interest on long-term debt and other fiscal charges	523,536	-	-	-	-
Total governmental activities	19,818,293	2,342,150	350,315	1,148,451	3,840,916
Business-type activities:					
Sanitation	3,599,496	4,296,890	-	-	4,296,890
Total business-type activities					
Total primary government	\$ 23,417,789	6,639,040	350,315	1,148,451	8,137,806

General revenues:
Taxes:
Property taxes
Sales taxes
Transient occupancy taxes
Intergovernmental (unrestricted)
Franchise taxes
Other taxes
Investment income
Uses of money and property
Other

Total general revenues

Change in net assets

Net assets at beginning of year

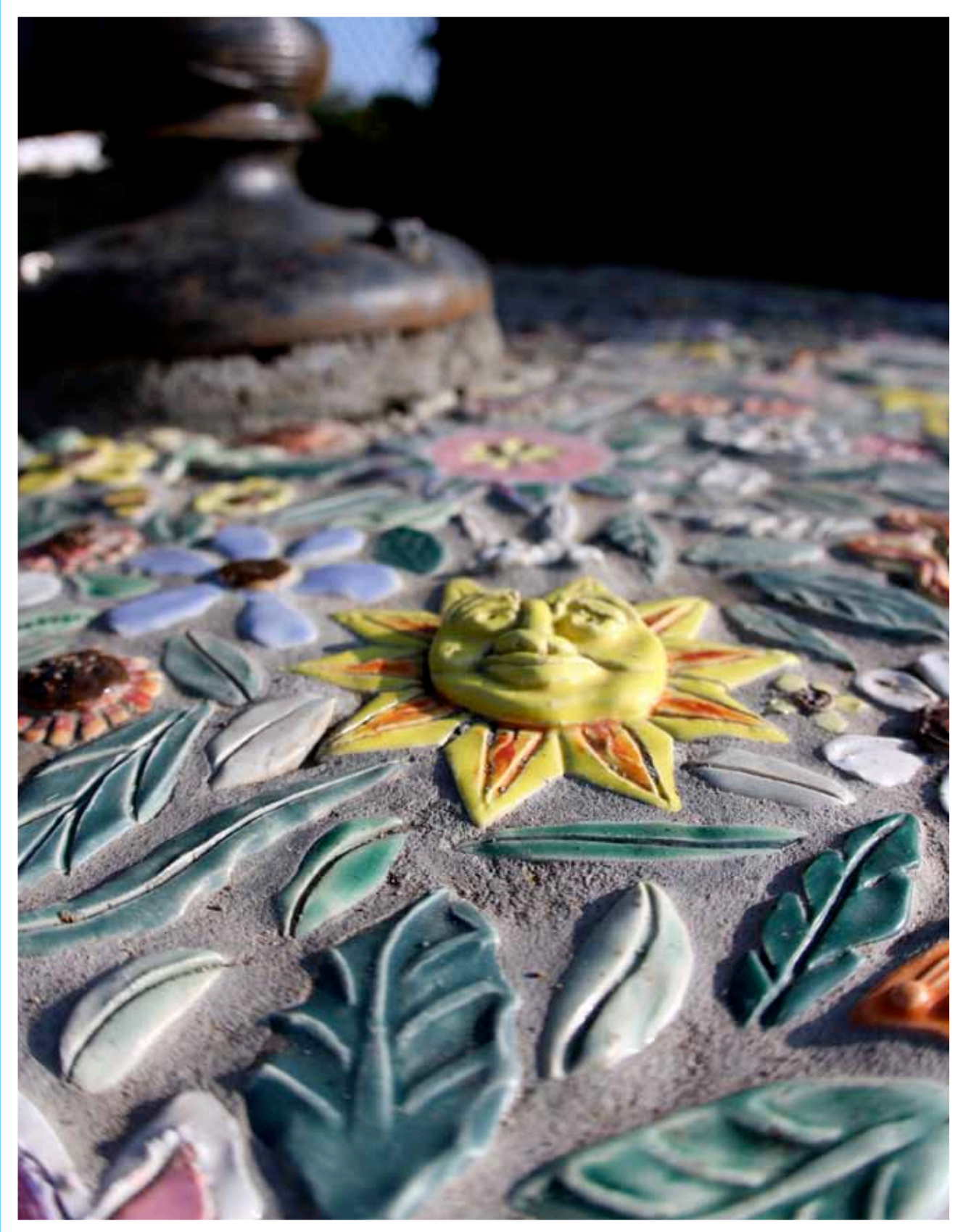
Net assets at end of year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
(3,518,394)	-	(3,518,394)
(6,629,702)	-	(6,629,702)
(3,972,971)	-	(3,972,971)
(575,507)	-	(575,507)
(757,267)	-	(757,267)
<u>(523,536)</u>	<u>-</u>	<u>(523,536)</u>
<u>(15,977,377)</u>	<u>-</u>	<u>(15,977,377)</u>
<u>-</u>	<u>697,394</u>	<u>697,394</u>
<u>(15,977,377)</u>	<u>697,394</u>	<u>(15,279,983)</u>
6,291,314	-	6,291,314
2,682,769	-	2,682,769
1,015,007	-	1,015,007
1,235,191	-	1,235,191
652,107	-	652,107
781,285	-	781,285
401,668	261,554	663,222
87,154	-	87,154
493,665	-	493,665
<u>13,640,160</u>	<u>261,554</u>	<u>13,901,714</u>
(2,337,217)	958,948	(1,378,269)
<u>524,117,888</u>	<u>26,282,656</u>	<u>550,400,544</u>
<u>\$ 521,780,671</u>	<u>27,241,604</u>	<u>549,022,275</u>

See accompanying notes to basic financial statements.

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**CITY OF SOLANA BEACH
Governmental Fund Types
Balance Sheet
June 30, 2009**

Assets	General	Other	Totals	
	Fund	Governmental Funds	2009	2008
Cash and investments (Note 2)	\$ 10,640,058	7,445,331	18,085,389	16,863,590
Receivables:				
Accounts	203,138	19,881	223,019	254,701
Tax	149,413	7,030	156,443	208,994
Interest	46,684	22,405	69,089	120,346
Prepaid items	5,784	-	5,784	5,666
Due from other governments	163,414	72,115	235,529	1,470,820
Restricted cash with fiscal agent (Note 2)	-	1,430,029	1,430,029	1,470,819
Due from other funds (Note 3)	564,910	191,922	756,832	1,375,931
Total assets	<u>\$ 11,773,401</u>	<u>9,188,713</u>	<u>20,962,114</u>	<u>21,770,867</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 581,780	485,521	1,067,301	1,435,871
Accrued liabilities	62,460	5,428	67,888	79,318
Deposits payable	1,135,337	69,226	1,204,563	1,160,424
Deferred revenue	-	126,037	126,037	135,232
Due to other funds (Note 3)	-	756,832	756,832	1,375,931
Total liabilities	<u>1,779,577</u>	<u>1,443,044</u>	<u>3,222,621</u>	<u>4,186,776</u>
Fund balances:				
Reserved for encumbrances	356,478	1,079,943	1,436,421	918,946
Reserved for debt service	-	1,265,468	1,265,468	1,160,530
Reserved for housing	-	952,564	952,564	765,357
Reserved for developer fees	321,701	-	321,701	336,106
Unreserved:				
Designated for:				
Specific projects and programs reported in:				
General fund	6,780,336	-	6,780,336	6,848,716
Special revenue funds	-	289,367	289,367	313,210
Undesignated, reported in:				
General fund	2,535,309	-	2,535,309	2,500,951
Special revenue funds	-	2,495,790	2,495,790	2,631,462
Capital projects funds	-	1,662,537	1,662,537	2,108,813
Total fund balances (deficit)	<u>9,993,824</u>	<u>7,745,669</u>	<u>17,739,493</u>	<u>17,584,091</u>
Total liabilities and fund balances	<u>\$ 11,773,401</u>	<u>9,188,713</u>	<u>20,962,114</u>	<u>21,770,867</u>

See accompanying notes to basic financial statements.

CITY OF SOLANA BEACH
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2009

Fund balances of governmental funds	\$ 17,739,493
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	
Capital assets	545,399,790
Accumulated depreciation	(34,341,470)
Long term debt and compensated absences that have not been included in the governmental fund activity.	
Bonds payable	(6,103,999)
Claims payable	(393,521)
Compensated absences	(322,737)
Other post employment benefits	(151,100)
Accrued interest payable for the current portion of interest due on debt service has not been reported in the governmental funds.	(24,045)
The annual business license revenue collected in January each fiscal year pertains to a license period extending six months into the following fiscal year. Therefore, six months revenue is recorded as deferred revenue.	<u>(21,740)</u>
Net assets of governmental activities	<u><u>\$ 521,780,671</u></u>

See accompanying notes to basic financial statements.

CITY OF SOLANA BEACH
Governmental Fund Types
Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2009

	General Fund	Other Governmental Funds	Totals	
			2009	2008
Revenues:				
Taxes and assessments	\$ 10,376,824	1,923,005	12,299,829	12,459,651
Intergovernmental	1,569,980	740,167	2,310,147	4,945,419
Licenses and permits	329,118	-	329,118	397,846
Charges for services	565,082	8,097	573,179	673,668
Fines and forfeitures	322,777	-	322,777	348,272
Contributions from property owners	-	732,846	732,846	-
Investment income	261,590	142,758	404,348	781,475
Uses of money and property	87,154	-	87,154	46,849
Other	380,349	212,985	593,334	596,889
Total revenues	13,892,874	3,759,858	17,652,732	20,250,069
Expenditures:				
Current:				
General government	3,186,220	187,744	3,373,964	3,562,602
Public safety	8,036,434	199,682	8,236,116	7,126,476
Public works	1,676,673	794,948	2,471,621	2,537,019
Community development	1,053,521	55,206	1,108,727	1,312,496
Community services	295,651	-	295,651	288,019
Capital outlay	-	1,751,802	1,751,802	5,208,933
Debt service (Note 6):				
Principal retirement	-	415,000	415,000	235,000
Interest	-	292,415	292,415	289,795
Pass-through payments	-	256,033	256,033	214,200
Total expenditures	14,248,499	3,952,830	18,201,329	20,774,540
Excess (deficiency) of revenues over (under) expenditures	(355,625)	(192,972)	(548,597)	(524,471)
Other financing sources (uses):				
Transfers in (Note 4)	115,000	831,080	946,080	905,588
Transfers out (Note 4)	(521,400)	(424,680)	(946,080)	(905,588)
Capital lease	703,999	-	703,999	-
Total other financing sources (uses)	297,599	406,400	703,999	-
Net change in fund balances	(58,026)	213,428	155,402	(524,471)
Fund balances (deficit), beginning of year	10,051,850	7,532,241	17,584,091	18,108,562
Fund balances (deficit), end of year	\$ 9,993,824	7,745,669	17,739,493	17,584,091

See accompanying notes to basic financial statements.

CITY OF SOLANA BEACH
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2009

Net change in fund balances - total governmental funds \$ 155,402

Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay, net of disposals	390,039
Depreciation, net of accumulated depreciation disposals	(2,462,844)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 415,000

Issuance of a capital lease provides current financial resources to governmental funds, but the repayment reduces long-term liabilities in the statement of net assets (703,999)

Accrued interest for debt service. This is the net change in accrued interest for the current period. (8,132)

Certain liabilities reported in the statement of activities do not require the use of current current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change in the liabilities for the current period.

Compensated absences	(37,026)
Claims payable	66,067
OPED obligation	(151,100)

Since the amount of business license revenue collected in January of each fiscal year pertains to a license period extending six months into the following fiscal year, it is recorded as deferred revenue on the statement of net assets. (624)

Change in net assets of governmental activities	\$ (2,337,217)
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See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH
Proprietary Fund
Statement of Net Assets
June 30, 2009**

Assets	Enterprise Fund-Sanitation	
	2009	2008
Current assets:		
Cash and investments (Note 2)	\$ 7,523,590	8,438,529
Restricted cash with fiscal agent (Note 2)	8,313,612	8,380,786
Receivables:		
Sewer fees	557,771	672,154
Accounts	220,186	9,858
Taxes	31,991	14,555
Interest	26,367	49,190
Due from other governments	-	530,028
Due from joint venture	-	50,793
Total current assets	<u>16,673,517</u>	<u>18,145,893</u>
Noncurrent assets:		
Sewer fees receivable	-	-
Deferred debt issuance costs	901,901	963,996
Investment in joint venture (including unamortized premium of \$227,998) (Note 8)	17,802,014	17,620,636
Capital assets, net (Note 5)	<u>9,451,570</u>	<u>7,476,418</u>
Total noncurrent assets	<u>28,155,485</u>	<u>26,061,050</u>
Total assets	<u>44,829,002</u>	<u>44,206,943</u>
Liabilities		
Current liabilities:		
Accounts payable	417,955	42,399
Accrued salaries and benefits	6,130	5,099
Accrued interest payable	244,248	252,239
Loans payable (Note 6)	705,000	685,000
Compensated absences	<u>1,570</u>	<u>1,154</u>
Total current liabilities	<u>1,374,903</u>	<u>985,891</u>
Noncurrent liabilities:		
Compensated absences payable	17,268	12,694
Premium on debt issuance	280,227	305,702
Loan payable (Note 6)	<u>15,915,000</u>	<u>16,620,000</u>
Total noncurrent liabilities	<u>16,212,495</u>	<u>16,938,396</u>
Total liabilities	<u>17,587,398</u>	<u>17,924,287</u>
Net Assets		
Invested in capital assets, net of accumulated depreciation	9,451,570	5,300,163
Restricted for debt service	1,021,293	1,021,293
Unrestricted	<u>16,768,741</u>	<u>19,961,200</u>
Total net assets	<u>\$ 27,241,604</u>	<u>26,282,656</u>

See accompanying notes to basic financial statements.

CITY OF SOLANA BEACH
Proprietary Fund
Statement of Revenues,
Expenses and Changes in Fund Net Assets
Year ended June 30, 2009

	<u>Enterprise Fund - Sanitation</u>	
	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for sales and services:		
Sewer service and connection fees	\$ 4,283,087	4,084,886
Other	13,803	14,009
Intergovernmental	-	1,821,970
	<u>4,296,890</u>	<u>5,920,865</u>
Total operating revenues		
Operating expenses:		
Cost of sales and services	2,472,042	1,916,925
Administration	285,836	241,609
Depreciation	237,649	170,429
	<u>2,995,527</u>	<u>2,328,963</u>
Total operating expenses		
Total operating income	<u>1,301,363</u>	<u>3,591,902</u>
Nonoperating revenues (expenses):		
Investment income	261,554	488,749
Interest expense	(748,726)	(785,782)
Amortization of bond issuance costs	(36,621)	(36,620)
Amortization of investment premium	(10,945)	(10,945)
Share in joint venture net loss/capital contribution	192,323	(158,419)
	<u>(342,415)</u>	<u>(503,017)</u>
Total nonoperating revenues (expenses)		
Net change in net assets	<u>958,948</u>	<u>3,088,885</u>
Net assets, beginning of year	<u>26,282,656</u>	<u>23,193,771</u>
Net assets, end of year	<u>\$ 27,241,604</u>	<u>\$ 26,282,656</u>

See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH
Proprietary Fund
Statement of Cash Flows
Year ended June 30, 2009**

	Enterprise Fund -Sanitation	
	2009	2008
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 4,699,734	8,288,245
Cash payments to suppliers for goods and services	(2,045,693)	(2,434,443)
Cash payments to employees for services	(279,815)	(248,381)
Cash received for other operating activities	13,803	14,009
Net cash provided by operating activities	2,388,029	5,619,430
Cash flows from capital related and financing activities:		
Principal payments on long-term liabilities	(685,000)	(615,000)
Issuance of long-term debt	-	-
Interest paid on long-term liabilities	(756,717)	(824,810)
Payments on issuance of debt	-	-
Purchase of capital assets	(2,212,801)	(65,148)
Net cash used for capital related and financing activities	(3,654,518)	(1,504,958)
Cash flows from investing activities-interest income	284,378	487,237
Net increase (decrease) in cash and cash equivalents	(982,111)	4,601,709
Cash and cash equivalents, beginning of year	15,969,376	11,367,667
Cash and cash equivalents, end of year	\$ 14,987,265	15,969,376
Reconciliation of cash equivalents to the statement of net assets		
Cash and investments reported on statement of net assets	7,523,590	8,438,529
Cash and investments with fiscal agent reported on statement of net assets	8,313,612	8,380,786
Less: Investments that do not qualify as cash equivalents	(849,939)	(849,939)
Cash and cash equivalents	\$ 14,987,263	15,969,376
Reconciliation of operating income to net cash used for operating activities:		
Operating income	\$ 1,301,363	3,591,902
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	237,649	170,429
(Increase) decrease in sewer fees receivable	114,383	2,933,369
(Increase) decrease in other accounts receivable	(227,764)	(21,952)
(Increase) decrease in due from other governments	530,028	(530,028)
(Increase) decrease in due from SEPA joint venture	50,793	79,242
Increase (decrease) in accounts payable and other liabilities	376,587	(595,754)
Increase (decrease) in compensated absences	4,990	(7,778)
Net provided by operating activities	\$ 2,388,029	5,619,430

Noncash investing, capital and financing activities:

During the year June 30, 2009, there were noncash investment activities of: \$192,323 which related to the increase in share of joint venture equity; and \$10,945 which related to the amortization of debt premium.

See accompanying notes to basic financial statements.

CITY OF SOLANA BEACH
Agency Funds
Statement of Fiduciary Assets and Liabilities
June 30, 2009

	Totals	
	2009	2008
Assets		
Cash and investments	\$ 399,339	624,294
Interest receivable	964	1,275
Taxes receivable	3,138	1,431
Total assets	403,442	627,000
Liabilities		
Due to bondholders	403,442	627,000

See accompanying notes to basic financial statements.





CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

Year ended June 30, 2009

(1) Reporting Entity and Summary of Significant Accounting Policies

(a) Summary of Significant Accounting Policies

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Financial Reporting Entity

The financial statements of the City of Solana Beach include the financial activities of the City, the Solana Beach Redevelopment Agency (the Agency), and the Solana Beach Public Facilities Corporation.

Since the Solana Beach City Council acts as the Board of Directors and is able to impose its will on the Agency and Public Facilities Corporation, the City is considered to be the primary government and the other entities are component units. Additionally, since the governing boards of the City and the component units are the same, the financial statements of the City and the component units are blended. Separate component unit financial statements are issued for the Agency but are not issued for the Solana Beach Public Facilities Corporation.

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

The Solana Beach Redevelopment Agency was created and activated by the City of Solana Beach on December 2, 2003 by Ordinance No. 318 pursuant to the State of California Health and Safety Code Section 33200. On July 13, 2004, the City of Solana Beach adopted Ordinance No. 326 that formed the Solana Beach Redevelopment Project Area. The purpose of the Agency is to prepare and carryout plans for improvement,

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(a) Summary of Significant Accounting Policies, (Continued)

rehabilitation, and redevelopment in the blighted areas of the Solana Beach Redevelopment Project Area.

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

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

- (1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)
- (b) Basis of Accounting and Measurement Focus, (Continued)

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33 government-wide activity requirements.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. 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.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major fund individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicles in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange* transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered “available spendable resources,” since they do not represent net current assets.

Revenues, expenditures, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within the City’s adopted policy of 60 days after the fiscal year ends to meet the “available” criteria of revenue recognition. In the past, the industry practice for grants was to recognize revenue in the fiscal year in which the related expense was incurred. Therefore recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(b) Basis of Accounting and Measurement Focus, (Continued)

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary and Fiduciary Funds

The City's enterprise fund is a proprietary fund. In the fund financial statements, the proprietary fund is presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary fund is presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

(c) Fund Classifications

The City reports the following major funds:

General Fund. This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(c) Fund Classifications, (Continued)

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

The City’s fund structure also includes the following fund type:

Agency Funds. This fund is used to account for the Cedros Avenue, Barbara Avenue, Pacific Avenue, and Marsalan Avenue Assessment Districts for which the City acts as an agent for debt service activity.

(d) Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets

The “total fund balances” of \$17,739,493 in the City’s governmental funds differs from the “net assets” of governmental activities of \$521,780,671 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital Related Items

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$545,399,790
Accumulated depreciation	<u>(34,341,470)</u>
Total capital assets, net	<u>\$511,058,320</u>

Long-term Debt Transactions

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies. (Continued)

(d) Explanation of Differences between Governmental Funds
Balance Sheet and the Statement of Net Assets. (Continued)

Assets	Total Governmental Funds	Capital Related Items	Accumulated Depreciation	Long-term Debt Transactions
Cash and investments	\$ 18,085,389	-	-	-
Receivables:				
Accounts	223,019	-	-	-
Tax	156,443	-	-	-
Interest	69,089	-	-	-
Prepaid expense	5,784	-	-	-
Due from other governments	235,529	-	-	-
Restricted cash with fiscal agent	1,430,029	-	-	-
Due from other funds	756,832	-	-	-
Capital assets	-	545,399,790	-	-
Less: Accumulated depreciation	-	-	(34,341,470)	-
	<u>\$ 20,962,114</u>	<u>545,399,790</u>	<u>(34,341,470)</u>	<u>-</u>
Liabilities and Fund Balances/Net Assets				
Liabilities:				
Accounts payable	\$ 1,067,301	-	-	-
Accrued salaries and benefits	67,888	-	-	-
Accrued interest payable	-	-	-	-
Deposits payable	1,204,563	-	-	-
Deferred revenue	126,037	-	-	-
Due to other funds	756,832	-	-	-
Long-term liabilities	-	-	-	6,103,999
	<u>3,222,621</u>	<u>-</u>	<u>-</u>	<u>6,103,999</u>
Fund balances/net assets	<u>17,739,493</u>	<u>545,399,790</u>	<u>(34,341,470)</u>	<u>(6,103,999)</u>
Total liabilities and and fund balances/net assets	<u>\$ 20,962,114</u>	<u>545,399,790</u>	<u>(34,341,470)</u>	<u>-</u>

<u>Interest Payable</u>	<u>Claims Payable</u>	<u>Compensated Absences</u>	<u>Other Post Employment Benefits</u>	<u>Certain Revenue</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Assets</u>
-	-	-	-	-	-	18,085,389
-	-	-	-	-	-	223,019
-	-	-	-	-	-	156,443
-	-	-	-	-	-	69,089
-	-	-	-	-	-	5,784
-	-	-	-	-	-	235,529
-	-	-	-	-	-	1,430,029
-	-	-	-	-	(756,832)	-
-	-	-	-	-	-	545,399,790
-	-	-	-	-	-	(34,341,470)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(756,832)</u>	<u>531,263,602</u>
-	-	-	-	-	-	1,067,301
-	-	-	-	-	-	67,888
24,045	-	-	-	-	-	24,045
-	-	-	-	-	-	1,204,563
-	-	-	-	21,740	-	147,777
-	-	-	-	-	(756,832)	-
-	<u>393,521</u>	<u>322,737</u>	<u>151,100</u>	-	-	<u>6,971,357</u>
<u>24,045</u>	<u>393,521</u>	<u>322,737</u>	<u>151,100</u>	<u>21,740</u>	<u>(756,832)</u>	<u>9,482,931</u>
<u>(24,045)</u>	<u>(393,521)</u>	<u>(322,737)</u>	<u>(151,100)</u>	<u>(21,740)</u>	-	<u>521,780,671</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(756,832)</u>	<u>531,263,602</u>

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(d) Explanation of Differences between Governmental Funds Balance Sheet and the Statement of Net Assets, (Continued)

Long-term Debt Transactions, (Continued)

Bonds payable	\$5,535,000
Capital lease	568,999
Other post employment benefits	151,100
Claims payable	393,521
Compensated absences	<u>322,737</u>
Total long-term liabilities	<u>\$6,971,357</u>

Accrued Interest

Accrued liabilities in the statement of net assets differs from the amount reported in governmental funds due to accrued interest on outstanding debt payable (see Note 6).

Accrued interest added	\$24,045
------------------------	----------

Certain Revenue

Business License renewals are billed on January 1, and are due on January 31, for the license period beginning on January 1. Since the amount collected pertains to a license period extending six months into the following fiscal year, the portion of business licenses collected pertaining to the next fiscal year is recorded as *deferred revenue* on the Statement of Net Assets. Such deferred revenues are earned in the subsequent fiscal year.

Business license deferred revenue	\$21,740
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Reclassifications and Eliminations

Interfund balances must generally be eliminated in the government-wide statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(e) Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities

The “net change in fund balances” for governmental funds of \$155,402 differs from the “change in net assets” for governmental activities of \$(2,337,217) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decreased by the amount of depreciation expense charged for the year.

Capital additions, net of disposals	\$390,039
Depreciation expenses, net of disposals	<u>(2,462,844)</u>
Difference	<u>\$ (2,072,805)</u>

Long-term Debt Transactions

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Net change in compensated absences	\$ (37,026)
Net change in claims payable	66,067
Net change in other post employment benefits	<u>151,100</u>
Total net change	<u>\$180,141</u>

CITY OF SOLANA BEACH

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(e) **Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities, (Continued)**

	Total Governmental Funds	Capital Related Items	Accumulated Depreciation	Long-term Debt Transactions
Revenues:				
Taxes and assessments	\$ 12,299,829	-	-	-
Intergovernmental	2,310,147	-	-	-
Licenses and permits	329,118	-	-	-
Charges for services	573,179	-	-	-
Fines and forfeitures	322,777	-	-	-
Contributions from property owners	732,846	-	-	-
Investment income	404,348	-	-	-
Uses of money and property	87,154	-	-	-
Other	593,334	-	-	-
	<hr/>			
Total revenues	17,652,732	-	-	-
Expenditures:				
Current:				
General government	\$ 3,373,964	-	160,359	-
Public safety	8,236,116	(429,390)	(263,020)	-
Public works	2,471,621	1,522,622	2,259,890	-
Community development	1,108,727	1,128	5,891	-
Community services	295,651	267,403	299,724	-
Capital outlay	1,751,802	(1,751,802)	-	-
Debt service:				
Principal retirement	415,000	-	-	(415,000)
Interest	292,415	-	-	-
Pass-through payments	256,033	-	-	-
	<hr/>			
Total expenses	18,201,329	(390,039)	2,462,844	(415,000)
Other financing sources (uses):				
Transfers in	946,080	-	-	-
Transfers out	(946,080)	-	-	-
Capital lease	703,999	-	-	(703,999)
	<hr/>			
Total other financing sources (uses)	703,999	-	-	(703,999)
Net change in fund balances/net assets	155,402	390,039	(2,462,844)	(288,999)
Fund balances/net assets beginning of year	<hr/>			
	17,584,091	545,009,751	(31,878,626)	(5,815,000)
Fund balances/net assets, end of year	<hr/>			
	17,739,493	545,399,790	(34,341,470)	(6,103,999)

<u>Accrued Interest</u>	<u>Claims Payable</u>	<u>Compensated Absences</u>	<u>Other Post Employment Benefits</u>	<u>Certain Revenue</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Activities</u>
-	-	-	-	-	(30,364)	12,269,465
-	-	-	-	-	-	2,310,147
-	-	-	-	(624)	-	328,494
-	-	-	-	-	(137,988)	435,191
-	-	-	-	-	-	322,777
-	-	-	-	-	-	732,846
-	-	-	-	-	(2,680)	401,668
-	-	-	-	-	-	87,154
-	-	-	-	-	-	593,334
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(624)</u>	<u>(171,032)</u>	<u>17,481,076</u>
-	(66,067)	37,026	151,100	-	(137,988)	3,518,394
-	-	-	-	-	-	7,543,706
-	-	-	-	-	-	6,254,133
-	-	-	-	-	-	1,115,746
-	-	-	-	-	-	862,778
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,132	-	-	-	-	(2,680)	297,867
-	-	-	-	-	(30,364)	225,669
<u>8,132</u>	<u>(66,067)</u>	<u>37,026</u>	<u>151,100</u>	<u>-</u>	<u>(171,032)</u>	<u>19,818,293</u>
-	-	-	-	-	(946,080)	-
-	-	-	-	-	946,080	-
-	-	-	-	-	-	-
<u>(8,132)</u>	<u>66,067</u>	<u>(37,026)</u>	<u>(151,100)</u>	<u>(624)</u>	<u>-</u>	<u>(2,337,217)</u>
<u>(15,913)</u>	<u>(459,588)</u>	<u>(285,711)</u>	<u>-</u>	<u>(21,116)</u>	<u>-</u>	<u>524,117,888</u>
<u>(24,045)</u>	<u>(393,521)</u>	<u>(322,737)</u>	<u>(151,100)</u>	<u>(21,740)</u>	<u>-</u>	<u>521,780,671</u>

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(e) Explanation of Differences between Governmental Fund Operating Statements and the Statement of Activities, (Continued)

Long-term Debt Transactions, (Continued)

Repayment of debt service is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Bond and capital lease principle payments made \$415,000

Accrued Interest

Beginning fund balance in the statement of activities has been restated to reflect the retroactive recording of accrued interest on outstanding debt.

Net change in accrued interest \$(8,132)

Certain Revenue

Business Certificate renewals are billed on January 1, and are due on January 31, for the license period beginning on January 1. Since the amount collected pertains to a license period extending six months into the following fiscal year, the portion of business licenses collected pertaining to the next fiscal year is recorded as *deferred revenue* on the Statement of Net Assets. Such deferred revenues are earned in the subsequent fiscal year.

Net change in business license deferred revenue \$(624)

Reclassification and Eliminations

Interfund balances must generally be eliminated in the government-wide financial statements, except for net residual amounts due between governmental activities. Amounts involving fiduciary funds should be reported as external transactions. Any allocations must reduce the expenses of the function from which the expenses are being allocated, so that expenses are reported only once - in the function in which they are allocated.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(f) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value. These investments are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The City's practice is to hold investments until maturity.

The City follows the practice of pooling cash and investments of all funds except for funds required to be held by the outside fiscal agent under provisions of the loan payable agreement. Interest income earned on pooled cash and investments is allocated quarterly to the funds based on average monthly cash and investment balances.

(g) Statement of Cash Flows

For purposes of the statement of cash flows the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool is considered cash equivalents. At June 30, 2009, cash and cash equivalents reported in the Sanitation Enterprise Fund of \$15,837,202 consisted of deposits in the California Local Agency Investment Fund of \$7,523,590 and cash and investments with fiscal agent of \$8,313,612.

(h) Capital Assets

Capital assets (including additions to infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$1,000 (including infrastructure) are capitalized if they have an expected useful life of one year or more.

Capital assets include additions to public domain (infrastructure) general capital assets consisting of certain improvements including roads and streets, curbs, gutters and sidewalks, street lights, signs and signals, park equipment and storm drains.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(h) Capital Assets, (Continued)

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government – wide financial statements and in the fund financial statements of the enterprise fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each capital asset class are as follows:

Buildings and improvements	20-50 years
Equipment	3-25 years
Infrastructure - Sewer lines	40-50 years
Infrastructure - Other	20-60 years

(i) Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables in accordance with GASB Code Section P70.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than two percent per year. The City receives a share of this basic levy.

(j) Amortization Expense in Enterprise Fund

Debt issuance costs totaling \$1,237,054 are being amortized in the Sanitation fund over the term of the debt (through the year 2037). Additionally, \$437,782 of premium paid on investment in joint venture is being amortized over the estimated life of the investment (through the year 2030).

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(1) Reporting Entity and Summary of Significant Accounting Policies, (Continued)

(k) Compensated Absences

The City accounts for compensated absences in accordance with GASB Statement No. 16. In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements, as these amounts will be liquidated from future resources. Compensated absences are reported in governmental funds only if they have matured.

(2) Cash and Investments

Cash and investments at June 30, 2009 are reported as follows in the financial statements:

Statement of Net Assets:	
Cash and investments	\$25,608,979
Restricted cash and investments with fiscal agent	9,743,641
Statement of Fiduciary Net Assets:	
Cash and investments	<u>399,339</u>
	<u>\$35,751,959</u>

Cash and investments at June 30, 2009 consisted of the following:

Imprest cash on hand	\$ 378
Demand deposits held by City	788,465
Investments held by City:	
Local Agency Investment Fund	25,219,475
Investments held by fiscal agent:	
Money market fund	8,627,292
Federal Agency Securities	<u>1,116,349</u>
Total cash and investments	<u>\$35,751,959</u>

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

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

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

<u>Investment Types</u>	<u>Authorized By Investment Policy</u>	<u>Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment in One Issuer</u>
<u>Authorized by State Law</u>				
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Bills	Yes	None	60%	None
U.S. Treasury Notes	Yes	5 years	40%	None
U.S. Agency Securities	Yes	5 years	20%	None
Banker's Acceptances	Yes	180 days	10%	None
Commercial Paper	Yes	180 days	10%	10%
Negotiable Certificates of Deposit	No	5 years	10%	None
Repurchase Agreements	No	1 year	None	None
Passbook savings demand deposits	Yes	5 years	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual funds	No	5 years	None	None
Money Market Mutual Funds	No	5 years	None	None
Local Agency Investment Fund (LAIF)	Yes	5 years	\$40,000,000	None

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

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	90 days	None	None
Investment Contracts	None	None	None
Local Agency Investment Fund	N/A	None	None
State or Municipal Obligations	None	None	None

Disclosures Relating to 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, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is 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 SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

Information about the sensitivity of the fair values of the City's to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity (including investments with fiscal agent):

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Years)</u>			
		<u>1 Year Or Less</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 5 Years</u>
Held by City:					
LAIF	\$ 25,219,475	\$ 25,219,475	-	-	-
Held by Fiscal Agent:					
Money market funds	8,627,292	8,627,292	-	-	-
Federal Agency (FNMA)	<u>1,116,349</u>	<u>1,116,349</u>	-	-	-
Total	<u>\$34,963,116</u>	<u>34,963,116</u>	-	-	-

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>			
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Not Rated</u>
Held by City:						
LAIF	\$25,219,475	N/A	-	-	-	25,219,475
Held by fiscal agent:						
Money market funds	8,627,292	A	8,627,292	-	-	-
Federal agency	<u>1,116,349</u>	N/A	<u>1,116,349</u>	-	-	-
Total	<u>\$34,963,116</u>		<u>9,743,641</u>	-	-	<u>25,219,475</u>

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The city had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2008, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The Entity is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Entity's investment in this pool is reported in the accompanying financial statements at amounts based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Interfund Balances

Interfund balances at June 30, 2009 consisted of the following:

	<u>Due from: Nonmajor Funds</u>	<u>Total</u>
Due to:		
General Fund	\$564,910	564,910
Nonmajor Fund	<u>191,922</u>	<u>191,922</u>
Total	<u>756,832</u>	<u>\$756,832</u>

The Interfund Balances arise from the advance payments by 1) the City's General Fund for projects, which are reimbursable through various Federal and State Grant Programs and 2) the City's Redevelopment Agency Debt Service fund for projects in the City's redevelopment area. In accordance with the requirements of the Grant Programs, the above expenditures have been incurred and reimbursement is expected to be received within the next fiscal year.

(4) Interfund Transfers

Interfund transfers at June 30, 2009 consisted of the following:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Transfers Out:			
General Fund	-	521,400	521,400
Nonmajor Funds	<u>115,000</u>	<u>309,680</u>	<u>424,680</u>
Total	<u>115,000</u>	<u>831,080</u>	<u>946,080</u>

The most significant interfund transfers were from 1.) the General Fund and the Solana Beach Redevelopment Agency Debt Service fund to the City Capital Projects and Solana Beach Redevelopment Agency Capital Improvement Project funds in order to provide available funds for capital projects, and 2.) the General Fund to the City Debt Service Fund for the City's principal and interest payments.

During the fiscal year ended June 30, 2009, there were no significant interfund transfers that were not expected, budgeted for, unusual nor of a non-routine nature.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Governmental Activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	\$ 473,451,238	-	-	473,451,238
Infrastructure construction in progress	2,834,160	608,649	2,623,067	819,742
Depreciable:				
Buildings	5,434,448	-	-	5,434,448
Improvements	8,696,790	267,403	-	8,964,193
Equipment	1,952,216	1,128	-	1,953,344
Vehicles	1,489,165	-	429,390	1,059,775
Infrastructure	51,151,734	2,565,316	-	53,717,050
	<hr/>			
Totals at historical cost	545,009,751	3,442,496	3,052,457	545,399,790
	<hr/>			
Less accumulated depreciation for:				
Buildings	1,705,721	109,143	-	1,814,864
Improvements	1,281,469	304,255	-	1,585,724
Equipment	1,497,593	149,855	-	1,647,448
Vehicles	1,011,213	85,967	429,390	667,790
Infrastructure	26,382,630	2,243,014	-	28,625,644
	<hr/>			
Total accumulated depreciation	31,878,626	2,892,234	429,390	34,341,470
	<hr/>			
Total capital assets, net	\$513,131,125	550,262	2,623,067	511,058,320
	<hr/> <hr/>			

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets, (Continued)

Business-type Activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	111,706	-	-	111,706
Construction in progress	3,776,172	2,212,801	3,384,328	2,604,645
Depreciable:				
Buildings and improvements	6,804,701	3,384,328	-	10,189,029
Equipment	529,739	-	-	529,739
<hr/>				
Totals at historical cost	11,222,318	5,597,129	3,384,328	13,435,119
<hr/>				
Less accumulated depreciation for:				
Buildings and improvements	3,234,901	235,307	-	3,470,208
Equipment	510,999	2,342	-	513,341
<hr/>				
Total accumulated depreciation	3,745,900	237,649	-	3,983,549
<hr/>				
Total capital assets, net	7,476,418	5,359,480	3,384,328	9,451,570

Depreciation expense was charged in the following functions in the Statement of Activities:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$ 160,359	-
Public Safety	(263,020)	-
Public Works	2,259,890	-
Community Development	5,891	-
Community Services	299,724	-
Sanitation	-	237,649
	<hr/>	<hr/>
Total	<u>\$2,462,844</u>	<u>\$237,649</u>

There were no significant construction commitments at June 30, 2009.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds:					
2006 tax allocation bonds	\$ 3,495,000	-	60,000	3,435,000	65,000
Lease revenue bond-ABAG	2,320,000	-	220,000	2,100,000	225,000
Total bonds	<u>5,815,000</u>	<u>-</u>	<u>280,000</u>	<u>5,535,000</u>	<u>290,000</u>
Other liabilities:					
Compensated absences	285,711	251,801	214,775	322,737	11,953
Claims payable	459,588	583,152	649,219	393,521	349,143
Capital lease-fire truck	-	703,999	135,000	568,999	134,079
Other post employment benefits	-	221,000	69,900	151,100	76,000
Total other liabilities	<u>745,299</u>	<u>1,759,952</u>	<u>1,068,894</u>	<u>1,436,357</u>	<u>571,175</u>
Total governmental activities	<u>6,560,299</u>	<u>1,759,952</u>	<u>1,348,894</u>	<u>6,971,357</u>	<u>861,175</u>
Business-type activities:					
Loans payable:					
JPA loan payable-2003	7,610,000	-	500,000	7,110,000	515,000
Sewer revenue bond-2006	9,695,000	-	185,000	9,510,000	190,000
Total bonds	<u>17,305,000</u>	<u>-</u>	<u>685,000</u>	<u>16,620,000</u>	<u>705,000</u>
Other liabilities:					
Compensated absences	13,848	8,759	3,769	18,838	1,221
Total other liabilities	<u>13,848</u>	<u>8,759</u>	<u>3,769</u>	<u>18,838</u>	<u>1,121</u>
Total business-type activities	<u>17,318,848</u>	<u>8,759</u>	<u>688,769</u>	<u>16,638,838</u>	<u>706,121</u>
TOTAL	<u>\$23,879,147</u>	<u>1,768,711</u>	<u>2,037,663</u>	<u>23,610,195</u>	<u>1,567,296</u>

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Balance
June 30, 2009

Governmental Activities:

2006 Tax Allocation Bonds:

On June 8, 2006, the Solana Beach Redevelopment Agency issued \$3,555,000 of tax allocation bonds to be used for capital projects to alleviate blight in the project area. These bonds have a 30-year maturity with the final maturity paid on June 1, 2036 with interest rates ranging from 3.6% to 5.1%. Interest on the bonds is payable semi-annually on June 1 and December 1 commencing on December 1, 2007.

The amount on deposit in the Reserve Fund is maintained at the Reserve Requirement (the "Reserve Requirement") at all times prior to the payment of the Bonds in full, except to the extent required for the purposes set forth in the Indenture.

As defined in the Indenture, "Reserve Requirement" means, excluding therefrom in the case of the Bonds an amount equal to the amount then on deposit in the Escrow Fund and in the case of any Parity Bonds an amount equal to the amount then on deposit in any escrow fund created with respect to such Parity Bonds created pursuant to the Indenture, as of the date of calculation an amount equal to the lesser of (i) 10% of the initial outstanding principal amount of such Bonds; ii) Maximum Annual Debt Service on such Bonds; or (iii) 125% of average Annual Debt Service on such Bonds. As of June 30, 2009, \$204,682 was held in reserve.

\$3,435,000

Lease Revenue Bonds:

On January 10, 2002, the City issued \$3,465,000 of Series 2002 ABAG Lease Revenue Bonds to advance refund \$2,185,000 of the outstanding Certificates of Participation, Series 1992, and \$1,125,000 of the outstanding Certificates of Participation, Series 1995, establish a reserve account for the bonds, and to pay the cost of issuing the bonds. \$3,504,499 of the 2002 series proceeds were used to purchase U.S. Government securities to advance refund the 1992 and 1995 series. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Balance
June 30, 2009

Lease Revenue Bonds, (Continued):

payments on the 1992 and 1995 series. As a result, the 1992 and 1995 series certificates of participation are considered to be defeased and the liability for the 1992 and 1995 series has been removed from the Government-wide Statement of Net Assets. The 2002 bonds have annual interest ranging from 3.00% to 5.00% and annual principal installments ranging from \$95,000 to \$235,000 through December 1, 2023.

\$2,100,000

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The following liability at June 30, 2009 is expected to be paid in future years from future resources. Compensated absences have been typically liquidated from the General Fund.

322,737

Claims Payable

The City accounts for material claims and judgments in accordance with GASB Code Section C50. When it is probable that a claim liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self insurance program (See Note 9).

Under the City's self-insurance program, deposits to the San Diego Pooled Insurance Authority (SANDPIPA) are recorded as insurance expenditures when paid. Refunds of deposits from SANDPIPA, based on favorable claims experience in prior years, are recorded as reductions of insurance expense when received (see Note 10). Claims payable has been typically liquidated from the General Fund.

393,521

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Balance
June 30, 2009

Capital Lease – Fire Truck

On October 27, 2008, the City entered into a capital lease for the purchase of a new fire truck. The annual interest rate is 3.9% and lease payments are payable quarterly in the amount of \$38,581 through May 2013.

568,999

Other Post Employment Benefits

The City implemented GASB Statement No. 45, Other Post Employment Benefits Other Than Pensions beginning the fiscal year ended June 30, 2009. A liability results from the difference between the actuarially determined Annual Required Contribution (ARC) and the actual contribution made by the city for the fiscal year.

151,100

Total long-term liabilities – governmental activities

\$6,971,357

Business-Type Activities:

San Elijo Joint Powers Authority Loan Payable-2003:

On April 16, 2003, the City of Solana Beach and the San Elijo Joint Powers Authority (JPA) amended a loan agreement whereby the JPA loaned \$9,905,000 to the City to refund the 1993 Refunding Revenue Bonds. The 1993 Bonds were originally issued to refinance the cost of acquiring and constructing certain improvements to the San Elijo Wastewater Treatment Facilities owned by the JPA. Funding for the loan was provided through the issuance of Revenue Bonds by the JPA in the amount of \$18,640,000. \$10,282,918 of the 2003 Series proceeds were used to purchase U.S.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Balance
June 30, 2009

San Elijo Joint Powers Authority Loan Payable-2003, (Continued):

Government Securities to advance refund the 1993 Series. As a result, the 1993 Series is considered defeased and the liability has been removed from the Government-wide Statement of Net Assets.

The amended loan matures on March 1, 2020. Principal payments ranging from \$430,000 to \$810,000 are due annually on March 1. Interest payments are due semi-annually on September and March 1.

\$7,110,000

2006 Subordinate Wastewater Revenue Bonds

On January 18, 2007, the City, acting as the Solana Beach Public Financing Authority, issued \$9,825,000 of Series 2006 Subordinate Wastewater Revenue Bonds to finance certain capital improvements to the Wastewater System. These bonds have a 30 year maturity with principle payments ranging from \$130,000 to \$565,000 with the final maturity paid on March 1, 2037. Interest on the bonds is payable semi-annually March 1 and September 1 commencing on September 1, 2007. Interest rates range from 3.42% to 4.45%.

The Bonds are paid solely from, and secured by a pledge of, Installment Payments and moneys in the funds and account held under the Indenture. The Installment Payments are special limited obligations of the City payable solely from and secured by a pledge of and first lien on Residual Net Revenues of the Wastewater System. Residual Net Revenues consist of revenues derived from the Wastewater System and remaining after the payment of operating and maintenance expense and debt service on the JPA Loan Payable – 2003.

9,510,000

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Balance
June 30, 2009

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The following liability at June 30, 2009 is expected to be paid from future years from future resources.

\$ 18,838

Total long-term liabilities – business-type activities

\$16,638,838

Annual Amortization Requirements of Long-Term Liabilities

The annual requirements to amortize loan revenue bonds payable and the capital lease as of June 30, 2009 are as follows:

Governmental Activities:

2006 Tax Allocation Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	65,000	166,723	231,723
2011	70,000	164,158	234,158
2012	70,000	161,357	231,357
2013	75,000	158,330	233,330
2014-2018	430,000	738,477	1,168,477
2019-2023	545,000	628,077	1,173,077
2024-2028	685,000	483,565	1,168,565
2029-2033	865,000	296,320	1,161,320
2034-2036	<u>630,000</u>	<u>65,280</u>	<u>695,280</u>
	<u>\$3,435,000</u>	<u>2,862,287</u>	<u>6,297,287</u>

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Lease Revenue Bonds Payable:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	225,000	95,756	320,756
2011	235,000	86,263	321,263
2012	95,000	78,894	173,894
2013	100,000	74,019	174,019
2014-2018	565,000	290,934	855,934
2019-2023	715,000	133,625	848,625
2024	<u>165,000</u>	<u>4,125</u>	<u>169,125</u>
	<u>\$2,100,000</u>	<u>763,616</u>	<u>2,863,616</u>

Capital Lease – Fire Truck:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	134,079	20,246	154,325
2011	139,385	14,940	154,325
2012	144,900	9,424	154,324
2013	<u>150,635</u>	<u>3,689</u>	<u>154,324</u>
	<u>\$568,999</u>	<u>48,299</u>	<u>617,298</u>

Business-type Activities:

San Elijo JPA Loan Payable-2003:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	515,000	333,600	848,600
2011	535,000	313,000	848,000
2012	560,000	291,600	851,600
2013	580,000	269,200	849,200
2014-2018	3,340,000	912,250	4,252,250
2019-2020	<u>1,580,000</u>	<u>119,500</u>	<u>1,699,500</u>
	<u>\$7,110,000</u>	<u>2,239,150</u>	<u>9,349,150</u>

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

2006 Subordinate Wastewater Revenue Bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	190,000	399,143	589,143
2011	200,000	392,492	592,492
2012	205,000	385,493	590,493
2013	210,000	378,318	588,318
2014-2018	1,180,000	1,769,370	2,949,370
2019-2023	1,435,000	1,515,450	2,950,450
2024-2028	1,775,000	1,183,031	2,958,031
2029-2033	2,190,000	760,375	2,950,375
2034-2037	<u>2,125,000</u>	<u>237,125</u>	<u>2,362,125</u>
	<u>\$9,510,000</u>	<u>7,020,797</u>	<u>16,530,797</u>

(7) Defined Benefit Pension Plan (PERS)

Plan Description

The City of Solana Beach contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained by writing to 400 "P" Street, Sacramento, California 95814.

Contributions

Miscellaneous and safety participants are required to contribute 1.3% and 2.0%, respectively, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (PERS), (Continued)

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The City's covered payroll for PERS was \$1,543,930 for fire safety, \$229,211 for marine safety and \$2,818,528 for miscellaneous employees for the year ended June 30, 2009, while the City's total payroll during the same period was \$2,061,221 for fire safety employees, \$440,299 for marine safety employees and \$2,990,708 for miscellaneous employees. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

Three-Year Trend Information for PERS (\$ Amount in Thousands)

Annual Pension Cost (Fire Safety)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	32.714%	\$449,658	100%	-
6/30/08	32.510%	496,585	100%	-
6/30/09	33.045%	510,192	100%	-

Annual Pension Cost (Marine Safety)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	33.735%	\$67,629	100%	-
6/30/08	31.999%	71,305	100%	-
6/30/09	29.999%	68,761	100%	-

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (PERS), (Continued)

Annual Pension Cost (Miscellaneous)

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	14.944%	\$368,844	100%	-
6/30/08	15.484%	401,098	100%	-
6/30/09	14.478%	408,066	100%	-

(8) Post Employment Benefit Plan

Plan Description: The City administers a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits. After age 65, Medicare automatically becomes the primary provider of health coverage. The City's defined benefit plan becomes the secondary provider. Eligible retirees will have no noticeable change in health benefits or plan administration; however, there is a reduction in the City's cost of health coverage as the secondary provider. The City's defined benefit plan administrator establishes the cost of secondary provider rates annually. The City will pay 100% for eligible retirees' health coverage.

Eligibility: Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. Membership of the plan consisted of the following at June 30, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	16
Active plan members	<u>58</u>
Total	<u>74</u>

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For fiscal year 2008-09, the City contributed \$69,900 to the plan for current premiums.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Post Employment Benefit Plan, (Continued):

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

Annual required contribution	\$221,000
Interest on net OPEB obligation	-
Adjustments to annual required contributions	<u>-</u>
Annual OPEB cost (expense)	221,000
Contributions made (including premiums paid)	<u>(69,900)</u>
Increase in net OPEB obligation	151,100
Net OPEB obligation-beginning of year	<u>-</u>
Net OPEB obligation-end of year	<u>\$151,100</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/07	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A
6/30/09	\$221,000	31.6%	\$151,100

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Post Employment Benefit Plan, (Continued):

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)	\$1,706,000
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$1,706,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	3,348,425
UAAL as a percentage of covered payroll	50.95%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Post Employment Benefit Plan, (Continued):

The actuarial cost method used for determining the benefit obligations is the Frozen Entry Age Actuarial Cost Method. The actuarial assumptions included a 4.25% percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The UAAL is being amortized as a level percentage of projected payroll over 20 years. It is assumed the City's payroll will increase 3.25% per year.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (a-b)/c)
6/30/07	N/A	N/A	N/A	N/A	N/A	N/A
6/30/08	N/A	N/A	N/A	N/A	N/A	N/A
6/30/09	-	\$1,706,000	\$1,706,000	%	\$3,348,425	50.95%

(9) Investment in Joint Venture

On June 17, 1987, the Cardiff Sanitation District and the City of Solana Beach established the San Elijo Joint Powers Authority (SEJPA), a separate legal entity, whose function is to manage, operate, maintain and expand a plant for the treatment and disposal of sewage or wastewater and to determine the joint and separate obligations of the members concerning the transmission, treatment, disposal and reclamation of sewage and wastewater within the respective service territories. The SEJPA's governing board consists of two members from each entity. The City of Solana Beach's investment in the SEJPA has been recorded using the equity method of accounting and is shown as an investment in joint venture in the City's financial statements. Summarized audited information of the SEJPA for the fiscal year ended June 30, 2009 is as follows:

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(9) Investment in Joint Venture, (Continued)

Operating revenues	\$ 5,540,144
Operating expenses	(5,732,372)
Non-operating revenues (net of expenses)	(92,268)
Capital grants	<u>669,142</u>
Net change in net assets	<u>\$ 384,646</u>
Total assets	<u>\$61,160,020</u>
Total liabilities	<u>\$25,990,107</u>
Fund equity:	
Net assets - total fund equity	<u>\$35,169,913</u>

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

A summary of the changes in the City's investment in the San Elijo Joint Powers Authority for the year ended June 30, 2009 is as follows:

June 30, 2008 Balance	\$17,392,633
Add: Unamortized premium	<u>228,003</u>
	17,620,636
FYE June 30, 2009 activity:	
Increase (decrease) in investment in joint venture	192,323
Less: Amortization of premium	<u>(10,945)</u>
Total investment at June 30, 2009	<u>\$17,802,014</u>

At June 30, 2009 the SEJPA had \$13,330,000 in 2003 Refunding Revenue Bonds outstanding (See Note 6). The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Solana Beach Sanitation Enterprise Fund Debt Service Coverage

2003 San Elijo JPA Refunding Revenue Bonds:

In compliance with bond issuance covenants, specifically Appendix F Section 4(c) of the \$18,640,000 San Elijo Joint Powers Authority, 2003 Refunding Revenue Bonds, the City is including this table showing debt service coverage for the fiscal year of at least 1.10 times (i) the loan installments coming due and payable during the fiscal year, (ii) all payments required with respect to parity debt, and (iii) amount required to replenish the Reserve Fund as required by the indenture

	<u>Fiscal Year 2008-09</u>
Revenues:	
Operating revenues-service charges and connection fees	\$4,283,087
Other operating	13,803
Non-operating revenues	<u>453,867</u>
Gross revenues	4,750,757
Less: Operations, non-operations and maintenance expenses	<u>3,791,819</u>
Net income	958,938
Add back:	
Interest expense (accrual method of accounting)	748,726
Depreciation and amortization	237,749
Amortization of bond issuance costs	36,621
Amortization of investment in JPA	<u>10,945</u>
Net revenues available for debt service	1,992,979
Debt service:	
2003 Refunding Revenue bonds:	
Interest charges	342,350
Principal repayment	<u>500,000</u>
Total debt service	<u>842,350</u>
Coverage by net revenues available for debt service	2.37

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Solana Beach Sanitation Enterprise Fund Debt Service Coverage, (Continued)

2006 Subordinate Wastewater Revenue Bonds:

The City covenants under the 2006 Subordinate Wastewater Revenue Bond Installment Sale Agreement require while the Bonds remain outstanding and to the extent permitted by law, the City will fix, prescribe and collect rates and charges which will be at least sufficient to yield during each fiscal year Residual Net Revenues equal to one hundred twenty percent (120%) of Debt Service.

This bond issue is subordinate to the 2003 San Elijo JPA Refunding Revenue Bonds Issue.

Using net revenues available for debt service of \$1,992,979, the 2006 Subordinate Wastewater Revenue bonds debt service coverage requirement for fiscal year ended June 30, 2009 is calculated as follows:

Net revenues available for debt service	\$1,992,979
Less: 2003 Refunding Revenue bonds debt service	<u>(842,350)</u>
Net revenues available for 2006 Sewer Revenue bonds debt service	<u>1,150,629</u>
Debt service:	
2006 Sewer Revenue bonds:	
Interest charges	405,617
Principal repayment	<u>185,000</u>
Total debt service	<u>590,617</u>
Coverage by net revenues available for debt service	1.95

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(11) Risk Management

The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA), a consortium of twelve governmental entities in San Diego County who have joined together to achieve savings on insurance premiums through volume purchasing and risk management consulting. Each member pays for its proportionate share of its individually contracted insurance coverage and consulting services.

1. **General Liability:** The City self-insures for the first \$100,000 of each occurrence. Specific coverage includes property damage, municipal errors and omissions, automobile, and personal injury. This coverage is limited to \$45,000,000 in annual aggregate claims per policy year.
2. **Other Insurance Policies:** The City maintains insurance coverage in the following specific areas, real and personal property damage with loss of revenue and increased expenses, auto-physical damage, machinery damage and faithful performance bonds.

Worker's Compensation Insurance coverage was carried with the State Compensation Insurance Fund for all work-related injuries through September 30, 2004. As of October 1, 2004, the City began to self-insure itself for workers compensation coverage. The City self-insures for the first \$125,000 of each occurrence and is then covered through CSAC – Excess Insurance Authority, a Joint Powers Authority, up to the statutory worker's compensation limits set by the State of California.

SANDPIPA is governed by a Board of Directors consisting of one member appointed by each member city. The Board elects a President, Vice-President, and Treasurer and meets bi-monthly to supervise and conduct Authority affairs. The day-to-day business of SANDPIPA is handled by a full-time manager employed by the Authority.

Lawsuits in the nature of claims for damages to persons and/or property have been filed against the City. The City Attorney directs and the Risk Manager assists in the disposition of these claims. In addition, claims management is provided by Carl Warren and Company. The City notifies all appropriate parties, including Carl Warren and Company, SANDPIPA and the excess insurance carriers of claims/suits that have been filed when appropriate.

SANDPIPA monitors the progress of claims/suits that are reported. The City records a liability up to the amount of its self-insurance retention (See Note 6). The

City has not knowledge of any material liability in excess of insurance coverage for known suits or claims.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(11) Risk Management, (Continued)

The following represents changes in the claims liability for the two years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Unpaid claim liabilities, beginning of year	\$459,588	125,977
Incurred claims and claims adjustment	583,152	382,677
Net decrease in provision for insured events in prior fiscal years	<u>(649,219)</u>	<u>(49,066)</u>
Unpaid claim liabilities, end of year	<u>\$393,521</u>	<u>459,588</u>

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2007-2008 to fiscal year 2008-2009. Furthermore, there was no settlement that exceeded the insurance coverage for the past three fiscal years.

(12) Other Required Disclosures

Deficit Fund Balances

The following Special Revenue funds reported a deficit fund balance at June 30, 2009

TEA 21 and TEA	\$168,970
CDBG	14,975
Proposition A	596

The deficit fund balances noted above are expected to be eliminated through future grant reimbursement.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(13) Assessment Districts

Cedros Avenue Assessment District:

During July 1989, the Cedros Avenue Assessment District No. 1 issued Improvement Bonds totaling \$216,939 (less bond issuance costs of \$19,807) to finance various capital improvements. The outstanding bonds at June 30, 2009 were approximately \$12,700.

Undergrounding Districts:

During July 2006, the Solana Beach Public Financing Authority issued Assessment District Revenue Bonds totaling \$2,112,000 (less bond issuance costs of \$244,393) to finance the undergrounding of utility lines for the Barbara/Granados Avenue Utility Undergrounding District and the Pacific Avenue/East and West Circle Drive Utility Underground Assessment District. In July 2008, the City of Solana Beach issued \$480,000 (less bond issuance costs of \$87,775) to finance the undergrounding of utility lines on Marsolan Avenue. The outstanding bonds at June 30, 2009 were \$2,500,000.

South Solana Sewer District:

In November 2006, the Solana Beach Public Financing Authority issued Limited Obligation Improvement Bonds totalizing \$570,000 (less bond issuance costs of \$5,742) to finance the construction of sewer improvements to connect 51 properties of the South Solana Beach Sewer District assessment district to the City's sewer system. The outstanding bonds at June 30, 2009 were \$560,000.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds, and therefore the bonded indebtedness is not shown in the financial statements of the City.

(14) Reserves and Designations for Fund Equity

In the Governmental Fund Types Balance Sheet, fund balances are classified in the following categories:

Reserved for encumbrances – Amounts reserved for encumbrances are commitments for materials and services on purchase orders and contracts that are not yet performed.

Reserved for debt service – The amount reserved for debt service is for future principal and interest payments on long-term debt.

CITY OF SOLANA BEACH
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(14) Reserves and Designations for Fund Equity, (Continued)

Reserved for housing – The reserve for low and moderate income housing is in accordance with the California Health and Safety Code.

Reserved for developer fees – Amounts reserved for developer fees represent amounts from various developers that are restricted to specific uses related to their projects to ensure city code compliance.

Designated for specific projects and programs – This classification was established to reflect funds earmarked by the City Council or City administration for specific projects or programs in future years.





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CITY OF SOLANA BEACH
General Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			2008	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Taxes and assessments:					
Property	\$ 5,670,100	5,240,100	5,319,399	79,299	5,075,313
Sales	2,913,000	2,791,000	2,682,769	(108,231)	3,041,726
Franchise and other	2,511,900	2,411,600	2,374,656	(36,944)	2,557,782
Intergovernmental	1,372,800	1,505,200	1,569,980	64,780	1,453,801
Licenses and permits	351,500	353,500	329,118	(24,382)	397,846
Charges for services	424,600	512,700	565,082	52,382	662,684
Fines and forfeitures	346,000	323,000	322,777	(223)	348,272
Investment income	280,400	280,400	261,590	(18,810)	492,964
Revenues from use of money and property	237,000	161,900	87,154	(74,746)	46,849
Other	299,200	(30,997)	380,349	411,346	413,722
Total revenues	14,406,500	13,548,403	13,892,874	344,471	14,490,959
Expenditures:					
General government:					
City council	233,500	271,358	249,523	21,835	257,462
City clerk	341,100	343,232	320,750	22,482	342,544
Legal services	381,100	504,100	504,060	40	471,677
Manager	439,900	459,686	439,215	20,471	451,157
Finance	665,700	725,113	681,217	43,896	746,102
Personnel	260,800	237,600	231,197	6,403	223,767
Information systems	1,005,800	329,890	303,157	26,733	296,723
Support services	437,000	513,707	457,101	56,606	601,924
Total general government	3,764,900	3,384,686	3,186,220	198,466	3,391,356
Public safety:					
Junior lifeguard	109,100	165,905	151,732	14,173	112,919
Marine safety	679,800	706,284	656,102	50,182	637,872
Law enforcement	2,832,600	2,852,400	2,852,309	91	2,705,602
Code & parking enforcement	280,900	272,816	211,671	61,145	201,795
Fire	3,800,000	4,121,330	4,000,804	120,526	3,167,235
Animal regulation	70,300	75,500	75,415	85	76,668
Civil defense	36,700	24,860	21,401	3,459	40,387
Environmental services	70,500	69,280	67,000	2,280	69,891
Total public safety	7,879,900	8,288,375	8,036,434	251,941	7,012,369

CITY OF SOLANA BEACH
General Fund
Budgetary Comparison Schedule
Year ended June 30, 2009
(Continued)

	2009			2008	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Public works:					
Street and other	1,316,450	1,241,021	1,086,650	154,371	1,146,693
Public facility	172,900	165,779	134,796	30,983	127,745
Engineering	494,100	490,239	455,227	35,012	489,385
Total public works	<u>1,983,450</u>	<u>1,897,039</u>	<u>1,676,673</u>	<u>220,366</u>	<u>1,763,823</u>
Community development:					
Planning	853,400	814,845	766,229	48,616	841,435
Building services	358,360	294,934	287,292	7,642	456,061
Total community development	<u>1,211,760</u>	<u>1,109,779</u>	<u>1,053,521</u>	<u>56,258</u>	<u>1,297,496</u>
Community services:					
Community services	143,200	144,574	130,643	13,931	120,342
Recreation programs	188,000	186,200	165,008	21,192	167,677
Total community services	<u>331,200</u>	<u>330,774</u>	<u>295,651</u>	<u>35,123</u>	<u>288,019</u>
Total expenditures	<u>15,171,210</u>	<u>15,010,653</u>	<u>14,248,499</u>	<u>762,154</u>	<u>13,753,063</u>
Excess (deficiency) of revenues over expenditures	(764,710)	(1,462,250)	(355,625)	1,106,625	737,896
Other financing sources (uses):					
Transfers in	-	115,000	115,000	-	-
Transfers out	(605,000)	(521,400)	(521,400)	-	(611,800)
Capital lease	-	704,500	703,999	(501)	-
Net change in fund balance	<u>(1,369,710)</u>	<u>(1,164,150)</u>	<u>(58,026)</u>	<u>1,106,124</u>	<u>126,096</u>
Fund balance, July 1	<u>10,051,850</u>	<u>10,051,850</u>	<u>10,051,850</u>	<u>-</u>	<u>9,925,754</u>
Fund balance, June 30	<u>\$ 8,682,140</u>	<u>8,887,700</u>	<u>9,993,824</u>	<u>1,106,124</u>	<u>10,051,850</u>

CITY OF SOLANA BEACH

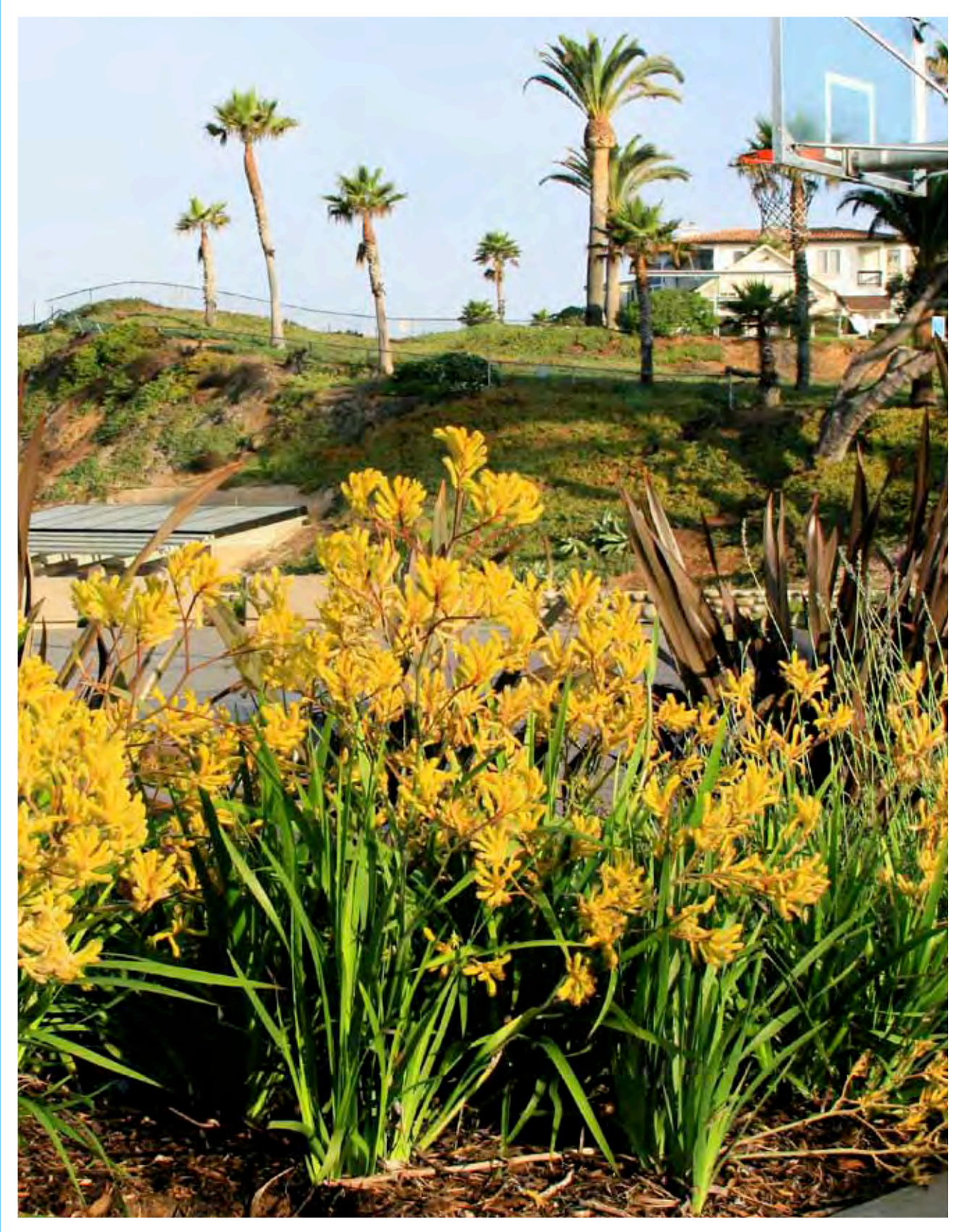
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and used as a management control device. Annual appropriated budgets are adopted for the general, special revenue, debt service and capital project funds. Certain funds did not have original budgets adopted; however, these funds did have budgets adopted before fiscal year end. The City Manager is authorized to transfer budgeted amounts between accounts within any department and fund. Expenditures may not exceed appropriations at the fund level. Annual appropriations lapse at fiscal year end. Selected appropriations are carried over. Project-length financial plans are adopted for the City capital projects.

(2) Expenditures in Excess of Appropriations

No funds had expenditures that exceeded appropriations.





**CITY OF SOLANA BEACH
Non-Major Funds
Combining Balance Sheet
June 30, 2009**

Assets	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Totals	
				2009	2008
Cash and investments	\$ 4,858,503	797,344	1,789,484	7,445,331	6,682,650
Receivables:					
Accounts	3,976	15,905	-	19,881	27,659
Tax	7,030	-	-	7,030	48,191
Interest	14,800	1,210	6,395	22,405	29,782
Due from other governments	72,115	-	-	72,115	1,319,018
Restricted cash with fiscal agent	-	481,886	948,143	1,430,029	1,470,819
Due from other funds	-	191,922	-	191,922	-
Total assets	\$ 4,956,424	1,488,267	2,744,022	9,188,713	9,578,119
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 187,361	222,799	75,361	485,521	454,698
Accrued liabilities	3,514	-	1,914	5,428	4,942
Deposits payable	-	-	69,226	69,226	75,075
Deferred revenue	126,037	-	-	126,037	135,232
Due to other funds	184,541	-	572,291	756,832	1,375,931
Total liabilities	501,453	222,799	718,792	1,443,044	2,045,878
Fund balances:					
Reserved for encumbrances	717,250	-	362,693	1,079,943	552,869
Reserved for debt service	-	1,265,468	-	1,265,468	1,160,530
Reserved for housing	952,564	-	-	952,564	765,357
Unreserved:					
Designated for specific projects and programs reported in:					
Special revenue funds	289,367	-	-	289,367	313,210
Undesignated, reported in:					
Special revenue funds	2,495,790	-	-	2,495,790	2,631,462
Capital projects fund	-	-	1,662,537	1,662,537	2,108,813
Total fund balances	4,454,971	1,265,468	2,025,230	7,745,669	7,532,241
Total liabilities and fund balances	\$ 4,956,424	1,488,267	2,744,022	9,188,713	9,578,119

CITY OF SOLANA BEACH
Non-Major Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year ended June 30, 2009

	Special Revenue Funds	Debt Service Fund	Capital Project Fund	Totals	
				2009	2008
Revenues:					
Taxes and assessments	\$ 911,571	882,281	129,153	1,923,005	1,784,830
Intergovernmental	740,167	-	-	740,167	3,491,618
Charges for services	8,097	-	-	8,097	10,984
Contributions from property owners	-	-	732,846	732,846	-
Investment income	76,890	21,675	44,193	142,758	288,511
Other	31,725	-	181,260	212,985	183,167
Total revenues	1,768,450	903,956	1,087,452	3,759,858	5,759,110
Expenditures:					
Current:					
General government	-	4,290	183,454	187,744	171,246
Public safety	199,682	-	-	199,682	114,107
Public works	794,948	-	-	794,948	773,196
Community development	55,206	-	-	55,206	15,000
Capital outlay	535,048	-	1,216,754	1,751,802	5,208,933
Debt service:					
Principal retirement	-	415,000	-	415,000	235,000
Interest	-	292,415	-	292,415	289,795
Pass-through payments	-	256,033	-	256,033	214,200
Total expenditures	1,584,884	967,738	1,400,208	3,952,830	7,021,477
Excess (deficiency) of revenues over (under) expenditures	183,566	(63,782)	(312,756)	(192,972)	(1,262,367)
Other financing sources:					
Transfers in	176,456	478,400	176,224	831,080	905,588
Transfers out	-	(309,680)	(115,000)	(424,680)	(293,788)
Net change in fund balances	360,022	104,938	(251,532)	213,428	(650,567)
Fund balances, July 1	4,094,949	1,160,530	2,276,762	7,532,241	8,182,808
Fund balances, June 30	<u>\$4,454,971</u>	<u>1,265,468</u>	<u>2,025,230</u>	<u>7,745,669</u>	<u>7,532,241</u>

NON-MAJOR SPECIAL REVENUE FUNDS

The following Special Revenue Funds have been classified as non-major funds in the accompanying financial statements:

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

Municipal Improvement Districts Fund – The Municipal Improvement Districts Fund is used to account for receipts and expenditures related to landscape maintenance within the various improvement districts. Budgets for the maintenance costs are determined by the property owners who are then assessed on a per parcel basis. The assessments are collected via the County tax roll.

SEEG Fund – The SEEG Fund is used to account for the State Environment Enhancement Grant.

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

TRANSNET Fund - This fund accounts for revenues and expenditures related to transportation development, transit and related studies. Funding is provided to the City as a secondary recipient under agreements with the County of San Diego and with the San Diego Association of Governments (SANDAG).

Proposition A Fund – The Proposition A Fund is used to account for the San Diego County Proposition A one half (1/2) cent transportation sales tax which went into effect on July 1, 1988. All revenues in this fund must be expensed for transportation related purposes.

TEA 21/TEA Fund – The Intermodal Surface Transportation Enhancement Act (ISTEA) and Transportation Enhancement Act (TEA) Fund accounts for transportation grant related receipts and expenditures

COPS Fund – The COPS Fund is used to account for federal and state grants received for police services.

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

Transportation Development Act Fund – The Transportation Development Act Fund is used to account for revenues and expenditures made for transportation development, transit and related studies. Funding is provided to the City as a secondary recipient under agreements with the County of San Diego and with the San Diego Association of Governments.

NON-MAJOR SPECIAL REVENUE FUNDS, (CONTINUED)

CDBG Fund – The CDBG Fund is used to account for the federal block grant for community development.

CALTRANS Fund – These monies are derived from Congestion Mitigation and Air Quality funds. CALTRANS is responsible for distributing these funds as well as Intermodal Surface Transportation Efficiency Act (ISTEA) funds from the federal governments to local agencies.

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

Boating and Waterways Fund – The Boating and Waterways Fund is used to account for grants received from the Department of Boating and Waterways. These funds are being used to fund the Army Corp. of Engineers beach replenishment study.

Miscellaneous Grants Fund – The Miscellaneous Grants Fund is used to account for grants received to fund various ongoing capital projects.

Redevelopment Agency Low/Mod Housing – This fund is used to account for low and moderate housing set-aside funds and projects.

Housing Fund – The Housing Fund is used to account for resources reserved to provide for low and moderate income housing.

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CITY OF SOLANA BEACH
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2009

Assets	Gas Tax	Municipal Improvement Districts	SEEG	Lighting District	TRANSNET
Cash and investments	\$ 403,621	364,606	693	1,192,470	1,230,355
Accounts receivable	-	-	-	-	-
Taxes receivable	-	3,706	-	3,324	-
Interest receivable	927	559	-	4,258	4,454
Due from other governmental agencies	<u>27,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 431,848</u>	<u>368,871</u>	<u>693</u>	<u>1,200,052</u>	<u>1,234,809</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,910	74,373	-	24,351	17,022
Accrued liabilities	-	1,095	-	2,419	-
Deferred revenue	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,910</u>	<u>75,468</u>	<u>-</u>	<u>26,770</u>	<u>17,022</u>
Fund balances (deficit):					
Reserved for encumbrances	198,000	4,036	-	19,146	-
Reserved for low and moderate income housing	-	-	-	-	-
Unreserved; designated for specific projects and programs	-	289,367	-	-	-
Unreserved; undesignated	<u>231,938</u>	<u>-</u>	<u>693</u>	<u>1,154,136</u>	<u>1,217,787</u>
Total fund balances (deficit)	<u>429,938</u>	<u>293,403</u>	<u>693</u>	<u>1,173,282</u>	<u>1,217,787</u>
Total liabilities and fund balances	<u>\$ 431,848</u>	<u>368,871</u>	<u>693</u>	<u>1,200,052</u>	<u>1,234,809</u>

Proposition A	TEA 21 & TEA	COPS	Fire Mitigation	Transportation Development Act	CDBG	CALTRANS
-	-	95,677	74,416	8,537	-	53,438
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	429	267	-	-	163
-	-	<u>39,269</u>	-	-	-	<u>5,546</u>
-	-	<u>135,375</u>	<u>74,683</u>	<u>8,537</u>	-	<u>59,147</u>
-	-	9,214	2,939	-	-	-
-	-	-	-	-	-	-
-	-	126,037	-	-	-	-
<u>596</u>	<u>168,970</u>	-	-	-	<u>14,975</u>	-
<u>596</u>	<u>168,970</u>	<u>135,251</u>	<u>2,939</u>	-	<u>14,975</u>	-
-	-	-	11,823	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(596)</u>	<u>(168,970)</u>	<u>124</u>	<u>59,921</u>	<u>8,537</u>	<u>(14,975)</u>	<u>59,147</u>
<u>(596)</u>	<u>(168,970)</u>	<u>124</u>	<u>71,744</u>	<u>8,537</u>	<u>(14,975)</u>	<u>59,147</u>
<u>-</u>	<u>-</u>	<u>135,375</u>	<u>74,683</u>	<u>8,537</u>	<u>-</u>	<u>59,147</u>

(continued)

CITY OF SOLANA BEACH
Non-Major Special Revenue Funds
Combining Balance Sheet
(Continued)

Assets	Coastal/ Business Visitors	Dept. of Boating & Waterways	Miscellaneous Grants Fund	Redevelopment Agency Low/Mod Housing
Cash and investments	100,271	\$ 46,609	340,529	528,422
Accounts receivable	-	-	-	3,976
Taxes receivable	-	-	-	-
Interest receivable	337	171	1,400	303
Due from other governmental agencies	-	-	-	-
	<u>100,608</u>	<u>\$ 46,780</u>	<u>341,929</u>	<u>532,701</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	9,763	\$ 31,799	15,462	528
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
	<u>9,763</u>	<u>31,799</u>	<u>15,462</u>	<u>528</u>
Fund balances (deficit):				
Reserved for encumbrances	-	214,850	269,395	-
Reserved for low and moderate income housing	-	-	-	532,173
Unreserved; designated for specific projects and programs	-	-	-	-
Unreserved; undesignated	90,845	(199,869)	57,072	-
	<u>90,845</u>	<u>14,981</u>	<u>326,467</u>	<u>532,173</u>
Total liabilities and fund balances	<u><u>100,608</u></u>	<u><u>\$ 46,780</u></u>	<u><u>341,929</u></u>	<u><u>532,701</u></u>

Housing Fund	Totals	
	2009	2008
418,859	4,858,503	4,081,062
-	3,976	-
-	7,030	16,624
1,532	14,800	15,199
-	72,115	1,237,907
<u>420,391</u>	<u>4,956,424</u>	<u>5,350,792</u>
-	187,361	185,604
-	3,514	3,118
-	126,037	135,232
-	184,541	931,889
-	501,453	1,255,843
-	717,250	384,920
420,391	952,564	765,357
-	289,367	313,210
-	2,495,790	2,631,462
<u>420,391</u>	<u>4,454,971</u>	<u>4,094,949</u>
<u>420,391</u>	<u>4,956,424</u>	<u>5,350,792</u>

CITY OF SOLANA BEACH
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year ended June 30, 2009

	Gas Tax	Municipal Improvement Districts	SEEG	Lighting District	TRANSNET
Revenues:					
Taxes and assessments	-	507,349	-	339,634	-
Intergovernmental	318,590	2,776	-	3,196	84,619
Charges for services	-	-	-	-	3,522
Investment income	3,552	4,244	-	25,315	21,579
Other income	-	-	-	-	-
Total revenues	<u>322,142</u>	<u>514,369</u>	<u>-</u>	<u>368,145</u>	<u>109,720</u>
Expenditures:					
Current:					
Public safety	-	-	-	-	-
Public works	-	536,429	-	258,519	-
Community development	-	-	-	-	-
Capital outlay	<u>157,038</u>	<u>-</u>	<u>-</u>	<u>37,436</u>	<u>100,172</u>
Total expenditures	<u>157,038</u>	<u>536,429</u>	<u>-</u>	<u>295,955</u>	<u>100,172</u>
Excess (deficiency) of revenues over (under) expenditures	165,104	(22,060)	-	72,190	9,548
Other financing sources:					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	165,104	(22,060)	-	72,190	9,548
Fund balances (deficit), July 1	<u>264,834</u>	<u>315,463</u>	<u>693</u>	<u>1,101,092</u>	<u>1,208,239</u>
Fund balances (deficit), June 30	<u><u>429,938</u></u>	<u><u>293,403</u></u>	<u><u>693</u></u>	<u><u>1,173,282</u></u>	<u><u>1,217,787</u></u>

Proposition A	TEA 21 & TEA	COPS	Fire Mitigation	Transportation Development Act	CDBG	CALTRANS
-	-	-	-	-	-	-
-	-	109,194	-	-	163,981	57,811
-	-	-	4,575	-	-	-
-	-	3,446	1,635	-	-	293
-	-	-	-	-	-	-
-	-	<u>112,640</u>	<u>6,210</u>	-	<u>163,981</u>	<u>58,104</u>
-	-	112,516	18,216	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	<u>162,599</u>	-
-	-	<u>112,516</u>	<u>18,216</u>	-	<u>162,599</u>	-
-	-	124	(12,006)	-	1,382	58,104
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	124	(12,006)	-	1,382	58,104
<u>(596)</u>	<u>(168,970)</u>	-	<u>83,750</u>	<u>8,537</u>	<u>(16,357)</u>	<u>1,043</u>
<u>(596)</u>	<u>(168,970)</u>	<u>124</u>	<u>71,744</u>	<u>8,537</u>	<u>(14,975)</u>	<u>59,147</u>

(continued)

CITY OF SOLANA BEACH
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
(Continued)

	Coastal/ Business Visitors	Dept. of Boating & Waterways	Miscellaneous Grants Fund	Redevelopment Agency Low/Mod Housing
Revenues:				
Taxes and assessments	64,588	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	729	456	4,218	2,025
Other income	31,725	-	-	-
	<u>97,042</u>	<u>456</u>	<u>4,218</u>	<u>2,025</u>
Total revenues				
Expenditures:				
Current:				
Public safety	-	68,950	-	-
Public works	-	-	-	-
Community development	54,534	-	-	672
Capital outlay	-	-	77,803	-
	<u>54,534</u>	<u>68,950</u>	<u>77,803</u>	<u>672</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	42,508	(68,494)	(73,585)	1,353
Other financing sources:				
Transfers in	-	-	-	176,456
Transfers out	-	-	-	-
	<u>42,508</u>	<u>(68,494)</u>	<u>(73,585)</u>	<u>177,809</u>
Net change in fund balances				
Fund balances (deficit), July 1	<u>48,337</u>	<u>83,475</u>	<u>400,052</u>	<u>354,364</u>
Fund balances (deficit), June 30	<u><u>90,845</u></u>	<u><u>14,981</u></u>	<u><u>326,467</u></u>	<u><u>532,173</u></u>

Housing Fund	Totals	
	2009	2008
-	911,571	943,105
-	740,167	3,491,618
-	8,097	10,984
9,398	76,890	134,152
-	31,725	23,129
<u>9,398</u>	<u>1,768,450</u>	<u>4,602,988</u>
-	199,682	114,107
-	794,948	755,369
-	55,206	15,000
-	535,048	4,135,079
-	<u>1,584,884</u>	<u>5,019,555</u>
9,398	183,566	(416,567)
-	176,456	148,983
-	-	-
9,398	360,022	(267,584)
<u>410,993</u>	<u>4,094,949</u>	<u>4,362,533</u>
<u>420,391</u>	<u>4,454,971</u>	<u>4,094,949</u>

**CITY OF SOLANA BEACH
Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009**

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 331,900	448,200	318,590	(129,610)	244,814
Investment income	2,500	2,500	3,552	1,052	5,455
Other income	-			-	23,129
Total revenues	<u>334,400</u>	<u>450,700</u>	<u>322,142</u>	<u>(128,558)</u>	<u>273,398</u>
Expenditures:					
Current:					
Capital outlay	<u>250,000</u>	<u>404,811</u>	<u>157,038</u>	<u>247,773</u>	<u>255,042</u>
Net change in fund balance	84,400	45,889	165,104	119,215	18,356
Fund balance, July 1	<u>264,834</u>	<u>264,834</u>	<u>264,834</u>	<u>-</u>	<u>246,478</u>
Fund balance (deficit), June 30	<u>\$ 349,234</u>	<u>310,723</u>	<u>429,938</u>	<u>119,215</u>	<u>264,834</u>

CITY OF SOLANA BEACH
Municipal Improvement Districts Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Taxes and assessments	\$ 499,700	499,700	507,349	7,649	495,583
Intergovernmental	3,000	3,000	2,776	(224)	2,786
Investment income	3,500	3,500	4,244	744	9,212
Total revenues	506,200	506,200	514,369	8,169	507,581
Expenditures:					
Current:					-
Public works	535,100	562,753	536,429	26,324	511,708
Net change in fund balance	(28,900)	(56,553)	(22,060)	34,493	(4,127)
Fund balance, July 1	315,463	315,463	315,463	-	319,590
Fund balance, June 30	\$ 286,563	258,910	293,403	34,493	315,463

**CITY OF SOLANA BEACH
SEEG Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009**

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	-	-	-
Expenditures:					
Current:					
Capital outlay	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund balance (deficit), July 1	<u>693</u>	<u>693</u>	<u>693</u>	<u>-</u>	<u>693</u>
Fund balance (deficit), June 30	<u>\$ 693</u>	<u>693</u>	<u>693</u>	<u>-</u>	<u>693</u>

CITY OF SOLANA BEACH
Lighting District Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Taxes and assessments	\$ 381,500	381,500	339,634	(41,866)	399,129
Intergovernmental	3,200	3,200	3,196	(4)	3,167
Investment income	17,000	17,000	25,315	8,315	41,497
Total revenues	401,700	401,700	368,145	(33,555)	443,793
Expenditures:					
Current:					
Public works	288,400	288,595	258,519	30,076	243,661
Capital outlay	81,000	81,000	37,436	43,564	83,705
Total expenditures	369,400	369,595	295,955	73,640	327,366
Net change in fund balance	32,300	32,105	72,190	40,085	116,427
Fund balance, July 1	1,101,092	1,101,092	1,101,092	-	984,665
Fund balance, June 30	\$ 1,133,392	1,133,197	1,173,282	40,085	1,101,092

**CITY OF SOLANA BEACH
TRANSNET Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009**

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 454,000	378,400	84,619	(293,781)	445,000
Charges for services	-	-	3,522	3,522	-
Investment income	25,000	25,000	21,579	(3,421)	49,791
Total revenues	<u>479,000</u>	<u>403,400</u>	<u>109,720</u>	<u>(293,680)</u>	<u>494,791</u>
Expenditures:					
Current:					
Capital outlay	<u>1,664,900</u>	<u>1,684,881</u>	<u>100,172</u>	<u>1,584,709</u>	<u>1,739,515</u>
Net change in fund balance	(1,185,900)	(1,281,481)	9,548	1,291,029	(1,244,724)
Fund balance, July 1	<u>1,208,239</u>	<u>1,208,239</u>	<u>1,208,239</u>	<u>-</u>	<u>2,452,963</u>
Fund balance, June 30	<u>\$ 22,339</u>	<u>(73,242)</u>	<u>1,217,787</u>	<u>1,291,029</u>	<u>1,208,239</u>

CITY OF SOLANA BEACH
Proposition A Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	-	-	-
Investment income	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Current:					
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund balance, July 1	(596)	(596)	(596)	-	(596)
Fund balance (deficit), June 30	\$ (596)	(596)	(596)	-	(596)

CITY OF SOLANA BEACH
TEA 21 and TEA Special Revenue Funds
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	-	-	1,060,985
Expenditures:					
Capital outlay	-	-	-	-	905,289
Net change in fund balance	-	-	-	-	155,696
Fund balance (deficit), July 1	<u>(168,970)</u>	<u>(168,970)</u>	<u>(168,970)</u>	-	<u>(324,666)</u>
Fund balance (deficit), June 30	<u><u>\$ (168,970)</u></u>	<u><u>(168,970)</u></u>	<u><u>(168,970)</u></u>	-	<u><u>(168,970)</u></u>

**CITY OF SOLANA BEACH
COPS Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009**

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	100,000	109,194	9,194	100,866
Investment income	1,200	1,200	3,446	2,246	5,473
Total revenues	<u>1,200</u>	<u>101,200</u>	<u>112,640</u>	<u>11,440</u>	<u>106,339</u>
Expenditures:					
Current:					
Public safety	<u>100,000</u>	<u>112,600</u>	<u>112,516</u>	<u>84</u>	<u>106,339</u>
Net change in fund balance	(98,800)	(11,400)	124	11,524	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), June 30	<u>\$ (98,800)</u>	<u>(11,400)</u>	<u>124</u>	<u>11,524</u>	<u>-</u>

CITY OF SOLANA BEACH
Fire Mitigation Fees Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			2008	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Charges for services	\$ 12,000	12,000	4,575	(7,425)	10,984
Investment income	1,200	1,200	1,635	435	2,882
Total revenues	<u>13,200</u>	<u>13,200</u>	<u>6,210</u>	<u>(6,990)</u>	<u>13,866</u>
Expenditures:					
Current:					-
Public safety	15,000	30,000	18,216	11,784	7,243
Excess (deficiency) of revenues over (under) expenditures	(1,800)	(16,800)	(12,006)	4,794	6,623
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balance	(1,800)	(16,800)	(12,006)	4,794	6,623
Fund balance, July 1	<u>83,750</u>	<u>83,750</u>	<u>83,750</u>	<u>-</u>	<u>77,127</u>
Fund balance, June 30	<u>\$ 81,950</u>	<u>66,950</u>	<u>71,744</u>	<u>4,794</u>	<u>83,750</u>

CITY OF SOLANA BEACH
Transportation Development Act Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 25,000	25,000	-	(25,000)	1,150,000
Investment income	-	-	-	-	-
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>1,150,000</u>
Expenditures:					
Current:					
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>1,150,000</u>
Net change in fund balance	-	-	-	-	-
Fund balance, July 1, as restated	<u>8,537</u>	<u>8,537</u>	<u>8,537</u>	<u>-</u>	<u>8,537</u>
Fund balance (deficit), June 30	<u>\$ 8,537</u>	<u>8,537</u>	<u>8,537</u>	<u>-</u>	<u>8,537</u>

**CITY OF SOLANA BEACH
CDBG Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009**

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 164,000	164,000	163,981	(19)	-
Expenditures:					
Current:					
Capital outlay	-	162,599	162,599	-	1,528
Net change in fund balance	164,000	1,401	1,382	(19)	(1,528)
Fund balance (deficit), July 1	<u>(16,357)</u>	<u>(16,357)</u>	<u>(16,357)</u>	<u>-</u>	<u>(14,829)</u>
Fund balance (deficit), June 30	<u><u>\$ 475,643</u></u>	<u><u>(14,956)</u></u>	<u><u>(14,975)</u></u>	<u><u>(19)</u></u>	<u><u>(16,357)</u></u>

**CITY OF SOLANA BEACH
CALTRANS Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009**

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	57,811	57,811	-
Investment income	-	-	293	293	-
Total revenues	<u>-</u>	<u>-</u>	<u>58,104</u>	<u>58,104</u>	<u>-</u>
Expenditures:					
Current:					
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	58,104	58,104	-
Fund balance (deficit), July 1	<u>1,043</u>	<u>1,043</u>	<u>1,043</u>	<u>-</u>	<u>1,043</u>
Fund balance (deficit), June 30	<u><u>\$ 1,043</u></u>	<u><u>1,043</u></u>	<u><u>59,147</u></u>	<u><u>58,104</u></u>	<u><u>1,043</u></u>

CITY OF SOLANA BEACH
Coastal Business/Visitors Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Taxes and assessments	\$ 83,000	83,000	64,588	(18,412)	48,393
Investment income	-	-	729	729	-
Other	25,600	25,600	31,725	6,125	-
Total revenues	<u>108,600</u>	<u>108,600</u>	<u>97,042</u>	<u>(11,558)</u>	<u>48,393</u>
Expenditures:					
Current:					
Community development	15,000	56,359	54,534	1,825	15,000
Net change in fund balance	93,600	52,241	42,508	(13,383)	33,393
Fund balance (deficit), July 1	<u>48,337</u>	<u>48,337</u>	<u>48,337</u>	<u>-</u>	<u>14,944</u>
Fund balance (deficit), June 30	<u><u>\$ 141,937</u></u>	<u><u>100,578</u></u>	<u><u>90,845</u></u>	<u><u>(13,383)</u></u>	<u><u>48,337</u></u>

CITY OF SOLANA BEACH
Dept. of Boating & Waterways Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 224,800	224,800	-	(224,800)	84,000
Investment income	-	-	456	456	-
Total revenues	<u>224,800</u>	<u>224,800</u>	<u>456</u>	<u>(224,344)</u>	<u>84,000</u>
Expenditures:					
Current:					
Public safety	<u>283,300</u>	<u>283,800</u>	<u>68,950</u>	<u>214,850</u>	<u>525</u>
Excess (deficiency) of revenues over (under) expenditures	(58,500)	(59,000)	(68,494)	(9,494)	83,475
Other financing uses:					
Transfers out	-	-	-	-	-
Net change in fund balance	(58,500)	(59,000)	(68,494)	(9,494)	83,475
Fund balance, July 1	<u>83,475</u>	<u>83,475</u>	<u>83,475</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), June 30	<u>\$ 24,975</u>	<u>24,475</u>	<u>14,981</u>	<u>(9,494)</u>	<u>83,475</u>

CITY OF SOLANA BEACH
Miscellaneous Grants Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	-	-	400,000
Investment income	-	-	4,218	4,218	-
Total revenues	<u>-</u>	<u>-</u>	<u>4,218</u>	<u>4,218</u>	<u>400,000</u>
Expenditures:					
Current:					
Capital outlay	<u>400,000</u>	<u>400,000</u>	<u>77,803</u>	<u>322,197</u>	<u>-</u>
Net change in fund balance	(400,000)	(400,000)	(73,585)	326,415	400,000
Fund balance (deficit), July 1	<u>400,052</u>	<u>400,052</u>	<u>400,052</u>	<u>-</u>	<u>52</u>
Fund balance (deficit), June 30	<u>\$ 52</u>	<u>52</u>	<u>326,467</u>	<u>326,415</u>	<u>400,052</u>

CITY OF SOLANA BEACH
Solana Beach Redevelopment Agency Low/Mod Housing Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ 1,300	1,300	2,025	725	3,279
Expenditures:					
Current:					
Community development	25,000	25,000	672	24,328	-
Excess (deficiency) of revenues over (under) expenditures	(23,700)	(23,700)	1,353	(23,603)	3,279
Other financing sources:					
Transfers in	155,000	177,700	176,456	(1,244)	148,983
Net change in fund balance	131,300	154,000	177,809	23,809	152,262
Fund balance, July 1	354,364	354,364	354,364	-	202,102
Fund balance, June 30	<u>\$ 485,664</u>	<u>508,364</u>	<u>532,173</u>	<u>23,809</u>	<u>354,364</u>

CITY OF SOLANA BEACH
Housing Special Revenue Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ 6,900	6,900	9,398	2,498	16,563
Expenditures:					
Current:					
Capital outlay	-	-	-	-	-
Net change in fund balance	6,900	6,900	9,398	2,498	16,563
Fund balance, July 1	410,993	410,993	410,993	-	394,430
Fund balance, June 30	<u>\$417,893</u>	<u>417,893</u>	<u>420,391</u>	<u>2,498</u>	<u>410,993</u>

NON-MAJOR DEBT SERVICE FUNDS

The following Debt Service funds have been classified as a non-major fund in the accompanying financial statements:

City Debt Service Fund – The City's Debt Service Fund is used to account for the accumulation of resources for the payment of interest and principal on the City's debt.

Solana Beach RDA Debt Service Fund – This fund is used to account for the collection of tax increment that is used to pay for principal and interest on long-term obligations issued by the redevelopment agency.

**CITY OF SOLANA BEACH
Debt Service Funds
Combining Balance Sheet
June 30, 2009**

	City Debt Service Fund	Solana Beach Redevelopment Agency	Totals	
			2009	2008
Assets				
Cash and investments	\$ 56,995	740,349	797,344	580,970
Taxes receivable	-	-	-	16,361
Interest receivable	-	1,210	1,210	2,430
Accounts receivable	-	15,905	15,905	-
Restricted cash with fiscal agent	246,073	235,813	481,886	881,790
Due from other funds	-	191,922	191,922	-
Total assets	303,068	1,185,199	1,488,267	1,481,551
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	222,799	222,799	186,146
Due to other funds	-	-	-	134,875
Total liabilities	-	222,799	222,799	321,021
Fund balances (deficit):				
Reserved for debt service	303,068	962,400	1,265,468	1,160,530
Total liabilities and fund balances	\$ 303,068	\$ 1,185,199	\$ 1,488,267	\$ 1,481,551

CITY OF SOLANA BEACH
Debt Service Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year ended June 30, 2009

	City Debt Service Fund	Solana Beach Redevelopment Agency	Totals	
			2009	2008
Revenues:				
Taxes and assessments	\$ -	882,281	882,281	744,917
Investment income	9,362	12,313	21,675	50,654
Total revenues	9,362	894,594	903,956	795,571
Expenditures:				
Current:				
General government	240	4,050	4,290	5,814
Debt service:				
Principal	355,000	60,000	415,000	235,000
Interest & fiscal charges	120,672	171,743	292,415	289,795
Pass-through payments	-	256,033	256,033	214,200
Total expenditures	475,912	491,826	967,738	744,809
(Deficiency) of revenues over (under) expenditures	(466,550)	402,768	(63,782)	50,762
Other financing sources:				
Transfers in	478,400	-	478,400	324,000
Transfers out	-	(309,680)	(309,680)	(293,788)
Net change in fund balance	11,850	93,088	104,938	80,974
Fund balance, July 1	291,218	869,312	1,160,530	1,079,556
Fund balance, June 30	303,068	962,400	1,265,468	1,160,530

CITY OF SOLANA BEACH
City Debt Service Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ 4,200	4,200	9,362	5,162	11,488
Expenditures:					
Current:					
General government	-	200	240	(40)	1,764
Debt service:					
Principal	324,700	355,000	355,000	-	205,000
Interest		123,100	120,672	2,428	114,181
Total expenditures	324,700	478,300	475,912	2,388	320,945
(Deficiency) of revenues over (under) expenditures	(320,500)	(474,100)	(466,550)	7,550	(309,457)
Other financing sources:					
Transfers in	325,000	478,400	478,400	-	324,000
Net change in fund balance	4,500	4,300	11,850	7,550	14,543
Fund balance, July 1	291,218	291,218	291,218	-	276,675
Fund balance, June 30	\$ 295,718	295,518	303,068	7,550	291,218

CITY OF SOLANA BEACH
Solana Beach Redevelopment Agency Debt Service Fund
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Taxes and assessments	\$ 775,000	888,000	882,281	(5,719)	744,917
Investment income	25,000	25,000	12,313	(12,687)	39,166
Total revenues	800,000	913,000	894,594	(18,406)	784,083
Expenditures:					
Current:					
General government	10,000	9,500	4,050	5,450	4,050
Debt service:					
Principal	194,900	194,900	60,000	134,900	30,000
Interest & fiscal charges	172,400	172,400	171,743	657	175,614
Pass-through payments	216,500	266,500	256,033	10,467	214,200
Total expenditures	593,800	643,300	491,826	151,474	423,864
(Deficiency) of revenues over (under) expenditures	206,200	269,700	402,768	133,068	360,219
Other financing sources:					
Transfers out	(706,700)	(729,400)	(309,680)	419,720	(293,788)
Net change in fund balance	(500,500)	(459,700)	93,088	552,788	66,431
Fund balance, July 1	869,312	869,312	869,312	-	802,881
Fund balance, June 30	\$ 368,812	409,612	962,400	552,788	869,312

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NON-MAJOR CAPITAL PROJECTS FUNDS

The following Capital Projects funds have been classified as a non-major fund in the accompanying financial statements:

City CIP Fund – The City Capital Improvements Fund is used to account for the acquisition, construction, and improvement of capital facilities and infrastructure. The projects are funded by transfers from the General Fund.

Assessment Districts CIP Fund – This fund is used to account for capital projects in the assessment districts.

Solana Beach RDA CIP Fund – This fund is used to account for administration and capital projects in the redevelopment project area.

Sand Replenishment/Retention and Coastal Access CIP Fund – The Sand Replenishment/Retention and Coastal Access Capital Improvements Fund is limited to sand replenishment, sand retention and coastal access capital projects. Seawall expenditures are excluded from this CIP fund.

CITY OF SOLANA BEACH
Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2009

Assets	City Capital Projects	Assessment Districts	Solana Beach Redevelopment Agency	Sand Replenishment & Retention
Cash and investments	\$ 1,221,468	312,727	-	255,289
Accounts receivable	-	-	-	-
Taxes receivable	-	-	-	-
Interest receivable	5,105	609	-	681
Due from other governments	-	-	-	-
Restricted cash with fiscal agent	-	-	948,143	-
Total assets	<u>\$ 1,226,573</u>	<u>313,336</u>	<u>948,143</u>	<u>255,970</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 11,611	32,759	1,303	29,688
Accrued liabilities	-	-	1,914	-
Deposits payable	-	69,226	-	-
Due to other funds	-	-	572,291	-
Total liabilities	<u>11,611</u>	<u>101,985</u>	<u>575,508</u>	<u>29,688</u>
Fund balances:				
Reserved for encumbrances	265,340	10,704	48,463	38,186
Unreserved; undesignated	949,622	200,647	324,172	188,096
Total fund balances	<u>1,214,962</u>	<u>211,351</u>	<u>372,635</u>	<u>226,282</u>
Total liabilities and fund balances	<u>\$ 1,226,573</u>	<u>313,336</u>	<u>948,143</u>	<u>255,970</u>

Totals	
2009	2008
1,789,484	2,020,618
-	27,659
-	15,206
6,395	12,153
-	81,111
948,143	589,029
<u>2,744,022</u>	<u>2,745,776</u>

75,361	82,948
1,914	1,824
69,226	75,075
572,291	309,167
<u>718,792</u>	<u>469,014</u>

362,693	167,949
1,662,537	2,108,813
<u>2,025,230</u>	<u>2,276,762</u>

<u>2,744,022</u>	<u>2,745,776</u>
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CITY OF SOLANA BEACH
Non-Major Capital Projects Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Year ended June 30, 2009

	City Capital Projects	Assessment Districts	Solana Beach Redevelopment Agency	Sand Replenishment & Retention
Revenues:				
Taxes and assessments	-	-	-	129,153
Contributions from property owners	-	732,846	-	-
Investment income	32,128	4,885	4,905	2,275
Other	181,260	-	-	-
Total revenues	213,388	737,731	4,905	131,428
Expenditures:				
Current:				
General government	-	59,201	124,253	-
Public works	-	-	-	-
Capital outlay	532,622	585,350	66,940	31,842
Total expenditures	532,622	644,551	191,193	31,842
Excess (deficiency) of revenues over (under) expenditures	(319,234)	93,180	(186,288)	99,586
Other financing sources:				
Transfers in	43,000	-	133,224	-
Transfers out	(115,000)	-	-	-
Net change in fund balance	(391,234)	93,180	(53,064)	99,586
Fund balances (deficit), July 1	1,606,196	118,171	425,699	126,696
Fund balances (deficit), June 30	<u>\$ 1,214,962</u>	<u>211,351</u>	<u>372,635</u>	<u>226,282</u>

<u>Totals</u>	
<u>2009</u>	<u>2008</u>
129,153	96,808
732,846	-
44,193	103,705
<u>181,260</u>	<u>160,038</u>
<u>1,087,452</u>	<u>360,551</u>
183,454	165,432
-	17,827
<u>1,216,754</u>	<u>1,073,854</u>
<u>1,400,208</u>	<u>1,257,113</u>
(312,756)	(896,562)
176,224	432,605
<u>(115,000)</u>	<u>-</u>
(251,532)	(463,957)
<u>2,276,762</u>	<u>2,740,719</u>
<u><u>2,025,230</u></u>	<u><u>2,276,762</u></u>

CITY OF SOLANA BEACH
City Capital Projects
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ 45,000	45,000	32,128	(12,872)	68,938
Intergovernmental	-	-	7,419	7,419	-
Other	181,341	181,341	173,841	(7,500)	160,038
Total revenues	226,341	226,341	213,388	(12,953)	228,976
Expenditures:					
Current:					
Community development	-	-	-	-	17,827
Capital outlay	1,116,600	1,501,946	532,622	969,324	880,738
Total expenditures	1,116,600	1,501,946	532,622	969,324	898,565
Excess (deficiency) of revenues over (under) expenditures	(890,259)	(1,275,605)	(319,234)	(982,277)	(669,589)
Other financing sources:					
Transfers in	43,000	43,000	43,000	-	287,800
Transfer out	-	(115,000)	(115,000)		
Net change in fund balance	(847,259)	(1,347,605)	(391,234)	(982,277)	(381,789)
Fund balances (deficit), July 1	1,606,196	1,606,196	1,606,196	-	1,987,985
Fund balances (deficit), June 30	758,937	258,591	1,214,962	(982,277)	1,606,196

CITY OF SOLANA BEACH
Assessment Districts Capital Projects
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Contributions from property owners	\$ -	-	732,846	732,846	-
Investment income	-	-	4,885	4,885	10,561
Total revenues	-	-	737,731	737,731	10,561
Expenditures:					
Current:					
General government	-	-	59,201	(59,201)	20,094
Capital outlay	-	655,400	585,350	70,050	104,168
Total expenditures	-	655,400	644,551	10,849	124,262
Net change in fund balance	-	(655,400)	93,180	726,882	(113,701)
Fund balances (deficit), July 1	118,171	118,171	118,171	-	231,872
Fund balances (deficit), June 30	118,171	(537,229)	211,351	726,882	118,171

CITY OF SOLANA BEACH
Solana Beach Redevelopment Agency Capital Projects
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			Variance with Final Budget Positive (Negative)	2008
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ 15,000	15,000	4,905	(10,095)	24,206
Expenditures:					
Current:					
General government	150,200	159,750	124,253	35,497	145,338
Capital outlay	320,450	343,357	66,940	276,417	88,948
Total expenditures	<u>470,650</u>	<u>503,107</u>	<u>191,193</u>	<u>311,914</u>	<u>234,286</u>
Excess (deficiency) of revenues over (under) expenditures	(455,650)	(488,107)	(186,288)	(322,009)	(210,080)
Other financing sources:					
Transfers in	<u>551,700</u>	<u>551,700</u>	<u>133,224</u>	<u>418,476</u>	<u>144,805</u>
Net change in fund balance	96,050	63,593	(53,064)	96,467	(65,275)
Fund balances (deficit), July 1	<u>425,699</u>	<u>425,699</u>	<u>425,699</u>	<u>-</u>	<u>490,974</u>
Fund balances (deficit), June 30	<u><u>\$ 521,749</u></u>	<u><u>489,292</u></u>	<u><u>372,635</u></u>	<u><u>96,467</u></u>	<u><u>425,699</u></u>

CITY OF SOLANA BEACH
Sand Replenishment and Retention Capital Projects
Budgetary Comparison Schedule
Year ended June 30, 2009

	2009			2008	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Taxes and assessments	\$ 167,000	167,000	129,153	(37,847)	96,808
Investment income	-	-	2,275	2,275	-
Total revenues	<u>167,000</u>	<u>167,000</u>	<u>131,428</u>	<u>(35,572)</u>	<u>96,808</u>
Expenditures:					
Capital outlay	-	75,840	31,842	43,998	-
Net change in fund balance	167,000	91,160	99,586	(79,570)	96,808
Fund balances (deficit), July 1	<u>126,696</u>	<u>126,696</u>	<u>126,696</u>	<u>-</u>	<u>29,888</u>
Fund balances (deficit), June 30	<u><u>\$ 293,696</u></u>	<u><u>217,856</u></u>	<u><u>226,282</u></u>	<u><u>(79,570)</u></u>	<u><u>126,696</u></u>

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AGENCY FUNDS

Cedros Avenue Assessment District Fund – The Cedros Avenue Assessment District Fund accounts for payments from property owners as well as debt service on bonds which were issued to pay for the improvements within the assessment district. This is accounted for as an agency fund because the City has no responsibility for the debt service on the bonds.

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

South Solana Sewer District Fund – The South Solana Sewer Assessment District No. 2006-01 was formed to finance the construction of sewer improvements to connect the 51 properties of the assessment district to the City's sewer system. These funds account for payments from property owners as well as debt service on bonds that were issued to pay for the sewer improvements. This is accounted for as an agency fund because the City has no responsibility for the debt service on the bonds.

CITY OF SOLANA BEACH
Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>Cedros Avenue Assessment District</u>				
Assets:				
Cash and investments	\$ 13,199	-	-	13,199
Interest receivable	-	-	-	-
Total assets	<u>\$ 13,199</u>	<u>-</u>	<u>-</u>	<u>13,199</u>
Liabilities:				
Due to bondholders	<u>\$ 13,199</u>	<u>-</u>	<u>-</u>	<u>13,199</u>
<u>Undergrounding Districts</u>				
Assets:				
Cash and investments	\$ 560,231	694,735	(921,169)	333,797
Interest receivable	1,048	1,322	(1,406)	964
Taxes receivable	712	779	(712)	779
Cash and investments	<u>\$ 561,991</u>	<u>696,836</u>	<u>(923,287)</u>	<u>335,540</u>
Liabilities:				
Due to bondholders	<u>\$ 561,991</u>	<u>696,836</u>	<u>(923,287)</u>	<u>335,540</u>
<u>South Solana Sewer District</u>				
Assets:				
Cash and investments	\$ 50,864	95,144	(93,665)	52,343
Interest receivable	227	-	(227)	-
Taxes receivable	719	2,359	(719)	2,359
Cash and investments	<u>\$ 51,810</u>	<u>97,503</u>	<u>(94,611)</u>	<u>54,702</u>
Liabilities:				
Due to bondholders	<u>\$ 719</u>	<u>2,359</u>	<u>(719)</u>	<u>2,359</u>
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 624,294	789,879	(1,014,834)	399,339
Interest receivable	1,275	1,322	(1,633)	964
Taxes receivable	1,431	3,138	(1,431)	3,138
Total assets	<u>\$ 627,000</u>	<u>794,339</u>	<u>(1,017,898)</u>	<u>403,442</u>
Liabilities:				
Due to bondholders	<u>\$ 627,000</u>	<u>794,339</u>	<u>(1,017,898)</u>	<u>403,442</u>





Statistical Section

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

Contents

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

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

Operating Information

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

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

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

CITY OF SOLANA BEACH

**Net Assets by Component
Last Five Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year		
	2005	2006	2007
Government activities			
Invested in capital assets, net of related debt	\$ 509,150,966	\$ 508,883,573	\$ 508,667,761
Restricted	2,221,042	6,996,982	5,918,148
Unrestricted	11,309,650	10,976,825	10,118,438
Total governmental activities net assets	\$ 522,681,658	\$ 526,857,380	\$ 524,704,347
Business-type activities			
Invested in capital assets, net of related debt	\$ 4,258,382	\$ 4,485,446	\$ 5,655,824
Restricted	850,800	1,021,293	1,021,293
Unrestricted	15,243,909	16,242,623	16,516,654
Total business-type activities net assets	\$ 20,353,091	\$ 21,749,362	\$ 23,193,771
Primary government			
Invested in capital assets, net of related debt	\$ 513,409,348	\$ 513,369,019	\$ 514,323,585
Restricted	3,071,842	8,018,275	6,939,441
Unrestricted	26,553,559	27,219,448	26,635,092
Total primary government activities net assets	\$ 543,034,749	\$ 548,606,742	\$ 547,898,118

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

Fiscal Year	
2008	2009
\$ 508,786,944	506,384,350
5,634,827	6,227,639
<u>9,696,117</u>	<u>9,168,682</u>
<u>\$ 524,117,888</u>	<u>\$ 521,780,671</u>
\$ 5,300,163	9,451,570
1,021,293	1,021,293
<u>19,961,200</u>	<u>16,768,741</u>
<u>\$ 26,282,656</u>	<u>\$ 27,241,604</u>
\$ 514,087,107	515,835,920
6,656,120	7,248,932
<u>29,657,317</u>	<u>25,937,423</u>
<u>\$ 550,400,544</u>	<u>\$ 549,022,275</u>

CITY OF SOLANA BEACH

**Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental Activities:					
General government	\$ 2,657,830	\$ 2,773,232	\$ 3,528,936	\$ 3,937,478	3,518,394
Public safety	5,699,742	6,087,407	6,660,964	7,295,541	7,543,706
Public works	4,725,613	4,483,800	7,956,086	3,983,378	6,254,133
Community development	804,491	1,089,476	1,092,010	1,318,105	1,115,746
Community services	413,747	393,590	447,863	3,662,205	862,778
Interest on long-term debt	138,123	330,382	440,207	464,713	523,536
Total Governmental Activities expenses	<u>14,439,546</u>	<u>15,157,887</u>	<u>20,126,066</u>	<u>20,661,420</u>	<u>19,818,293</u>
Business-Type Activities:					
Sanitation	2,798,884	2,616,081	2,893,009	3,284,109	3,599,496
Total Business-Type Activities Expenses	<u>2,798,884</u>	<u>2,616,081</u>	<u>2,893,009</u>	<u>3,284,109</u>	<u>3,599,496</u>
Total Primary Government Expenses	<u>\$ 17,238,430</u>	<u>\$ 17,773,968</u>	<u>\$ 23,019,075</u>	<u>\$ 23,945,529</u>	<u>\$ 23,417,789</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	528,680	612,036	673,678	685,091	804,810
Public works	809,414	892,979	933,500	992,150	923,315
Community development	549,425	723,716	696,403	718,504	508,514
Community services	58,192	59,245	65,554	102,620	105,511
Operating Contributions:					
Public safety	-	2,460	-	-	-
Public works	257,689	312,172	393,644	267,943	318,590
Community development	-	-	-	-	31,725
Community services	-	-	14,944	48,393	-
Capital Contributions and Grants:					
Public safety	110,626	181,974	109,462	184,866	109,194
Public works	1,640,684	4,475,229	1,377,308	3,152,793	1,039,257
Total Governmental Activities Program Revenues	<u>3,954,710</u>	<u>7,259,811</u>	<u>4,264,493</u>	<u>6,152,360</u>	<u>3,840,916</u>
Business-Type Activities:					
Charges for services:					
Sanitation	3,530,427	3,741,212	3,860,416	5,920,865	4,296,890
Total Business-Type Activities Program Revenues	<u>3,530,427</u>	<u>3,741,212</u>	<u>3,860,416</u>	<u>5,920,865</u>	<u>4,296,890</u>
Total Primary Government Program Revenues	<u>\$ 7,485,137</u>	<u>\$ 11,001,023</u>	<u>\$ 8,124,909</u>	<u>\$ 12,073,225</u>	<u>\$ 8,137,806</u>
Net (Expense)/Revenue					
Governmental Activities	(10,484,836)	(7,898,076)	(15,861,573)	(14,509,060)	(15,977,377)
Business-Type Activities	731,543	1,125,131	967,407	2,636,756	697,394
Total primary Government Net Expense	<u>(9,753,293)</u>	<u>(6,772,945)</u>	<u>(14,894,166)</u>	<u>(11,872,304)</u>	<u>(15,279,983)</u>

CITY OF SOLANA BEACH

**Changes in Net Assets
Last Five Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year				
	2005	2006	2007	2008	2009
General Revenues and Other Charges in Net Assets					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 4,031,269	\$ 4,478,992	\$ 5,565,440	\$ 5,954,582	\$ 6,291,314
Transient occupancy taxes	783,539	919,638	1,013,297	1,020,184	1,015,007
Sales taxes	2,661,448	2,943,359	3,070,730	3,041,726	2,682,769
Franchise taxes	521,996	569,936	613,222	624,153	652,107
Other taxes	1,756,042	2,191,678	1,821,978	1,905,408	2,016,476
Investment income	323,938	606,068	1,044,282	776,033	401,668
Use of money and property	34,902	26,227	31,304	56,849	87,154
Other	352,889	337,900	548,286	553,666	493,665
Total Governmental Activities	<u>10,466,023</u>	<u>12,073,798</u>	<u>13,708,539</u>	<u>13,932,601</u>	<u>13,640,160</u>
Business-Type Activities:					
Investment income	164,044	271,140	477,002	488,749	261,554
Share in joint venture net loss	-	-	-	-	-
Total Business-Type Activities	<u>164,044</u>	<u>271,140</u>	<u>477,002</u>	<u>488,749</u>	<u>261,554</u>
Total Primary Government	<u>10,630,067</u>	<u>12,344,938</u>	<u>14,185,541</u>	<u>14,421,350</u>	<u>13,901,714</u>
Changes in Net Assets					
Governmental Activities	(18,813)	4,175,722	(2,153,034)	(576,459)	(2,337,217)
Business-Type Activities	895,587	1,396,271	1,444,409	3,125,505	958,948
Total Primary Government	<u>\$ 876,774</u>	<u>\$ 5,571,993</u>	<u>\$ (708,625)</u>	<u>\$ 2,549,046</u>	<u>\$ (1,378,269)</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 544,362	\$ 634,006	\$ 519,306	\$ 702,183	\$ 678,179
Unreserved	<u>10,150,168</u>	<u>10,573,702</u>	<u>9,406,448</u>	<u>9,349,667</u>	<u>9,315,645</u>
Total General Fund	<u>\$ 10,694,530</u>	<u>\$ 11,207,708</u>	<u>\$ 9,925,754</u>	<u>\$ 10,051,850</u>	<u>\$ 9,993,824</u>
All Other Governmental Funds					
Reserved	\$ 1,205,408	\$ 3,297,818	\$ 6,724,648	\$ 2,478,756	\$ 3,297,975
Unreserved, reported in nonmajor,					
Special revenue funds	1,677,800	2,813,527	169,154	2,944,672	2,785,157
Capital Projects funds	<u>652,688</u>	<u>4,697,594</u>	<u>1,289,006</u>	<u>2,108,813</u>	<u>1,662,537</u>
Total all other Governmental Funds	<u>\$ 3,535,896</u>	<u>\$ 10,808,939</u>	<u>\$ 8,182,808</u>	<u>\$ 7,532,241</u>	<u>\$ 7,745,669</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues:					
Taxes and assessments	\$ 9,268,752	\$ 10,688,064	\$ 11,919,786	\$ 12,459,651	\$ 12,299,829
Intergovernmental	3,901,446	3,592,052	2,414,327	4,945,419	2,310,147
Licenses and permits	305,807	359,960	329,903	397,846	329,118
Charges for services	421,033	668,977	634,068	673,668	573,179
Fines and forfeitures	336,224	381,016	395,038	348,272	322,777
Contributions from property owners	-	2,712,563	782,564	-	732,846
Investment income	228,238	611,383	1,050,776	781,475	404,348
Use of money and property	130,602	26,853	31,304	46,849	87,154
Other	422,028	487,211	577,485	596,889	593,334
Total revenues	15,014,130	19,528,079	18,135,251	20,250,069	17,652,732
Expenditures:					
General government	2,602,447	3,074,773	3,810,327	3,562,602	3,373,964
Public safety	5,913,793	6,022,168	6,529,740	7,126,476	8,236,116
Public works	2,157,684	2,394,504	2,569,705	2,537,019	2,471,621
Community development	792,434	1,088,025	1,090,559	1,312,496	1,108,727
Community services	236,705	203,341	257,687	288,019	295,651
Capital outlay	4,154,864	2,091,842	7,087,294	5,208,933	1,751,802
Debt service:					
Principal retirement	224,025	190,000	230,000	235,000	415,000
Interest	139,681	232,203	297,973	289,795	292,415
Pass-through payments	-	-	170,053	214,200	256,033
Total expenses	16,221,633	15,296,856	22,043,338	20,774,540	18,201,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,207,503)	4,231,223	(3,908,087)	(524,471)	(548,597)
Other financing sources (uses):					
Transfers in	1,248,917	3,282,360	3,866,836	905,588	946,080
Transfers out	(1,248,917)	(3,282,360)	(3,866,836)	(905,588)	(946,080)
Long-term debt issued	-	3,555,000	-	-	-
Capital leases	-	-	-	-	703,999
Total other financing sources (uses)	-	3,555,000	-	-	703,999
Net change in fund balances / net assets	\$ (1,207,503)	\$ 7,786,223	\$ (3,908,087)	\$ (524,471)	\$ 155,402
Capital assets used in debt service calculation*	\$ 3,923,659	\$ 2,253,161	\$ 4,141,490	\$ 2,730,022	\$ 390,039
Debt service as a percentage of noncapital expenditures	3.0%	3.2%	2.9%	2.9%	4.0%

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

CITY OF SOLANA BEACH

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

Fiscal Year	Residential Property	Commercial Property	Other Property	Less: Tax-Exempt Property
2000	1,445,902	183,841	100,330	-
2001	1,560,492	197,667	104,361	-
2002	1,681,838	202,768	130,772	-
2003	1,795,862	215,156	119,715	-
2004	1,916,873	223,024	131,368	-
2005	2,085,753	237,780	128,736	-
2006	2,298,209	255,260	162,600	-
2007	2,514,874	265,176	175,719	-
2008	2,724,080	299,804	155,109	-
2009	2,873,115	344,271	167,089	-

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

N/A - Data not available

Source: San Diego County Assessor 1999/00 - 2008/09 Combined Tax Rolls
HdL Coren & Cone.
City of Solana Beach Finance Department

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value^a	Taxable Assessed Value as a Percentage of Actual Taxable Value
1,730,073	0.1735%	N/A	N/A
1,862,520	0.1735%	N/A	N/A
2,015,378	0.1735%	N/A	N/A
2,130,733	0.1735%	N/A	N/A
2,271,265	0.1735%	N/A	N/A
2,452,269	0.1735%	N/A	N/A
2,716,069	0.1735%	N/A	N/A
2,955,769	0.1735%	N/A	N/A
3,178,993	0.1735%	N/A	N/A
3,384,475	0.1735%	N/A	N/A

CITY OF SOLANA BEACH

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

City Direct Rates

Fiscal Year	General Basic Tax Levy	Municipal Improvement District	Lighting District	Total Direct Rate
2000	0.1602	0.0037	0.0096	0.1735
2001	0.1602	0.0037	0.0096	0.1735
2002	0.1602	0.0037	0.0096	0.1735
2003	0.1602	0.0037	0.0096	0.1735
2004	0.1602	0.0037	0.0096	0.1735
2005	0.1602	0.0037	0.0096	0.1735
2006	0.1602	0.0037	0.0096	0.1735
2007	0.1602	0.0037	0.0096	0.1735
2008	0.1602	0.0037	0.0096	0.1735
2009	0.1602	0.0037	0.0096	0.1735

Overlapping Rates

Fiscal Year	San Diego County (1)	Carlsbad/Oceanside/Vista Projects	School Districts	Community College	Santa Fe Irrigation District (2)
2000	0.167550	0.0004	0.402810	0.10486	0.025340
2001	0.167550	0.0004	0.402810	0.10486	0.025340
2002	0.167550	0.0004	0.402810	0.10486	0.025340
2003	0.167550	0.0004	0.402810	0.10486	0.025340
2004	0.167550	0.0004	0.402810	0.10486	0.025340
2005	0.167550	0.0004	0.402810	0.10486	0.025340
2006	0.167550	0.0004	0.402810	0.10486	0.025340
2007	0.167550	0.0004	0.402810	0.10486	0.025340
2008	0.167550	0.0004	0.402810	0.10486	0.025340
2009	0.167550	0.0004	0.402810	0.10486	0.025340

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

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

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

Source: San Diego County Assessor 1999/00 - 2008/09 Tax Rate Table and HdL Coren and Cone.

Overlapping Rates

Overlapping Rates					
Voter Approved (3)					
Educational Revenue Augmentation	CWA Santa Fe Irrigation Debt Service	Metropolitan Water District Debt Service	Santa Fe Irrigation Tax Rate Reduction	Vista Project	Total Tax Rate
0.12551	0.00100	0.0089	-0.00851	-	1.001380
0.12551	0.00091	0.0088	-0.00926	-	1.000440
0.12551	0.00083	0.0077	-0.01009	-	0.998430
0.12551	0.00075	0.0067	-0.01048	-	0.996960
0.12551	0.00067	0.0061	-0.01099	-	0.995770
0.12551	-	0.0058	-0.01123	-	0.994560
0.12551	-	0.0052	-	-	1.005190
0.12551	-	0.0047	-	-	1.004690
0.12551	-	0.0045	-	-	1.004490
0.12551	-	0.0043	-	-	1.004290

CITY OF SOLANA BEACH

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

<u>Taxpayer</u>	2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
SB Corporate Centre III-IV LLC	\$ 36,337,611	1	1.09%
S B Towne Centre LLC	31,091,230	2	0.93%
Sanyo Foods Corporation of America	28,950,254	3	0.87%
Muller Beachwalk LLC	28,611,000	4	0.86%
Pacific Solana Beach Holdings LP	28,457,178	5	0.85%
Fenton Solana Highlands LLC	26,921,272	6	0.81%
445 Marine View LLC	20,070,000	7	0.60%
E R P Operating Limited Partnership	17,293,554	8	0.52%
Lavida Delmar Associates Limited Partnership	15,230,354	9	0.46%
Urschel Laboratories Inc.	12,527,105	10	0.37%
Solana Beach Towne Centres Investments	-		0.00%
Generation Properties Limited Partnership	-		0.00%
Hibiscus Investments Inc.	-		0.00%
Pacifica Solana LLC	-		0.00%
Total	\$ 209,151,947		6.26%

Source: HdL Coren & Cone and San Diego County Assessor 1999/00 & 2000/09 Combined Tax Rolls

2000

Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
-		0.00%
-		0.00%
22,137,991	4	1.30%
-		0.00%
23,437,128	2	1.38%
22,892,049	3	1.35%
-		0.00%
14,564,407	6	0.86%
10,250,705	7	0.60%
9,000,000	8	0.53%
33,612,894	1	1.98%
16,167,020	5	0.95%
9,000,000	9	0.53%
7,099,971	10	0.42%
\$ 168,162,165		9.91%

CITY OF SOLANA BEACH

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2000	3,462,536	3,400,773	98.2%
2001	3,753,666	3,691,387	98.3%
2002	4,002,562	3,941,924	98.5%
2003	4,203,037	4,144,738	98.6%
2004	4,454,612	4,398,480	98.7%
2005	4,630,963 (1)	4,584,653	99.0%
2006	5,071,474 (1)	4,829,420	95.2%
2007	5,151,898	4,996,716	97.0%
2008	5,209,273	4,900,178	94.1%
2009	5,380,394	5,109,936	95.0%

(1) City Finance Department Estimates including Educational Revenue Augmentation Fund (ERAF) Shift

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
75,399	3,476,172	100%
80,799	3,772,186	100%
83,602	4,025,526	101%
76,910	4,221,648	100%
77,196	4,475,676	100%
49,173	4,633,826	100%
75,012	4,904,432	97%
240,429	5,237,145	102%
291,016	5,191,194	100%
-	5,109,936	95%

CITY OF SOLANA BEACH

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

Fiscal Year	Government Activities		Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	2002 ABAG Lease Revenue Bonds	Capital Leases	Loans			
2005	2,915,000	-	9,025,000	11,940,000	N/A	N/A
2006	2,725,000	-	8,565,000	11,290,000	N/A	N/A
2007	2,525,000	-	17,920,000	20,445,000	N/A	N/A
2008	2,320,000	-	17,305,000	19,625,000	N/A	N/A
2009	2,100,000	568,999	16,620,000	19,288,999	N/A	N/A

N/A - Data not available

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

^a See Demographic and Economic Statistics schedule for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF SOLANA BEACH

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2009**

Fiscal Year 2008-09 Assessed Valuation : \$3,304,332,266 (includes deduction of \$80,649,797 of Redevelopment Incremental Valuation)

	Gross Bonded Debt Balance	Percent Applicable to City (1)	Net Bonded Debt
<u>Direct Debt:</u>			
City of Solana Beach Certificates of Participation	\$ 2,100,000	100.000%	\$ 2,100,000
Total Direct Debt			<u>\$ 2,100,000</u>
<u>Overlapping Debt:</u>			
Metropolitan Water District	\$ 293,425,000	0.179%	\$ 525,231
San Dieguito Union High School District			
Community Facilities District No. 95-1	16,393,686	3.274%	536,729
San Dieguito Union High School District			
Combined Community Facilities District	48,440,000	1.256%	608,406
City of Solana Beach 1915 Act Bonds	3,060,000	100.000%	3,060,000
Olivenhain Municipal Water District, Assessment District No. 96-1	17,450,000	0.552%	96,324
San Diego County General Fund Obligations	462,405,000	0.925%	4,277,246
San Diego County Pension Obligations	986,677,916	0.925%	9,126,771
San Diego County Superintendent of Schools General Fund Obligations	16,395,000	0.925%	151,654
Mira Costa Community College District Certificates of Participation	3,965,000	4.259%	168,869
Solana Beach School District Certificates of Participation	630,000	24.980%	<u>157,374</u>
Total Overlapping Debt			<u>\$ 18,708,605</u>
Total Direct and Overlapping Debt			(2) <u><u>\$ 20,808,604</u></u>

Debt to Assessed Valuation Ratios :

Direct Debt	0.06%
Overlapping Debt	0.57%
Total Debt	0.63%

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

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

Source: California Municipal Statistics, Inc.

CITY OF SOLANA BEACH

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

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 3,304,332
Debt limit (15% of assessed value)	495,650
Debt applicable to limit:	
General obligation bonds	<u> -</u>
Total net debt applicable to limit	<u> -</u>
Legal debt margin	<u><u>\$ 495,650</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin Percentage of Debt Limit</u>
2000	276,069	-	276,069	100.00%
2001	275,786	-	275,786	100.00%
2002	298,866	-	298,866	100.00%
2003	316,259	-	316,259	100.00%
2004	337,323	-	337,323	100.00%
2005	367,897	-	367,897	100.00%
2006	407,487	-	407,487	100.00%
2007	443,421	-	443,421	100.00%
2008	476,921	-	476,921	100.00%
2009	495,650	-	495,650	100.00%

CITY OF SOLANA BEACH

**Pledged-Revenue Coverage
Last Five Fiscal Years**

2002 ABAG Lease Revenue Bonds

<u>Fiscal Year</u>	<u>Use of Money & Property</u>	<u>Lease/Rents</u>	<u>Less: Expenditures</u>	<u>Net Available Revenue</u>
2005	11,899	323,412	2,466	332,845
2006	12,135	321,600	1,845	331,890
2007	12,037	323,556	1,805	333,788
2008	11,488	319,181	1,764	328,905
2009	9,362	324,656	240	333,778

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
2005	185,000	138,412	1.03
2006	190,000	131,606	1.03
2007	200,000	123,556	1.03
2008	205,000	114,181	1.03
2009	220,000	104,656	1.03

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

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

CITY OF SOLANA BEACH

**Demographic and Economic Statistics
Last Ten Calendar Years**

Calendar Year	Population (1)	Personal Income * (2) <i>(thousands of dollars)</i>	Per Capita * Personal Income (2)	Unemployment Rate (3)
2000	14,360	92,654,006	32,803	2.7%
2001	13,247	97,009,480	33,886	3.1%
2002	13,280	100,655,726	34,719	3.1%
2003	13,329	104,630,453	35,620	2.8%
2004	13,431	113,062,259	37,965	2.3%
2005	13,400	119,135,889	40,569	2.3%
2006	13,327	N/A	N/A	2.4%
2007	13,427	N/A	N/A	2.7%
2008	13,500	N/A	N/A	3.6%
2009	13,500	N/A	N/A	5.3%

N/A - Data not available

* **Note:** This is the data of the San Diego - Carlsbad - San Marcos Metropolitan Statistical Area. The data for the City is not available.

Sources: (1) State of California Department of Finance
 (2) U.S. Department of Commerce Bureau of Economic Analysis
 (3) State of California Economic Development Department

CITY OF SOLANA BEACH

**Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2008-09*</u>			<u>2005-06 **</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Lomas Santa Fe Country Club	220	1	2.60%	-		-
Fish Market Restaurant	150	2	1.77%	-		-
Santa Fe Christian School	100	3	1.18%	90	7	0.93%
Vons	95	4	1.12%	-		-
All Aboard Mini Storage	80	5	0.95%	-		-
Marshalls	80	6	0.95%	-		-
Wild Note Cafe	80	7	0.95%	-		-
Skyline Elementary School	70	8	0.83%	-		-
Earl Warren Middle School	66	9	0.78%	-		-
Dixieline Pro Build	60	10	0.71%	66	9	0.68%
American Golf Corp.	-		-	150	1	1.55%
Ducket-Wilson Development Co.	-		-	125	2	1.29%
Belly Up Tavern	-		-	110	3	1.14%
Fidel's Little Mexico Inc.	-		-	100	4	1.03%
Wild Oats Markets	-		-	100	5	1.03%
Bridge Medical	-		-	90	6	0.93%
Kesdee Inc.	-		-	80	8	0.83%
Club One Inc.	-		-	65	10	0.67%
	<u>1,001</u>		<u>11.84%</u>	<u>-</u>		<u>10.10%</u>

80

** Information prior to 2005-06 period not available.

Source:

* InfoUSA

** Dun & Bradstreet Selectory Business Data Service

CITY OF SOLANA BEACH

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

Fiscal Years:	2000	2001	2002	2003
<u>Function/Program</u>				
General government				
City Council	5.15	5.20	5.20	5.20
City Clerk	2.65	2.65	2.87	2.87
City Manager	1.94	2.04	2.14	2.14
Legal Services		0.81	1.00	1.00
Finance	4.15	4.00	4.00	4.00
Non Deptmental	0.25	-	-	-
Personnel	1.00	1.20	1.20	1.20
Info/Communication Systems	0.15	0.25	0.25	0.25
Community Development	5.00	5.00	5.00	5.00
Public Safety				
Fire	21.00	20.62	20.62	20.62
Code Enforcement	2.50	3.25	3.25	3.25
Marine Safety	7.59	7.96	7.96	8.30
Junior Lifeguards	2.25	2.45	2.45	2.46
Public Works				
Engineering	4.19	3.52	3.87	3.59
Environmental/Flood Control	0.27	0.27	0.44	0.69
Street Maintenance	2.21	2.21	2.77	2.77
Park Maintenance	0.75	0.75	0.75	0.75
Recreation & Community Services				
Community Services	1.67	2.16	1.75	1.75
Recreation	2.03	1.99	1.99	1.99
Sanitation	3.60	1.64	1.95	1.98
Improvement Districts	1.19	1.19	1.47	1.47
Redevelopment Agency	0.15	N/A	N/A	N/A
Total Personnel	69.69	69.16	70.93	71.28

N/A - Data Not Available

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

Source: City of Solana Beach's Annual Budget

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
5.20	0.20	0.20	0.20	0.20	0.20
2.87	2.75	2.75	3.00	3.00	3.00
2.14	2.05	1.99	1.99	1.99	1.99
1.00	0.25	0.25	0.25	0.25	0.25
3.70	3.60	4.60	4.55	4.55	4.25
-	-	-	-	-	-
1.20	1.73	1.20	1.20	1.20	1.20
0.25	1.15	1.10	1.10	1.10	1.05
5.00	5.50	6.25	7.25	7.25	6.25
20.67	20.01	20.01	20.01	20.01	20.01
2.25	1.55	1.88	2.13	2.13	2.33
8.31	8.45	8.67	8.67	8.67	8.67
	1.84	1.84	1.84	1.84	1.84
3.14	3.64	3.89	4.08	4.08	3.59
1.49	1.69	1.69	1.69	1.69	1.65
2.77	2.96	2.96	3.10	3.10	2.95
0.75	0.94	0.94	1.14	1.14	1.40
1.05	0.62	0.64	0.83	0.83	0.88
1.99	1.91	2.27	2.10	2.40	2.52
1.68	1.64	1.64	1.75	2.00	3.01
1.42	1.54	1.54	1.54	1.64	1.64
N/A	0.25	0.30	0.36	0.36	0.41
<u>66.88</u>	<u>64.27</u>	<u>66.61</u>	<u>68.78</u>	<u>69.43</u>	<u>69.08</u>

CITY OF SOLANA BEACH

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	Fiscal Year			
	2000	2001	2002	2003
Community development				
Number of:				
Business licenses (A)	N/A	N/A	N/A	N/A
Plan checks (B)	N/A	N/A	N/A	N/A
Code violations (calendar basis)	N/A	N/A	N/A	489
Police (Calendar basis)				
Number of:				
Priority 1	N/A	N/A	N/A	23
Priority 2	N/A	N/A	N/A	593
Priority 3	N/A	N/A	N/A	3105
Priority 4	N/A	N/A	N/A	2133
FBI Index Crimes	N/A	N/A	N/A	401
Fire				
Emergency Responses	N/A	N/A	N/A	1128
Training Hours	N/A	N/A	N/A	3019
Plan Checks	N/A	N/A	N/A	118
Public works				
Miles of:				
Street resurfacing/repair	N/A	N/A	N/A	N/A
Street sweeping	N/A	N/A	N/A	N/A
Number of:				
Street signal maintained	N/A	N/A	N/A	N/A
Trees pruned per year	N/A	N/A	N/A	N/A
Recreation & community services				
Number of enrollees:				
Day camp (Calendar basis)	N/A	N/A	N/A	N/A
Classes	N/A	N/A	N/A	N/A
Special events	N/A	N/A	N/A	N/A

N/A - Data not available

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

(B) - Excludes temporary plan checks.

Sources: Various city departments.

Fiscal Year

2004	2005	2006	2007	2008	2009
N/A	1272	1400	1507	1786	1634
328	420	457	376	380	391
1220	1496	1218	957	1142	821
18	19	14	15	13	12
711	755	718	684	648	716
2128	2205	2035	1941	1879	1775
1373	1473	1398	1228	1371	1309
328	346	351	303	343	290
1140	1377	1300	1458	1563	1105
4197	4717	4200	4644	3693	4102
109	188	125	185	159	89
N/A	N/A	N/A	4	8	N/A
N/A	N/A	N/A	900	900	900
N/A	N/A	N/A	180	180	180
N/A	N/A	N/A	20	40	250
N/A	N/A	N/A	181	192	171
N/A	N/A	N/A	158	217	161
N/A	N/A	N/A	4400	4300	9452

CITY OF SOLANA BEACH

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

<u>Function/Program</u>	Fiscal Year			
	2000	2001	2002	2003
Public Safety				
Code enforcement vehicles	2	2	2	2
Fire				
Stations	1	1	1	1
Fire Engines	4	4	4	4
Other vehicles	2	2	2	2
Public works				
Streets (miles)	46	46	46	46
Street lights (city-owned)	748	748	748	748
Traffic signals	13	13	13	13
Public works vehicles	7	7	7	7
Public works Corporation Yard	1	1	1	1
Recreation & community service				
Community centers	2	2	2	2
Parks	1	1	1	1
Marine Safety				
Lifeguard Stations	3	3	3	3
Vehicles	5	5	5	5

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

Sources: Various city departments.

Fiscal Year

2004	2005	2006	2007	2008	2009
2	2	2	2	2	2
1	1	1	1	1	1
4	4	4	4	4	4
2	2	2	2	2	2
46	46	46	46	46	46
748	748	748	748	748	748
13	13	13	13	13	13
7	7	7	7	7	7
1	1	1	1	1	1
2	2	2	2	2	2
1	2	2	3	3	3
3	3	3	3	3	3
5	5	5	5	5	5

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