

**CITY OF SOLANA BEACH, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL PERIOD ENDED JUNE 30, 2015**

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

CITY OF SOLANA BEACH, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL PERIOD ENDED JUNE 30, 2015

PREPARED BY THE FINANCE DEPARTMENT  
OF THE CITY OF SOLANA BEACH

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CITY OF SOLANA BEACH  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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December 2, 2015

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, 2015.

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; public works; engineering; maintenance of streets, parks and public facilities; community services and recreation; fire and marine safety; sanitation; and general administrative activities. Contracted services include building services, 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**

Lance, Soll and Lunghard, LLC, appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015, 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, 2015, 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 on July 1, 1986 under the general laws of the State of California and is home to a population of 13,059 residents per the State of California Department of Finance. Included within the City's financial statements is the financial information of the Solana Beach Public Facilities Corporation. The City is considered the primary government and the Public Facilities Corporation is a component unit. Additionally, since the governing boards of the City and the component unit are the same, the financial statements of the City and the component unit are blended.

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

The City of Solana Beach, a coastal community, encompasses approximately 3.4 square miles and is located twenty-one miles north of the City of San Diego's downtown district. It is bordered to the North, 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 play an important role in the governmental structure of Solana Beach. They provide many opportunities for citizens to participate in the affairs of the City. These Advisory Commissions assist in the performance of studies and the issuance of recommendations on various matters of concern to the Council.

The Advisory Commissions are the following:

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

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

In 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 is periodically adjusted 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 2014-15 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.

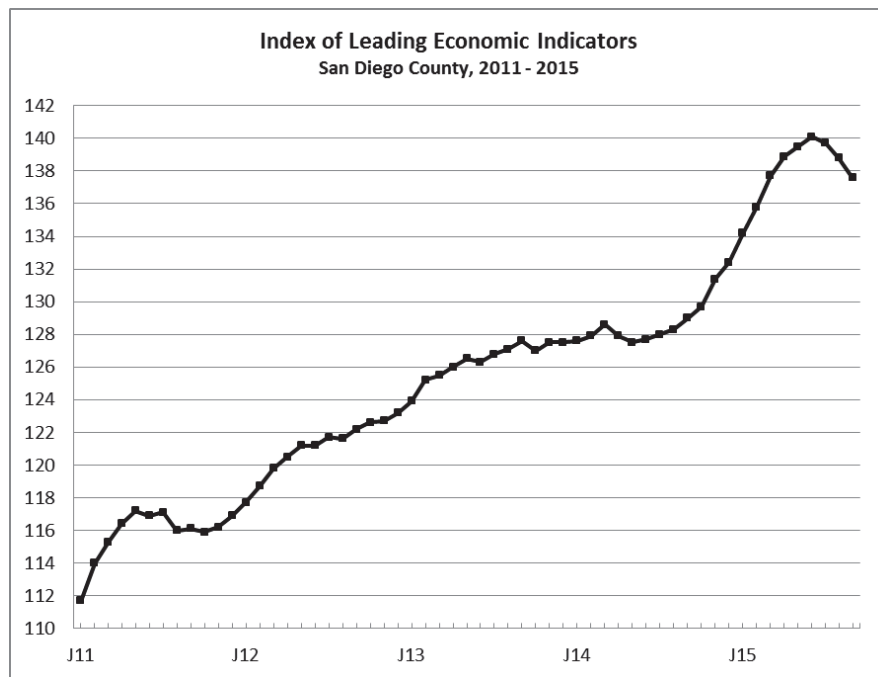
### **Economic Condition and Outlook**

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.

In regards to San Diego's local economy, the University of San Diego's Index of Leading Economic Indicators (Index) has continued to increase since March 2009 when it bottomed out from its peak in April 2006. 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. After declining for 35 straight months, beginning in April 2006 at 143.8 and declining to 100.7 by March 2009, the Index has climbed overall since that time. However, over the past three months, the Index has declined, reaching 137.6 in September 2015.

The USD Index for the period January 2011 to September 2014 is shown on the following chart:



Professor Alan Gin of the School of Business at the University of San Diego, and the author of the Index, predicts that the local economy may slow into 2016 given that the Index has now dropped three consecutive months: 0.3 percent in July, 0.6 percent in August, and 0.9 percent in September. Economists have traditionally looked for three consecutive months of a downturn in looking at whether there is an upcoming turning point in the economy. While Professor Gin does not believe the local economy is headed towards a “full-blown” recession, there is concern that there will be a slowdown in hiring. Additionally, for the past four months, initial claims for unemployment insurance have climbed and help wanted advertising has fallen, resulting in negative trends in these employment indicators.

Despite these declines, the seasonally adjusted local unemployment rate fell to 4.6 percent in September, a decrease from 4.9 percent in August and from 5.9 percent in September 2014.

The Index also reflected large drops in building permits in September, which was at its lowest level since October 2010. However, because of the strong increase at the beginning of 2015, authorized residential units permits are still running ahead by around seven percent through the third quarter as compared to the same period last year.

The only increase in the Index's components in August and September has been in consumer confidence, which was up slightly in September.

Despite the recent dips in the Index, the current level is about 8.5 points higher than last year at the same time.

The local economy has benefited overall from improvements in the national and state economies, but some of the local indicators are possibly following national trends. The national Index of Leading Economic Indicators has not risen for the past three months and in fact declined in September for the first time in eight months. Professor Gin states that it is too early to tell whether this is a predictor of where the national economy might be headed or if it is just an aberration.

The national economy grew in 2015 at a 3.9 percent annual rate in the second quarter as compared to a rate of only 0.6 percent annual rate in the first quarter. Per Wells Fargo's United States Economic Forecast report, the rate of growth dropped to 1.5 percent in the third quarter before it is expected to rise to 2.6 percent in the fourth quarter, for an overall projected Compounded Gross Domestic Product annual growth rate for 2015 of 2.4 percent. Looking forward to the next two years, the rate of annual growth is expected to remain stable at 2.5 percent in 2016 and 2.4 percent in 2017.

For the State of California, the job market is expected to grow at a healthy rate during the remainder of 2015, but at a slower rate over the next two years. This projection was included as part of the University of California at Los Angeles's Anderson School of Management (UCLA Anderson Forecast) economic forecast for September 2015.

The UCLA Anderson Forecast also estimates that the growth of state employment will rise by 2.7 percent this year, slowing to 2.2 percent in 2016 and 1.4 percent in 2017. The state's unemployment rate, now at 6.1 percent, will fall to about 4.8 percent over the next two years. The national outlook is expected to mirror a similar trend.

While there will be continued job growth and lower unemployment over the next few years in California, housing costs in the state are expected to continue to rise. According to the forecast, 1.14 million housing units will be started this year, rising to 1.42 million next year and 1.44 million units in 2017. This pace of building will not be enough to meet new demand, resulting in home prices becoming increasingly less affordable over the next two years. Additionally, the affordability of rental units is another concern as 46 percent of renters, compared to 40 percent a decade ago, now spend more than 30 percent of their income on rent.

On June 25, 2015 Governor Brown signed a \$167.6-billion budget for the 2015-16 fiscal year. The state budget includes a \$115.4-billion general fund, a \$7.3 billion or 6.9% increase, as compared to the budget passed in June 2014. The new budget expands child care, boosts funding for public schools, makes a range of policy changes intended to address the drought, and opens the state's public healthcare program to children in the country illegally.

Some key issues remain unresolved such as finding sustainable funding for transportation needs and public healthcare. One of the more pressing long-term financial issues is how to pay for healthcare for retired state workers. The cost is estimated at \$71.8 billion more than officials have set aside, making it one of the biggest drags on California finances.

Proposition 2, passed by the voters in 2014, requires the state to set aside at least 1.5% of its revenues each year to pay down debts and build a rainy day fund. This budget allocates \$1.9-billion to the reserve, adding to the \$1.6-billion that was already in the fund for a total of \$3.5-billion. Another \$1.9-billion is also slated towards retiring a portion of the state's debt.

### **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 (FY) 2014-15, property taxes increased by \$318,180, or 5.32%, to \$6,300,912 as compared to FY 2013-14, while sales tax, including triple-flip revenues, remained essentially flat at \$2,808,203, decreasing slightly by \$6,499 or a negative 0.23%.

Overall, the City's General Fund revenues increased by \$408,891, or 2.7%, from \$15,293,939 in FY 2013-14 to \$15,702,830 in FY 2014-15.

For Fiscal Year 2015-16, both budgeted property taxes and sales tax are expected to increase as compared to actual amounts received for the prior fiscal year. Property tax is expected to increase to \$6,464,100 or by 2.6% and sales tax is projected to increase to \$3,266,000, or by 16%. This sizable increase in sales tax is primarily due to the wind-down of the triple flip in which a onetime distribution of sales tax will be distributed through the County of San Diego in FY 2015-16.

Total General Fund revenues, net of internal service charges, are budgeted at \$15,866,600. It is the City's goal not to rely on General Fund reserves to operate the City annually. The General Fund budget for FY 2014-15 was adopted on June 10, 2015, with a projected \$251,600 surplus.

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

- 1) Negotiating a five-year contract beginning in July 2012 with the San Diego Sheriff's Department to provide law enforcement services with increases from year to year projected to be approximately 3.25 %;
- 2) Completing the Highway 101 Streetscape/Traffic Calming project that has already lead to, and will continue to lead to, business revitalization and improved sales tax revenue along the Highway 101 corridor;

- 3) Amending a Fire Department Management Services Cooperative Agreement with the Cities of Del Mar and Encinitas that continues to provide a cost effective option to eliminate redundancy and increases 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;
- 4) Maintaining 17% of operating expenditures, including debt service, as a reserve in the General Fund to be used in the case of significant financial or other emergency.
- 5) Establishing an irrevocable Section 115 trust with Public Agency Retirement Services (PARS) in a "Post-Employment Benefits Trust Program" (Trust). The Trust is a combination trust that allows pre-funding of both unfunded Pension and Other Post Employment Benefit (OPEB) obligations. The City's estimated total obligation at June 30, 2015 is \$7,592,180 for pension and \$1,582,986 for OPEB for a total of \$9,175,166. At its meeting on November 15, 2015, the City Council authorized the funding of the Trust with an initial deposit of \$500,000 for pension and \$135,000 for OPEB for a total of \$635,000 towards the unfunded liabilities.

### **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 2014-15 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. During the Fiscal Year 2014-15 budget process, the Council again ensured that funds were appropriated to maintain adequate reserves in the Asset Replacement Fund.

Additionally, beginning with the budget cycle for Fiscal Year 2014-15, the City established an infrastructure replacement reserve to ensure that funds are available in the future for the replacement of buildings and improvements.

### **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 (LAIF) 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 at 0.24 % was unchanged from the prior fiscal year. Staff is exploring the option of hiring an advisor that will assist with investment of the City's excess funds to obtain a higher yield than currently being received through LAIF. This would require a change in the City's current Investment Policy but it would still adhere to the requirements of the California government code.

Investment income includes appreciation/depreciation in the fair value of investments. The total investment income for all funds for the year was \$120,841.

## **Major Projects and Financial Planning**

### Solana Beach Pump Station Rehabilitation

This project is to make recommended upgrades and repairs to the Solana Beach Pump Station per the 2000 Sanitary Sewer Master Plan, along with recommendations from the San Elijo Joint Powers Association (SEJPA).

This station pumps approximately 92% of the City's sewage through a force main under the San Elijo Lagoon to the San Elijo Joint Powers Authority (SEJPA) water reclamation facility on Manchester Avenue. The SEJPA maintains the pump station, which was originally constructed in 1966. Since then, the pump station was upgraded in 1982 when significant improvements were made.

Dudek, the City's consultant, completed a preliminary design study recommending equipment replacements and upgrades to the existing pump station, while maintaining the existing buildings. Before proceeding with the final design of all recommended improvements to the pump station, a feasibility study was conducted that analyzed conveying a portion of the City of San Diego's sewage near Flower Hill Mall and the City of Del Mar's sewage to the SEJPA. The City has recently entered into an agreement with the City of Del Mar to transport the majority of their flows through the City's sewer infrastructure to the SEJPA water reclamation facility. Per the agreement, a portion of the upgrades will be funded by Del Mar.

Increasing flows to SEJPA would improve its efficiency and provide increased revenue. Final pump station design recommendations will be presented to City Council for approval before proceeding.

In 2014, the entire electrical system was replaced or upgraded. The next phase of upgrades is currently in design, addressing mechanical and emergency storage needs. Construction is anticipated to begin within the next 12 months.



## Veterans' Honor Courtyard at La Colonia Park

Since 2012, Staff has worked with a Community Stake Holders Group to design a Veterans' Honor Courtyard at La Colonia Park. Staff determined that the Veterans' Honor Courtyard could be constructed separately from the overall Park Masterplan, which has been delayed due to lack of funding. The local volunteer group also worked together to solicit additional private funding for the design and construction of the Veterans' Honor Courtyard. A construction contract was awarded by the City Council on October 28, 2015.

Funds available for the project also include a \$100,000 Neighborhood Reinvestment Program grant from the County of San Diego awarded to the City in September 2015 and money collected by the community through the sale of donor tiles. These tiles will be incorporated into the project and provide information on the military service of the person the tile is honoring. To date, approximately \$40,000 in donor tiles have been sold. All money received from the donor tile program will be spent first, before any City money is spent.

These two sources of money will be combined with a Public Improvement Grant appropriation of \$156,000 for a total of \$296,000 available for construction of the La Colonia Park Veterans' Honor Courtyard and perimeter fence along the adjacent apartment building parking lot on the east side of the park. The project is expected to be complete by Memorial Day in May 2016.

## Recycled Waterline Pipeline Extension

For several years, the City has been researching the possibility of extending the recycled waterline to the west to serve both City and private landscape areas. Due to unrelated construction activities in the same area, this project was combined with two other projects being constructed by the City of Del Mar and advertised for construction bids. A construction contract was approved in November 2015. All work on this initial phase of the recycled waterline extension is expected to be complete by the end of May 2016.

## **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, 2014. This was the thirteenth year in the past fourteen years 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.

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, Sandra Lewis, Aina Grant, Catherine Wong, and Kyle Koszewnik 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,



Gregory Wade  
City Manager

Respectfully submitted,



Marie Marron Berkuti  
Finance Manager/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Solana Beach  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**



Executive Director/CEO

**CITY OF SOLANA BEACH  
FISCAL YEAR 2014-15  
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

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**CITY COUNCIL**

Lesa Heebner, Mayor  
David A. Zito, Deputy Mayor  
Peter Zahn, Council Member  
Mike Nichols, Council Member  
Ginger Marshall, Council Member

**TERM EXPIRES**

December 2016  
December 2016  
December 2016  
December 2018  
December 2018

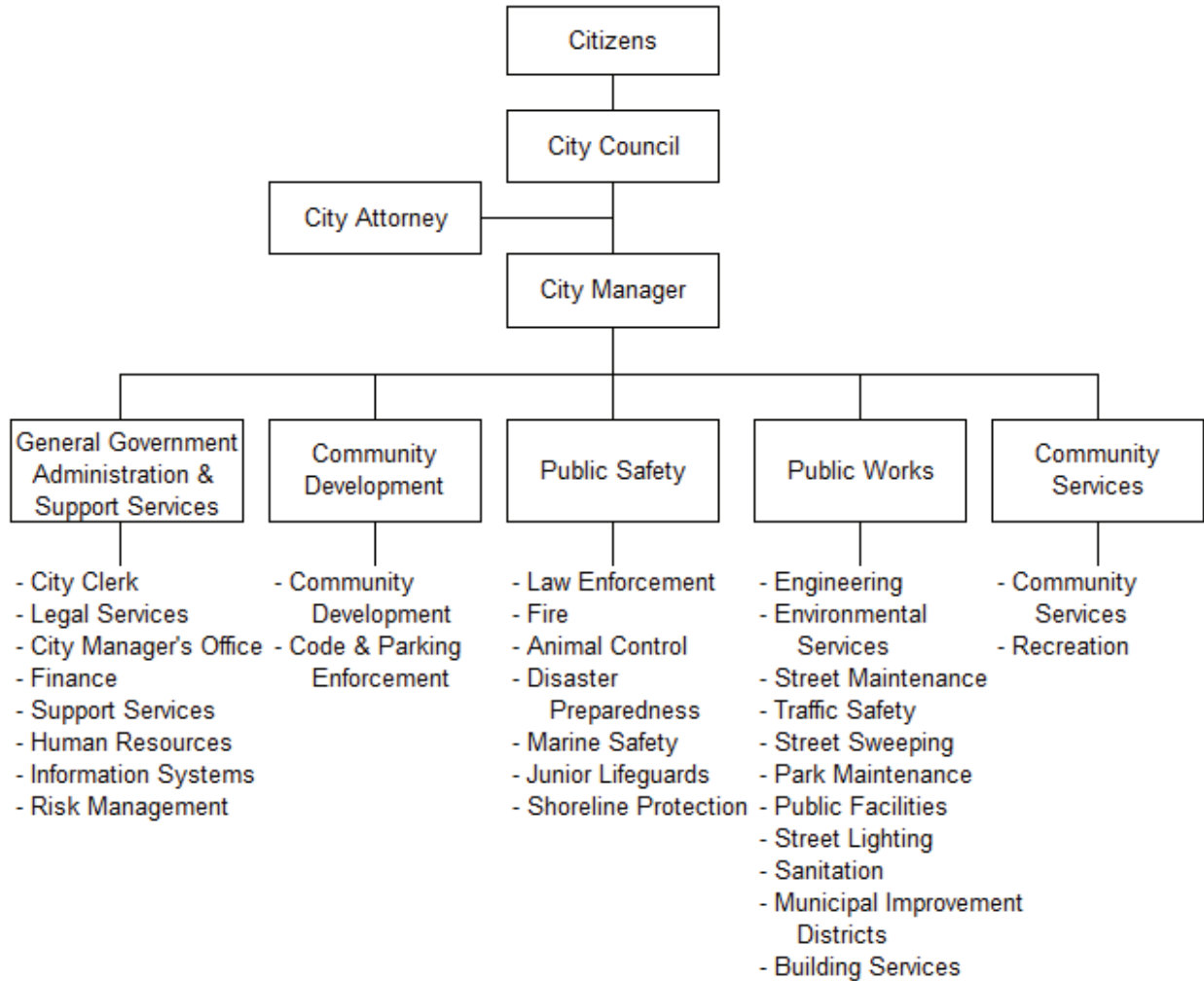
**COMMITTEES AND COMMISSIONS**

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

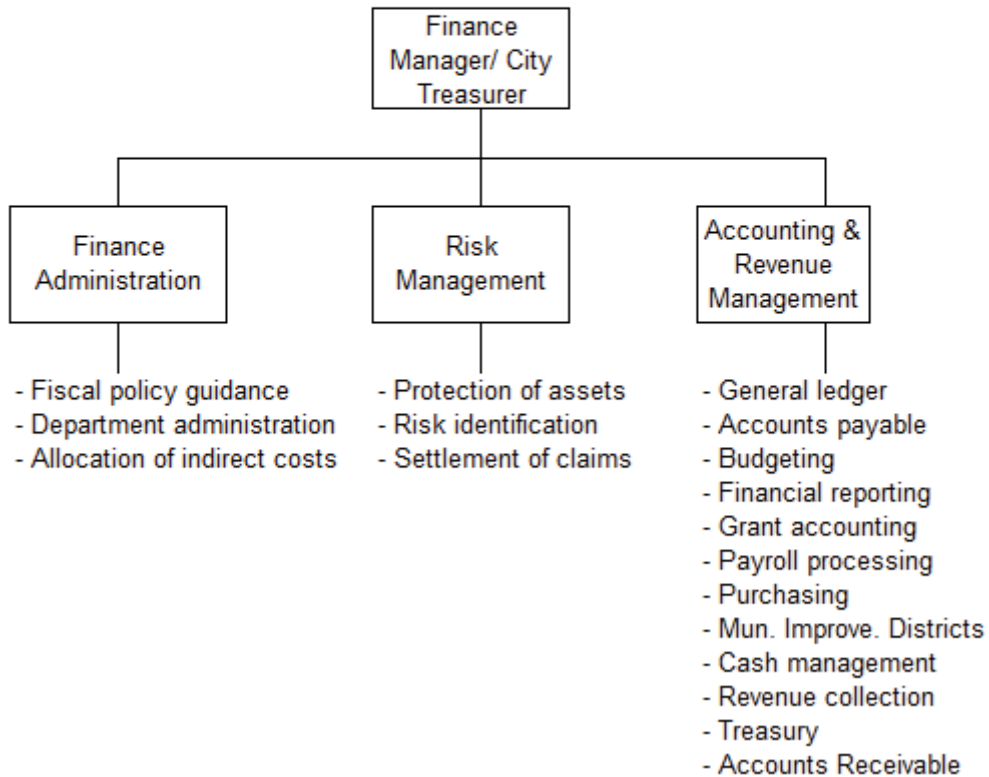
**APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS**

Gregory Wade	City Manager
Wendé Protzman	Deputy City Manager/Director of Community Development
Mohammed Sammak	Director of Public Works/City Engineer
Angela Ivey	City Clerk
Johanna Canlas	City Attorney
Marie Marron Berkuti	Finance Manager/Treasurer

CITY OF SOLANA BEACH  
CITY GOVERNMENT  
ORGANIZATIONAL CHART  
FISCAL YEAR 2014/2015



CITY OF SOLANA BEACH  
FINANCE DEPARTMENT  
ORGANIZATIONAL CHART  
FISCAL YEAR 2014/2015



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

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 City of Solana Beach, California, (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach, California, as of June 30, 2015, and, the respective changes in financial position and, where applicable, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information for the General Fund, Transnet and Affordable Housing Special Revenue Funds, the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Plan Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Prior Year Comparative Information*

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2014, from which such partial information was derived.

#### *Other Information*

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



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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brea, California  
December 2, 2015

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Solana Beach (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015 (Fiscal Year 2015). 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 position decreased to \$70,868, or by \$8,764, as a result of this year's operations and the net position being restated due to the inclusion of the City's net pension liability from the implementation of Government Accounting Standards Board Statement No. 68 (GASB 68).
- During the year, the City's taxes, other governmental revenues, and business activity revenues exceed expenses by \$585.
- Governmental net position equaled \$37,310.
- The total revenues from all sources were \$24,409.
- The total cost of all City programs was \$23,824.
- The General Fund reported an excess of revenues over expenditures and other financing uses by \$1,565.
- The General Fund's actual resources received exceeded the final revenue budget by \$531 while actual expenditures were \$1,392 less than final budget before 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 Position and the Statement of Activities. These statements provide information about the activities of the City as a whole.
- (2) Fund financial statements describe how City services are financed in the short term as well as what resources are available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
- (3) Notes to the financial statements.

### **Reporting the City as a Whole**

#### **The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the City's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector

companies. All of the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

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

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

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

## **Reporting the City's Most Significant Funds**

### **Fund Financial Statements**

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

- **Governmental funds** - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information shows

whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* through the Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements.

- *Proprietary funds* - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## **The City as Trustee**

### **Reporting the City's Fiduciary Responsibilities**

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

After the date of the dissolution of the Solana Beach Redevelopment Agency (RDA) on February 1, 2012, the assets and liabilities of the former redevelopment agency were transferred to the Successor Agency of the former Solana Beach RDA (Successor Agency) and are reported in a fiduciary fund (private-purpose trust fund).

## **THE CITY AS A WHOLE**

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

**Table 1**  
**City of Solana Beach Net Position**  
*(in Thousands)*

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 20,506	\$ 18,745	\$ 33,523	\$ 33,713	\$ 54,029	\$ 52,458
Capital assets, net	39,673	41,508	12,122	11,826	51,795	53,334
<b>Total assets</b>	60,179	60,253	45,645	45,539	105,824	105,792
<b>Deferred Outflows</b>	966	-	454	480	1,420	480
<b>Liabilities:</b>						
Long-term debt outstanding	7,549	7,732	11,299	12,205	18,848	19,937
Other liabilities	13,822	6,369	1,130	334	14,952	6,703
<b>Total liabilities</b>	21,371	14,101	12,429	12,539	33,800	26,640
<b>Deferred Inflows</b>	2,464	-	112	-	2,576	-
<b>Net position:</b>						
Net investment in capital assets	32,416	34,096	6,798	6,325	39,214	40,421
Restricted	4,980	5,184	-	-	4,980	5,184
Unrestricted	(86)	6,872	26,760	27,155	26,674	34,027
<b>Total net position</b>	<u>\$ 37,310</u>	<u>\$ 46,152</u>	<u>\$ 33,558</u>	<u>\$ 33,480</u>	<u>\$ 70,868</u>	<u>\$ 79,632</u>

The City's combined net position for the fiscal year ended June 30, 2015 was \$70,868. 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 position for governmental activities decreased from \$46,152 to \$37,310. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$1,761 or 9.4% primarily because of the increased cash position for governmental funds due to the net surplus of \$1,610 realized in FY 2015 as compared to FY 2014.

Additionally, monies borrowed from the Sanitation Fund of \$3,133 used to pay off the City's PERS Side Fund in FY 2011 is reported as a negative Internal Balance amount in the asset section of the balance sheet for government activities and this amount decreased by \$422 for the payment to the Sanitation Fund for FY 2015. The remaining balance at the end of FY 2015 for the amount owed to the Sanitation Fund is \$1,586.

- Deferred outflows of \$966 are a result of the implementation of GASB 68 and are related to contributions made after the actuarial measurement date for the net pension liability.
- Capital assets decreased \$1,835 (net of \$3,569 depreciation and disposition) as detailed in Table 4. The Del Mar Shores Staircase Rehabilitation project was completed resulting in an increase to Improvements of \$1,377. The City also had construction activities for the annual street pavement project and ongoing storm drain repairs.
- Governmental long-term debt decreased \$183 due to the routine principal payments made on existing debt principal. See Table 5 for additional detail.
- Deferred inflows of \$2,464 are a result of the implementation of GASB 68 and are related to unrecognized actuarial gains and losses for the net pension liability.
- Other liabilities increased \$7,453 due to the addition of \$7,263 in net pension liability as a result of the City's implementing GASB 68.
- Net investment in capital assets decreased \$1,680 primarily due to the addition of the Del Mars Shores Staircase Rehabilitation project at \$1,377 less depreciation and disposition costs of \$3,569.
- Restricted net position decreased \$204 due to capital project reserves being used to construct the Del Mar Shores Staircase Replacement project.
- As a result of the above activities, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, decreased \$6,958 from \$6,872 at June 30, 2014 to \$(86) at the end of this fiscal year.

## **Governmental Activities**

The cost of all Governmental activities this year was \$19,258 as shown on Tables 2 and 2.1. \$1,903 of this cost was paid for by those who directly benefited from the programs; \$1,369 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$16,087 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$3,272. Items of significance within Table 2 are:

### **Revenues:**

- Charges for services decreased by 16% as compared to Fiscal Year 2014 primarily as a result of one time monies being received in the prior fiscal year for sand recreation fees that were used to help build the Del Mars Shores Staircase Rehabilitation project.
- Operating and Capital grants and contributions decreased by a net \$626 over the prior fiscal year amount due to a decrease in various public safety and public works grants and contributions received or recognized in FY2015 as compared to FY2014.
- Property taxes and other taxes increased by approximately 4.6% or \$669 due to improved property valuations as a result of real estate sales in the City and increased transient occupancy tax revenue.
- Other general revenues decreased by \$487 as compared to the prior fiscal year due the receipt of \$638 in unspent former Redevelopment Agency bond proceeds from the Successor Agency to the City in Fiscal Year 2014.



Expenses:

- General Government expenditures decreased in Fiscal Year 2015 by 10% or \$369 from the prior fiscal year primarily due to a reduction in claims and judgment liabilities.
- Community Development decreased by 6% or \$81 as compared to last fiscal year due to reduced costs for the General Plan and Local Coastal Plan projects.

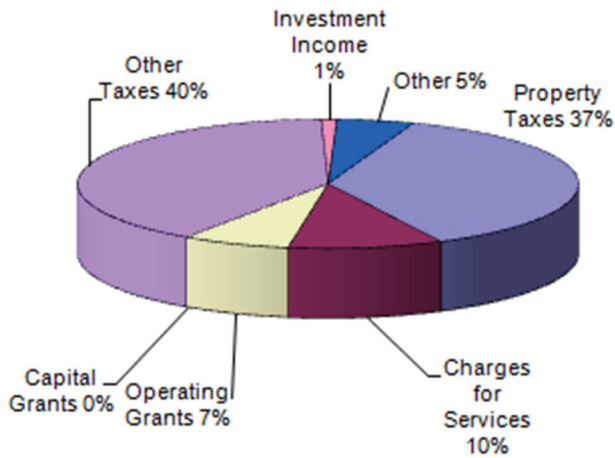
**Table 2**  
**City of Solana Beach Changes in Net Position**  
*(in Thousands)*

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,903	\$ 2,279	\$ 4,949	\$ 4,775	\$ 6,852	\$ 7,054
Operating grants and contributions	1,316	1,865	-	-	1,316	1,865
Capital grants and contributions	53	130	-	-	53	130
General revenues:						
Property taxes	7,247	6,881	-	-	7,247	6,881
Other taxes	7,789	7,486	-	-	7,789	7,486
Other	1,051	1,538	101	108	1,152	1,646
<b>Total revenues</b>	<u>19,359</u>	<u>20,179</u>	<u>5,050</u>	<u>4,883</u>	<u>24,409</u>	<u>25,062</u>
<b>Expenses:</b>						
General government	3,344	3,713	-	-	3,344	3,713
Public safety	8,441	8,416	-	-	8,441	8,416
Public works	5,181	5,009	-	-	5,181	5,009
Community development	1,281	1,362	-	-	1,281	1,362
Community services	623	579	-	-	623	579
Interest and fiscal charges	388	440	-	-	388	440
Sanitation	-	-	4,566	2,855	4,566	2,855
<b>Total expenses</b>	<u>19,258</u>	<u>19,519</u>	<u>4,566</u>	<u>2,855</u>	<u>23,824</u>	<u>22,374</u>
<b>Increase/(decrease) in net position</b>	101	660	484	2,028	585	2,688
<b>Net position - July 1</b>	46,152	45,492	33,480	31,452	79,632	76,944
Net position restatement	(8,943)	-	(406)	-	(9,349)	-
<b>Net position - June 30</b>	<u>\$ 37,310</u>	<u>\$ 46,152</u>	<u>\$ 33,558</u>	<u>\$ 33,480</u>	<u>\$ 70,868</u>	<u>\$ 79,632</u>

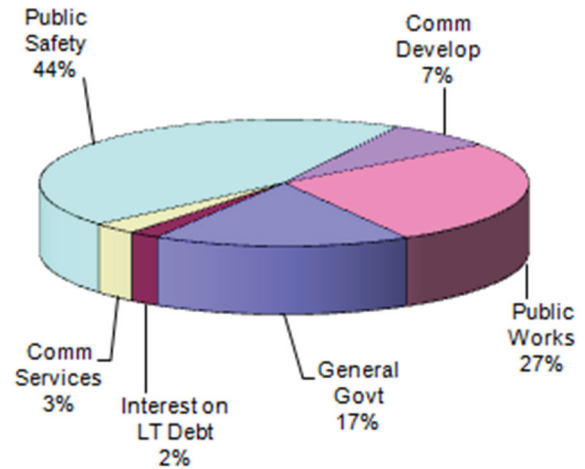
## Fiscal Year 2015 Governmental Activities

(Graphic representation of Table 2 in percentages)

### Sources of Revenue



### Program Expenses



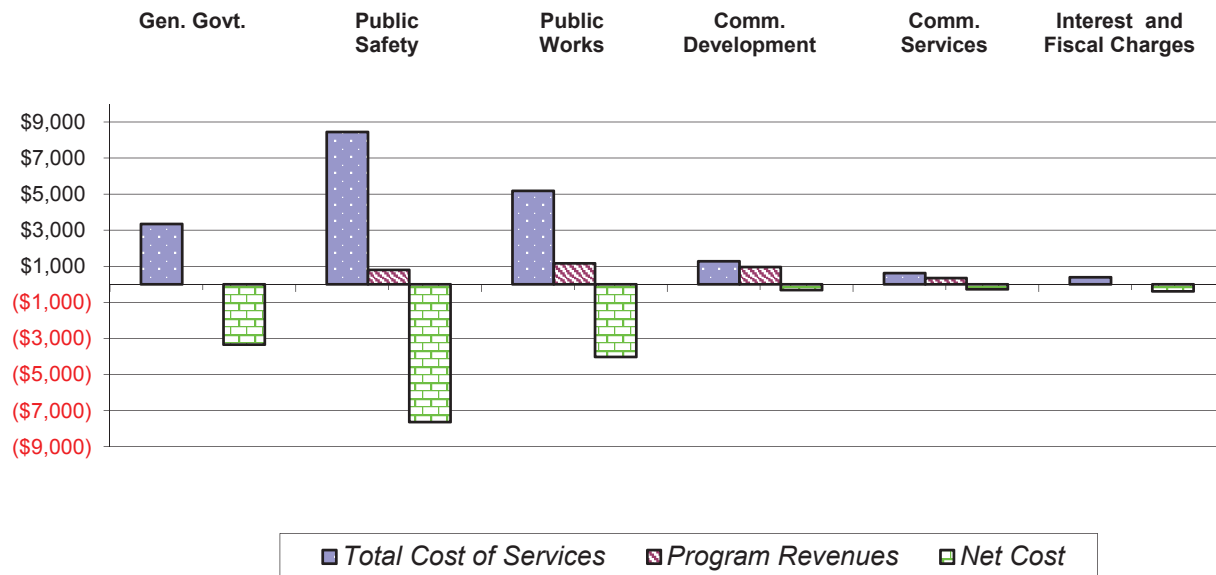
### Net Cost of Governmental Activities

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	
	2015	2014	2015	2014	2015	2014
General government	\$ 3,344	\$ 3,713	\$ -	\$ -	\$ (3,344)	\$ (3,713)
Public safety	8,441	8,416	803	820	(7,638)	(7,596)
Public works	5,181	5,009	1,159	2,321	(4,022)	(2,688)
Community development	1,281	1,362	962	830	(319)	(532)
Community services	623	579	348	303	(275)	(276)
Interest on long-term debt	388	440	-	-	(388)	(440)
<b>Totals</b>	<b>\$ 19,258</b>	<b>\$ 19,519</b>	<b>\$ 3,272</b>	<b>\$ 4,274</b>	<b>\$ (15,986)</b>	<b>\$ (15,245)</b>

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



Total resources available during the year to finance governmental operations were \$56,568 consisting of net position at July 1, 2014 of \$46,152, a net position restatement of \$(8,943) due to the implementation of GASB 68, program revenues of \$3,272, and general revenues of \$16,087. Total governmental activities during the year were \$19,258, and as a result, net position decreased by \$8,842 to \$37,310.

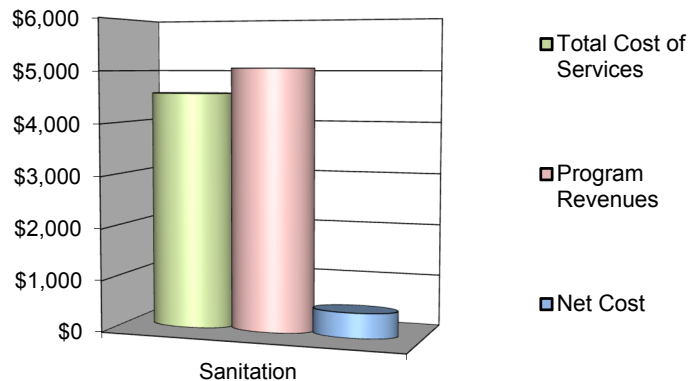
### Business Type Activities

Net position of the Proprietary Fund (Business Type activities) at June 30, 2015 as reflected in Table 1 was \$33,558. As shown in Table 3, amounts paid by users of the system and other operating revenue were \$4,949 while the cost of providing all Proprietary (Business Type) activities this year was \$4,566 resulting in a net gain of \$383. With the addition of non-operating revenues of \$101 and a net position restatement of \$(406) due to the implementation of GASB 68, assets increased by \$78 or 0.2%.

**Table 3**  
**Net Cost of Business Activities**  
(in Thousands)

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2015	2014	2015	2014	2015	2014
Sanitation	\$ 4,566	\$ 2,855	\$ 4,949	\$ 4,775	\$ 383	\$ 1,920

**Fiscal Year 2015  
Total Cost of Services, Program Revenues & Net Cost  
Business Activities (in thousands)**



**General Fund Budgetary Highlights**

The final expenditures for the City’s General Fund at year-end were \$1,392 less than actual appropriations prior to other financing uses. The budget to actual variance in appropriations was principally due to 1) conservative estimates at mid-year by management; 2) expenditures for asset replacement appropriations being delayed to the next fiscal year; and 3) lower than expected damage claim payments for self insurance and workers compensation.

Actual revenues were \$531 greater than the final budget. 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:

- \$615 for the lease purchase of a new apparatus for the fire department.
- \$218 for increased employee salaries and flex credit allowances per the FY 2015 salary and compensation plan approved by the City Council after the annual budget had been adopted.
- \$103 for transfers out to the City CIP fund for the Del Mar Shores Staircase Replacement project and General Plan update.
- \$100 for fire department overtime.
- \$79 for increased costs for the City’s third party consultant used for building services.
- \$53 for a public works vehicle.

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

- Legal services: costs for attorney services were lower than anticipated in Fiscal Year 2015.
- Support Services: payments for damage claims from the City’s self insurance and workers compensation funds were significantly lower than expected.

- Marine Safety: during the fiscal year, the City experienced warmer than expected weather and marine safety seasonal employees worked more hours than budgeted to provide lifeguard coverage on the beach.
- Fire: salaries and benefits were lower than expected due to a battalion chief vacancy during the fiscal year.
- Street and other public works: savings were realized in professional services due to lower than anticipated use for outside contractors in environmental services, street maintenance, traffic safety, and park maintenance.
- Engineering: this budget unit included \$51,400 in salaries for unexpended CIP budget personnel that were charged against the Engineering budget.
- Planning: a number of vacancies occurred in this department resulting in lower than anticipated salaries and benefit costs.
- Capital Outlay: the Planning and Fire departments had amounts budgeted for vehicles and software that were to be purchased in Fiscal Year 2015. These expenditures were delayed until the following 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.

At June 30, 2015, net capital assets of the governmental activities totaled \$39,673 and the net capital assets of the business-type activities totaled \$12,122. Depreciation on capital assets is recognized in the government-wide financial statements. (See Table 4 and Note 4 to the financial statements.)

The City's five-year Capital Improvement Plan projects to spend \$11,198 through Fiscal Year 2020. Over the next five years, funding will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are the Veteran's Honor Courtyard at La Colonia Park, rebuilding the Solana Beach Pump Station, the Reclaimed Water Pipeline Extension project, Seascape Sur staircase repair, and ongoing pavement management, traffic calming, and storm drain and sewer pipeline improvements and replacement projects.

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

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,538	\$ 2,538	\$ 112	\$ 112	\$ 2,650	\$ 2,650
Buildings & Improvements	11,470	10,374	10,780	11,132	22,250	21,506
Equipment & Vehicles	1,048	1,056	-	1	1,048	1,057
Infrastructure	23,346	25,576	-	-	23,346	25,576
Work in Progress	1,271	1,964	1,230	581	2,501	2,545
	<u>\$ 39,673</u>	<u>\$ 41,508</u>	<u>\$ 12,122</u>	<u>\$ 11,826</u>	<u>\$ 51,795</u>	<u>\$ 53,334</u>

## Debt

At year-end, the City had \$7,549 in governmental type debt and \$11,299 in proprietary debt (including premium on debt issuance) totaling \$18,848. This debt is a liability of the government and amounts to \$1,443 per capita.

See Table 5 and Note 5 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	
	2015	2014	2015	2014	2015	2014
Refunding lease	\$ 1,055	\$ 1,167	\$ -	\$ -	\$ 1,055	\$ 1,167
Capital lease	710	754	-	-	710	754
JPA loan payable-2011	-	-	2,958	3,613	2,958	3,613
Sewer revenue bond	-	-	8,260	8,485	8,260	8,485
TransNet bond	5,500	5,500	-	-	5,500	5,500
Bond premiums	-	-	56	77	56	77
Bond discounts	(8)	(8)	-	-	(8)	(8)
Compensated absences	292	319	25	30	317	349
	<u>\$ 7,549</u>	<u>\$ 7,732</u>	<u>\$ 11,299</u>	<u>\$ 12,205</u>	<u>\$ 18,848</u>	<u>\$ 19,937</u>

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

In considering the City Budget for Fiscal Year 2016, the focus of the City Council and management was to adopt a balanced budget and promote fiscal sustainability. Budget decisions were made with the understanding that though the current economic climate was continuing to show improvement, the City's growth rate for certain revenues was still uneven 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 held costs in line while continuing to provide high quality services and to move forward implementing the City's five-year capital improvement plan.

The result was that at the time of the budget adoption, no new programs or services were added to the Fiscal Year 2016 budget. Departments were asked to prepare budgets with no change in their materials, supplies, and services categories and any requests for new monies needed to be justified. Salary increases of 2.5% and cafeteria benefits increases of 5% were provided to marine safety regular employees as called for in their memorandum of understanding with the City and unrepresented regular employees received the same increases. The adopted budget reflected a \$251,600 surplus in the General Fund

Subsequent to the budget adoption, the City has settled its labor negotiations with its miscellaneous employee association with the same salary and benefit increases as provided to marine safety and unrepresented regular employees. The cost of these increases will be covered by the budgeted surplus. Negotiations are still ongoing with the City's fire department employee association.

While fiscal sustainability included focusing on the expenditure side of the budget, in the coming fiscal year, City staff will be tasked with developing increased 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 increase based upon the economic activity in the California economy, including property taxes, which are projected to increase in Fiscal Year 2016 by 2.6% and sales tax which is expected to increase by about 16%. In Fiscal Year 2016, the wind-down of the triple flip will be completed and the City is expecting a onetime distribution of sales tax. Overall, the General Fund adopted operating expenditures for Fiscal Year 2016 are budgeted to increase just under 5% as compared to the previous fiscal year. The CIP budget was set to be \$5,718 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>.

# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current Assets:			
Cash and investments	\$ 20,723,633	\$ 10,281,652	\$ 31,005,285
Receivables:			
Accounts, net	271,974	24,245	296,219
Taxes	669,185	-	669,185
Interest	12,257	5,901	18,158
Prepaid costs	9,382	34,413	43,795
Due from other governments	289,735	-	289,735
<b>Total Current Assets</b>	<b>21,976,166</b>	<b>10,346,211</b>	<b>32,322,377</b>
Noncurrent Assets:			
Cash and investments with fiscal agent	-	2,580,536	2,580,536
Investment in joint venture	-	19,009,204	19,009,204
Internal balances	(1,586,247)	1,586,247	-
Due from Successor Agency	115,665	-	115,665
Capital assets not being depreciated	3,808,991	1,342,123	5,151,114
Capital assets, net of depreciation	35,864,176	10,780,345	46,644,521
<b>Total Noncurrent Assets</b>	<b>38,202,585</b>	<b>35,298,455</b>	<b>73,501,040</b>
<b>Total Assets</b>	<b>60,178,751</b>	<b>45,644,666</b>	<b>105,823,417</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	411,882	411,882
Deferred pension related items	966,585	42,302	1,008,887
<b>Total Deferred Outflows of Resources</b>	<b>966,585</b>	<b>454,184</b>	<b>1,420,769</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	1,356,114	633,260	1,989,374
Accrued liabilities	294,570	12,294	306,864
Accrued interest	5,474	154,841	160,315
Unearned revenue	193,700	-	193,700
Claims payable - due within one year	115,693	-	115,693
Compensated absences - due within one year	251,650	19,410	271,060
Long-term debt - due within one year	161,086	906,470	1,067,556
<b>Total Current Liabilities</b>	<b>2,378,287</b>	<b>1,726,275</b>	<b>4,104,562</b>
Noncurrent Liabilities:			
Deposits payable	1,924,728	-	1,924,728
Net other post employment benefit liability	1,582,986	-	1,582,986
Claims payable - due in more than one year	1,086,049	-	1,086,049
Compensated absences - due in more than one year	39,952	5,607	45,559
Net pension liability	7,262,767	329,413	7,592,180
Long-term debt - due in more than one year	7,096,245	10,367,413	17,463,658
<b>Total Noncurrent Liabilities</b>	<b>18,992,727</b>	<b>10,702,433</b>	<b>29,695,160</b>
<b>Total Liabilities</b>	<b>21,371,014</b>	<b>12,428,708</b>	<b>33,799,722</b>
<b>Deferred Inflows of Resources:</b>			
Deferred pension related items	2,464,452	111,779	2,576,231
<b>Total Deferred Inflows of Resources</b>	<b>2,464,452</b>	<b>111,779</b>	<b>2,576,231</b>
<b>Net Position:</b>			
Net investment in capital assets	32,415,836	6,798,584	39,214,420
Restricted for:			
Redevelopment activities	3,165,038	-	3,165,038
Public safety	217,126	-	217,126
Parks and recreation	190,680	-	190,680
Capital projects	1,382,467	-	1,382,467
Debt service	24,539	-	24,539
Unrestricted	(85,816)	26,759,779	26,673,963
<b>Total Net Position</b>	<b>\$ 37,309,870</b>	<b>\$ 33,558,363</b>	<b>\$ 70,868,233</b>

CITY OF SOLANA BEACH

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 3,344,429	\$ -	\$ -	\$ -
Public safety	8,441,144	464,533	285,399	53,091
Community development	1,281,059	852,578	109,689	-
Community services	622,608	347,698	-	-
Public works	5,181,223	238,587	920,807	-
Interest on long-term debt	388,144	-	-	-
<b>Total Governmental Activities</b>	<b>19,258,607</b>	<b>1,903,396</b>	<b>1,315,895</b>	<b>53,091</b>
Business-Type Activities:				
Sanitation Fund	4,566,357	4,949,069	-	-
<b>Total Business-Type Activities</b>	<b>4,566,357</b>	<b>4,949,069</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 23,824,964</b>	<b>\$ 6,852,465</b>	<b>\$ 1,315,895</b>	<b>\$ 53,091</b>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Use of money and property

Other

**Total General Revenues**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

**Net (Expenses) Revenues and  
Changes in Net Position  
Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (3,344,429)	\$ -	\$ (3,344,429)
(7,638,121)	-	(7,638,121)
(318,792)	-	(318,792)
(274,910)	-	(274,910)
(4,021,829)	-	(4,021,829)
(388,144)	-	(388,144)
<b>(15,986,225)</b>	<b>-</b>	<b>(15,986,225)</b>
-	382,712	382,712
-	<b>382,712</b>	<b>382,712</b>
<b>(15,986,225)</b>	<b>382,712</b>	<b>(15,603,513)</b>
7,247,202	-	7,247,202
2,808,203	-	2,808,203
1,467,373	-	1,467,373
765,995	-	765,995
2,747,073	-	2,747,073
136,763	71,973	208,736
914,672	28,939	943,611
<b>16,087,281</b>	<b>100,912</b>	<b>16,188,193</b>
101,056	483,624	584,680
46,151,580	33,480,351	79,631,931
(8,942,766)	(405,612)	(9,348,378)
<b>\$ 37,309,870</b>	<b>\$ 33,558,363</b>	<b>\$ 70,868,233</b>

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# **FUND FINANCIAL STATEMENTS**

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



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**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

(With comparative totals for June 30, 2014)

	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds	
	General	TransNet	Affordable Housing Grant		2015	2014
<b>Assets:</b>						
Cash and investments	\$ 14,842,266	\$ 51,620	\$ 265,602	\$ 5,564,145	\$ 20,723,633	\$ 18,883,562
Receivables:						
Accounts	246,178	-	-	25,796	271,974	630,242
Taxes	663,719	-	-	5,466	669,185	634,448
Accrued interest	9,411	20	138	2,688	12,257	11,017
Prepaid costs	9,382	-	-	-	9,382	7,523
Due from other governments	207,013	-	-	82,722	289,735	279,844
Due from other funds	222,737	-	-	-	222,737	199,330
Due from Successor Agency	-	-	-	115,665	115,665	306,880
<b>Total Assets</b>	<b>\$ 16,200,706</b>	<b>\$ 51,640</b>	<b>\$ 265,740</b>	<b>\$ 5,796,482</b>	<b>\$ 22,314,568</b>	<b>\$ 20,952,846</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 1,083,725	\$ -	\$ 576	\$ 271,813	\$ 1,356,114	\$ 1,512,921
Accrued liabilities	213,943	-	-	80,627	294,570	271,349
Unearned revenues	93,700	-	-	100,000	193,700	100,000
Deposits payable	1,854,927	-	-	69,801	1,924,728	1,738,477
Due to other funds	-	-	-	222,737	222,737	199,330
Advances from other funds	1,586,247	-	-	-	1,586,247	2,008,165
<b>Total Liabilities</b>	<b>4,832,542</b>	<b>-</b>	<b>576</b>	<b>744,978</b>	<b>5,578,096</b>	<b>5,830,242</b>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues	-	-	-	12,343	12,343	8,700
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,343</b>	<b>12,343</b>	<b>8,700</b>
<b>Fund Balances:</b>						
Nonspendable	9,382	-	-	-	9,382	7,523
Restricted	-	51,640	265,164	4,663,046	4,979,850	5,107,900
Committed	454,048	-	-	-	454,048	324,083
Assigned	5,324,048	-	-	589,120	5,913,168	5,527,959
<b>Unassigned</b>	<b>5,580,686</b>	<b>-</b>	<b>-</b>	<b>(213,005)</b>	<b>5,367,681</b>	<b>4,146,439</b>
<b>Total Fund Balances</b>	<b>11,368,164</b>	<b>51,640</b>	<b>265,164</b>	<b>5,039,161</b>	<b>16,724,129</b>	<b>15,113,904</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 16,200,706</b>	<b>\$ 51,640</b>	<b>\$ 265,740</b>	<b>\$ 5,796,482</b>	<b>\$ 22,314,568</b>	<b>\$ 20,952,846</b>

CITY OF SOLANA BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015**

Fund balances of governmental funds		\$ 16,724,129
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity:		
Capital assets	\$ 92,546,164	
Accumulated depreciation	<u>(52,872,997)</u>	39,673,167
Deferred outflows related to contributions made after the actuarial measurement date for the net pension liability:		
Contributions made subsequent to measurement date	814,925	
Adjustment due to differences in proportions	<u>151,660</u>	966,585
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Notes payable	(5,500,000)	
Lease revenue bond - ABAG	(1,055,400)	
Unamortized bond discount	7,745	
Capital lease obligation	(709,676)	
Claims and judgments	(1,201,742)	
Compensated absences	<u>(291,602)</u>	(8,750,675)
Governmental funds report all pension contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the proportionate share of contributions are recorded as a asset or liability.		(7,262,767)
Governmental funds report all Other Post Employment Benefits (OPEB) contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as a asset or liability.		(1,582,986)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(5,474)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		12,343
Deferred inflows related to unrecognized actuarial gains and losses for the net pension liability:		
Net difference between projected and actual earnings on plan investments	(2,279,399)	
Adjustment due to differences in proportions	(44,546)	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	<u>(140,507)</u>	<u>(2,464,452)</u>
<b>Net Position of governmental activities</b>		<b><u>\$ 37,309,870</u></b>

CITY OF SOLANA BEACH

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for the year ended June 30, 2014)

	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds	
	General	TransNet	Affordable Housing Grant		2015	2014
<b>Revenues:</b>						
Taxes and assessments	\$ 11,991,577	\$ -	\$ -	\$ 1,735,555	\$ 13,727,132	\$ 13,135,199
Licenses, permits and fees	461,687	-	-	-	461,687	429,464
Intergovernmental	1,646,371	438,852	-	588,834	2,674,057	3,217,319
Charges for services	655,105	-	-	346,838	1,001,943	959,935
Use of money and property	123,328	77	664	12,694	136,763	137,906
Fines and forfeitures	392,683	-	-	-	392,683	348,337
Other revenues	432,069	13,768	-	515,918	961,755	1,941,493
<b>Total Revenues</b>	<b>15,702,820</b>	<b>452,697</b>	<b>664</b>	<b>3,199,839</b>	<b>19,356,020</b>	<b>20,169,653</b>
<b>Expenditures:</b>						
Current:						
General government	3,215,867	-	-	104	3,215,971	3,085,499
Public safety	7,669,585	-	-	638,597	8,308,182	8,238,659
Public works	1,507,214	-	-	774,920	2,282,134	2,215,596
Community development	868,742	-	37,239	385,092	1,291,073	1,360,192
Community services	244,867	-	-	22,243	267,110	259,809
Capital outlay	259,517	127,464	-	1,449,891	1,836,872	3,452,914
Debt service:						
Principal retirement	-	-	-	155,930	155,930	155,925
Interest and fiscal charges	-	325,105	-	63,418	388,523	439,464
<b>Total Expenditures</b>	<b>13,765,792</b>	<b>452,569</b>	<b>37,239</b>	<b>3,490,195</b>	<b>17,745,795</b>	<b>19,208,058</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,937,028	128	(36,575)	(290,356)	1,610,225	961,595
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	-	-	446,865	446,865	1,319,473
Transfers out	(372,165)	-	-	(74,700)	(446,865)	(1,319,473)
Contributions to Successor Agency	-	-	-	-	-	(10,000)
Debt issued	-	-	-	-	-	5,500,000
<b>Total Other Financing Sources (Uses)</b>	<b>(372,165)</b>	<b>-</b>	<b>-</b>	<b>372,165</b>	<b>-</b>	<b>5,490,000</b>
Net Change in Fund Balances	\$ 1,564,863	\$ 128	\$ (36,575)	\$ 81,809	\$ 1,610,225	\$ 6,451,595
<b>Fund Balances:</b>						
Beginning of year	\$ 9,803,301	\$ 51,512	\$ 301,739	\$ 4,957,352	\$ 15,113,904	\$ 8,662,309
Net change in fund balances	1,564,863	128	(36,575)	81,809	1,610,225	6,451,595
<b>End of Year</b>	<b>\$ 11,368,164</b>	<b>\$ 51,640</b>	<b>\$ 265,164</b>	<b>\$ 5,039,161</b>	<b>\$ 16,724,129</b>	<b>\$ 15,113,904</b>

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, 2015**

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Net change in fund balances - total governmental funds \$ 1,610,225

Amounts reported for governmental activities in the statement of activities are different 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	\$ 1,764,750	
Depreciation	<u>(3,599,770)</u>	(1,835,020)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal repayments:		
Lease revenue bond - ABAG	111,200	
Capital lease	44,730	
Amortization of bond premiums/discounts	(968)	
Changes in claims and judgments liabilities	222,751	
Changes in compensated absences	<u>27,737</u>	405,450

Pension obligation 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. 182,132

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 1,347

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (266,721)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 3,643

**Change in net position of governmental activities \$ 101,056**

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**PROPRIETARY FUND  
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2015

(With comparative totals for June 30, 2014)

	Sanitation Fund	
	2015	2014
<b>Assets:</b>		
Current:		
Cash and investments	\$ 10,281,652	\$ 9,170,978
Receivables:		
Accounts	24,245	18,008
Interest	5,901	48,387
Prepaid costs	34,413	36,628
<b>Total Current Assets</b>	<b>10,346,211</b>	<b>9,274,001</b>
Noncurrent:		
Cash and investments with fiscal agent	2,580,536	2,580,485
Advances to other funds	1,586,247	2,008,165
Investment in joint venture	19,009,204	19,850,088
Capital Assets:		
Non-depreciable	1,342,123	693,099
Depreciable, net	10,780,345	11,132,990
<b>Total Noncurrent Assets</b>	<b>35,298,455</b>	<b>36,264,827</b>
<b>Total Assets</b>	<b>45,644,666</b>	<b>45,538,828</b>
<b>Deferred Outflows of Resources:</b>		
Deferred pension related items	42,302	-
Deferred charge on refunding	411,882	480,529
<b>Total Deferred Outflows of Resources</b>	<b>454,184</b>	<b>480,529</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 46,098,850</b>	<b>\$ 46,019,357</b>
<b>Liabilities, Deferred Inflows, and Net Position:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 633,260	\$ 156,839
Accrued liabilities	12,294	13,196
Interest payable	154,841	164,210
Compensated absences, due within one year	19,410	13,648
Long-term debt, due within one year	906,470	880,634
<b>Total Current Liabilities</b>	<b>1,726,275</b>	<b>1,228,527</b>
Noncurrent:		
Compensated absences, due in more than one year	5,607	15,657
Long-term debt, due in more than one year	10,367,413	11,294,822
Net Pension Liability	329,413	-
<b>Total Noncurrent Liabilities</b>	<b>10,702,433</b>	<b>11,310,479</b>
<b>Total Liabilities</b>	<b>12,428,708</b>	<b>12,539,006</b>
<b>Deferred Inflows of Resources:</b>		
Deferred pension related items	111,779	-
<b>Total Deferred Inflows of Resources</b>	<b>111,779</b>	<b>-</b>
<b>Net Position:</b>		
Net investment in capital assets	6,798,584	6,324,862
Unrestricted	26,759,779	27,155,489
<b>Total Net Position</b>	<b>33,558,363</b>	<b>33,480,351</b>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<b>\$ 46,098,850</b>	<b>\$ 46,019,357</b>

CITY OF SOLANA BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for June 30, 2014)

	<b>Sanitation Fund</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating Revenues:</b>		
Charges for services	\$ 4,949,069	\$ 4,775,489
Other	28,939	36,300
<b>Total Operating Revenues</b>	<b>4,978,008</b>	<b>4,811,789</b>
<b>Operating Expenses:</b>		
Cost of sales and services	2,038,919	1,943,279
Administration	348,826	348,907
Depreciation	352,645	352,633
<b>Total Operating Expenses</b>	<b>2,740,390</b>	<b>2,644,819</b>
Operating Income (Loss)	2,237,618	2,166,970
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	71,973	71,541
Interest expense	(483,257)	(510,648)
Amortization of bond premium/discount & refunding charge	(49,923)	(7,651)
Amortization of investment premium	(10,945)	(10,945)
Share in joint venture net gain(loss)/capital contribution	(1,281,842)	318,695
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,753,994)</b>	<b>(139,008)</b>
Changes in Net Position	483,624	2,027,962
<b>Net Position:</b>		
Beginning of Year, as previously reported	33,480,351	31,452,389
Restatements	(405,612)	-
Beginning of Fiscal Year, as restated	33,074,739	31,452,389
<b>End of Fiscal Year</b>	<b>\$ 33,558,363</b>	<b>\$ 33,480,351</b>

CITY OF SOLANA BEACH

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for June 30, 2014)**

	<b>Sanitation Fund</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers and users	\$ 4,942,832	\$ 4,765,086
Cash paid to suppliers for goods and services	(1,560,283)	(1,816,932)
Cash paid to employees for services	(360,738)	(347,930)
Other	28,939	36,300
<b>Net Cash Provided by Operating Activities</b>	<b>3,050,750</b>	<b>2,636,524</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Repayment received from other funds	421,918	397,692
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>421,918</b>	<b>397,692</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(649,024)	(819,218)
Principal paid on capital debt	(880,634)	(920,299)
Interest paid on capital debt	(494,841)	(458,537)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(2,024,499)</b>	<b>(2,198,054)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	(337,444)	(450,484)
<b>Net Cash Used in Investing Activities</b>	<b>(337,444)</b>	<b>(450,484)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,110,725</b>	<b>385,678</b>
Cash and Cash Equivalents at Beginning of Year	11,751,463	11,365,785
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 12,862,188</b>	<b>\$ 11,751,463</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 2,237,618	\$ 2,166,970
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
Depreciation	352,645	352,633
(Increase) decrease in accounts receivable	(6,237)	(10,403)
(Increase) decrease in prepaid expense	2,215	2,216
Increase in deferred outflows from pensions	(42,302)	-
Increase (decrease) in accounts payable	476,421	124,131
Increase (decrease) in accrued liabilities	(902)	562
Increase (decrease) in net pension liability	(76,199)	-
Increase (decrease) in compensated absences	(4,288)	415
Increase in deferred inflows from pensions	111,779	-
<b>Total Adjustments</b>	<b>813,132</b>	<b>469,554</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,050,750</b>	<b>\$ 2,636,524</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>		
Amortization of bonds premium/discount	\$ (77,708)	\$ (77,708)
Gain/(loss) on investment in joint venture	(1,281,842)	318,695

**FIDUCIARY FUND  
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Agency Funds		Private-Purpose Trust Fund Successor Agency of the Former RDA	
	2015	2014	2015	2014
<b>Assets:</b>				
Cash and investments	\$ 478,241	\$ 472,261	\$ 454,635	\$ 500,157
Receivables:				
Accounts	140	108	-	-
Taxes	2,018	2,038	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	235,815	235,815
<b>Total Assets</b>	<b><u>\$ 480,399</u></b>	<b><u>\$ 474,407</u></b>	<b><u>690,450</u></b>	<b><u>735,972</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	4,912	3,944
Accrued liabilities	-	-	7,683	6,831
Accrued interest	-	-	12,327	12,625
Due to City	-	-	115,665	306,880
Due to bondholders	480,399	474,407	-	-
Long-term liabilities:				
Due in one year	-	-	85,000	80,000
Due in more than one year	-	-	2,910,000	2,995,000
<b>Total Liabilities</b>	<b><u>\$ 480,399</u></b>	<b><u>\$ 474,407</u></b>	<b><u>3,135,587</u></b>	<b><u>3,405,280</u></b>
<b>Net Position:</b>				
Held in trust for other purposes			(2,445,137)	(2,669,308)
<b>Total Net Position</b>			<b><u>\$ (2,445,137)</u></b>	<b><u>\$ (2,669,308)</u></b>

CITY OF SOLANA BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	<u>Private-Purpose Trust Fund</u> <u>Successor Agency of the Former</u> <u>RDA</u>	
	<u>2015</u>	<u>2014</u>
<b>Additions:</b>		
Taxes	\$ 626,272	\$ 603,484
Interest and change in fair value of investments	25	25
Contributions from City	-	10,000
<b>Total Additions</b>	<u>626,297</u>	<u>613,509</u>
<b>Deductions:</b>		
Administrative expenses	249,312	881,593
Interest expense	152,814	155,281
<b>Total Deductions</b>	<u>402,126</u>	<u>1,036,874</u>
<b>Changes in Net Position</b>	<b>224,171</b>	<b>(423,365)</b>
Net Position - Beginning of the Year	<u>(2,669,308)</u>	<u>(2,245,943)</u>
<b>Net Position - End of the Year</b>	<u><b>\$ (2,445,137)</b></u>	<u><b>\$ (2,669,308)</b></u>

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# **NOTES TO BASIC FINANCIAL STATEMENTS**

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## I. SIGNIFICANT ACCOUNTING POLICIES

### Note 1: Summary of Significant Accounting Policies

The basic financial statements of the City of Solana Beach, California (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental agencies. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### a. Financial Reporting Entity

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

The Solana Beach Public Facilities Corporation (Corporation) was incorporated on July 25, 1990 as a nonprofit public benefit corporation duly organized and existing under the Nonprofit Public Benefit Corporation Law. Its purpose is to benefit the City by providing financing for the planning, development, acquisition, construction, improvement, extension, repair, and renovation of public works projects, public facilities, furnishings, and equipment for use by the City. The Corporation does not issue separate financial statements. The City's basic financial statements have the Corporation included using the blended method since the governing bodies of the component unit is substantially the same as the governing body of the City. The Corporation provides services entirely to the City.

#### b. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

#### Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

**Note 1: Summary of Significant Accounting Policies (Continued)**

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to, Due from other funds
- Advances to, Advances from other funds
- Transfers in, Transfers out

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the balance sheet and revenue is recognized.

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

The City reports the following major governmental fund:

*General Fund* accounts for all revenues and expenditures used to finance the traditional services associated with a municipal government which are not accounted for in the other funds. In Solana Beach, these services include general government, public safety, public works, community development, and community services.

*Affordable Housing Grant Special Revenue Fund* accounts for resources related to affordable housing grants and successor housing activities.

*TransNet Special Revenue Fund* accounts for revenues received and expenditures made related to transportation development, transit and related studies. Funding is provided to the City as a secondary recipient under agreement with the County of San Diego and with San Diego Association of Governments (SANDAG).

**Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

The City reports the following major proprietary fund:

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

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. The City's fiduciary funds include agency funds and one private-purpose trust fund. Agency funds are used to account for collections received from special assessment districts and their disbursement to bondholders. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Spending of agency fund resources is controlled primarily through legal agreements and applicable State and Federal laws. Agency funds are reported using the accrual basis of accounting.

The Private-Purpose Trust Fund is used to account for the assets and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated. Private purpose trust fund funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**c. Cash, Cash Equivalents and Investments**

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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**Note 1: Summary of Significant Accounting Policies (Continued)**

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

**d. Restricted Cash and Investments**

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

**e. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair value on the date donated. City policy has set the capitalization threshold for reporting infrastructure and all other capital assets at \$1,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

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

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

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

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

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

**Note 1: Summary of Significant Accounting Policies (Continued)**

**f. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is the deferred outflows relating to the net pension obligation reported in the government-wide statement of net position and proprietary statement of net position. These outflows are the results of contributions made after the measurement period, which are expensed in the following year, and of adjustments due to difference in proportions. These amounts are deferred and amortized over the expected average remaining service life time.

In addition to liabilities, the statement of financial position or governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has an item that qualifies for reporting in this category which are deferred inflows related to the pensions reported in the government-wide statement of net position and proprietary statement of net position. These inflows are the result of the net difference between projected and actual earnings on pension plan investments, differences between employer's contributions and proportionate share of contributions, and adjustment due to differences in proportions. These amounts are deferred and amortized straight-line over a five year period or the expected average remaining service life time.

**g. Long-Term Liabilities**

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

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

**Note 1: Summary of Significant Accounting Policies (Continued)**

**h. Compensated Absences**

Government-Wide Financial Statements

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

Fund Financial Statements

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

**i. Pensions**

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

**j. Net Position**

In the Government-Wide and Proprietary Fund Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that was issued for the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

**k. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the



**Note 1: Summary of Significant Accounting Policies (Continued)**

government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**I. Fund Balances**

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

*Nonspendable* – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

*Restricted* – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed* – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City. The formal action required to establish, modify, or rescind a fund balance commitment is through a resolution.

*Assigned* – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized through a resolution the City Manager and the Director of Finance for that purpose.

*Unassigned* – This category is for any balances that have no restrictions placed upon them.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

**m. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

**n. Property Taxes**

Property taxes are levied on July 1 and are payable in two installments: December 10 and February 10 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of San Diego, California (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when received in cash except at year end when they are accrued pursuant to the modified accrual basis of accounting. The City recognizes as revenues at June 30 available taxes or those collected within 60 days. The County is permitted by State law to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy.

**o. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**p. Effect of New Accounting Standards**

During the fiscal year ended June 30, 2015, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

**GASB Statement No. 68 – *Accounting and financial Reporting for Pensions—an Amendment of GASB Statement No. 27*** improves the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The City has fully conformed to the requirements of this statement as of June 30, 2015. Accordingly, the cumulative effect of the accounting principle change as of the beginning of the year is reported in the government-wide statement of activities and the proprietary statement of revenues, expenses and changes in fund net position.

**GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68***. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City has fully conformed to the requirements of this statement as of June 30, 2015.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 2: Cash and Investments**

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2015:

	Government-Wide Statement of Net Position			Fiduciary	Total
	Governmental Activities	Business-Type Activities	Total	Funds Statement of Net Position	
Cash and investments	\$ 20,723,633	\$ 10,281,652	\$ 31,005,285	\$ 932,876	\$ 31,938,161
Cash and investments with fiscal agent held by fiscal agents	-	2,580,536	2,580,536	235,815	2,816,351
<b>Total</b>	<b>\$ 20,723,633</b>	<b>\$ 12,862,188</b>	<b>\$ 33,585,821</b>	<b>\$ 1,168,691</b>	<b>\$ 34,754,512</b>

Cash and investments consisted of the following at June 30, 2015:

Cash:	
Cash on hand	\$ 900
Demand deposits	6,043,025
Total cash	<u>6,043,925</u>
Investments:	
Local Agency Investment Fund	25,894,236
Investments held by fiscal agent:	
Money market fund	<u>2,816,351</u>
Total investments	<u>28,710,587</u>
Total cash and investments	<u>\$ 34,754,512</u>

**a. Cash Deposits**

The carrying amounts of the City's cash deposits were \$6,043,025 at June 30, 2015. Bank balances were \$6,097,326 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below. The \$54,301 difference represents outstanding checks and other reconciling items.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 2: Cash and Investments (Continued)**

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, 2015, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

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

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local agency bonds	Yes	5 years	None	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 or investment policy requirements, whichever is more restrictive.

**Investments Authorized by Debt Agreements**

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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**Note 2: Cash and Investments (Continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. agency securities	None	None	None
Banker's acceptances	360 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	90 days	None	None
Investment contracts	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
State or municipal obligations	None	None	None

**c. External Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

The fair value of the City's investment in LAIF is reported at amounts based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

The City's investments with LAIF at June 30, 2015, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

- Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
- Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

**d. Risk Disclosures****Interest Rate Risk**

Interest rate risk is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City manages this risk by investing its operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools to ensure liquidity and by timing

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**
**Note 2: Cash and Investments (Continued)**

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.

	<u>Fair Value</u>	<u>1 year or less</u>
Held by City:		
LAIF	\$ 25,894,236	\$ 25,894,236
Held by Fiscal Agent		
Money market funds	<u>2,816,351</u>	<u>2,816,351</u>
Total	<u>\$ 28,710,587</u>	<u>\$ 28,710,587</u>

**Credit Risk**

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2015, for each investment type.

	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
Held by City:				
Local Agency Investment Fund	\$ 25,894,236	N/A	\$ -	\$ 25,894,236
Held by fiscal agent:				
Money market funds	<u>2,816,351</u>	A	<u>2,816,351</u>	<u>-</u>
Total	<u>\$ 28,710,587</u>		<u>\$ 2,816,351</u>	<u>\$ 25,894,236</u>

**Custodial Credit Risk**

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

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City had 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 3: Interfund Transactions**

**Due From and To Other Funds**

At June 30, 2015, the City had the following short-term interfund receivables and payables:

	<u>Due from other funds</u>
	<u>General Fund</u>
<u>Due to other funds</u>	
Non-major Governmental Funds	\$ 222,737
Total	<u>\$ 222,737</u>

Due from/to other funds balances arise from the advance payments by the City's General Fund for debt service payments and projects expenditures which are reimbursable through various Federal and State Grant Programs.

**Advances From and To Other Funds**

As of June 30, 2015, the City had the following long-term interfund receivables and payables:

	<u>Advance from other funds</u>
	<u>General Fund</u>
<u>Advance to other funds</u>	
Sanitation Fund	<u>\$ 1,586,247</u>

The Sanitation Fund advanced funds to the General Fund for payment of the PERS side-fund. For further information see Note 10.

**Interfund Transfers**

For the year ended June 30, 2015, the City had the following transfers:

	<u>Transfers In</u>	
	Non-Major Governmental Funds	<u>Total</u>
<u>Transfers Out</u>		
General Fund	\$ 372,165	\$ 372,165
Non-major governmental funds	74,700	74,700
	<u>\$ 446,865</u>	<u>\$ 446,865</u>

The most significant interfund transfers were from the General Fund to the City Capital Projects Fund for the City's construction project costs. With the non-major funds, transfers were made to various special revenue funds to public service and public works related costs, as well as debt service principal and interest payments on capital leases. During the fiscal year ended June 30, 2015, 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 FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 4: Capital Assets**

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
<b>Governmental Activities:</b>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 2,537,440	\$ -	\$ -	\$ -	\$ 2,537,440
Construction in progress	1,964,423	1,502,460	-	(2,195,332)	1,271,551
Total non-depreciable assets	<u>4,501,863</u>	<u>1,502,460</u>	<u>-</u>	<u>(2,195,332)</u>	<u>3,808,991</u>
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	9,925,358	-	3,250	1,617,891	11,539,999
Equipment	2,427,149	164,488	-	-	2,591,637
Vehicles	1,931,643	97,802	27,786	-	2,001,659
Infrastructure	66,009,522	-	-	577,441	66,586,963
Total depreciable assets	<u>86,310,587</u>	<u>262,290</u>	<u>31,036</u>	<u>2,195,332</u>	<u>88,737,173</u>
<i>Less accumulated depreciation:</i>					
Buildings	(2,395,526)	(120,792)	-	-	(2,516,318)
Improvements	(3,172,460)	(401,416)	(3,250)	-	(3,570,626)
Equipment	(2,167,392)	(116,130)	-	-	(2,283,522)
Vehicles	(1,135,631)	(153,667)	(27,786)	-	(1,261,512)
Infrastructure	(40,433,254)	(2,807,765)	-	-	(43,241,019)
Total accumulated depreciation	<u>(49,304,263)</u>	<u>(3,599,770)</u>	<u>(31,036)</u>	<u>-</u>	<u>(52,872,997)</u>
Total depreciable assets, net	<u>37,006,324</u>	<u>(3,337,480)</u>	<u>-</u>	<u>2,195,332</u>	<u>35,864,176</u>
Total capital assets, net	<u>\$ 41,508,187</u>	<u>\$ (1,835,020)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,673,167</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2015, is as follows:

General Government	\$ 135,744
Public Safety	263,935
Public Works	2,833,792
Community Development	1,132
Community Services	365,167
Total depreciation expenses	<u>\$ 3,599,770</u>



CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

**Note 4: Capital Assets (Continued)**

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<b>Business-Type Activities</b>				
<i>Non-Depreciable Assets:</i>				
Land	\$ 111,706	\$ -	\$ -	\$ 111,706
Construction in progress	581,393	649,024	-	1,230,417
Total non-depreciable assets	693,099	649,024	-	1,342,123
<i>Depreciable Assets:</i>				
Building and improvements	16,223,141	-	-	16,223,141
Equipment	508,911	-	(10,850)	498,061
Total depreciable assets	16,732,052	-	(10,850)	16,721,202
<i>Less accumulated depreciation:</i>				
Building and improvements	(5,090,674)	(352,386)	-	(5,443,060)
Equipment	(508,388)	(259)	10,850	(497,797)
Total accumulated depreciation	(5,599,062)	(352,645)	10,850	(5,940,857)
Total depreciable assets, net	11,132,990	(352,645)	-	10,780,345
Total capital assets, net	\$ 11,826,089	\$ 296,379	\$ -	\$ 12,122,468

Business-type activities depreciation expense for capital assets for the year ended June 30, 2015, is \$352,645.

**Note 5: Long-Term Obligations**

**Governmental Activities Long-Term Debt**

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Refunding Lease - ABAG	\$ 1,166,600	\$ -	\$ 111,200	\$ 1,055,400	\$ 114,800
Municipal Finance Capital Lease	754,406	-	44,730	709,676	46,286
Limited Tax Bonds 2010A Series	5,500,000	-	-	5,500,000	-
Compensated Absences	319,339	247,850	275,587	291,602	251,650
	<u>\$ 7,740,345</u>	<u>\$ 247,850</u>	<u>\$ 431,517</u>	7,556,678	<u>\$ 412,736</u>
			unamortized discount	(7,745)	
			Total	<u>\$ 7,548,933</u>	

**Lease Revenue Bonds – ABAG**

On January 10, 2002, the City issued \$3,465,000 of Series 2002 ABAG Lease Revenue Bonds to advance refund \$2,185,000 of the outstanding Certificates of Participation, Series 1992, and \$1,125,000 of the outstanding Certificates of Participation, Series 1995, establish a reserve account for the bonds, and to pay the cost of issuing the bonds. \$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 payments on the 1992 and 1995 series. As a result, the 1992 and 1995 series certificates of

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 5: Long-Term Obligations (Continued)**

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 Position.

On November 1, 2011, the City entered into a refunding lease agreement with Municipal Financial Corporation in the amount of \$1,388,300 to current refund the outstanding balance of the ABAG Lease Revenue Bonds, Series 2002 and to take advantage of historically low interest rates. The average savings are approximately \$21,258 per fiscal year with the net present value savings equal to \$185,245. The lease matures on December 1, 2022. Principal payments are due December 1<sup>st</sup> of each year with semi-annual interest rate at 3.40%. The debt requirements due under the terms of the lease as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 114,800	\$ 33,932	\$ 148,732
2017	123,400	29,883	153,283
2018	126,800	25,629	152,429
2019	129,800	21,267	151,067
2020	137,600	16,721	154,321
2020-2023	423,000	21,903	444,903
Total	<u>\$ 1,055,400</u>	<u>\$ 149,335</u>	<u>\$ 1,204,735</u>

Capital Lease Obligations

Energy Efficiency/Conservation Upgrades

On May 9, 2012, the City entered into a capital lease with Municipal Finance Corporation for various energy efficiency/conservation upgrades at City facilities. The lease was executed in the amount of \$818,696. Rental payments are due in thirty-one semi-annual payments of \$35,187 and include interest at the rate of 3.45%. The City also executed an acquisition fund agreement with Deutsche Bank National Trust Company for distribution of the funds. The debt requirements due under the terms of the lease as of June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 46,286	\$ 24,088	\$ 70,374
2017	47,896	22,477	70,373
2018	49,563	20,811	70,374
2019	51,288	19,086	70,374
2020	53,073	17,301	70,374
2021-2025	294,385	57,485	351,870
2026-2028	167,185	8,751	175,936
Total	<u>\$ 709,676</u>	<u>\$ 169,999</u>	<u>\$ 879,675</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 5: Long-Term Obligations (Continued)**

San Diego County Regional Transportation Commission Sales Tax Revenue Bonds

On October 28, 2010, the San Diego Association of Governments (SANDAG), acting as the San Diego County Regional Transportation Commission, issued \$338,960,000 Taxable Build America Bonds 2010 Series A (Limited Tax Bonds). SANDAG is responsible for the administration of programs under the TransNet Extension ordinance, Proposition A, which sets forth the permitted uses for revenues from a half cent transactions and use tax in San Diego County (TransNet Extension Program). In fiscal year ended June 2015, the City borrowed \$5,500,000 from the TransNet debt financing program for the Highway 101 Streetscaping/Traffic Calming Project and other projects eligible under the terms of the debt financing and applicable SANDAG policies and approved projects. The debt requirements due under the terms of the bonds as of June 30, 2015, are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 325,105	\$ 325,105
2017	-	325,105	325,105
2018	-	325,105	325,105
2019	-	325,105	325,105
2020	-	325,105	325,105
2021-2025	-	1,625,525	1,625,525
2026-2030	-	1,625,525	1,625,525
2031-2035	-	1,625,525	1,625,525
2036-2040	1,065,096	1,584,346	2,649,442
2041-2045	2,712,537	1,002,146	3,714,683
2046-2048	1,722,367	196,483	1,918,850
Total	<u>\$ 5,500,000</u>	<u>\$ 9,285,075</u>	<u>\$ 14,785,075</u>

Compensated Absences

Compensated absences at June 30, 2015, amounted to \$291,602. This liability is expected to be paid from future resources from the General Fund.

**Business-type Activities Long-Term Debt**

The following is a summary of changes in business-type activities long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
JPA Loan Payable - 2011	\$ 3,613,215	\$ -	\$ 655,634	\$ 2,957,581	\$ 671,470
Sewer Revenue Bond- 2006	8,485,000	-	225,000	8,260,000	235,000
Compensated Absences	29,305	18,449	22,737	25,017	19,410
	<u>\$ 12,127,520</u>	<u>\$ 18,449</u>	<u>\$ 903,371</u>	11,242,598	<u>\$ 925,880</u>
			Unamortized premium/(discount)	<u>56,302</u>	
			Total	<u>\$ 11,298,900</u>	

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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**Note 5: Long-Term Obligations (Continued)**

San Elijo JPA Loan Payable - 2011

On March 1, 2012, the San Elijo Joint Powers Authority issued the 2012 Refunding Revenue Bonds to refund on a current basis the 2003 Refunding Revenue Bonds and prepaid a note to the California Energy Commission. Each local agency entered into a Third Amended and Restated Loan Agreement as of January 1, 2012 to assist in the financing of the Local Agencies' respective share of the Bonds. The City of Encinitas and the City of Solana Beach will be paying approximately 52% and 48% of total debt service on the bonds, respectively.

The amended loan matures on March 1, 2021. The interest rates on the bonds range from 2.00% to 4.00% per year. The City of Solana Beach's portion of annual principal installments range from \$25,000 to \$751,154.

The annual debt service requirements for the City of Solana Beach are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 671,470	\$ 110,122	\$ 781,592
2017	692,808	89,978	782,786
2018	724,648	62,266	786,914
2019	751,155	33,280	784,435
2020	57,500	3,234	60,734
2021	60,000	1,710	61,710
Total	<u>\$ 2,957,581</u>	<u>\$ 300,590</u>	<u>\$ 3,258,171</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 5: Long-Term Obligations (Continued)**

In compliance with bond issuance covenants, specifically Appendix F Section 4(c) of the \$18,640,000 San Elijo Joint Powers Authority, 2011 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.

	Fiscal Year 2014-15
Revenues:	
Operating revenues	\$ 4,949,069
Other operating	28,939
Non-operating	71,973
Gross revenues	<u>5,049,981</u>
Expenses	<u>4,566,357</u>
Net Income	<u>483,624</u>
Add back:	
Interest expense	483,257
Depreciation	352,645
Amortization of bond premium/discount & refunding	49,923
Amortization of investment in JPA	<u>10,945</u>
Net revenues available for debt service	<u>\$ 1,380,394</u>
2011 Refunding Revenue bonds debt service:	
Principal repayment	\$ 655,634
Interest charges	129,792
Total debt service	<u>\$ 785,426</u>
Coverage ratio	<u>1.8</u>

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 principal 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%. Total principal and interest remaining on the bonds was \$12,991,759 as of June 30, 2015.

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.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 5: Long-Term Obligations (Continued)**

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 235,000	\$ 354,400	\$ 589,400
2017	245,000	345,588	590,588
2018	255,000	335,788	590,788
2019	265,000	325,588	590,588
2020	275,000	314,988	589,988
2021-2025	1,560,000	1,393,125	2,953,125
2026-2030	1,930,000	1,024,844	2,954,844
2031-2035	2,390,000	564,375	2,954,375
2036-2037	1,105,000	73,063	1,178,063
Total	<u>\$ 8,260,000</u>	<u>\$ 4,731,759</u>	<u>\$ 12,991,759</u>

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 San Elijo JPA Refunding Revenue Bonds Issue.

Using net revenues available for debt service of \$1,380,394, the 2006 Subordinate Wastewater Revenue bonds debt service coverage requirement for fiscal year ended June 30, 2015, is calculated as follows:

	<u>Fiscal Year 2014-15</u>
Net revenues available for debt service	\$ 1,380,394
Less: 2011 Refunding Revenue bonds debt service	<u>785,426</u>
Net revenues available for 2006 Sewer Revenue Bonds debt service	<u>\$ 594,968</u>
2006 Sewer Revenue bonds debt service	
Principal repayment	\$ 225,000
Interest charges	<u>362,838</u>
Total debt service	<u>\$ 587,838</u>
Coverage ratio	<u>1.0</u>

Compensated Absences

Compensated absences for business-type activities as of June 30, 2015, amounted to \$25,017. This liability is expected to be paid from future resources from the Sanitation Fund.

**Note 5: Long-Term Obligations (Continued)**

**Non-City Obligations – Special Assessment Debt**

Bonds issued to finance public improvement projects in certain assessment districts are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders.

The City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith, credit, nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying basic financial statements.

**Undergrounding Districts**

During July 2006, the Solana Beach Public Financing Authority issued Assessment District Revenue Bonds totaling \$2,112,000 (less bond issuance costs of \$244,393) to finance the undergrounding of utility lines for the Barbara/Granados Avenue Utility Undergrounding District and the Pacific Avenue/East and West Circle Drive Utility Underground Assessment District. In July 2008, the City of Solana Beach issued \$480,000 (less bond issuance costs of \$87,775) to finance the undergrounding of utility lines on Marsolan Avenue. The outstanding bonds as of June 30, 2015, were \$2,215,000.

**South Solana Sewer District**

In November 2006, the Solana Beach Public Financing Authority issued Limited Obligation Improvement Bonds totaling \$570,000 (less bond issuance costs of \$5,742) to finance the construction of sewer improvements to connect 51 properties of the South Solana Beach Sewer District assessment district to the City's sewer system. The outstanding bonds as of June 30, 2015, were \$495,000.

**Note 6: 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.

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 quarterly 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. The City notifies all appropriate parties, 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. The City has no knowledge of any material liability in excess of insurance coverage for known suits or claims.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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**Note 6: Risk Management (Continued)****General Liability Insurance**

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$125,000 and pays 100% of all losses incurred under \$125,000. The City does not share or pay for losses of other cities under their self-insured retention. Losses of \$125,000 to \$2,500,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$2,500,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$44,500,000. This cost is also prorated on a payroll basis.

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.

**Workers' Compensation**

Beginning October 1, 2004, the City became fully self-insured with respect to Workers' Compensation. The City has a Self-Insured Retention (SIR) of \$125,000 per claim and additional coverage above its SIR with CSAC Excess Insurance Authority (EIA) to \$5 million per claim; there is an additional \$45 million of reinsurance above CSAC-EIA coverage bringing the total coverage to over \$50 million per claim, up to the statutory workers' compensation limits set by the State of California. The CSAC-EIA is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

The workers' compensation and general liability claims payable of \$1,201,742 reported at June 30, 2015, includes all claims for which information prior to the issuance of the financial statements indicates that it was probable that a liability had been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. During the past three fiscal (claims) years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage in the prior year. Changes in the claims liability amounts were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2012-2013	\$ 1,147,000	\$ 380,455	\$ (310,855)	\$ 1,216,600
2013-2014	1,216,600	398,806	(190,913)	1,424,493
2014-2015	1,424,493	(86,405)	(136,346)	1,201,742



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

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**Note 6: Risk Management (Continued)**

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2014, is as follows:

Total assets	<u>\$ 592,584,275</u>
Total liabilities	<u>\$ 479,255,274</u>
Total net position	<u>\$ 113,329,001</u>
Total revenues	<u>\$ 573,565,611</u>
Total expenses	<u>\$ 585,075,329</u>
Expenses over revenues	<u>\$ 11,509,718</u>

**Note 7: City Employees Retirement Plan - Pension Plans**

**a. PERS – Public Employees Retirement System**

**1. General Information about the Pension Plans**

***Plan Descriptions***

All qualified permanent and probationary employees are eligible to participate in the City of Solana Beach’s eight separate cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The eight Solana Beach cost-sharing plans are listed as follows:

- i. Miscellaneous Plan
- ii. Miscellaneous Second Tier Plan
- iii. Miscellaneous PEPRA Plan
- iv. Safety Fire First Tier Plan
- v. Safety Fire Second Tier Plan
- vi. Safety Fire PEPRA Plan
- vii. Safety Lifeguard Plan
- viii. Safety Other PEPRA Plan

***Benefits Provided***

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

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 7: City Employees Retirement Plan - Pension Plans (Continued)**

Below is a summary of the plans' provisions and benefits in effect at June 30, 2015, for which the City of Solana Beach has contracted:

Major Benefit Options	Miscellaneous	Miscellaneous Second Tier	Miscellaneous PEPRA	Safety Fire First Tier	Safety Fire Second Tier	Safety PEPRA	Safety Lifeguard First Tier	PEPRA Other Safety
Hire Date	Prior to January 1, 2010	January 1, 2010 but prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2010	On or after January 1, 2010	On or after January 1, 2013	On or after January 1, 2010	On or after January 1, 2013
Benefit Provision								
Benefit Formula	2.0% @ 55	2.0% @ 60	2.0% @ 62	3.0% @ 50	2.0% @ 50	2.7% @ 57	3.0% @ 50	2.7% @ 57
Social Security Full/Modified	no full	no full	no full	no full	no full	no full	no full	no full
Benefit vesting schedule	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67	50	50-55	50-57	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.0% to 2.5%	3%	2.4% to 3.0%	2% to 2.7%	1.426% to 2.0%	2.0% to 2.7%
Required employer contribution rates	14.660%	8.049%	6.250%	26.149%	19.900%	11.500%	26.149%	11.500%
Required employee contribution rates	7.942%	6.880%	6.308%	8.986%	8.922%	11.715%	8.986%	11.715%

**Contribution Description**

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

For the year ended June 30, 2015, the contributions recognized as a reduction to the net pension liability was \$816,806.

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

As of June 30, 2015, the City of Solana Beach reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,641,429
Miscellaneous Second Tier	9,938
Miscellaneous PEPRA	224
Safety Fire First Tier	4,485,237
Safety Fire Second Tier	596
Safety Fire PEPRA	138
Safety Lifeguard	453,471
Safety Other PEPRA	1,147
	\$ 7,592,180

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 7: City Employees Retirement Plan - Pension Plans (Continued)**

The City of Solana Beach's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

Proportions as a percentage of the CalPERS Miscellaneous risk pool:

	<u>Miscellaneous</u>	<u>Miscellaneous Second Tier</u>	<u>Miscellaneous PEPRA</u>
Proportion - June 30, 2013	0.11015%	0.00054%	0.00001%
Proportion - June 30, 2014	0.10688%	0.00040%	0.00001%
Change - Increase (Decrease)	-2.96934%	-25.69545%	-2.94884%

Proportions as a percentage of the CalPERS Safety risk pool:

	<u>Safety Fire First Tier</u>	<u>Safety Fire Second Tier</u>	<u>Safety Fire PEPRA</u>	<u>Safety Lifeguard First Tier</u>	<u>Safety Other PEPRA</u>
Proportion - June 30, 2013	0.12414%	0.00002%	0.00000%	0.01255%	0.00003%
Proportion - June 30, 2014	0.11958%	0.00002%	0.00000%	0.01209%	0.00003%
Change - Increase (Decrease)	-3.67616%	-3.65144%	-3.81575%	-3.67607%	-3.62428%

For the year ended June 30, 2015, the City of Solana Beach recognized reductions in net pension liability of \$661,494. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 850,348	\$ -
Net differences between projected and actual earnings on plan investments	-	2,382,785
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	146,880
Adjustment due to differences in proportions	158,539	46,566
Total	<u>\$ 1,008,887</u>	<u>\$ 2,576,231</u>

\$850,348 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 7: City Employees Retirement Plan - Pension Plans (Continued)**

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2016	\$ (594,359)
2017	(594,359)
2018	(602,359)
2019	(626,615)

**Actuarial Assumptions**

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013, total pension liability. The June 30, 2013 and the June 30, 2014, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds

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

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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**Note 7: City Employees Retirement Plan - Pension Plans (Continued)**

However, employers may determine the impact at the plan level for their own financial reporting purposes. Refer to page 9 of this report, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1 - 10 (1)</b>	<b>Real Return Years 11+ (2)</b>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015**Note 7: City Employees Retirement Plan - Pension Plans (Continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the City's proportionate share of the net pension liability/(asset) of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.50 percent) or 1% point higher (8.50 percent) than the current rate:

Plan's Net Pension Liability/(Assets)	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Miscellaneous	\$ 4,706,211	\$ 2,641,429	\$ 927,857
Miscellaneous Second Tier	17,707	9,938	3,491
Miscellaneous PEPRA	399	224	79
Safety Fire First Tier	7,718,511	4,485,237	1,821,158
Safety Fire Second Tier	1,026	596	242
Safety Fire PEPRA	238	138	56
Safety Lifeguard First Tier	780,365	453,471	184,125
Safety Other PEPRA	1,973	1,147	465
Total	\$ 13,226,430	\$ 7,592,180	\$ 2,937,473

***Pension Plan Fiduciary Net Position***

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

**Note 8: Other Post Employment Benefits****Plan Description**

The City of Solana Beach Retiree Healthcare Plan ("Plan") is a single-employer defined benefit healthcare plan administered by the City. The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees' Retirement System healthcare program (PEMHCA). Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its non-represented employees and the unions representing City employees. The Retiree Healthcare Plan does not issue an audited, GAAP-basis financial report.

The City provides the PEMHCA minimum benefit (\$122 per month for 2015) but no less than \$325 per month for employees retired before January 1, 2007 and \$290 per month for employees hired before January 1, 2007.

**Funding Policy**

The contribution requirements of the Plan participants and the City are established by and may be amended by the City pursuant to agreements with its non-represented employees and the unions representing City employees.

The City contributed \$127,279 during the 2015 fiscal year on a pay-as-you-go basis for current benefit payments. Retired plan members and their beneficiaries pay the annual premium cost not paid by the employer.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**Note 8: Other Post Employment Benefits (Continued)****Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 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:

Annual Required Contribution (ARC)	\$ 444,000
Interest on Net OPEB Obligation	52,000
Adjustment to ARC	<u>(102,000)</u>
Annual OPEB Cost (Expenses)	394,000
Contribution Made	<u>(127,279)</u>
Increase in Net OPEB Obligation	266,721
Net OPEB Obligation	
Beginning of year	<u>1,316,265</u>
End of year	<u><u>\$ 1,582,986</u></u>

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding fiscal years were as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage Contribution	Increase in Net OPEB Obligation	Net OPEB Obligation
2012-2013	\$ 390,958	\$ 105,058	26.9%	\$ 285,900	\$ 1,013,000
2013-2014	413,384	110,119	26.4%	303,265	1,316,265
2014-2015	394,000	127,279	32.3%	266,721	1,582,986

**Funded Status and Funding Progress**

The most recent schedule of funding progress is presented below:

Actuarial Valuation Date	Actuarial Asset Value (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded Actuarial Liability as Percentage of Covered Payroll [(B-A)/C]
6/30/2006	\$ -	\$ 1,706,000	\$ 1,706,000	0.0%	\$ 3,348,000	51.0%
6/30/2009	-	2,330,000	2,330,000	0.0%	4,243,000	54.9%
6/30/2012	-	2,940,000	2,940,000	0.0%	3,900,000	75.4%

**Note 8: Other Post Employment Benefits (Continued)**

**Most Recent Actuarial Valuation**

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments 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 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 participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants 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 value of assets, consistent with the long-term perspective of the calculations.

For the June 30, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses) and a 3% general inflation assumption. The City's benefit cap for active employees hired before January 1, 2007 was assumed to remain at its current level. The PEMHCA minimum was assumed to increase with a medical cost increase rate of 4.5% beginning in 2017. The initial Unfunded Actuarial Accrued Liability (UAAL) was amortized as a level percentage of projected payroll over a fixed 20-year period as of June 30, 2006. There were 14 years remaining in this amortization period for the 2014/2015 Annual Required Contribution.

**Note 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, 2015, is as follows:



CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 9: Investment in Joint Venture (Continued)**

Operating revenues	\$ 6,524,275
Operating expenses	(6,815,073)
Net non-operating income	(23,570)
Capital grants	903,806
Change in net position	<u>\$ 589,438</u>
Total assets and deferred outflows of resources	\$ 54,004,641
Total liabilities and deferred inflows of resources	<u>(16,289,007)</u>
Net position- total fund equity	<u>\$ 37,715,634</u>

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

A summary of the changes in the City's investment in the San Elijo Joint Powers Authority for the year ended June 30, 2015, is as follows:

Investment at June 30, 2014	\$ 19,850,088
Capital contribution	451,903
Current year share in the joint venture net gain	(151,684)
Net position resatement	(1,130,158)
Amortization of JPA	(10,945)
Investment at June 30, 2015	<u>\$ 19,009,204</u>

At June 30, 2015, the SEJPA had \$5,964,276 in 2012 Refunding Revenue Bonds outstanding. The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

**Note 10: Sanitation Loan to General Fund**

On June 22, 2011, the City Council adopted Resolution 2011-101 transferring funds from the Sanitation unrestricted reserves to an internal General Fund account, PERS Side Fund Prepayment fund, to pay off the City's CalPERS Side Fund obligation in the amount of \$3,132,587. The transfer of funds was characterized as a loan from the Sanitation Fund at an annual interest rate of 2.375% for 8 years. The funds transfer and the prepayment of the CalPERS Side Fund will save the City \$970,462 in total interest over a twelve year period as compared to the current PERS amortization schedule.

The City has the ability to make this kind of transfer from one fund to another so long as there is no prohibition on the use of the funds. In this case, the Sanitation funds are not specifically prohibited for other uses (except for connection fees, which cannot be used for any other purpose). See Health & Safety Code §§ 5473 et seq. While the transaction was fiscally and

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 10: Sanitation Loan to General Fund (Continued)**

legally sound, the City Council determined that the timely repayment of the Sanitation Fund is a priority.

To ensure prudent, responsible fiscal oversight of the Sanitation fund, the Council adopted Council Policy No. 22 establishing procedures to guarantee that the Sanitation Fund is repaid for the transfer of funds in the amount of \$3,132,587 in a timely manner. The Policy requires a 4/5 vote of the City Council to delay and/or release the commitment to pay the Sanitation Fund loan as set forth in Resolution 2011-101. Additionally, a 4/5 vote of the City Council is required to amend or abolish this Council policy. The 4/5 vote requirement is not necessary if the proposed change would expedite the repayment of the Sanitation Fund loan.

The City elected to borrow funds from its Sanitation Fund to pay its CalPERS Side fund obligation in full. Repayment to the Sanitation Fund over the remaining four years of the loan will be as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 447,202	\$ 37,673	\$ 484,875
2017	473,581	27,052	500,633
2018	501,099	15,805	516,904
2019	164,365	3,904	168,269
Total	<u>\$ 1,586,247</u>	<u>\$ 84,434</u>	<u>\$ 1,670,681</u>

Since the PERS Side Fund Prepayment fund made the payment to CalPERS in the amount of \$3,132,587 in fiscal year 2010-11, the fund reported a deficit fund balance of \$1,586,247 for fiscal year 2014-15 and the deficit fund balance was reported as an unassigned fund balance per the requirements of GASB 54. In each succeeding fiscal year, as the Sanitation Fund is repaid, the deficit fund balance will be reduced by that fiscal year's principle payment, and the fund balance will be increased to zero by fiscal year 2018-19. Note 12 provides additional information regarding the fund balance classification for the PERS Side Fund Prepayment fund.

**Note 11: Commitments and Contingencies**

**a. Litigation**

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

**b. Construction Commitments**

Various construction projects were in progress at June 30, 2015, with an estimated cost to complete of approximately \$364,902 in all fund types.

**c. Sales Tax – Transnet Debt Commitment**

On November 10, 2010, Solana Beach executed an agreement with The San Diego Association of Governments (SANDAG) relating to the 2010 Series A Bonds Build American Bonds (BABs) for the completion of several projects including the Highway 101 streetscape and traffic calming project and other eligible projects. In the agreement,

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 11: Commitments and Contingencies (Continued)**

SANDAG withholds one-sixth of the interest due each month when Sales Tax is sent from the Board of Equalization (BOE) in an effort to have the full amount with the Trustee by the 1st of April and 1st of October.

**Note 12: Classification of Fund Balances**

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification.

	General Fund	TransNet	Affordable Housing Grant	Non-Major Governmental Funds	Total
<b>Nonspendable</b>					
Prepays	\$ 9,382	\$ -	-	\$ -	\$ 9,382
<b>Total nonspendable</b>	<u>9,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,382</u>
<b>Restricted</b>					
Gas Tax	-	-	-	498,035	498,035
Municipal Improvement Districts	-	-	-	657,988	657,988
Lighting District	-	-	-	1,386,904	1,386,904
TransNet	-	51,640	-	-	51,640
COPS	-	-	-	120,334	120,334
Public Safety	-	-	-	35,364	35,364
Fire Mitigation	-	-	-	1,433	1,433
CALTRANS	-	-	-	59,634	59,634
Coastal Area Business/ Visitor Assistance & Enhancement	-	-	-	365,907	365,907
Boating & Waterways	-	-	-	59,995	59,995
Housing	-	-	-	429,441	429,441
Camp Programs	-	-	-	190,680	190,680
Affordable Housing Grant	-	-	265,164	-	265,164
Assessment Districts CIP	-	-	-	158,497	158,497
Sand Replenish/ Retention and Coastal Access CIP	-	-	-	410,787	410,787
Public Improvement Grant	-	-	-	263,508	263,508
City Debt Service	-	-	-	24,539	24,539
<b>Total restricted</b>	<u>-</u>	<u>51,640</u>	<u>265,164</u>	<u>4,663,046</u>	<u>4,979,850</u>
<b>Committed</b>					
Public Facilities	317,310	-	-	-	317,310
Public Art	14,202	-	-	-	14,202
In-Lieu Housing	100,786	-	-	-	100,786
Parks & Recreation	21,750	-	-	-	21,750
<b>Total committed</b>	<u>454,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>454,048</u>
<b>Assigned</b>					
General Fund	5,324,048	-	-	-	5,324,048
Developer Pass-Thru	-	-	-	316,366	316,366
City CIP	-	-	-	272,754	272,754
<b>Total assigned</b>	<u>5,324,048</u>	<u>-</u>	<u>-</u>	<u>589,120</u>	<u>5,913,168</u>
<b>Unassigned</b>					
	5,580,686	-	-	(213,005)	5,367,681
<b>Total fund balances</b>	<u>\$ 11,368,164</u>	<u>\$ 51,640</u>	<u>\$ 265,164</u>	<u>\$ 5,039,161</u>	<u>\$ 16,724,129</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

Note 12: Classification of Fund Balances (Continued)

Fund Name	General Fund						Total Classification
	General Fund	Self Insurance	Worker's Compensation	Asset Replacement	Facilities Replacement	PERS Side Fund Prepayment	
<b>Non-Spendable</b>							
Prepays	\$ 9,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,382
<b>Total Non-Spendable</b>	<u>9,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,382</u>
<b>Committed</b>							
Public Facilities	317,310	-	-	-	-	-	317,310
Public Art	14,202	-	-	-	-	-	14,202
In-Lieu Housing	100,786	-	-	-	-	-	100,786
Parks & Recreation	21,750	-	-	-	-	-	21,750
<b>Total Committed</b>	<u>454,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>454,048</u>
<b>Assigned</b>							
Park Fee	29,703	-	-	-	-	-	29,703
Community Television	85,004	-	-	-	-	-	85,004
Street Sweeping	120,671	-	-	-	-	-	120,671
Housing	1,499,500	-	-	-	-	-	1,499,500
Self-Insurance	-	931,598	-	-	-	-	931,598
Worker's Comp	-	-	619,876	-	-	-	619,876
Asset Replacement	-	-	-	1,937,696	-	-	1,937,696
Facilities Replacement	-	-	-	-	100,000	-	100,000
<b>Total Assigned</b>	<u>1,734,878</u>	<u>931,598</u>	<u>619,876</u>	<u>1,937,696</u>	<u>100,000</u>	<u>-</u>	<u>5,324,048</u>
<b>Unassigned</b>	<u>7,166,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,586,247)</u>	<u>5,580,686</u>
<b>Total fund balances (deficit)</b>	<u>\$ 9,365,241</u>	<u>\$ 931,598</u>	<u>\$ 619,876</u>	<u>\$ 1,937,696</u>	<u>\$ 100,000</u>	<u>\$ (1,586,247)</u>	<u>\$ 11,368,164</u>

The General Fund for financial reporting purposes consists of the General Fund and the following funds that act as internal funds: Self Insurance Liability, Worker's Compensation, Asset Replacement, Facilities Replacement, and the PERS Side Fund Prepayment (Prepayment).

The fund balances for the internal service funds are classified as Assigned with the exception of the Prepayment fund. This fund has a deficit fund balance of \$1,586,247 and because the fund balance amount is a deficit, GASB 54 requires this amount to be classified as Unassigned instead of Assigned.

As described in Note 10, the City made a decision to borrow \$3,132,587 from its Sanitation Fund to pay in full the City's pension side fund obligation. This will save the City \$970,462 in interest costs over twelve years. The Sanitation funds were transferred to the Prepayment fund, and since the issuance of a long-term interfund loan is recorded as a balance sheet item (advances payable) rather than in the operating statement (other financing sources), the transfer was reported as an Advance to other funds (Prepayment fund) on the Sanitation fund's balance sheet, and as an Advance from other funds (Sanitation fund) on the Prepayment fund's balance sheet. When the payment was made to CalPERS to pay the City's pension side fund obligation, the payment was recorded as an expense in the Prepayment fund for the fiscal year ended June 30, 2011.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 12: Classification of Fund Balances (Continued)**

The loan from the Sanitation Fund will be repaid over eight years. In each succeeding fiscal year, the deficit fund balance will be reduced by that fiscal year's principle payment made to the Sanitation Fund, and the fund balance for the Prepayment fund will be increased to zero by FY 2019.

Note 10 provides additional information regarding the loan made by the Sanitation Fund to the General Fund, the terms of the repayment, and the amortization schedule that lists for each fiscal year the principle amount that will reduce deficit fund balance for PERS Side Fund Prepayment fund.

**Note 13: Deficit Fund Balances**

At June 30, 2015, the following funds had deficit fund balances:

Fund	Deficit
Special Revenue Funds:	
TEA 21/TEA	\$ 168,970
CDBG	17,348
Miscellaneous Grants	26,687

The deficits will be resolved through future fund revenue sources.

**Note 14: Successor Agency Trust for Assets of Former Redevelopment Agency**

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

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

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

**Note 14: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

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

**a. Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 454,635
Cash and investments with fiscal agent	<u>235,815</u>
	<u>\$ 690,450</u>

**b. Long-Term Debt**

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012, as a result of the dissolution. A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2015, follows:

	Balance July 1, 2014	Additions	Repayments	Balance June 30, 2015	Due Within One Year
Fiduciary Funds:					
2006 Tax Allocation Bonds	\$ 3,075,000	\$ -	\$ 80,000	\$ 2,995,000	\$ 85,000
Total Fiduciary Funds	<u>\$ 3,075,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 2,995,000</u>	<u>\$ 85,000</u>

**2006 Tax Allocation Bonds**

On June 8, 2006, the Agency issued the Solana Beach Redevelopment Project 2006 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 and interest rates ranging from 3.6% to 5.1 %. Interest on the bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2007.

The amount on deposit in the Reserve Fund is maintained at the reserve requirement at all times prior to the payment in full of the Bonds, except to the extent required for the purposes set forth in the Indenture. As defined in the Indenture, "reserve requirement" means, excluding there from 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, 2015, \$235,815 was held in reserve.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2015

**Note 14: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)**

The annual debt service requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 85,000	\$ 147,675	\$ 232,675
2017	90,000	143,850	233,850
2018	95,000	139,755	234,755
2019	100,000	135,385	235,385
2020	105,000	130,735	235,735
2021-2025	595,000	574,615	1,169,615
2026-2030	750,000	414,548	1,164,548
2031-2035	955,000	206,630	1,161,630
2036-2039	220,000	11,220	231,220
Total	<u>\$ 2,995,000</u>	<u>\$ 1,904,413</u>	<u>\$ 4,899,413</u>

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$4,899,413 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the City for the payment of indebtedness incurred by the dissolved redevelopment agency was \$626,272 and the debt service obligation on the bonds was \$231,235.

**c. Insurance**

The Successor Agency is covered under the City of Solana Beach's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 6.

**d. Commitments and Contingencies**

At June 30, 2015, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

**Note 15: Restatement of Net Position**

Net Position was restated by \$8,942,766 for governmental activities and \$405,612 for business-type activities as part of the implementation of GASB Statement No. 68 and recordation of the net pension liability on the statement of net position.

# **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF SOLANA BEACH**

**REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2015**

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**Budgetary Information**

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. From the effective date of the budget adoption, the amounts budgeted become the "annual appropriated budget." Annual appropriated budget are adopted for the General Fund, special revenue funds, capital projects funds and debt service funds.

The City Council may amend the budget by motion during the fiscal year. The appropriations constitute the budget for the 2015-2016 fiscal year and the City Manager is authorized to transfer monies between accounts within a department, provided that the total budget for the department is not exceeded. Transfer of monies from one department of the City to another, or from one fund to another, shall be approved by the City Council. However, any revisions that alter total expenditures of any fund must be approved by the City Council.

Expenditure may not legally exceed appropriations at the fund level. Appropriations lapse at the end of the fiscal year. Selected appropriations are carried over. Project-length financial plans are adopted for the City capital projects. Supplemental appropriations, which increase appropriations, may be made during the fiscal year.

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE BY DEPARTMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for the year ended June 30, 2014)**

	2015			Variance with Final Budget Positive (Negative)	2014
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 9,803,301	\$ 9,803,301	\$ 9,803,301	\$ -	\$ 8,881,324
<b>Resources (Inflows):</b>					
Taxes					
Property	6,086,100	6,196,100	6,300,912	104,812	5,985,732
Transient occupancy	905,000	936,000	1,139,557	203,557	938,519
Sales	2,846,500	2,846,500	2,808,203	(38,297)	2,814,702
Franchise and other	1,704,000	1,704,000	1,742,905	38,905	1,663,790
Licenses and permits	411,300	501,300	461,687	(39,613)	429,464
Intergovernmental	1,496,000	1,496,000	1,646,371	150,371	1,542,573
Charges for services	505,000	575,000	655,105	80,105	657,349
Use of money and property	92,800	92,800	123,328	30,528	112,002
Fines and forfeitures	343,800	343,800	392,683	48,883	348,337
Miscellaneous	480,400	480,400	432,069	(48,331)	801,471
<b>Amounts Available for Appropriations</b>	<b>24,674,201</b>	<b>24,975,201</b>	<b>25,506,121</b>	<b>530,920</b>	<b>24,175,263</b>
<b>Charges to Appropriation (Outflow):</b>					
General government					
City Council	233,700	245,500	242,546	2,954	204,421
City Clerk	334,600	345,100	321,203	23,897	350,684
Legal services	524,900	525,700	416,865	108,835	388,495
City Manager	288,100	322,900	329,948	(7,048)	270,668
Finance	525,800	538,500	518,088	20,412	518,289
Personnel	330,900	378,800	364,162	14,638	273,873
Information systems	267,200	271,700	267,656	4,044	306,986
Support services	1,038,800	1,040,600	755,399	285,201	738,871
<b>Total general government</b>	<b>3,544,000</b>	<b>3,668,800</b>	<b>3,215,867</b>	<b>452,933</b>	<b>3,052,287</b>
Public safety					
Marine safety	567,100	585,600	643,970	(58,370)	659,773
Law enforcement	3,383,800	3,388,600	3,381,458	7,142	3,281,327
Code & parking enforcement	219,500	225,800	191,276	34,524	244,581
Fire department	3,220,900	3,441,300	3,324,906	116,394	3,305,714
Animal regulation	95,800	96,100	97,602	(1,502)	103,124
Civil defense	28,500	28,500	29,325	(825)	25,943
Environmental services	1,100	1,100	1,048	52	32,000
<b>Total public safety</b>	<b>7,516,700</b>	<b>7,767,000</b>	<b>7,669,585</b>	<b>97,415</b>	<b>7,652,462</b>
Public works					
Street and other	1,065,400	1,085,500	945,481	140,019	964,387
Public facilities	195,900	246,900	233,560	13,340	167,268
Engineering	271,900	280,800	328,173	(47,373)	296,292
<b>Total public works</b>	<b>1,533,200</b>	<b>1,613,200</b>	<b>1,507,214</b>	<b>105,986</b>	<b>1,427,947</b>
Community development					
Planning	529,500	573,600	516,348	57,252	515,586
Building services	274,000	353,000	352,394	606	325,996
<b>Total community development</b>	<b>803,500</b>	<b>926,600</b>	<b>868,742</b>	<b>57,858</b>	<b>841,582</b>
Parks and recreation					
Community services	92,600	99,000	97,500	1,500	90,206
Recreation programs	141,800	153,000	147,367	5,633	127,555
<b>Total parks and recreation</b>	<b>234,400</b>	<b>252,000</b>	<b>244,867</b>	<b>7,133</b>	<b>217,761</b>
Capital outlay	187,500	930,707	259,517	671,190	-
<b>Total Charges to Appropriations</b>	<b>13,819,300</b>	<b>15,158,307</b>	<b>13,765,792</b>	<b>1,392,515</b>	<b>13,192,039</b>
<b>Other Financing Sources</b>					
Other debts issued	-	614,760	-	(614,760)	-
Transfers out	(269,000)	(372,165)	(372,165)	-	(1,179,923)
<b>Total Financing Sources</b>	<b>(269,000)</b>	<b>242,595</b>	<b>(372,165)</b>	<b>(614,760)</b>	<b>(1,179,923)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 10,585,901</b>	<b>\$ 10,059,489</b>	<b>\$ 11,368,164</b>	<b>\$ 1,308,675</b>	<b>\$ 9,803,301</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE

TRANSNET FUND

YEAR ENDED JUNE 30, 2015

(With comparative totals for the year ended June 30, 2014)

	2015			Variance with Final Budget Positive (Negative)	2014
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 51,512	\$ 51,512	\$ 51,512	\$ -	\$ (5,148,905)
<b>Resources (Inflows):</b>					
Intergovernmental	550,000	550,000	438,852	(111,148)	1,401,109
Use of money and property	-	-	77	77	15,368
Miscellaneous	-	-	13,768	13,768	117,410
Transfers in	-	13,000	-	(13,000)	(13,000)
Notes and loans issued	-	-	-	-	5,500,000
<b>Amounts Available for Appropriations</b>	<b>601,512</b>	<b>614,512</b>	<b>504,209</b>	<b>(110,303)</b>	<b>1,884,982</b>
<b>Charges to Appropriation (Outflow):</b>					
Capital outlay	550,000	554,250	127,464	426,786	1,462,735
Debt service:					
Interest and fiscal charges	-	-	325,105	(325,105)	370,735
<b>Total Charges to Appropriations</b>	<b>550,000</b>	<b>554,250</b>	<b>452,569</b>	<b>101,681</b>	<b>1,833,470</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 51,512</b>	<b>\$ 60,262</b>	<b>\$ 51,640</b>	<b>\$ (8,622)</b>	<b>\$ 51,512</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 AFFORDABLE HOUSING GRANT FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 301,739	\$ 301,739	\$ 301,739	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	664	664
<b>Amounts Available for Appropriations</b>	<b>301,739</b>	<b>301,739</b>	<b>302,403</b>	<b>664</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	410,908	37,239	373,669
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>410,908</b>	<b>37,239</b>	<b>373,669</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 301,739</b>	<b>\$ (109,169)</b>	<b>\$ 265,164</b>	<b>\$ 374,333</b>

CITY OF SOLANA BEACH

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2015</b>
<b>Miscellaneous First Tier</b>	
Proportion of the Net Pension Liability	0.04245%
Proportionate Share of the Net Pension Liability	\$ 2,641,429
Covered-Employee Payroll	\$ 2,120,354
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	124.57%
Plan Fiduciary Net Position	\$ 2,039,655
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	13.10%
<b>Miscellaneous Second Tier</b>	
Proportion of the Net Pension Liability	0.00016%
Proportionate Share of the Net Pension Liability	\$ 9,938
Covered-Employee Payroll	\$ 221,978
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	4.48%
Plan Fiduciary Net Position	\$ 48,623
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%
<b>Miscellaneous PEPRA</b>	
Proportion of the Net Pension Liability	0.00000%
Proportionate Share of the Net Pension Liability	\$ 224
Covered-Employee Payroll	\$ 259,616
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	0.09%
Plan Fiduciary Net Position	\$ 1,096
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%

**Notes to Schedule:**

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF SOLANA BEACH

**COST-SHARING MULTIPLE EMPLOYER SAFETY PLANS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<b>2015</b>
<b>Safety Fire First Tier</b>	
Proportion of the Net Pension Liability	0.07208%
Proportionate Share of the Net Pension Liability	\$ 4,485,237
Covered-Employee Payroll	\$ 1,469,495
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	305.22%
Plan Fiduciary Net Position	\$ 19,653,132
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%
<b>Safety Fire Second Tier</b>	
Proportion of the Net Pension Liability	0.00001%
Proportionate Share of the Net Pension Liability	\$ 596
Covered-Employee Payroll	\$ 69,589
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	0.86%
Plan Fiduciary Net Position	\$ 2,612
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%
<b>Safety Fire PEPRA</b>	
Proportion of the Net Pension Liability	0.00000%
Proportionate Share of the Net Pension Liability	\$ 138
Covered-Employee Payroll	\$ 85,865
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	0.16%
Plan Fiduciary Net Position	\$ 607
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.48%
<b>Safety Lifeguard</b>	
Proportion of the Net Pension Liability	0.00729%
Proportionate Share of the Net Pension Liability	\$ 453,471
Covered-Employee Payroll	\$ 267,943
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	169.24%
Plan Fiduciary Net Position	\$ 1,986,990
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%
<b>Safety Other PEPRA</b>	
Proportion of the Net Pension Liability	0.00002%
Proportionate Share of the Net Pension Liability	\$ 1,147
Covered-Employee Payroll	\$ 32,790
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	3.50%
Plan Fiduciary Net Position	\$ 5,025
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.42%

**Notes to Schedule:**

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**CITY OF SOLANA BEACH**

**COST-SHARING MULTIPLE EMPLOYER MISCELLANEOUS PLANS  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
<b>Miscellaneous First Tier</b>	
Actuarially Determined Contribution	\$ 290,206
Contribution in Relation to the Actuarially Determined Contribution	(290,206)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,849,061
Contributions as a Percentage of Covered-Employee Payroll	15.69%
<b>Miscellaneous Second Tier</b>	
Actuarially Determined Contribution	\$ 19,890
Contribution in Relation to the Actuarially Determined Contribution	(19,890)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 243,172
Contributions as a Percentage of Covered-Employee Payroll	8.18%
<b>Miscellaneous PEPPRA</b>	
Actuarially Determined Contribution	\$ 20,319
Contribution in Relation to the Actuarially Determined Contribution	(20,319)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 319,243
Contributions as a Percentage of Covered-Employee Payroll	6.36%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**Note to Schedule:**

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Remaining amortization period	19 Years as of the Valuation Date
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment rate of return	7.5% net of pension plan investment and administrative expense, including inflation
Retirement age	55 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF SOLANA BEACH

**COST-SHARING MULTIPLE EMPLOYER SAFETY PLANS  
SCHEDULE OF PLAN CONTRIBUTIONS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
<b>Safety Fire First Tier</b>	
Actuarially Determined Contribution	\$ 390,623
Contribution in Relation to the Actuarially Determined Contribution	(390,623)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,402,991
Contributions as a Percentage of Covered-Employee Payroll	27.84%
<b>Safety Fire Second Tier</b>	
Actuarially Determined Contribution	\$ 33,871
Contribution in Relation to the Actuarially Determined Contribution	(33,871)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 163,530
Contributions as a Percentage of Covered-Employee Payroll	20.71%
<b>Safety Fire PEPRA</b>	
Actuarially Determined Contribution	\$ 14,018
Contribution in Relation to the Actuarially Determined Contribution	(14,018)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 121,086
Contributions as a Percentage of Covered-Employee Payroll	11.58%
<b>Safety Lifeguard</b>	
Actuarially Determined Contribution	\$ 77,152
Contribution in Relation to the Actuarially Determined Contribution	(77,152)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 275,910
Contributions as a Percentage of Covered-Employee Payroll	27.96%
<b>Safety Other PEPRA</b>	
Actuarially Determined Contribution	\$ 4,269
Contribution in Relation to the Actuarially Determined Contribution	(4,269)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 36,318
Contributions as a Percentage of Covered-Employee Payroll	11.75%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**Note to Schedule:**

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Remaining amortization period	19 Years as of the Valuation Date
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment rate of return	7.5% net of pension plan investment and administrative expense, including inflation
Retirement age	55 years
Mortality	RP-2000 Heath Annuitant Mortality Table



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## **SUPPLEMENTARY INFORMATION**

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# NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

**TEA 21 / TEA Fund** - the Intermodal Surface Transportation Enhancement Act (ISTEA) and Transportation Enhancement Act (TEA) fund accounts for the transportation grant related receipts and expenditures.

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

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

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

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

**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 government 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 Visitor's Bureau, special events such as the Fiesta Del Sol, public art, and visitor enhancements to the Highway 101 business corridor or the Cedros Design District.

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# NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

**Affordable Housing Grant** - accounts for resources related to affordable housing grant.

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

**City CIP Fund** - This capital improvement fund accounts for the acquisition, construction and improvement of capital facilities and infrastructure. Projects are funded by transfers from the General Fund.

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

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

**Public Improvement Grant** - accounts for public improvements in the City

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

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Special Revenue Funds		Capital Projects Funds	
	2015	2014	2015	2014
<b>Assets:</b>				
Cash and investments	\$ 4,255,208	\$ 4,032,863	\$ 1,284,398	\$ 1,422,320
Receivables:				
Accounts	25,796	19,240	-	275,000
Taxes	5,466	48,143	-	-
Interest	2,094	1,710	594	765
Due from other governments	82,722	41,114	-	22,143
Due from Successor Agency	-	-	115,665	306,880
<b>Total Assets</b>	<b>\$ 4,371,286</b>	<b>\$ 4,143,070</b>	<b>\$ 1,400,657</b>	<b>\$ 2,027,108</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 195,941	\$ 153,469	\$ 75,872	\$ 335,124
Accrued liabilities	30,614	26,773	50,013	51,072
Unearned revenues	-	-	100,000	100,000
Deposits payable	575	575	69,226	69,226
Due to other funds	222,737	199,330	-	-
<b>Total Liabilities</b>	<b>449,867</b>	<b>380,147</b>	<b>295,111</b>	<b>555,422</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	12,343	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>12,343</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	3,805,715	3,909,722	832,792	1,122,184
Assigned	316,366	75,914	272,754	349,502
Unassigned	(213,005)	(222,713)	-	-
<b>Total Fund Balances</b>	<b>3,909,076</b>	<b>3,762,923</b>	<b>1,105,546</b>	<b>1,471,686</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,371,286</b>	<b>\$ 4,143,070</b>	<b>\$ 1,400,657</b>	<b>\$ 2,027,108</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2015	2014	2015	2014
<b>Assets:</b>				
Cash and investments	\$ 24,539	\$ 24,482	\$ 5,564,145	\$ 5,479,665
Receivables:				
Accounts	-	-	25,796	294,240
Taxes	-	-	5,466	48,143
Interest	-	-	2,688	2,475
Due from other governments	-	-	82,722	63,257
Due from Successor Agency	-	-	115,665	306,880
<b>Total Assets</b>	<b>\$ 24,539</b>	<b>\$ 24,482</b>	<b>\$ 5,796,482</b>	<b>\$ 6,194,660</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 271,813	\$ 488,593
Accrued liabilities	-	-	80,627	77,845
Unearned revenues	-	-	100,000	100,000
Deposits payable	-	-	69,801	69,801
Due to other funds	-	-	222,737	199,330
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>744,978</b>	<b>935,569</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	12,343	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>12,343</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	24,539	24,482	4,663,046	5,056,388
Assigned	-	-	589,120	425,416
Unassigned	-	-	(213,005)	(222,713)
<b>Total Fund Balances</b>	<b>24,539</b>	<b>24,482</b>	<b>5,039,161</b>	<b>5,259,091</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 24,539</b>	<b>\$ 24,482</b>	<b>\$ 5,796,482</b>	<b>\$ 6,194,660</b>



CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	Lighting District	TEA 21 / TEA
<b>Assets:</b>				
Cash and investments	\$ 507,513	\$ 707,224	\$ 1,401,031	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	3,008	2,458	-
Interest	251	393	890	-
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 507,764</b>	<b>\$ 710,625</b>	<b>\$ 1,404,379</b>	<b>\$ -</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 9,729	\$ 51,937	\$ 14,301	\$ -
Accrued liabilities	-	700	3,174	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	168,970
<b>Total Liabilities</b>	<b>9,729</b>	<b>52,637</b>	<b>17,475</b>	<b>168,970</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	498,035	657,988	1,386,904	-
Assigned	-	-	-	-
Unassigned	-	-	-	(168,970)
<b>Total Fund Balances</b>	<b>498,035</b>	<b>657,988</b>	<b>1,386,904</b>	<b>(168,970)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 507,764</b>	<b>\$ 710,625</b>	<b>\$ 1,404,379</b>	<b>\$ -</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

(CONTINUED)

	<u>Special Revenue Funds</u>			
	<u>COPS</u>	<u>Public Safety</u>	<u>Fire Mitigation</u>	<u>CDBG</u>
<b>Assets:</b>				
Cash and investments	\$ 112,114	\$ 19,035	\$ 1,949	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	53	29	-	-
Due from other governments	25,000	31,766	-	20,410
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 137,167</b>	<b>\$ 50,830</b>	<b>\$ 1,949</b>	<b>\$ 20,410</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 16,833	\$ 659	\$ 516	\$ 1,775
Accrued liabilities	-	2,464	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	35,983
<b>Total Liabilities</b>	<b>16,833</b>	<b>3,123</b>	<b>516</b>	<b>37,758</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	12,343	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>12,343</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	120,334	35,364	1,433	-
Assigned	-	-	-	-
Unassigned	-	-	-	(17,348)
<b>Total Fund Balances</b>	<b>120,334</b>	<b>35,364</b>	<b>1,433</b>	<b>(17,348)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 137,167</b>	<b>\$ 50,830</b>	<b>\$ 1,949</b>	<b>\$ 20,410</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Special Revenue Funds			
	CALTRANS	Coastal Area Business / Visitor Assistance &	Boating & Waterways	Miscellaneous Grants
<b>Assets:</b>				
Cash and investments	\$ 54,088	\$ 373,866	\$ 59,959	\$ -
Receivables:				
Accounts	-	-	-	7,602
Taxes	-	-	-	-
Interest	-	176	36	-
Due from other governments	5,546	-	-	-
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 59,634</b>	<b>\$ 374,042</b>	<b>\$ 59,995</b>	<b>\$ 7,602</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 8,135	\$ -	\$ 16,505
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	17,784
<b>Total Liabilities</b>	<b>-</b>	<b>8,135</b>	<b>-</b>	<b>34,289</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	59,634	365,907	59,995	-
Assigned	-	-	-	-
Unassigned	-	-	-	(26,687)
<b>Total Fund Balances</b>	<b>59,634</b>	<b>365,907</b>	<b>59,995</b>	<b>(26,687)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 59,634</b>	<b>\$ 374,042</b>	<b>\$ 59,995</b>	<b>\$ 7,602</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

(CONTINUED)

Special Revenue Funds

	Developer Pass- Thru	Housing	Camp Programs
<b>Assets:</b>			
Cash and investments	\$ 356,405	\$ 429,188	\$ 232,836
Receivables:			
Accounts	200	-	17,994
Taxes	-	-	-
Interest	-	253	13
Due from other governments	-	-	-
Due from Successor Agency	-	-	-
<b>Total Assets</b>	<b>\$ 356,605</b>	<b>\$ 429,441</b>	<b>\$ 250,843</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 39,664	\$ -	\$ 35,887
Accrued liabilities	-	-	24,276
Unearned revenues	-	-	-
Deposits payable	575	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>40,239</b>	<b>-</b>	<b>60,163</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Restricted	-	429,441	190,680
Assigned	316,366	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>316,366</b>	<b>429,441</b>	<b>190,680</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 356,605</b>	<b>\$ 429,441</b>	<b>\$ 250,843</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Capital Projects Funds			
	City CIP	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP	Public Improvement Grant
<b>Assets:</b>				
Cash and investments	\$ 447,431	\$ 244,216	\$ 434,287	\$ 158,464
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	56	151	200	187
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	115,665
<b>Total Assets</b>	<b>\$ 447,487</b>	<b>\$ 244,367</b>	<b>\$ 434,487</b>	<b>\$ 274,316</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 24,720	\$ 16,644	\$ 23,700	\$ 10,808
Accrued liabilities	50,013	-	-	-
Unearned revenues	100,000	-	-	-
Deposits payable	-	69,226	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>174,733</b>	<b>85,870</b>	<b>23,700</b>	<b>10,808</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	-	158,497	410,787	263,508
Assigned	272,754	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>272,754</b>	<b>158,497</b>	<b>410,787</b>	<b>263,508</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 447,487</b>	<b>\$ 244,367</b>	<b>\$ 434,487</b>	<b>\$ 274,316</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	City Debt Service	2015	2014	
<b>Assets:</b>				
Cash and investments	\$ 24,539	\$ 5,564,145	\$ 5,479,665	
Receivables:				
Accounts	-	25,796	294,240	
Taxes	-	5,466	48,143	
Interest	-	2,688	2,475	
Due from other governments	-	82,722	63,257	
Due from Successor Agency	-	115,665	306,880	
<b>Total Assets</b>	<b>\$ 24,539</b>	<b>\$ 5,796,482</b>	<b>\$ 6,194,660</b>	
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 271,813	\$ 488,593	
Accrued liabilities	-	80,627	77,845	
Unearned revenues	-	100,000	100,000	
Deposits payable	-	69,801	69,801	
Due to other funds	-	222,737	199,330	
<b>Total Liabilities</b>	<b>-</b>	<b>744,978</b>	<b>935,569</b>	
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	-	12,343	-	
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>12,343</b>	<b>-</b>	
<b>Fund Balances:</b>				
Restricted	24,539	4,663,046	5,056,388	
Assigned	-	589,120	425,416	
Unassigned	-	(213,005)	(222,713)	
<b>Total Fund Balances</b>	<b>24,539</b>	<b>5,039,161</b>	<b>5,259,091</b>	
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 24,539</b>	<b>\$ 5,796,482</b>	<b>\$ 6,194,660</b>	

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for the year ended June 30, 2014)

	Special Revenue Funds		Capital Projects Funds	
	2015	2014	2015	2014
<b>Revenues:</b>				
Taxes and assessments	\$ 1,517,011	\$ 1,544,752	\$ 218,544	\$ 187,704
Intergovernmental	267,866	273,637	320,968	-
Charges for services	346,838	302,586	-	-
Use of money and property	8,423	7,732	4,266	2,804
Other revenues	458,835	10,166	57,083	1,012,446
<b>Total Revenues</b>	<b>2,598,973</b>	<b>2,138,873</b>	<b>600,861</b>	<b>1,202,954</b>
<b>Expenditures:</b>				
Current:				
General government	104	103	-	33,109
Public safety	498,168	439,978	140,429	146,219
Public works	774,920	750,119	-	37,530
Community development	247,141	325,436	137,951	193,174
Community services	22,243	29,807	-	12,241
Capital outlay	533,805	582,415	916,086	1,407,764
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>2,076,381</b>	<b>2,127,858</b>	<b>1,194,466</b>	<b>1,830,037</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	522,592	11,015	(593,605)	(627,083)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	227,465	1,094,773
Transfers out	(74,700)	(139,550)	-	-
Contributions to Successor Agency	-	-	-	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(74,700)</b>	<b>(139,550)</b>	<b>227,465</b>	<b>1,084,773</b>
Net Change in Fund Balances	447,892	(128,535)	(366,140)	457,690
<b>Fund Balances:</b>				
Beginning of year	3,461,184	3,891,458	1,471,686	1,013,996
<b>End of Year</b>	<b>\$ 3,909,076</b>	<b>\$ 3,762,923</b>	<b>\$ 1,105,546</b>	<b>\$ 1,471,686</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

(With comparative totals for the year ended June 30, 2014)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2015	2014	2015	2014
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ 1,735,555	\$ 1,732,456
Intergovernmental	-	-	588,834	273,637
Charges for services	-	-	346,838	302,586
Use of money and property	5	-	12,694	10,536
Other revenues	-	-	515,918	1,022,612
<b>Total Revenues</b>	<b>5</b>	<b>-</b>	<b>3,199,839</b>	<b>3,341,827</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	104	33,212
Public safety	-	-	638,597	586,197
Public works	-	-	774,920	787,649
Community development	-	-	385,092	518,610
Community services	-	-	22,243	42,048
Capital outlay	-	-	1,449,891	1,990,179
Debt service:				
Principal retirement	155,930	155,925	155,930	155,925
Interest and fiscal charges	63,418	68,729	63,418	68,729
<b>Total Expenditures</b>	<b>219,348</b>	<b>224,654</b>	<b>3,490,195</b>	<b>4,182,549</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,343)	(224,654)	(290,356)	(840,722)
<b>Other Financing Sources (Uses):</b>				
Transfers in	219,400	224,700	446,865	1,319,473
Transfers out	-	-	(74,700)	(139,550)
Contributions to Successor Agency	-	-	-	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>219,400</b>	<b>224,700</b>	<b>372,165</b>	<b>1,169,923</b>
Net Change in Fund Balances	57	46	81,809	329,201
<b>Fund Balances:</b>				
Beginning of year	24,482	24,436	4,957,352	4,929,890
<b>End of Year</b>	<b>\$ 24,539</b>	<b>\$ 24,482</b>	<b>\$ 5,039,161</b>	<b>\$ 5,259,091</b>



CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for the year ended June 30, 2014)

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	Lighting District	TEA 21 / TEA
<b>Revenues:</b>				
Taxes and assessments	\$ 355,518	\$ 568,317	\$ 483,904	\$ -
Intergovernmental	-	3,578	3,348	-
Charges for services	-	-	-	-
Use of money and property	1,092	1,595	3,401	-
Other revenues	-	-	-	-
<b>Total Revenues</b>	<b>356,610</b>	<b>573,490</b>	<b>490,653</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	41,761	492,349	240,810	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	442,494	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>484,255</b>	<b>492,349</b>	<b>240,810</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127,645)	81,141	249,843	-
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(70,400)	-
Contributions to Successor Agency	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(70,400)</b>	<b>-</b>
Net Change in Fund Balances	(127,645)	81,141	179,443	-
<b>Fund Balances:</b>				
Beginning of year	625,680	576,847	1,207,461	(168,970)
<b>End of Year</b>	<b>\$ 498,035</b>	<b>\$ 657,988</b>	<b>\$ 1,386,904</b>	<b>\$ (168,970)</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

(With comparative totals for the year ended June 30, 2014)

(CONTINUED)

	Special Revenue Funds			
	COPS	Public Safety	Fire Mitigation	CDBG
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	106,230	53,091	-	34,689
Charges for services	-	-	970	-
Use of money and property	241	94	-	-
Other revenues	-	11,604	-	-
<b>Total Revenues</b>	<b>106,471</b>	<b>64,789</b>	<b>970</b>	<b>34,689</b>
<b>Expenditures:</b>				
Current:				
General government	-	104	-	-
Public safety	101,000	96,035	8,598	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	20,949
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>101,000</b>	<b>96,139</b>	<b>8,598</b>	<b>20,949</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,471	(31,350)	(7,628)	13,740
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	(4,300)	-	-
Contributions to Successor Agency	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(4,300)</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	5,471	(35,650)	(7,628)	13,740
<b>Fund Balances:</b>				
Beginning of year	114,863	71,014	9,061	(31,088)
<b>End of Year</b>	<b>\$ 120,334</b>	<b>\$ 35,364</b>	<b>\$ 1,433</b>	<b>\$ (17,348)</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for the year ended June 30, 2014)

	Special Revenue Funds			
	CALTRANS	Coastal Area Business / Visitor	Boating & Waterways	Miscellaneous Grants
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ 109,272	\$ -	\$ -
Intergovernmental	-	-	600	66,330
Charges for services	-	-	-	-
Use of money and property	-	717	137	-
Other revenues	-	5,088	-	-
<b>Total Revenues</b>	<b>-</b>	<b>115,077</b>	<b>737</b>	<b>66,330</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	1,700	-
Public works	-	-	-	-
Community development	-	47,919	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	70,362
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>47,919</b>	<b>1,700</b>	<b>70,362</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	67,158	(963)	(4,032)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	67,158	(963)	(4,032)
<b>Fund Balances:</b>				
Beginning of year	59,634	298,749	60,958	(22,655)
<b>End of Year</b>	<b>\$ 59,634</b>	<b>\$ 365,907</b>	<b>\$ 59,995</b>	<b>\$ (26,687)</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

(With comparative totals for the year ended June 30, 2014)

(CONTINUED)

	Special Revenue Funds		
	Developer Pass-Thru	Housing	Camp Programs
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	345,868
Use of money and property	-	1,045	101
Other revenues	439,674	-	2,469
<b>Total Revenues</b>	<b>439,674</b>	<b>1,045</b>	<b>348,438</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	290,835
Public works	-	-	-
Community development	199,222	-	-
Community services	-	-	22,243
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>199,222</b>	<b>-</b>	<b>313,078</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	240,452	1,045	35,360
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Contributions to Successor Agency	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	240,452	1,045	35,360
<b>Fund Balances:</b>			
Beginning of year	75,914	428,396	155,320
<b>End of Year</b>	<b>\$ 316,366</b>	<b>\$ 429,441</b>	<b>\$ 190,680</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for the year ended June 30, 2014)

	Capital Projects Funds			
	City CIP	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access	Public Improvement Grant
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ 218,544	\$ -
Intergovernmental	320,968	-	-	-
Charges for services	-	-	-	-
Use of money and property	548	575	854	2,289
Other revenues	47,083	-	-	10,000
<b>Total Revenues</b>	<b>368,599</b>	<b>575</b>	<b>219,398</b>	<b>12,289</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	140,429	-	-	-
Public works	-	-	-	-
Community development	137,951	-	-	-
Community services	-	-	-	-
Capital outlay	394,432	-	140,445	381,209
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>672,812</b>	<b>-</b>	<b>140,445</b>	<b>381,209</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(304,213)	575	78,953	(368,920)
<b>Other Financing Sources (Uses):</b>				
Transfers in	227,465	-	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>227,465</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(76,748)	575	78,953	(368,920)
<b>Fund Balances:</b>				
Beginning of year	349,502	157,922	331,834	632,428
<b>End of Year</b>	<b>\$ 272,754</b>	<b>\$ 158,497</b>	<b>\$ 410,787</b>	<b>\$ 263,508</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015  
(With comparative totals for the year ended June 30, 2014)

	Debt Service Funds	Total Nonmajor Governmental Funds	
	City Debt Service	2015	2014
<b>Revenues:</b>			
Taxes and assessments	\$ -	\$ 1,735,555	\$ 1,732,456
Intergovernmental	-	588,834	273,637
Charges for services	-	346,838	302,586
Use of money and property	5	12,694	10,536
Other revenues	-	515,918	1,022,612
<b>Total Revenues</b>	<b>5</b>	<b>3,199,839</b>	<b>3,341,827</b>
<b>Expenditures:</b>			
Current:			
General government	-	104	33,212
Public safety	-	638,597	586,197
Public works	-	774,920	787,649
Community development	-	385,092	518,610
Community services	-	22,243	42,048
Capital outlay	-	1,449,891	1,990,179
Debt service:			
Principal retirement	155,930	155,930	155,925
Interest and fiscal charges	63,418	63,418	68,729
<b>Total Expenditures</b>	<b>219,348</b>	<b>3,490,195</b>	<b>4,182,549</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,343)	(290,356)	(840,722)
<b>Other Financing Sources (Uses):</b>			
Transfers in	219,400	446,865	1,319,473
Transfers out	-	(74,700)	(139,550)
Contributions to Successor Agency	-	-	(10,000)
<b>Total Other Financing Sources (Uses)</b>	<b>219,400</b>	<b>372,165</b>	<b>1,169,923</b>
Net Change in Fund Balances	57	81,809	329,201
<b>Fund Balances:</b>			
Beginning of year	24,482	4,957,352	4,929,890
<b>End of Year</b>	<b>\$ 24,539</b>	<b>\$ 5,039,161</b>	<b>\$ 5,259,091</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 625,680	\$ 625,680	\$ 625,680	\$ -
<b>Resources (Inflows):</b>				
Taxes	351,000	351,000	355,518	4,518
Use of money and property	1,800	1,800	1,092	(708)
<b>Amounts Available for Appropriations</b>	<b>978,480</b>	<b>978,480</b>	<b>982,290</b>	<b>3,810</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	62,700	62,700	41,761	20,939
Capital outlay	440,000	440,000	442,494	(2,494)
<b>Total Charges to Appropriations</b>	<b>502,700</b>	<b>502,700</b>	<b>484,255</b>	<b>18,445</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 475,780</b>	<b>\$ 475,780</b>	<b>\$ 498,035</b>	<b>\$ 22,255</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL IMPROVEMENT DISTRICTS FUND  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 576,847	\$ 576,847	\$ 576,847	\$ -
<b>Resources (Inflows):</b>				
Taxes	522,200	522,200	568,317	46,117
Intergovernmental	2,500	2,500	3,578	1,078
Use of money and property	700	700	1,595	895
<b>Amounts Available for Appropriations</b>	<b>1,102,247</b>	<b>1,102,247</b>	<b>1,150,337</b>	<b>48,090</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	485,800	502,700	492,349	10,351
<b>Total Charges to Appropriations</b>	<b>485,800</b>	<b>502,700</b>	<b>492,349</b>	<b>10,351</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 616,447</b>	<b>\$ 599,547</b>	<b>\$ 657,988</b>	<b>\$ 58,441</b>



CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 LIGHTING DISTRICT FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,207,461	\$ 1,207,461	\$ 1,207,461	\$ -
<b>Resources (Inflows):</b>				
Taxes	415,600	415,600	483,904	68,304
Intergovernmental	3,200	3,200	3,348	148
Use of money and property	2,500	2,500	3,401	901
<b>Amounts Available for Appropriations</b>	<b>1,628,761</b>	<b>1,628,761</b>	<b>1,698,114</b>	<b>69,353</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	270,000	272,800	240,810	31,990
Transfers out	70,400	70,400	70,400	-
<b>Total Charges to Appropriations</b>	<b>340,400</b>	<b>343,200</b>	<b>311,210</b>	<b>31,990</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,288,361</b>	<b>\$ 1,285,561</b>	<b>\$ 1,386,904</b>	<b>\$ 101,343</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 COPS FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 114,863	\$ 114,863	\$ 114,863	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	106,230	106,230
Use of money and property	-	-	241	241
<b>Amounts Available for Appropriations</b>	<b>114,863</b>	<b>114,863</b>	<b>221,334</b>	<b>106,471</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	100,000	101,000	101,000	-
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>101,000</b>	<b>101,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 14,863</b>	<b>\$ 13,863</b>	<b>\$ 120,334</b>	<b>\$ 106,471</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC SAFETY FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 71,014	\$ 71,014	\$ 71,014	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	19,500	23,800	53,091	29,291
Use of money and property	-	-	94	94
Miscellaneous	-	-	11,604	11,604
<b>Amounts Available for Appropriations</b>	<b>90,514</b>	<b>94,814</b>	<b>135,803</b>	<b>40,989</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	104	(104)
Public safety	24,000	96,200	96,035	165
Transfers out	-	4,300	4,300	-
<b>Total Charges to Appropriations</b>	<b>24,000</b>	<b>100,500</b>	<b>100,439</b>	<b>61</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 66,514</b>	<b>\$ (5,686)</b>	<b>\$ 35,364</b>	<b>\$ 41,050</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 FIRE MITIGATION FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,061	\$ 9,061	\$ 9,061	\$ -
<b>Resources (Inflows):</b>				
Charges for services	3,000	3,000	970	(2,030)
<b>Amounts Available for Appropriations</b>	<b>12,061</b>	<b>12,061</b>	<b>10,031</b>	<b>(2,030)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	15,000	15,000	8,598	6,402
<b>Total Charges to Appropriations</b>	<b>15,000</b>	<b>15,000</b>	<b>8,598</b>	<b>6,402</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (2,939)</b>	<b>\$ (2,939)</b>	<b>\$ 1,433</b>	<b>\$ 4,372</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 CDBG FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (31,088)	\$ (31,088)	\$ (31,088)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	34,689	34,689
<b>Amounts Available for Appropriations</b>	<b>(31,088)</b>	<b>(31,088)</b>	<b>3,601</b>	<b>34,689</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	20,950	20,949	1
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>20,950</b>	<b>20,949</b>	<b>1</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (31,088)</b>	<b>\$ (52,038)</b>	<b>\$ (17,348)</b>	<b>\$ 34,690</b>

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
 COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND  
 YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 298,749	\$ 298,749	\$ 298,749	\$ -
<b>Resources (Inflows):</b>				
Taxes	90,500	90,500	109,272	18,772
Use of money and property	400	400	717	317
Miscellaneous	-	-	5,088	5,088
<b>Amounts Available for Appropriations</b>	<b>389,649</b>	<b>389,649</b>	<b>413,826</b>	<b>24,177</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	45,500	53,100	47,919	5,181
<b>Total Charges to Appropriations</b>	<b>45,500</b>	<b>53,100</b>	<b>47,919</b>	<b>5,181</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 344,149</b>	<b>\$ 336,549</b>	<b>\$ 365,907</b>	<b>\$ 29,358</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 BOATING AND WATERWAYS FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 60,958	\$ 60,958	\$ 60,958	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	600	600
Use of money and property	-	-	137	137
<b>Amounts Available for Appropriations</b>	<b>60,958</b>	<b>60,958</b>	<b>61,695</b>	<b>737</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	1,701	1,700	1
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>1,701</b>	<b>1,700</b>	<b>1</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 60,958</b>	<b>\$ 59,257</b>	<b>\$ 59,995</b>	<b>\$ 738</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 MISCELLANEOUS GRANTS FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (22,655)	\$ (22,655)	\$ (22,655)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	66,330	66,330
<b>Amounts Available for Appropriations</b>	<b>(22,655)</b>	<b>(22,655)</b>	<b>43,675</b>	<b>66,330</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	70,362	70,362	-
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>70,362</b>	<b>70,362</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (22,655)</b>	<b>\$ (93,017)</b>	<b>\$ (26,687)</b>	<b>\$ 66,330</b>



CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 DEVELOPER PASS-THRU FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 75,914	\$ 75,914	\$ 75,914	\$ -
<b>Resources (Inflows):</b>				
Miscellaneous	100,000	263,000	439,674	176,674
<b>Amounts Available for Appropriations</b>	<b>175,914</b>	<b>338,914</b>	<b>515,588</b>	<b>176,674</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	100,000	321,209	199,222	121,987
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>321,209</b>	<b>199,222</b>	<b>121,987</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 75,914</b>	<b>\$ 17,705</b>	<b>\$ 316,366</b>	<b>\$ 298,661</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 HOUSING FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 428,396	\$ 428,396	\$ 428,396	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	800	800	1,045	245
<b>Amounts Available for Appropriations</b>	<b>429,196</b>	<b>429,196</b>	<b>429,441</b>	<b>245</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 429,196</b>	<b>\$ 429,196</b>	<b>\$ 429,441</b>	<b>\$ 245</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 CAMP PROGRAMS FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 155,320	\$ 155,320	\$ 155,320	\$ -
<b>Resources (Inflows):</b>				
Charges for services	250,000	250,000	345,868	95,868
Use of money and property	-	-	101	101
Miscellaneous	-	-	2,469	2,469
<b>Amounts Available for Appropriations</b>	<b>405,320</b>	<b>405,320</b>	<b>503,758</b>	<b>98,438</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	224,300	296,564	290,835	5,729
Parks and recreation	27,900	31,400	22,243	9,157
<b>Total Charges to Appropriations</b>	<b>252,200</b>	<b>327,964</b>	<b>313,078</b>	<b>14,886</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 153,120</b>	<b>\$ 77,356</b>	<b>\$ 190,680</b>	<b>\$ 113,324</b>

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
CITY CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2015**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 349,502	\$ 349,502	\$ 349,502	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	120,000	195,000	320,968	125,968
Use of money and property	700	700	548	(152)
Miscellaneous	100,000	150,000	47,083	(102,917)
Transfers in	120,000	227,465	227,465	-
<b>Amounts Available for Appropriations</b>	<b>690,202</b>	<b>922,667</b>	<b>945,566</b>	<b>22,899</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	-	216,578	140,429	76,149
Community development	245,000	165,731	137,951	27,780
Public works	100,000	100,000	-	100,000
Capital outlay	225,000	610,817	394,432	216,385
<b>Total Charges to Appropriations</b>	<b>570,000</b>	<b>1,093,126</b>	<b>672,812</b>	<b>420,314</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 120,202</b>	<b>\$ (170,459)</b>	<b>\$ 272,754</b>	<b>\$ 443,213</b>

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
ASSESSMENT DISTRICT CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2015**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 157,922	\$ 157,922	\$ 157,922	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,200	1,200	575	(625)
<b>Amounts Available for Appropriations</b>	<b>159,122</b>	<b>159,122</b>	<b>158,497</b>	<b>(625)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 159,122</b>	<b>\$ 159,122</b>	<b>\$ 158,497</b>	<b>\$ (625)</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 SAND REPLENISH / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 331,834	\$ 331,834	\$ 331,834	\$ -
<b>Resources (Inflows):</b>				
Taxes	181,000	181,000	218,544	37,544
Use of money and property	800	800	854	54
<b>Amounts Available for Appropriations</b>	<b>513,634</b>	<b>513,634</b>	<b>551,232</b>	<b>37,598</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	289,800	289,800	140,445	149,355
<b>Total Charges to Appropriations</b>	<b>289,800</b>	<b>289,800</b>	<b>140,445</b>	<b>149,355</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 223,834</b>	<b>\$ 223,834</b>	<b>\$ 410,787</b>	<b>\$ 186,953</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC IMPROVEMENT GRANT FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 632,428	\$ 632,428	\$ 632,428	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	2,289	2,289
Miscellaneous	-	10,000	10,000	-
Transfers in	-	-	-	-
<b>Amounts Available for Appropriations</b>	<b>632,428</b>	<b>642,428</b>	<b>644,717</b>	<b>2,289</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	288,100	526,568	381,209	145,359
<b>Total Charges to Appropriations</b>	<b>288,100</b>	<b>526,568</b>	<b>381,209</b>	<b>145,359</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 344,328</b>	<b>\$ 115,860</b>	<b>\$ 263,508</b>	<b>\$ 147,648</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 CITY DEBT SERVICE FUND  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,482	\$ 24,482	\$ 24,482	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	5	5
Transfers in	219,400	219,400	219,400	-
<b>Amounts Available for Appropriations</b>	<b>243,882</b>	<b>243,882</b>	<b>243,887</b>	<b>5</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	192,200	192,200	155,930	36,270
Interest and fiscal charges	27,200	27,200	63,418	(36,218)
<b>Total Charges to Appropriations</b>	<b>219,400</b>	<b>219,400</b>	<b>219,348</b>	<b>52</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 24,482</b>	<b>\$ 24,482</b>	<b>\$ 24,539</b>	<b>\$ 57</b>



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## **FIDUCIARY FUNDS**

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**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** - this fund was formed to finance the construction of sewer improvements to connect the 51 properties of the assessment district to the City's sewer system. This fund accounts for payments from property owners as well as debt service on the bonds that were issued to pay for the sewer improvements. This is accounted as an agency fund because the City has no responsibility for the debt service on the bonds.

CITY OF SOLANA BEACH

COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2015  
 (With comparative totals for June 30, 2014)

	Cedros Avenue Assessment District	Undergrounding Districts	South Solana Sewer District	Total Agency Funds	
				2015	2014
<b>Assets:</b>					
Pooled cash and investments	\$ 13,199	\$ 386,881	\$ 78,161	\$ 478,241	\$ 472,261
Receivables:					
Accounts	-	140	-	140	108
Taxes	-	2,018	-	2,018	2,038
<b>Total Assets</b>	<b>\$ 13,199</b>	<b>\$ 389,039</b>	<b>\$ 78,161</b>	<b>\$ 480,399</b>	<b>\$ 474,407</b>
<b>Liabilities:</b>					
Due to bondholders	\$ 13,199	\$ 389,039	\$ 78,161	\$ 480,399	\$ 474,407
<b>Total Liabilities</b>	<b>\$ 13,199</b>	<b>\$ 389,039</b>	<b>\$ 78,161</b>	<b>\$ 480,399</b>	<b>\$ 474,407</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b><u>Cedros Avenue Assessment District</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 13,199	\$ -	\$ -	\$ 13,199
<b>Total Assets</b>	<b><u>\$ 13,199</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,199</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 13,199	\$ -	\$ -	\$ 13,199
<b>Total Liabilities</b>	<b><u>\$ 13,199</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,199</u></b>
<b><u>Undergrounding Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 383,698	\$ 177,101	\$ 173,918	\$ 386,881
Receivables:				
Accounts	108	262	230	140
Taxes	1,512	2,044	1,538	2,018
<b>Total Assets</b>	<b><u>\$ 385,318</u></b>	<b><u>\$ 179,407</u></b>	<b><u>\$ 175,686</u></b>	<b><u>\$ 389,039</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 385,318	\$ 181,214	\$ 177,493	\$ 389,039
<b>Total Liabilities</b>	<b><u>\$ 385,318</u></b>	<b><u>\$ 181,214</u></b>	<b><u>\$ 177,493</u></b>	<b><u>\$ 389,039</u></b>
<b><u>South Solana Sewer District</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 75,364	\$ 42,748	\$ 39,951	\$ 78,161
Receivables:				
Taxes	526	-	526	-
<b>Total Assets</b>	<b><u>\$ 75,890</u></b>	<b><u>\$ 42,748</u></b>	<b><u>\$ 40,477</u></b>	<b><u>\$ 78,161</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 75,890	\$ 43,797	\$ 41,526	\$ 78,161
<b>Total Liabilities</b>	<b><u>\$ 75,890</u></b>	<b><u>\$ 43,797</u></b>	<b><u>\$ 41,526</u></b>	<b><u>\$ 78,161</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 472,261	\$ 219,849	\$ 213,869	\$ 478,241
Receivables:				
Accounts	108	262	230	140
Taxes	2,038	2,044	2,064	2,018
<b>Total Assets</b>	<b><u>\$ 474,407</u></b>	<b><u>\$ 222,155</u></b>	<b><u>\$ 216,163</u></b>	<b><u>\$ 480,399</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 474,407	\$ 225,011	\$ 219,019	\$ 480,399
<b>Total Liabilities</b>	<b><u>\$ 474,407</u></b>	<b><u>\$ 225,011</u></b>	<b><u>\$ 219,019</u></b>	<b><u>\$ 480,399</u></b>

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**STATISTICAL SECTION  
(UNAUDITED)**

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

#### **Revenue Capacity**

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

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

#### **Debt Capacity**

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

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

#### **Demographic and Economic Information**

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

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

#### **Operating Information**

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

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

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



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# ***Financial Trends***

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Government activities</b>					
Net Investment in Capital					
Assets					
Restricted	\$ 508,883,573	\$ 508,667,761	\$ 508,786,944	\$ 506,384,350	\$ 33,268,562
Unrestricted	6,996,982	5,918,148	5,634,827	6,227,639	7,086,145
Total governmental activities net position	10,976,825	10,118,438	9,696,117	9,168,682	7,537,582
	<u>\$ 526,857,380</u>	<u>\$ 524,704,347</u>	<u>\$ 524,117,888</u>	<u>\$ 521,780,671</u>	<u>\$ 47,892,289</u>
<b>Business-type activities</b>					
Net Investment in Capital					
Assets					
Restricted	\$ 4,485,446	\$ 5,655,824	\$ 5,300,163	\$ 9,451,570	\$ 10,679,302
Unrestricted	1,021,293	1,021,293	1,021,293	1,021,293	-
Total governmental activities net position	16,242,623	16,516,654	19,961,200	16,768,741	17,901,556
	<u>\$ 21,749,362</u>	<u>\$ 23,193,771</u>	<u>\$ 26,282,656</u>	<u>\$ 27,241,604</u>	<u>\$ 28,580,858</u>
<b>Primary government</b>					
Net Investment in Capital					
Assets					
Restricted	\$ 513,369,019	\$ 514,323,585	\$ 514,087,107	\$ 515,835,920	\$ 43,947,864
Unrestricted	8,018,257	6,939,441	6,656,120	7,248,932	7,086,145
Total governmental activities net position	27,219,448	26,635,092	29,657,317	25,937,423	25,439,138
	<u>\$ 548,606,724</u>	<u>\$ 547,898,118</u>	<u>\$ 550,400,544</u>	<u>\$ 549,022,275</u>	<u>\$ 76,473,147</u>

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

Fiscal Year				
2011	2012	2013	2014	2015
\$ 32,138,178	\$ 34,301,049	\$ 39,384,623	\$ 34,095,894	\$ 32,415,836
6,747,340	6,370,933	4,688,776	5,183,814	4,979,850
4,479,958	5,275,012	1,418,151	6,871,872	(85,816)
<b>\$ 43,365,476</b>	<b>\$ 45,946,994</b>	<b>\$ 45,491,550</b>	<b>\$ 46,151,580</b>	<b>\$ 37,309,870</b>
\$ 6,389,844	\$ 5,470,469	\$ 5,682,518	\$ 6,324,862	\$ 6,798,584
-	-	-	-	-
22,974,310	24,794,121	25,769,871	27,155,489	26,759,779
<b>\$ 29,364,154</b>	<b>\$ 30,264,590</b>	<b>\$ 31,452,389</b>	<b>\$ 33,480,351</b>	<b>\$ 33,558,363</b>
\$ 38,528,022	\$ 39,771,518	\$ 45,067,141	\$ 40,420,756	\$ 39,214,420
6,747,340	6,370,933	4,688,776	5,183,814	4,979,850
27,454,268	30,069,133	27,188,022	34,027,361	26,673,963
<b>\$ 72,729,630</b>	<b>\$ 76,211,584</b>	<b>\$ 76,943,939</b>	<b>\$ 79,631,931</b>	<b>\$ 70,868,233</b>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 2,773,232	\$ 3,528,936	\$ 3,937,478	\$ 3,518,394	\$ 4,680,495
Public safety	6,087,407	6,660,964	7,295,541	7,543,706	8,066,129
Public works	4,483,800	7,956,086	3,983,378	6,254,133	4,350,781
Community development	1,089,476	1,092,010	1,318,105	1,115,746	1,055,575
Community services	393,590	447,863	3,662,205	862,778	526,188
Interest on long-term debt	330,382	440,207	464,713	523,536	738,430
Total Governmental Activities expenses	15,157,887	20,126,066	20,661,420	19,818,293	19,417,598
Business-Type Activities:					
Sanitation	2,616,081	2,893,009	3,284,109	3,599,496	3,654,076
Total Business-Type Activities Expenses	2,616,081	2,893,009	3,284,109	3,599,496	3,654,076
<b>Total Primary Government Expenses</b>	<b>\$ 17,773,968</b>	<b>\$ 23,019,075</b>	<b>\$ 23,945,529</b>	<b>\$ 23,417,789</b>	<b>\$ 23,071,674</b>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	612,036	673,678	685,091	804,810	397,971
Public works	892,979	933,500	992,150	923,315	571,933
Community development	723,716	696,403	718,504	508,514	447,581
Community services	59,245	65,554	102,620	105,511	248,803
Operating Contributions:					
General government	-	-	-	-	-
Public safety	2,460	-	-	-	181,174
Public works	312,172	393,644	267,943	318,590	1,000
Community development	-	-	-	31,725	-
Community services	-	14,944	48,393	-	76,250
Capital Contributions and Grants:					
Public safety	181,974	109,462	184,866	109,194	-
Public works	4,475,229	1,377,308	3,152,793	1,039,257	25,500
Community services	-	-	-	-	-
Total Governmental Activities Program Revenues	7,259,811	4,264,493	6,152,360	3,840,916	1,950,212
Business-Type Activities:					
Charges for services:					
Sanitation	3,741,212	3,860,416	5,920,865	4,296,890	4,498,181
Total Business-Type Activities Program Revenues	3,741,212	3,860,416	5,920,865	4,296,890	4,498,181
<b>Total Primary Government Program Revenues</b>	<b>\$ 11,001,023</b>	<b>\$ 8,124,909</b>	<b>\$ 12,073,225</b>	<b>\$ 8,137,806</b>	<b>\$ 6,448,393</b>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ 7,259,811	\$ (15,861,573)	\$ (14,509,060)	\$ (15,977,377)	\$ (17,467,386)
Business-Type Activities	(14,032,756)	967,407	2,636,756	697,394	844,105
<b>Total primary Government Net Expense</b>	<b>\$ (6,772,945)</b>	<b>\$ (14,894,166)</b>	<b>\$ (11,872,304)</b>	<b>\$ (15,279,983)</b>	<b>\$ (16,623,281)</b>
<b>General Revenues and Other Charges in Net Position</b>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 4,478,992	\$ 5,565,440	\$ 5,954,582	\$ 6,291,314	\$ 6,880,563
Transient occupancy taxes	919,638	1,013,297	1,020,184	1,015,007	929,836
Sales taxes	2,943,359	3,070,730	3,041,726	2,682,769	2,515,183
Intergovernmental, unrestricted:					
Franchise taxes	569,936	613,222	624,153	652,107	652,485
Other taxes	2,191,678	1,821,978	1,905,408	2,016,476	2,228,379
Investment income	606,068	1,044,282	776,033	401,668	175,659
Use of money and property	26,227	31,304	56,849	87,154	-
Other	337,900	548,286	553,666	493,665	345,098
Loss on sale of property	-	-	-	-	-
Extraordinary Gain/(Loss) on dissolution on redevelopment agency	-	-	-	-	-
Total Governmental Activities	12,073,798	13,708,539	13,932,601	13,640,160	13,727,203
Business-Type Activities:					
Investment income	271,140	477,002	488,749	261,554	73,634
Use of money and property	-	-	-	-	-
Share in joint venture net loss	-	-	-	-	-
Other	-	-	-	-	-
Miscellaneous	-	-	-	-	421,515
Total Business-Type Activities	271,140	477,002	488,749	261,554	495,149
<b>Total Primary Government</b>	<b>\$ 12,344,938</b>	<b>\$ 14,185,541</b>	<b>\$ 14,421,350</b>	<b>\$ 13,901,714</b>	<b>\$ 14,222,352</b>
<b>Changes in Net Position</b>					
Governmental Activities	\$ 19,333,609	\$ (2,153,034)	\$ (576,459)	\$ (2,337,217)	\$ (3,740,183)
Business-Type Activities	(13,761,616)	1,444,409	3,125,505	958,948	1,339,254
<b>Total Primary Government</b>	<b>\$ 5,571,993</b>	<b>\$ (708,625)</b>	<b>\$ 2,549,046</b>	<b>\$ (1,378,269)</b>	<b>\$ (2,400,929)</b>

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	4,943,119	\$	3,509,970	\$	3,521,929	\$	3,712,734	\$	3,344,429
	9,730,398		7,801,875		8,177,235		8,416,330		8,441,144
	4,207,981		4,499,601		5,070,916		5,008,665		5,181,223
	1,078,141		957,995		957,303		1,361,588		1,281,059
	569,907		561,563		604,445		579,088		622,608
	543,852		139,345		78,156		439,918		388,144
	21,073,398		17,470,349		18,409,984		19,518,323		19,258,607
	3,942,484		4,038,404		3,456,455		2,855,368		4,566,357
	3,942,484		4,038,404		3,456,455		2,855,368		4,566,357
\$	25,015,882	\$	21,508,753	\$	21,866,439	\$	22,373,691	\$	23,824,964
\$	-	\$	21,370	\$	-	\$	-	\$	-
	471,722		439,523		376,156		402,670		464,533
	689,658		251,766		511,843		743,210		238,587
	506,927		796,475		648,280		830,429		852,578
	151,189		229,571		357,877		303,070		347,698
	14,213		-		-		-		-
	251,237		273,048		270,428		286,687		285,399
	1,351		173,664		583,136		1,577,961		920,807
	-		-		-		-		109,689
	13,500		30,331		-		-		-
	65,696		78,590		162,672		129,740		53,091
	414,003		25,000		-		-		-
	21,001		-		-		-		-
	2,600,497		2,319,338		2,910,392		4,273,767		3,272,382
	4,501,364		4,517,005		4,708,765		4,775,489		4,949,069
	4,501,364		4,517,005		4,708,765		4,775,489		4,949,069
\$	7,101,861	\$	6,836,343	\$	7,619,157	\$	9,049,256	\$	8,221,451
\$	(18,472,901)	\$	(15,151,011)	\$	(15,499,592)	\$	(15,244,556)	\$	(15,986,225)
	558,880		478,601		1,252,310		1,920,121		382,712
\$	(17,914,021)	\$	(14,672,410)	\$	(14,247,282)	\$	(13,324,435)	\$	(15,603,513)
\$	6,813,559	\$	6,597,393	\$	6,655,138	\$	6,880,916	\$	7,247,202
	978,840		1,118,592		1,186,197		1,220,075		1,467,373
	2,813,228		2,963,507		3,077,691		2,814,702		2,808,203
	-		52,084		-		-		-
	663,660		685,336		698,672		714,991		765,995
	2,353,883		2,670,333		2,643,515		2,736,146		2,747,073
	161,701		-		-		-		-
	-		102,469		84,903		137,906		136,763
	218,377		494,008		722,094		1,399,850		914,672
	(57,159)		-		-		-		-
	-		2,933,995		-		-		-
	13,946,089		17,617,717		15,068,210		15,904,586		16,087,281
	51,294		-		-		-		-
	-		152,477		78,615		71,541		71,973
	-		-		-		-		-
	-		269,358		46,470		36,300		28,939
	173,122		-		-		-		-
	224,416		421,835		125,085		107,841		100,912
\$	14,170,505	\$	18,039,552	\$	15,193,295	\$	16,012,427	\$	16,188,193
\$	(4,526,812)	\$	2,466,706	\$	(431,382)	\$	660,030	\$	101,056
	783,296		900,436		1,377,395		2,027,962		483,624
\$	(3,743,516)	\$	3,367,142	\$	946,013	\$	2,687,992	\$	584,680

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 634,006	\$ 519,306	\$ 702,183	\$ 678,179	\$ 590,395
Unreserved	10,573,702	9,406,448	9,349,667	9,315,645	8,836,776
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 11,207,708</u>	<u>\$ 9,925,754</u>	<u>\$ 10,051,850</u>	<u>\$ 9,993,824</u>	<u>\$ 9,427,171</u>
All Other Governmental Funds					
Reserved	\$ 3,297,818	\$ 6,724,648	\$ 2,478,756	\$ 3,297,975	\$ 2,039,729
Unreserved, reported in nonmajor,					
Special revenue funds	2,813,527	169,154	2,944,672	2,785,157	3,883,762
Capital Projects funds	4,697,594	1,289,006	2,108,813	1,662,537	630,964
Debt service funds	-	-	-	-	531,690
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 10,808,939</u>	<u>\$ 8,182,808</u>	<u>\$ 7,532,241</u>	<u>\$ 7,745,669</u>	<u>\$ 7,086,145</u>

Fiscal Year				
2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
32,550	6,482	9,276	7,523	9,382
346,990	264,534	278,377	324,083	454,048
4,553,037	4,486,177	4,579,527	5,102,543	5,324,048
1,600,449	2,573,592	4,014,144	4,369,152	5,580,686
<u>\$ 6,533,026</u>	<u>\$ 7,330,785</u>	<u>\$ 8,881,324</u>	<u>\$ 9,803,301</u>	<u>\$ 11,368,164</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
69,226	-	-	-	-
6,169,355	6,241,182	4,588,670	5,107,900	4,979,850
-	-	-	-	-
782,116	539,450	525,735	425,416	589,120
(273,357)	(315,857)	(5,333,420)	(222,713)	(213,005)
<u>\$ 6,747,340</u>	<u>\$ 6,464,775</u>	<u>\$ (219,015)</u>	<u>\$ 5,310,603</u>	<u>\$ 5,355,965</u>



CITY OF SOLANA BEACH

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

	Fiscal Year				
	2006	2007	2008	2009	2010
<b>Revenues:</b>					
Taxes and assessments	\$ 10,688,064	\$ 11,919,786	\$ 12,459,651	\$ 12,299,829	\$ 12,299,501
Intergovernmental	3,592,052	2,414,327	4,945,419	2,310,147	1,700,918
Licenses and permits	359,960	329,903	397,846	329,118	308,284
Charges for services	668,977	634,068	673,668	573,179	678,188
Fines and forfeitures	381,016	395,038	348,272	322,777	349,291
Contributions from property owners	2,712,563	782,564	-	732,846	-
Investment income	611,383	1,050,776	781,475	404,348	-
Use of money and property	26,853	31,304	46,849	87,154	176,320
Other	487,211	577,485	596,889	593,334	421,595
<b>Total revenues</b>	<b>19,528,079</b>	<b>18,135,251</b>	<b>20,250,069</b>	<b>17,652,732</b>	<b>15,934,097</b>
<b>Expenditures:</b>					
General government	3,074,773	3,810,327	3,562,602	3,373,964	3,433,354
Public safety	6,022,168	6,529,740	7,126,476	8,236,116	7,848,577
Public works	2,394,504	2,569,705	2,537,019	2,471,621	2,278,876
Community development	1,088,025	1,090,559	1,312,496	1,108,727	1,079,651
Community services	203,341	257,687	288,019	295,651	224,884
Capital outlay	2,091,842	7,087,294	5,208,933	1,751,802	1,134,878
Debt service:					
Principal retirement	190,000	230,000	235,000	415,000	424,079
Interest	232,203	297,973	289,795	292,415	282,725
Payment to refunded bond escrow agent	-	-	-	-	-
Pass-through payments	-	170,053	214,200	256,033	453,250
<b>Total expenses</b>	<b>15,296,856</b>	<b>22,043,338</b>	<b>20,774,540</b>	<b>18,201,329</b>	<b>17,160,274</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,231,223</b>	<b>(3,908,087)</b>	<b>(524,471)</b>	<b>(548,597)</b>	<b>(1,226,177)</b>
<b>Other financing sources (uses):</b>					
Transfers in	3,282,360	3,866,836	905,588	946,080	857,227
Transfers out	(3,282,360)	(3,866,836)	(905,588)	(946,080)	(857,227)
Contributions to Successor Agency	-	-	-	-	-
Refunding Bonds issued	-	-	-	-	-
Other Debts Issued	-	-	-	-	-
Bond Discount	-	-	-	-	-
Long-term debt issued	3,555,000	-	-	-	-
Capital leases	-	-	-	703,999	-
<b>Total other financing sources (uses)</b>	<b>3,555,000</b>	<b>-</b>	<b>-</b>	<b>703,999</b>	<b>-</b>
Extraordinary Gain/(Loss) on dissolution of Redevelopment Agency (Note 16)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net change in fund balances / net position</b>	<b>\$ 7,786,223</b>	<b>\$ (3,908,087)</b>	<b>\$ (524,471)</b>	<b>\$ 155,402</b>	<b>\$ (1,226,177)</b>
<b>Capital assets used in debt service calculation*</b>	\$ 2,253,161	\$ 4,141,490	\$ 2,730,022	\$ 390,039	\$ 963,854
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.2%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>4.0%</b>	<b>4.4%</b>

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

		Fiscal Year							
		2011	2012	2013	2014	2015			
\$	12,700,086	\$	12,881,767	\$	13,046,917	\$	13,135,199	\$	13,727,132
	1,623,918		1,822,705		2,230,532		3,217,319		2,674,057
	323,091		420,339		361,573		429,464		461,687
	607,354		799,836		830,907		959,935		1,001,943
	385,394		342,136		323,961		348,337		392,683
	-		-		-		-		-
	-		-		-		-		-
	162,086		102,469		84,903		137,906		136,763
	1,132,388		604,953		1,099,809		1,941,493		961,755
	<b>16,934,317</b>		<b>16,974,205</b>		<b>17,978,602</b>		<b>20,169,653</b>		<b>19,356,020</b>
	4,363,499		3,230,362		3,057,761		3,085,499		3,215,971
	9,531,715		7,614,262		7,945,912		8,238,659		8,308,182
	2,263,950		2,301,953		2,075,777		2,215,596		2,282,134
	1,103,618		953,383		955,907		1,360,192		1,291,073
	268,603		244,955		284,884		259,809		267,110
	1,644,750		2,048,301		7,638,942		3,452,914		1,836,872
	444,385		239,900		280,700		155,925		155,930
	265,360		155,519		77,283		439,464		388,523
	-		1,545,000		-		-		-
	281,387		7,147		-		-		-
	<b>20,167,267</b>		<b>18,340,782</b>		<b>22,317,166</b>		<b>19,208,058</b>		<b>17,745,795</b>
	<b>(3,232,950)</b>		<b>(1,366,577)</b>		<b>(4,338,564)</b>		<b>961,595</b>		<b>1,610,225</b>
	874,996		2,560,970		742,322		1,319,473		446,865
	(874,996)		(2,560,970)		(742,322)		(1,319,473)		(446,865)
	-		-		(834,007)		(10,000)		-
	-		1,388,300		-		-		-
	-		818,696		-		-		-
	-		(10,650)		-		-		-
	-		(24,062)		-		5,500,000		-
	-		-		-		-		-
	-		<b>2,172,284</b>		<b>(834,007)</b>		<b>5,490,000</b>		-
\$	-	\$	(366,005)	\$	-	\$	-	\$	-
<b>\$</b>	<b>(3,232,950)</b>	<b>\$</b>	<b>439,702</b>	<b>\$</b>	<b>(5,172,571)</b>	<b>\$</b>	<b>6,451,595</b>	<b>\$</b>	<b>1,610,225</b>
\$	1,364,025	\$	2,055,611	\$	7,859,585	\$	3,527,607	\$	1,764,750
	3.8%		2.4%		2.5%		3.8%		3.4%

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# ***Revenue Capacity***

**CITY OF SOLANA BEACH**

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

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Other Property</b>	<b>Less: Tax-Exempt Property</b>
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	-
2010	2,919,582	352,525	168,139	-
2011	2,925,829	343,837	158,782	-
2012	2,990,970	352,417	158,210	-
2013	3,053,864	459,003	156,019	-
2014	3,150,064	457,092	154,207	-
2015	3,350,756	472,921	208,735	-

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

N/A - Data not available

**Source:** San Diego County Assessor 2005/06 - 2014/15 Combined Tax Rolls  
HdL Coren & Cone.  
City of Solana Beach Finance Department

<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value</b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
\$ 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
3,440,246	0.1735%	N/A	N/A
3,428,448	0.1735%	N/A	N/A
3,501,597	0.1735%	N/A	N/A
3,668,886	0.1735%	N/A	N/A
3,761,363	0.1735%	N/A	N/A
4,032,412	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**

<b>Fiscal Year</b>	<b>General Basic Tax Levy</b>	<b>Municipal Improvement District</b>	<b>Lighting District</b>	<b>Total Direct Rate</b>
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
2010	0.1602	0.0037	0.0096	0.1735
2011	0.1602	0.0037	0.0096	0.1735
2012	0.1602	0.0037	0.0096	0.1735
2013	0.1602	0.0037	0.0096	0.1735
2014	0.1602	0.0037	0.0096	0.1735
2015	0.1602	0.0037	0.0960	0.1735

**Overlapping Rates**

<b>Fiscal Year</b>	<b>San Diego County (1)</b>	<b>Carlsbad/Oceanside/Vista Projects</b>	<b>School Districts</b>	<b>Community College</b>	<b>Santa Fe Irrigation District (2)</b>
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
2010	0.167550	0.0004	0.402810	0.10486	0.025340
2011	0.167550	0.0004	0.402810	0.10486	0.025340
2012	0.167550	0.0004	0.402810	0.10486	0.025340
2013	0.167550	0.0004	0.402810	0.10486	0.025340
2014	0.167550	0.0004	0.402810	0.10486	0.025340
2015	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 2005/06 - 2014/15 Tax Rate Table and HdL Coren and Cone.

**Overlapping Rates**

<b>Educational Revenue Augmentation</b>	<b>Voter Approved (3)</b>					<b>Total Tax Rate</b>
	<b>CWA Santa Fe Irrigation Debt Service</b>	<b>Metropolitan Water District Debt Service</b>	<b>Santa Fe Irrigation Tax Rate Reduction</b>	<b>Vista Project</b>	<b>San Dieguito Prop Aa 11/6/2013 2013A A1</b>	
0.12551	-	0.0052	-	-	-	1.005190
0.12551	-	0.0047	-	-	-	1.004690
0.12551	-	0.0045	-	-	-	1.004490
0.12551	-	0.0043	-	-	-	1.004290
0.12551	-	0.0043	-	-	-	1.004290
0.12551	-	0.0037	-	-	-	1.003690
0.12551	-	0.0037	-	-	-	1.003690
0.12551	-	0.0035	-	-	-	1.003490
0.12551	-	0.0035	-	-	0.0378	1.041300
0.12551	-	0.0035	-	-	0.0215	1.024970



CITY OF SOLANA BEACH

Principal Property Tax Payers,  
Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<b><u>For the Fiscal Year Ended June 30, 2015</u></b>		
S B T C Holdings LLC	\$ 113,796,155	2.89%
Pacific Solana Beach Holdings LP	63,640,835	1.62%
SB Corporate Centre III-IV LLC	31,794,293	0.81%
Sanyo Foods Corporation of America	30,336,037	0.77%
Fenton Solana Highlands LLC	28,886,942	0.73%
Muller-Beachwalk LLC	19,500,000	0.50%
E R P Operating LP	18,482,152	0.47%
Lavida Delmar Asscs LP	16,452,415	0.42%
Hankey Investment Company LP	14,164,014	0.36%
Urschel Laboratories INC	13,402,338	0.34%
Total	<u>\$ 350,455,181</u>	<u>8.91%</u>
<b><u>For the Fiscal Year Ended June 30, 2006</u></b>		
SB Towne Centre LLC	\$ 56,578,013	2.11%
Sanyo Foods Corporation of America	27,428,492	1.02%
Pacific Solana Beach Holdings LP	26,777,405	1.00%
Fenton Solana Highlands LLC	25,255,306	0.94%
E R P Operating LP	16,195,589	0.60%
Lavida Delmar Associates	14,321,891	0.53%
Solana Beach Development LLC	13,339,000	0.50%
Del Mar Investors LP	13,183,500	0.49%
Urschel Laboratories Inc	11,793,759	0.44%
Price Enterprise Inc	11,484,042	0.43%
Total	<u>\$ 216,356,997</u>	<u>8.07%</u>

Source: HdL Coren & Cone and San Diego  
County Assessor 2005/06 & 2014/15

CITY OF SOLANA BEACH

Property Tax Levies and Collections,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 5,071,474 (1)	\$ 4,829,420	95.2%	\$ 75,012	\$ 4,904,432	97%
2007	5,151,898	4,996,716	97.0%	240,429	5,237,145	100%
2008	5,209,273	4,900,178	94.1%	291,016	5,191,194	100%
2009	5,380,394	5,109,936	95.0%	221,201	5,331,137	99%
2010	5,781,014	5,407,172	93.5%	206,031	5,613,203	97%
2011	5,741,547	5,440,612	94.8%	-	5,440,612	95%
2012	5,770,042	5,489,946	95.1%	-	5,489,946	95%
2013	6,110,404	5,832,325	95.4%	258,145	6,090,470	100%
2014	6,303,038	6,033,082	95.7%	252,973	6,286,055	100%
2015	6,576,197	6,257,093	95.1%	215,422	6,472,515	98%

(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.

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# ***Debt Capacity***

CITY OF SOLANA BEACH

Ratios of Outstanding Debt by Type,  
Last Nine Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	2002 ABAG Lease Revenue Bonds	Refunding Lease ABAG	Limited Tax Bonds	Capital Leases	Loans			
2007	\$ 2,525,000	\$ -	\$ -	\$ -	\$ 17,920,000	\$ 20,445,000	3.84%	347.6390
2008	2,320,000	-	-	-	17,305,000	19,625,000	4.18%	321.4473
2009	2,100,000	-	-	568,999	16,620,000	19,288,999	4.31%	313.2857
2010	1,875,000	-	-	434,920	16,169,752	18,479,672	4.41%	308.2668
2011	1,640,000	-	-	295,535	15,409,277	17,344,812	3.80%	362.2862
2012	-	1,388,300	-	969,331	13,783,638	16,141,269	4.29%	303.2762
2013	-	1,279,300	-	797,631	12,984,068	15,060,999	4.62%	281.3773
2014	-	1,166,600	5,500,000	754,406	12,127,520	19,548,526	3.57%	367.0878
2015	-	1,055,400	5,500,000	709,676	11,242,598	18,507,674	3.95%	330.5414

Notes:

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

<sup>a</sup> 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, 2015**

**Fiscal Year 2014-15 Assessed Valuation :** \$3,980,087,328

<u><b>Direct Debt:</b></u>	<u><b>Gross Bonded Debt Balance</b></u>	<u><b>Percent Applicable to City (1)</b></u>	<u><b>Net Bonded Debt</b></u>
City of Solana Beach Lease Agreement	\$ 1,055,400	100.000%	(3) \$ 1,055,400
City of Solana Beach Capital Lease			709,676
Total Direct Debt			<u>\$ 1,765,076</u>
 <u><b>Overlapping Debt:</b></u>			
Metropolitan Water District	\$ 110,420,000	0.172%	\$ 189,922
San Dieguito Union High School District	266,795,000	7.552%	20,148,358
San Dieguito Union High School District			
Community Facilites District No. 95-1	28,614,609	3.274%	936,842
City of Solana Beach 1915 Act Bonds	2,695,000	100.000%	2,695,000
Olivenhain Municpal Water District, Assessment District No. 96-1	13,270,000	0.720%	95,544
San Diego County General Fund Obligations	351,670,000	0.950%	3,340,865
San Diego County Pension Obligations	682,615,180	0.950%	6,484,844
San Diego County Superintendent of Schools General Fund Obligations	14,732,500	0.950%	139,959
Mira Costa Community College District Certificates of Participation	1,705,000	4.660%	79,453
San Dieguito Union High School District Certificates of Participation	13,015,000	7.552%	982,893
Overlapping Tax Increment Debt	2,995,000	100.000%	<u>2,995,000</u>
Total Overlapping Debt			<u>\$ 38,088,682</u>
Total Direct and Overlapping Debt			(2) <u><u>\$ 39,853,758</u></u>

**Debt to Assessed Valuation Ratios :**

Direct Debt	0.04%
Overlapping Debt	0.96%
Total Debt	1.00%

**Note:**

- (1) - Percentage of overlapping agency's assess valuation located within the boundaries of the city.
- (2) - Excludes tax and revenue anticipation notes, enterprise revenues, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (3) Includes the Unamortized Bond Discount

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

**CITY OF SOLANA BEACH**

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

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed value	\$ 3,980,087
Debt limit (15% of assessed value)	597,013
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 597,013</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>
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%
2010	504,121	-	504,121	100.00%
2011	502,577	-	502,577	100.00%
2012	513,291	-	513,291	100.00%
2013	550,417	-	550,417	100.00%
2014	564,290	-	564,290	100.00%
2015	597,013	-	597,013	100.00%

**CITY OF SOLANA BEACH**

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

**2011 ABAG Refunded Lease Revenue Bonds**

<u>Fiscal Year</u>	<u>Use of Money &amp; Property</u>	<u>Lease/Rents</u>	<u>Less: Expenditures</u>	<u>Net Available Revenue</u>
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
2010*	8,291	320,756	1,676	327,371
2011*	8,210	321,263	1,627	327,846
2012*	4,122	154,349	-	158,471
2013*	-	154,280	-	154,280
2014*	-	148,974	-	148,974
2015*	-	148,732	-	148,732

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
2007*	\$ 200,000	\$ 123,556	1.03
2008*	205,000	114,181	1.03
2009*	220,000	104,656	1.03
2010*	225,000	95,756	1.02
2011*	235,000	86,263	1.00
2012*	109,000	45,349	1.03
2013*	112,700	41,580	1.00
2014*	111,200	37,774	1.00
2015*	114,800	33,932	1.00

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

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

\* 2002 ABAG Lease Revenue Bonds



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# ***Demographic and Economic Information***

**CITY OF SOLANA BEACH**

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

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2005	13,396	\$ 742,663	\$ 55,439	2.9%
2006	13,360	785,716	58,811	2.6%
2007	13,426	819,685	61,052	3.0%
2008	13,492	830,704	61,570	4.0%
2009	13,600	815,227	59,947	6.6%
2010	13,783	659,875	47,876	7.2%
2011	13,000	691,899	53,223	6.8%
2012	12,987	695,142	53,526	4.7%
2013	13,099	697,561	53,253	4.1%
2014	13,059	731,200	55,992	6.0%

**Sources:** HdL Coren & Cone report prepared on 09/11/15

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY  
AS OF 2015

Employer	Category	Business category
32nd St Naval Station	3	Federal Government-National Security
Scripps Clinic	3	Clinics
Sharp Memorial Hospital	3	Hospitals
Kaiser Permanente	2	Physicians & Surgeons
San Diego Naval Medical Ctr	2	Military Bases
Rady Children's Hosp-Sn Diego	2	Hospitals
Barona Casino	1	Casinos
Barona Resort	1	Resorts
Coronado Naval Amphibious Base	1	Military Bases
General Dynamics Nassco	1	Ship Builders & Repairers (Mfrs)
Kaiser Foundation Hospitals	1	Hospitals
Kaiser Permanente Medical Grp	1	Hospitals
Kyocera Communications Inc	1	Electronic Equipment & Supplies-Mfrs
Marine Corps Recruit Depot	1	Military Bases
Merchants Building Maintenance	1	Janitor Service
Palomar Health	1	Hospitals
Palomar Pomerado Health Rehab	1	Rehabilitation Services
San Diego County Sheriff	1	Police Departments
Sea World-San Diego	1	Amusement & Theme Parks
Sharp Grossmont Hospital	1	Hospitals
Sharp Mary Birch Hosp-Women	1	Hospitals
Solar Turbines Inc	1	Turbines-Manufacturers
Kaiser Permanente san Diego	1	Hospitals
Tyco Health Care	1	Manufacturers
Utc Aerospace Systems	1	Aircraft Components-Manufacturers

**Source:**

State of California- Employee Development Department- Major Employers in San Diego for 2015

**Categories**

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

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

NA: The data for ten and five years ago is not available

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

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# ***Operating Information***

**CITY OF SOLANA BEACH**

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

<b>Fiscal Years:</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>Function/Program</u></b>					
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	2.75	3.00	3.00	3.00	2.75
City Manager	1.99	1.99	1.99	1.99	2.24
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	4.60	4.55	4.55	4.25	4.25
Non Departmental	-	-	-	-	-
Personnel	1.20	1.20	1.20	1.20	1.20
Info/Communication Systems	1.10	1.10	1.10	1.05	1.05
Community Development	6.25	6.25	7.25	6.25	6.00
Public Safety					
Fire	20.01	20.01	20.01	20.01	19.25
Code Enforcement	1.88	2.13	2.13	2.33	2.00
Marine Safety	8.67	8.67	8.67	8.67	8.39
Junior Lifeguards	1.84	1.84	1.84	1.84	1.84
Public Works					
Engineering	3.89	4.08	4.08	3.59	2.84
Environmental/Flood Control	1.69	1.69	1.69	1.65	1.13
Street Maintenance	2.96	3.10	3.10	2.95	2.93
Park Maintenance	0.94	1.14	1.14	1.40	1.38
Recreation & Community Services					
Community Services	0.64	0.83	0.83	0.88	0.88
Recreation	2.27	2.10	2.40	2.52	2.52
Sanitation	1.64	1.75	2.00	3.01	2.86
Improvement Districts	1.54	1.54	1.64	1.64	0.99
Redevelopment Agency	0.30	0.36	0.36	0.41	0.45
<b>Total Personnel</b>	<u>66.61</u>	<u>67.78</u>	<u>69.43</u>	<u>69.08</u>	<u>65.39</u>

N/A - Data Not Available

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

**Source:** City of Solana Beach's Annual Budget

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
0.20	0.20	0.20	0.20	0.20
2.75	2.75	2.65	2.60	3.10
1.92	1.92	1.84	1.74	2.05
0.25	0.25	0.25	0.25	0.25
3.40	3.40	3.35	3.80	3.55
-	-	-	-	-
1.10	1.10	0.98	0.95	1.00
1.00	1.00	1.00	1.00	1.00
5.50	5.50	5.50	5.40	6.00
19.22	19.22	19.95	19.95	19.95
1.78	1.78	1.75	1.75	1.8
8.08	8.08	8.06	8.06	9.49
3.73	3.73	3.73	3.73	4.03
2.31	2.31	2.48	2.41	2.13
1.10	1.10	1.10	1.10	1.10
2.90	2.90	2.90	2.90	2.95
1.35	1.35	1.35	1.35	1.35
0.95	0.95	0.95	0.95	0.95
2.59	2.59	2.59	1.49	1.85
2.93	2.93	2.93	2.98	5.22
0.95	0.95	0.95	0.95	0.9
<u>0.50</u>	<u>0.50</u>	<u>0.60</u>	<u>1.05</u>	<u>0.90</u>
<u>64.51</u>	<u>64.51</u>	<u>65.11</u>	<u>64.61</u>	<u>69.77</u>



CITY OF SOLANA BEACH

Operating Indicators by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2006	2007	2008	2009	2010
Community development					
Number of:					
Business licenses (A)	1400	1507	1786	1634	1641
Plan checks (B)	457	376	380	391	322
Code violations (calendar basis)	1218	957	1142	821	510
Police (Calendar basis)					
Number of:					
Priority 1	14	15	13	12	10
Priority 2	718	684	648	716	1131
Priority 3	2035	1941	1879	1775	1903
Priority 4	1398	1228	1371	1309	1154
FBI Index Crimes	351	303	343	290	291
Fire					
Emergency Responses	1300	1458	1563	1105	1438
Training Hours	4200	4644	3693	4102	2634
Plan Checks	125	185	159	89	101
Public works					
Miles of:					
Street resurfacing/repair	N/A	4*	8*	N/A	60000*
Street sweeping	N/A	900	900	900	900
Number of:					
Street signal maintained	N/A	180	180	180	168
Trees pruned per year	N/A	20	40	250	287
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	N/A	181	192	171	212
Classes (classes offered to san digueto adult school)	N/A	158	217	161	78
Special events (attendees)	N/A	4400	4300	9452	8200

N/A - Data not available

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

(B) - Excludes temporary plan checks.

**Sources:** Various city departments.

\* Street Repair in Miles

\*\* Street repair in Square Feet (SF)

**Fiscal Year**

2011	2012	2013	2014	2015
1943	1877	2023	2147	1957
125	211	225	276	275
1184	1277	1458	1467	1016
11	12	9	28	12
1127	1195	1294	1357	1108
1778	1690	1780	1646	1261
1110	1200	1254	1045	887
276	337	122	206	219
1588	1093	1736	1702	1798
5304	n/a	5090	7079.67	6178
62	161	335	92	289
60000*	180000*	150000*	150000*	550000**
900	900	900	900	900*
168	168	168	192	192
10	158	500	158	40
271	315	385	280	329
48	35	35	N/A	144
10200	11250	N/A	7350	10600

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public Safety					
Code enforcement vehicles	2	2	2	2	2
Fire					
Stations	1	1	1	1	1
Fire Engines	4	4	4	4	4
Other vehicles	2	2	2	2	2
Public works					
Streets (miles)	46	46	46	46	46
Street lights (city-owned)	748	748	748	748	748
Traffic signals	13	13	13	13	13
Public works vehicles	7	7	7	7	7
Public works Corporation Yard	1	1	1	1	1
Recreation & community service					
Community centers	2	2	2	2	2
Parks	2	3	3	3	3
Marine Safety					
Lifeguard Stations	3	3	3	3	3
Vehicles	5	5	5	5	5

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

**Sources:** Various city departments.

Fiscal Year

2011	2012	2013	2014	2015
2	2	2	2	2
1	1	1	1	1
4	4	4	4	3
2	2	2	1	2
46	46	46	46	42
748	748	748	748	527
13	13	16	18	16
7	7	7	8	11
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
3	3	3	3	3
5	5	5	4	4

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