

For the Fiscal Year

2015 - 2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF SOLANA BEACH
635 SOUTH HIGHWAY 101
SOLANA BEACH, CA 92075

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CITY OF SOLANA BEACH
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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CITY OF SOLANA BEACH

FAX (858) 792-6513 / (858) 755-1782

635 SOUTH HIGHWAY 101 • SOLANA BEACH • CALIFORNIA 92075-2215 • (858) 720-2400

December 20, 2016

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, 2016.

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 CAFR includes the financial activity for all funds of the City. The City provides a wide range of services including planning; public works; engineering; maintenance of streets, parks and public facilities; community services and recreation; fire and marine safety; sanitation; and general administrative activities. Contracted services include building services through a third party consultant, law enforcement with the San Diego County Sheriff and animal control with the 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, 2016, 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, 2016, 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 unmodified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MDA)

This letter of transmittal is designed to complement the 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 13,494 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 and South by the cities of Encinitas and Del Mar, respectively; to the East by the County San Diego; to the southeast by the City of San Diego; and by the Pacific Ocean to the West.

The City is a general law city that operates under the Council-Manager form of government. The City Council (Council) is comprised of 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 for the implementation of all policies established by the Council. The City Attorney is the only other position appointed by the Council. All other department heads and employees are appointed by the City Manager.

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

The Advisory Commissions are the following:

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

Budgetary Process and Controls

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

The process is all-inclusive as department directors work with the City Manager and representatives of the Finance Department to discuss departmental requests relative to the City's available resources.

The City's overall objectives and goals, along with the economic outlook, serve as a platform for the proposed budget that is distributed to the Council, and the Budget and Finance Commission, for preliminary review and analysis in preparation of public workshops and hearings. The public workshops and hearings are held to facilitate discussions of items contained within the proposed budget and to allow the citizenry to participate in the budget process.

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

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

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2015/16 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, arts 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 dropping to 100.7 by March 2009, the Index has climbed steadily since that time reaching a high of 140.7 set in April 2016. September's reading of 139.9 is at approximately the same level as February 2016. The Index had a short surge early in the year, but then slumped during the summer leaving the Index unchanged for the past two months.

The USD Index for the period January 2012 to September 2016 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 will remain positive through the first months of 2017 but with a rate of growth slower than in previous months.

Initial claims for unemployment have increased in six of the last nine months and help wanted advertising fell for the sixth consecutive month, two labor market components that are still struggling. Despite these declines, the seasonally adjusted local unemployment rate fell to 4.7 percent in September, a decrease from 4.8 percent in July and from 4.8 percent in September 2015. The local economy, through the first three quarters of 2016, saw employment up by around 35,000 jobs compared to the same period in 2015 with the biggest gains in health care, leisure and hospitality, and education.

It is projected that the forecast for the new year will result in an additional 30,000 jobs for 2017, and while the projection is fairly solid, is not expected to result in a sizeable reduction in the local unemployment rate.

The Index also saw a drop in building permits in September, which has fallen in six of the last seven months. However, because of the strong increase at the beginning of 2016, authorized residential units are still running ahead by around 28% through the third quarter as compared to the same period last year. Additionally, through the third quarter, single-family units authorized were down 24% while multi-family units authorized were up over 60%.

One positive index is in consumer confidence – the increase in September was the best monthly gain in a year and a half.

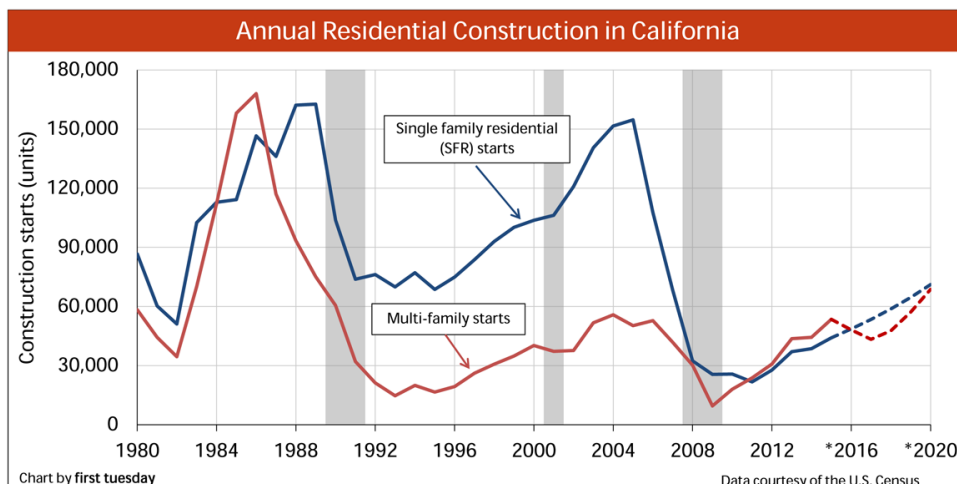
The local economy has benefited overall from improvements in the national and state economies, but some of the local indicators are possibly following national trends. The national Index of Leading Economic Indicators grew in 2016 at a 2.9 percent annual rate in the third quarter as compared to rates of only 1.4 and 0.8 percent annual rates in the second quarter and first quarter, respectively. Per Wells Fargo's United States Economic Forecast report, the rate of growth is expected to drop in the fourth quarter to 1.9 for an overall projected Compounded Gross Domestic Product annual growth rate for 2016 of 1.5 percent. Looking forward to the next two years, the rate of annual growth is expected to remain stable at 2.1 percent in 2017 and 2018.

For the State of California, the job market is expected to grow at a healthy rate during the remainder of 2016, 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 2016.

The UCLA Anderson Forecast also estimates that the growth of state employment will rise by 2 percent this year, slowing to 1.7 percent in 2017 and 1.1 percent in 2018. The state's unemployment rate, now just above 5 percent, means the state is close to full employment, which means that nearly everyone who wants a job has one.

While there will be continued job growth and lower unemployment over the next few years in California, this will not necessarily be advantageous for the state as compared to the rest of the country. Due to the absence of affordable housing in California, the state cannot continue to grow at the same rate it has in recent years unless more people can be added to the workplace. But the lack of housing makes that a difficult proposition since new housing needs to be built otherwise population growth and economic growth will be limited.

The following chart as published by First Tuesday Journal, a resource used by the California real estate industry, provides a perspective regarding the situation with residential construction from the 1980's through the end of this decade:



On June 27, 2016, Governor Brown signed a \$170.9-billion budget for the 2016/17 fiscal year. The state budget includes a \$122.5-billion general fund, a \$7.1 billion or 6.1% increase, as compared to the budget passed in June 2015. The new budget ends a cap on welfare benefits for families that have more children, boosts funding for K-12, preschool, and higher education, and makes more money available for higher rates for child care providers. This was the first time since 1982, during Brown's second term, that the governor has made no vetoes to reduce individual spending items in the budget plan.

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 \$3-billion to the reserve, adding to the \$3.7-billion that was already in the fund for a total of \$6.7-billion. Another \$3.6-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 when needed 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) 2015/16, property taxes increased by \$382,726, or 6.1%, to \$6,683,638 as compared to FY 2014/15, while sales tax, including triple-flip revenues, increased by \$446,902, or 15.9%, to \$3,255,105. Beginning in January 2016, the triple flip revenue swapping was discontinued, and the City began to receive its full 1% sales tax allocation. As part of the wrap-up of the triple-flip, the City received a close-out payment of \$381,741.

Overall, the City's General Fund revenues increased by \$1,693,025, or 10.8%, from \$15,702,830 in FY 2014/15 to \$17,395,845 in FY 2015/16.

For Fiscal Year 2016/17, budgeted property taxes are expected to increase as compared to actual amounts received for the prior fiscal year while sales tax is projected to decrease slightly. Property tax is expected to increase to \$6,911,500, or by 3.4%, and sales tax is projected to decrease to \$3,184,600, or by 2.2%. This decrease in sales tax is primarily due to the wind-down of the triple flip in which the onetime closeout distribution of sales tax was distributed through the County of San Diego in FY 2015/16.

Total General Fund revenues, net of internal service charges, are budgeted at \$16,512,500. It is the City's goal not to rely on General Fund reserves to operate the City annually. The General Fund budget for FY 2016/17 was adopted on June 8, 2016, with a projected \$13,000 surplus and a subsequent first quarter year budget adjustment increased the projected surplus to \$220,600.

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% (negotiations for a new contract are underway).
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 increase levels of service by sharing common functions of organizational direction and control, 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. Implementing additional cost sharing of the employer's share of retirement costs with its Miscellaneous and Marine Safety employee associations. The goal of the increased cost share is to try to reach a 50% normal cost share between the employee and employer for retirement costs. This allows the City to reduce its pension costs. The City is currently in negotiations with the Solana Beach Firefighters Association and, at this time, there is no employer's contribution cost share agreement in place.
6. 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, 2016 is \$9,455,905 for pension and \$1,732,450 for OPEB for a total of \$11,188,355.

At its meeting on November 15, 2016, 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. This amount was transferred to the PARS Trust during FY2015/16.

At its September 14, 2016 Council meeting, the City Council approved funding the trusts with an additional \$300,000 of the projected FY 2015/16 General Fund surplus, as well implementing an allocation method whereby non-General Fund funds would contribute a proportionate share of monies to the trusts using the same formula as that used to allocate the PERS Side Fund payment among the City's funds.

These steps will result in the Pension and OPEB trusts being funded in the amounts of \$816,209 and \$220,376, respectively, for a combined total of \$1,036,585.

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 2015/16 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 2015/16 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. Through Fiscal Year 2016/17, the Council has approved \$400,000 to this reserve fund.

Cash Management Policies and Practices

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

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

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

Investment income includes appreciation/depreciation in the fair value of investments. The total investment income for all funds for the fiscal year was \$280,250, an increase of \$159,409 over the prior fiscal year's amount of \$120,841.

Major Projects and Financial Planning

Solana Beach Pump Station Rehabilitation

This project is to make recommended upgrades, replacements and add emergency overflow storage 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 the final design of all recommended improvements to the pump station, including a feasibility study, to convey 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, including the pump station, to the SEJPA water reclamation facility. Increasing flows to SEJPA would improve its efficiency and provide increased revenue.

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 2016. All work on this initial phase of the recycled waterline extension is expected to be complete by the end of January 2017.

Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its CAFR for the fiscal year ended June 30, 2015. 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, 2015

Executive Director/CEO

**CITY OF SOLANA BEACH
FISCAL YEAR 2015/16
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

CITY COUNCIL

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

TERM EXPIRES

December 2016
December 2018
December 2016
December 2016
December 2018

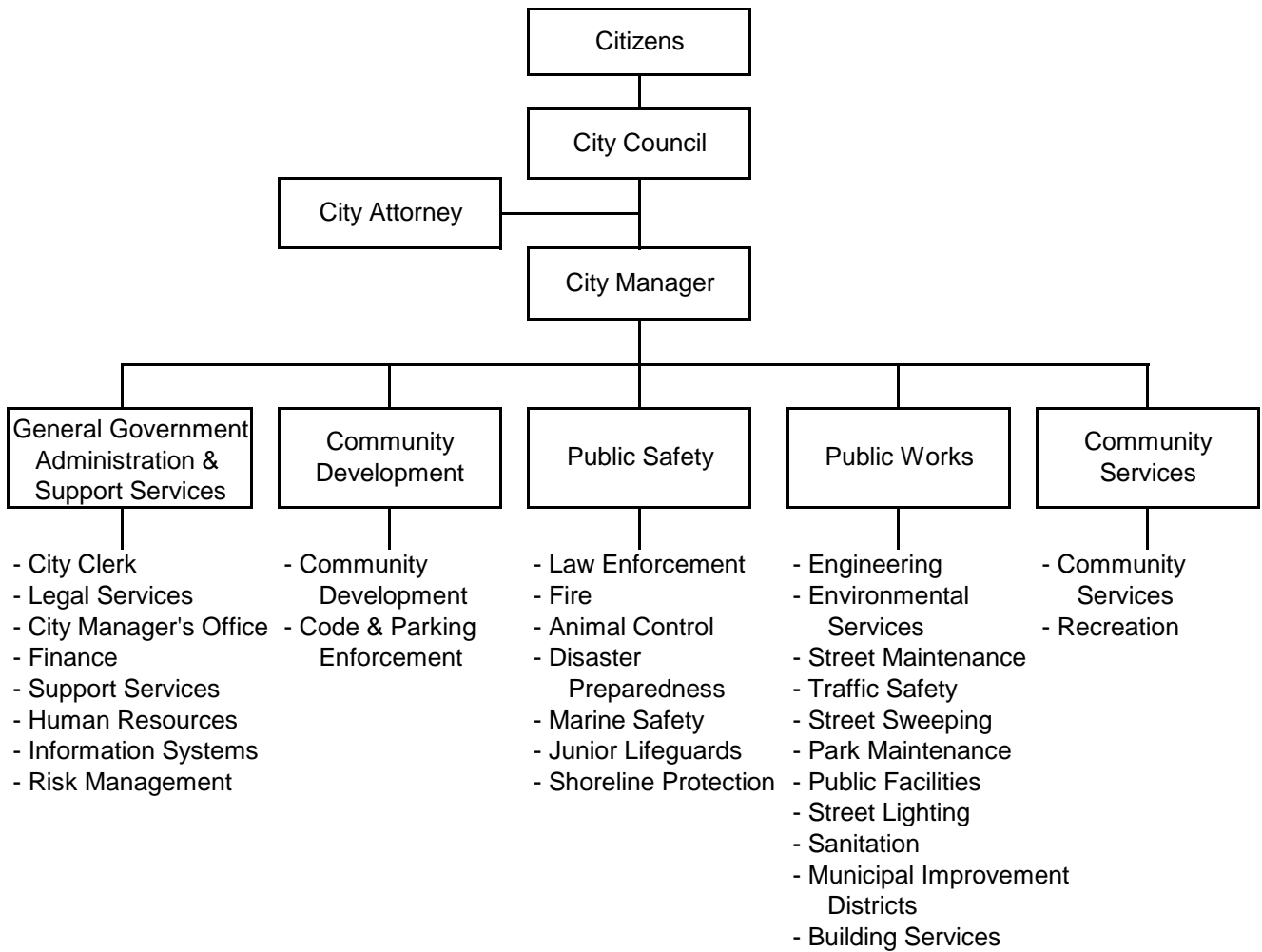
ADVISORY COMMISSIONS

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

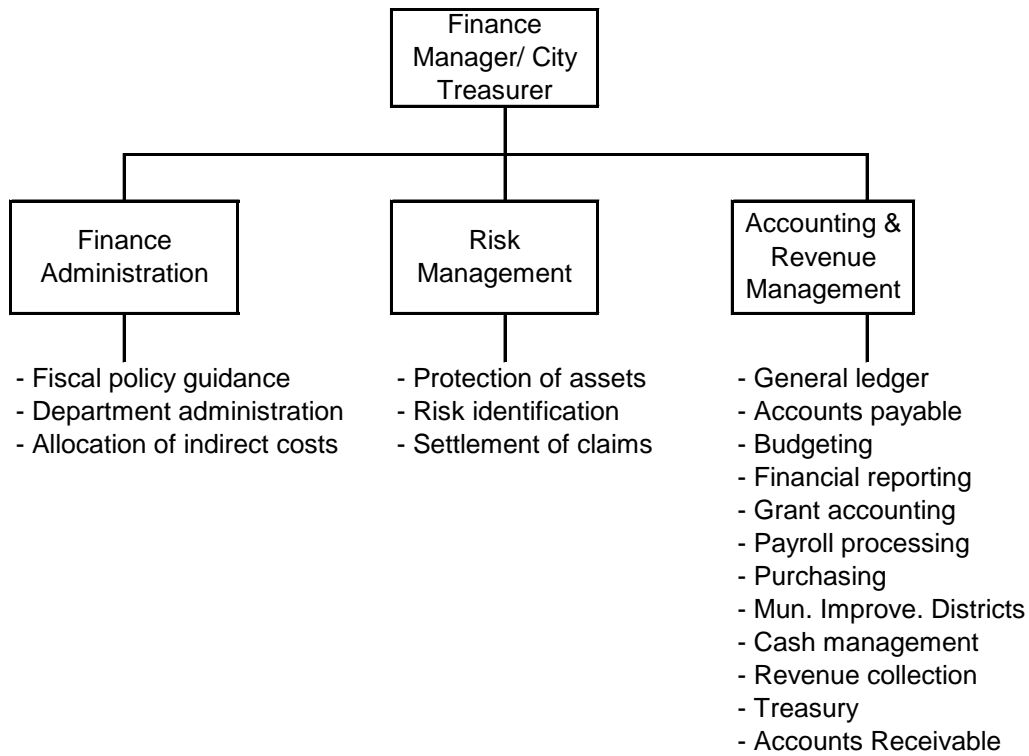
APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS

Gregory Wade	City Manager
Dan King	Assistant City Manager
Mohammed Sammak	Director of Public Works/City Engineer
Bill Chopyk	Director of Community Development
Angela Ivey	City Clerk
Johanna Canlas	City Attorney
Marie Marron Berkuti	Finance Manager/Treasurer

CITY OF SOLANA BEACH
CITY GOVERNMENT
ORGANIZATIONAL CHART
FISCAL YEAR 2015/2016



CITY OF SOLANA BEACH
FINANCE DEPARTMENT
ORGANIZATIONAL CHART
FISCAL YEAR 2015/2016



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INDEPENDENT AUDITORS' REPORT

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

Report on the 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, 2016, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, Transnet Fund, and Affordable Housing Grant Fund, and the schedule of proportionate share of the net pension liability and the 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 or summarized) 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, 2015, 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.

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



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

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 20, 2016 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.

Lance, Solt & Lughard, LLP

Brea, California
December 20, 2016

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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, 2016 (Fiscal Year (FY) 2016). 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 increased to \$72,727, or by \$1,859, as a result of FY2016 operations.
- During the year, the City's taxes, other governmental revenues, and business activity revenues exceed expenses by \$1,859.
- Governmental net position equaled \$37,422.
- The total revenues from all sources were \$26,377.
- The total cost of all City programs was \$24,518.
- The General Fund reported an excess of revenues over expenditures and other financing sources and uses by \$1,657.
- The General Fund's actual resources received exceeded the final revenue budget by \$1,095 while actual expenditures were \$775 less than final budget before other financing sources and uses.

USING THIS ANNUAL REPORT

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

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

Reporting the City as a Whole

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

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

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

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

- Governmental activities - All of the City's basic services are considered governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, transient occupancy taxes, sales taxes, and franchise fees finance most of these activities.
- Proprietary activities/Business type activities - The City charges a fee to customers to cover all or most of the cost of the services provided. The City's Sanitation system 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	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 23,331	\$ 20,506	\$ 33,026	\$ 33,523	\$ 56,357	\$ 54,029
Capital assets, net	38,078	39,673	12,876	12,122	50,954	51,795
Total assets	61,409	60,179	45,902	45,645	107,311	105,824
Deferred Outflows	1,521	966	431	454	1,952	1,420
Liabilities:						
Long-term debt outstanding	8,029	7,549	10,369	11,299	18,398	18,848
Other liabilities	16,326	13,822	606	1,130	16,932	14,952
Total liabilities	24,355	21,371	10,975	12,429	35,330	33,800
Deferred Inflows	1,153	2,464	53	112	1,206	2,576
Net position:						
Net investment in capital assets	30,366	32,416	5,594	6,798	35,960	39,214
Restricted	5,825	4,980	-	-	5,825	4,980
Unrestricted	1,231	(86)	29,711	26,760	30,942	26,674
Total net position	\$ 37,422	\$ 37,310	\$ 35,305	\$ 33,558	\$ 72,727	\$ 70,868

The City's combined net position for the fiscal year ended June 30, 2016 was \$72,727. 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 increased from \$37,310 to \$37,422. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$2,825 or 13.8% primarily because of the increased cash position for governmental funds due to the lower than anticipated spending in capital projects and the establishment of a an irrevocable trust for pension liabilities in the amount of \$509.

Additionally, monies borrowed from the Sanitation Fund of \$3,133 used to pay off the City's PERS Side Fund in FY2011 is reported as a negative Internal Balance amount in the asset section of the balance sheet for government activities and this amount decreased by \$447 for the payment to the Sanitation Fund for FY2016. The remaining balance at the end of FY2016 for the amount owed to the Sanitation Fund is \$1,139.

- Deferred outflows of \$1,521 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 \$1,595 (net of \$4,447 depreciation and disposition) as detailed in Table 4. The San Andres Drive Traffic Calming and Highway 101–Plaza Area projects were completed resulting in an increase to Improvements of \$680. A new fire engine was purchased for the Fire Department resulting in an increase to Vehicles of \$615. The City also had construction activities for the annual street pavement program and Americans with Disabilities (ADA) projects and ongoing storm drain repairs. In FY2016, the City did a comprehensive inventory of equipment listed as fixed assets resulting in dispositions totaling \$707.
- Governmental long-term debt increased \$480 due to the addition of \$618 for a capital lease used to purchase the new fire engine along with reductions due to routine principal payments made on existing debt principal. See Table 5 for additional detail.
- Deferred inflows of \$1,153 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 \$2,504 primarily due to an increase in net pension liability of \$1,764. The City began recording its net pension liability in Fiscal Year (FY) 2015 as a result of implementing GASB 68. Increases were also recorded in development related unearned revenue and deposits payable of \$244 and \$494, respectively and net other post-employment benefit liability of \$149.
- Net investment in capital assets decreased \$2,050 primarily due to the addition of Improvements and Vehicles totaling \$2,261 less depreciation and disposition costs of \$4,447.
- Restricted net position increased \$845 due to the establishment of an irrevocable trust for pension liabilities in the amount of \$509 and less than anticipated spending in capital projects.
- 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, increased \$1,317 from \$(86) to \$1,231 at June 3, 2016.

Governmental Activities

The cost of all Governmental activities in FY2016 was \$20,949 as shown on Tables 2 and 2.1. Of this cost, \$2,288 was paid for by those who directly benefited from the programs; \$1,676 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$17,097 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$3,964. Items of significance within Table 2 are:

Revenues:

- Charges for services increased by 20% as compared to FY2015 primarily as a result of increased revenues received for development related activities.
- Operating and Capital grants and contributions increased by a net \$307 over the prior fiscal year amount due to an increase in various public safety and public works grants and contributions received or recognized in FY2016 as compared to FY2015.
- Property taxes and other taxes increased by approximately 7.1% or \$1,064 due to improved property valuations as a result of real estate sales in the City, increased transient occupancy tax revenue and a one-time payment for sales tax as a result of the wind-down of the “triple-flip” revenue swapping process (a series of revenue swapping procedures created by Revenue & Taxation Code Section 6201.5).

- Other general revenues decreased by \$54 as compared to the prior fiscal year primarily due to a decrease in developer pass-through receipts.

Expenses:

- General Government expenditures increased in FY2016 by 18% or \$600 from the prior fiscal year primarily due to the establishment of an irrevocable trust for pension liabilities.
- Public Safety increased by 9% or \$721 due to an increase in Fire Department overtime and a 3% increase in the San Diego County Sheriff's contract.
- Community Development increased by 8% or \$97 as compared to the last fiscal year due to increased costs related to expedited planning reviews paid for by developers.

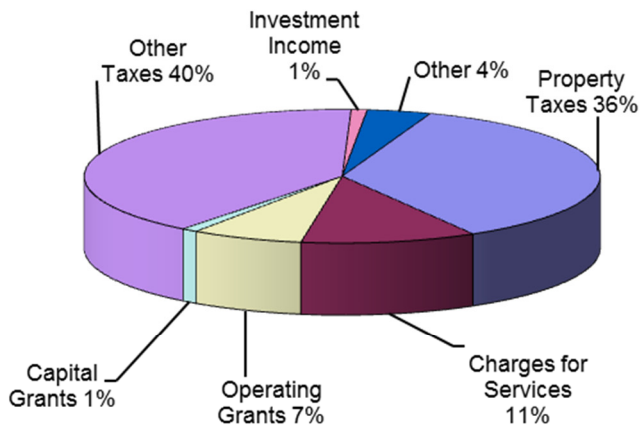
Table 2
City of Solana Beach Changes in Net Position
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 2,288	\$ 1,903	\$ 5,152	\$ 4,949	\$ 7,440	\$ 6,852
Operating grants and contributions	1,516	1,316	-	-	1,516	1,316
Capital grants and contributions	160	53	-	-	160	53
General revenues:						
Property taxes	7,706	7,247	-	-	7,706	7,247
Other taxes	8,394	7,789	-	-	8,394	7,789
Other	997	1,051	164	101	1,161	1,152
Total revenues	<u>21,061</u>	<u>19,359</u>	<u>5,316</u>	<u>5,050</u>	<u>26,377</u>	<u>24,409</u>
Expenses:						
General government	3,944	3,344	-	-	3,944	3,344
Public safety	9,162	8,441	-	-	9,162	8,441
Public works	5,439	5,181	-	-	5,439	5,181
Community development	1,378	1,281	-	-	1,378	1,281
Community services	628	623	-	-	628	623
Interest and fiscal charges	398	388	-	-	398	388
Sanitation	-	-	3,569	4,566	3,569	4,566
Total expenses	<u>20,949</u>	<u>19,258</u>	<u>3,569</u>	<u>4,566</u>	<u>24,518</u>	<u>23,824</u>
Increase/(decrease) in net position	112	101	1,747	484	1,859	585
Net position - July 1	37,310	46,152	33,558	33,480	70,868	79,632
Net position restatement	-	(8,943)	-	(406)	-	(9,349)
Net position - June 30	<u>\$ 37,422</u>	<u>\$ 37,310</u>	<u>\$ 35,305</u>	<u>\$ 33,558</u>	<u>\$ 72,727</u>	<u>\$ 70,868</u>

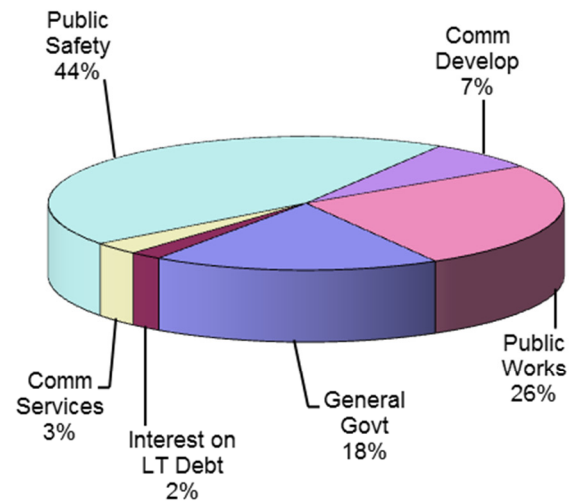
Fiscal Year 2016 Governmental Activities

(Graphic representation of Table 2 in percentages)

Sources of Revenue



Program Expenses



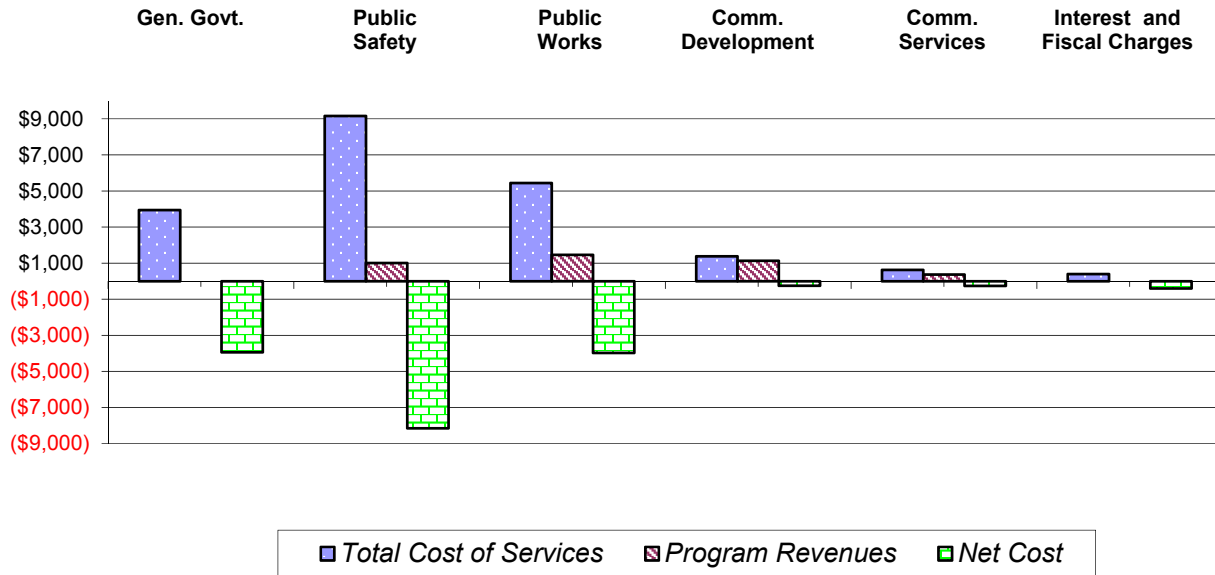
Net Cost of Governmental Activities

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	
	2016	2015	2016	2015	2016	2015
General government	\$ 3,944	\$ 3,344	\$ -	\$ -	\$ (3,944)	\$ (3,344)
Public safety	9,162	8,441	1,009	803	(8,153)	(7,638)
Public works	5,439	5,181	1,462	1,159	(3,977)	(4,022)
Community development	1,378	1,281	1,128	962	(250)	(319)
Community services	628	623	365	348	(263)	(275)
Interest on long-term debt	398	388	-	-	(398)	(388)
Totals	\$ 20,949	\$ 19,258	\$ 3,964	\$ 3,272	\$ (16,985)	\$ (15,986)

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



Total resources available during the year to finance governmental operations were \$58,371 consisting of a net position at July 1, 2015 of \$37,310, program revenues of \$3,964, and general revenues of \$17,097. Total governmental activities during the year were \$20,949, and as a result, net position increased by \$112 to \$37,422.

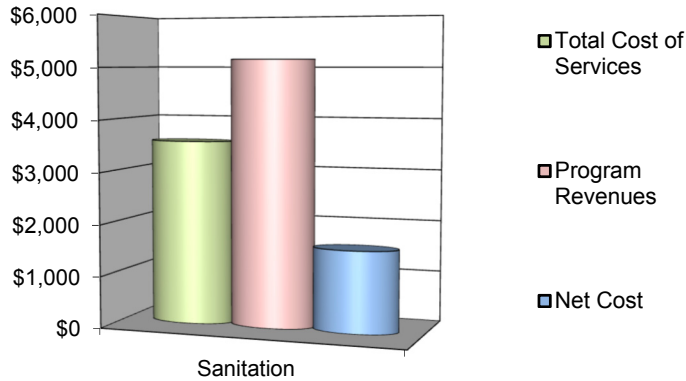
Business Type Activities

Net position of the Proprietary Fund (Business Type activities) at June 30, 2016 as reflected in Table 1 was \$35,304. As shown in Table 3, amounts paid by users of the system and other operating revenue were \$5,152 while the cost of providing all Proprietary (Business Type) activities in FY2016 was \$3,569 resulting in a net gain of \$1,583. With the addition of non-operating revenues of \$164, assets increased by \$1,747 or 5.2%.

Table 3
Net Cost of Business Activities
(in Thousands)

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2016	2015	2016	2015	2016	2015
Sanitation	\$ 3,569	\$ 4,566	\$ 5,152	\$ 4,949	\$ 1,583	\$ 383

**Fiscal Year 2016
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 \$775 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 next fiscal year; and 3) lower than expected damage claim payments for self insurance and workers compensation.

Actual revenues were \$1,095 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:

- \$935 to establish trusts for Pension and Other Post-Employment Benefits (OPEB) liabilities in the amounts of \$736 and 199, respectively, with Public Agency Retirement Services (PARS).
- \$300 for transfers out for the establishment of a reserve in the City CIP fund for the La Colonia Park Skate Park.
- \$103 for transfers out to the City CIP fund for the Traffic Impact Fee Study project.
- \$100 for Fire department overtime.
- \$85 for a Neighborhood Reinvestment Grant received from the County of San Diego for recreational facilities.
- \$81 for increased salaries and benefits as the result of a new memorandum of understanding with the City’s firefighters.
- \$52 for increased salaries and benefits due to staffing changes in the Planning Department.
- \$40 for increased costs for repairs at various public facilities in the City.

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

- Manager: costs for the City Manager's professional services and contingency expenditure accounts were \$85 lower than anticipated in FY2016.
- Finance: property tax administration costs paid to the County of San Diego and amounts due to CalPERS for GASB 68 reports were higher than expected.
- 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: overtime was higher than expected due to vacancies 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 \$78 in salaries for unexpended CIP budget personnel that were charged against the Engineering budget.
- Personnel and Planning: a number of staff vacancies occurred in these departments resulting in lower than anticipated salaries and benefit costs.
- Building Services: increased revenues in plan check fees, 75% of which go to the City's on-call building plan check consultant, resulted in actual expenditures exceeding the budgeted amount.
- Capital Outlay: amounts were budgeted for Planning department software that was to be purchased in FY2016. 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, 2016, net capital assets of the governmental activities totaled \$38,078 and the net capital assets of the business-type activities totaled \$12,876. 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 \$11,763 through FY2021. Over the next five years, funding will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are the Stevens/Valley Avenue Corridor Improvements, rebuilding the Solana Beach Pump Station, La Colonia Park Skate Park, 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,538	\$ 2,538	\$ 112	\$ 112	\$ 2,650	\$ 2,650
Buildings & Improvements	11,030	11,470	10,768	10,780	21,798	22,250
Equipment & Vehicles	1,443	1,048	-	-	1,443	1,048
Infrastructure	22,058	23,346	-	-	22,058	23,346
Work in Progress	1,009	1,271	1,996	1,230	3,005	2,501
	<u>\$ 38,078</u>	<u>\$ 39,673</u>	<u>\$ 12,876</u>	<u>\$ 12,122</u>	<u>\$ 50,954</u>	<u>\$ 51,795</u>

Debt

At year-end, the City had \$8,029 in governmental type debt and \$10,368 in proprietary debt (including premium on debt issuance) totaling \$18,397. This debt is a liability of the government and amounts to \$1,363 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	
	2016	2015	2016	2015	2016	2015
Refunding lease	\$ 941	\$ 1,055	\$ -	\$ -	\$ 941	\$ 1,055
Capital leases	1,278	710	-	-	1,278	710
JPA loan payable-2011	-	-	2,286	2,958	2,286	2,958
Sewer revenue bond	-	-	8,025	8,260	8,025	8,260
TransNet bond	5,500	5,500	-	-	5,500	5,500
Bond premiums	-	-	28	56	28	56
Bond discounts	(7)	(8)	-	-	(7)	(8)
Compensated absences	317	292	29	25	346	317
	<u>\$ 8,029</u>	<u>\$ 7,549</u>	<u>\$ 10,368</u>	<u>\$ 11,299</u>	<u>\$ 18,397</u>	<u>\$ 18,848</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for FY2016, 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, although 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 FY2016 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 1.5% and cafeteria benefits increases of 5% were provided to marine safety and miscellaneous regular employees, as called for in their memorandums of understanding (MOUs) with the City and unrepresented regular employees receiving the same increases. Negotiations are still ongoing with the City's fire department employee association for a new MOU.

The adopted budget reflected a projected \$13,000 surplus in the General Fund and a subsequent first quarter year budget adjustment increased the projected surplus to \$220,600

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 FY2017 by 3.9% with transient occupancy tax expected to increase by 7%. Sales tax is expected to decrease slightly by 1.5%. Overall, the General Fund adopted operating expenditures for FY2017 are budgeted to increase approximately 7.2% as compared to the previous fiscal year's adopted budget. The CIP budget was set to be \$6,568 for the upcoming year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current Assets:			
Cash and investments	\$ 22,139,756	\$ 11,786,031	\$ 33,925,787
Receivables:			
Accounts, net	279,012	268,320	547,332
Taxes	1,184,455	2	1,184,457
Interest	67,579	14,754	82,333
Prepaid costs	7,471	32,197	39,668
Due from other governments	282,999	-	282,999
Total Current Assets	<u>23,961,272</u>	<u>12,101,304</u>	<u>36,062,576</u>
Noncurrent Assets:			
Restricted assets:			
Cash and investments with fiscal agent	508,897	594,936	1,103,833
Investment in joint venture	-	19,190,619	19,190,619
Internal balances	(1,139,045)	1,139,045	-
Capital assets not being depreciated	3,546,430	2,108,289	5,654,719
Capital assets, net of depreciation	34,531,253	10,768,131	45,299,384
Total Noncurrent Assets	<u>37,447,535</u>	<u>33,801,020</u>	<u>71,248,555</u>
Total Assets	<u>61,408,807</u>	<u>45,902,324</u>	<u>107,311,131</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	-	343,235	343,235
Deferred pension related items	1,521,071	88,513	1,609,584
Total Deferred Outflows of Resources	<u>1,521,071</u>	<u>431,748</u>	<u>1,952,819</u>
Liabilities:			
Current Liabilities:			
Accounts payable	1,082,481	15,496	1,097,977
Accrued liabilities	385,873	16,710	402,583
Accrued interest	19,784	145,189	164,973
Unearned revenue	437,358	-	437,358
Claims payable - due within one year	150,637	-	150,637
Compensated absences - due within one year	236,034	17,707	253,741
Long-term debt - due within one year	288,487	937,808	1,226,295
Total Current Liabilities	<u>2,600,654</u>	<u>1,132,910</u>	<u>3,733,564</u>
Noncurrent Liabilities:			
Deposits payable	2,418,049	-	2,418,049
Net other post employment benefit liability	1,732,450	-	1,732,450
Claims payable - due in more than one year	1,072,105	-	1,072,105
Compensated absences - due in more than one year	81,324	11,608	92,932
Net pension liability	9,026,678	429,227	9,455,905
Long-term debt - due in more than one year	7,423,485	9,401,597	16,825,082
Total Noncurrent Liabilities	<u>21,754,091</u>	<u>9,842,432</u>	<u>31,596,523</u>
Total Liabilities	<u>24,354,745</u>	<u>10,975,342</u>	<u>35,330,087</u>
Deferred Inflows of Resources:			
Deferred pension related items	1,152,898	53,186	1,206,084
Total Deferred Inflows of Resources	<u>1,152,898</u>	<u>53,186</u>	<u>1,206,084</u>
Net Position:			
Net investment in capital assets	30,365,711	5,594,350	35,960,061
Restricted for:			
Redevelopment activities	3,531,810	-	3,531,810
Public safety	270,590	-	270,590
Parks and recreation	159,412	-	159,412
Capital projects	1,330,058	-	1,330,058
Debt service	24,828	-	24,828
Pensions	508,897	-	508,897
Unrestricted	1,230,929	29,711,194	30,942,123
Total Net Position	<u>\$ 37,422,235</u>	<u>\$ 35,305,544</u>	<u>\$ 72,727,779</u>

CITY OF SOLANA BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 3,944,303	\$ -	\$ -	\$ -
Public safety	9,162,345	578,282	270,152	160,372
Community development	1,378,130	928,065	200,388	-
Community services	627,748	365,289	-	-
Public works	5,438,407	416,524	1,045,301	-
Interest on long-term debt	398,408	-	-	-
Total Governmental Activities	20,949,341	2,288,160	1,515,841	160,372
Business-Type Activities:				
Sanitation Fund	3,568,901	5,151,671	-	-
Total Business-Type Activities	3,568,901	5,151,671	-	-
Total Primary Government	\$ 24,518,242	\$ 7,439,831	\$ 1,515,841	\$ 160,372

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

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,944,303)	\$ -	\$ (3,944,303)
(8,153,539)	-	(8,153,539)
(249,677)	-	(249,677)
(262,459)	-	(262,459)
(3,976,582)	-	(3,976,582)
(398,408)	-	(398,408)
(16,984,968)	-	(16,984,968)
-	1,582,770	1,582,770
-	1,582,770	1,582,770
(16,984,968)	1,582,770	(15,402,198)
7,705,956	-	7,705,956
3,255,104	-	3,255,104
1,605,685	-	1,605,685
736,042	-	736,042
2,797,559	-	2,797,559
261,466	115,321	376,787
735,521	49,090	784,611
17,097,333	164,411	17,261,744
112,365	1,747,181	1,859,546
37,309,870	33,558,363	70,868,233
\$ 37,422,235	\$ 35,305,544	\$ 72,727,779

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FUND FINANCIAL STATEMENTS

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

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**GOVERNMENTAL FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016
(With comparative totals for June 30, 2015)**

	<u>Special Revenue Funds</u>			Other Governmental Funds	<u>Total Governmental Funds</u>	
	General	TransNet	Affordable Housing Grant		2016	2015
Assets:						
Cash and investments	\$ 15,144,831	\$ 43,896	\$ 262,162	\$ 6,688,867	\$ 22,139,756	\$ 20,723,633
Receivables:						
Accounts	261,087	-	-	17,925	279,012	271,974
Taxes	1,175,260	-	-	9,195	1,184,455	669,185
Accrued interest	57,928	21	343	9,287	67,579	12,257
Prepaid costs	7,471	-	-	-	7,471	9,382
Due from other governments	149,228	-	-	133,771	282,999	289,735
Due from other funds	221,431	-	-	-	221,431	222,737
Restricted assets:						
Cash and investments with fiscal agents	508,897	-	-	-	508,897	-
Total Assets	\$ 17,526,133	\$ 43,917	\$ 262,505	\$ 6,859,045	\$ 24,691,600	\$ 22,314,568
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	\$ 733,082	\$ -	\$ 101,188	\$ 248,211	\$ 1,082,481	\$ 1,356,114
Accrued liabilities	271,766	-	-	114,107	385,873	294,570
Unearned revenues	8,700	-	-	428,658	437,358	193,700
Deposits payable	2,348,248	-	-	69,801	2,418,049	1,924,728
Due to other funds	-	-	-	221,431	221,431	222,737
Advances from other funds	1,139,045	-	-	-	1,139,045	1,586,247
Total Liabilities	4,500,841	-	101,188	1,082,208	5,684,237	5,578,096
Deferred Inflows of Resources:						
Unavailable revenues	-	-	-	-	-	12,343
Total Deferred Inflows of Resources	-	-	-	-	-	12,343
Fund Balances:						
Nonspendable	7,471	-	-	-	7,471	9,382
Restricted	508,897	43,917	161,317	5,111,464	5,825,595	4,979,850
Committed	787,790	-	-	-	787,790	454,048
Assigned	5,520,890	-	-	849,917	6,370,807	5,913,168
Unassigned	6,200,244	-	-	(184,544)	6,015,700	5,367,681
Total Fund Balances	13,025,292	43,917	161,317	5,776,837	19,007,363	16,724,129
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 17,526,133	\$ 43,917	\$ 262,505	\$ 6,859,045	\$ 24,691,600	\$ 22,314,568

CITY OF SOLANA BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Fund balances of governmental funds		\$ 19,007,363
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	\$ 93,952,070	
Accumulated depreciation	<u>(55,874,387)</u>	38,077,683
Deferred outflows related to contributions made after the actuarial measurement date for the net pension liability:		
Miscellaneous Plans' contributions made subsequent to measurement date	343,613	
Miscellaneous Plans' difference between expected and actual experiences	18,754	
Miscellaneous Plans' adjustment due to differences in proportions	349,710	
Safety Plans' contributions made subsequent to measurement date	619,022	
Safety Plans' adjustment due to differences in proportions	<u>189,972</u>	1,521,071
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	(940,600)	
Unamortized bond discount	6,777	
Capital lease obligations	(1,278,149)	
Claims and judgments	(1,222,742)	
Compensated absences	<u>(317,358)</u>	(9,252,072)
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.		
Miscellaneous Plans' portion of net pension liability	(3,121,377)	
Safety Plans' net pension liability	<u>(5,905,301)</u>	(9,026,678)
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.		
		(1,732,450)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		
		(19,784)
Deferred inflows related to unrecognized actuarial gains and losses for the net pension liability:		
Miscellaneous Plans' changes in assumptions	(177,429)	
Miscellaneous Plans' net difference between projected and actual earnings on plan investments	(88,947)	
Miscellaneous Plans' adjustment due to differences in proportions	(17,105)	
Miscellaneous Plan's change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	(105,078)	
Safety Plans' changes in assumptions	(313,036)	
Safety Plans' difference between expected and actual experiences	(68,061)	
Safety Plans' Net difference between projected and actual earnings on plan investments	(158,649)	
Safety Plans' adjustment due to differences in proportions	(10,716)	
Safety Plans' change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	<u>(213,877)</u>	(1,152,898)
Net Position of governmental activities		<u>\$ 37,422,235</u>

CITY OF SOLANA BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016
(With comparative totals for the year ended June 30, 2015)

	Special Revenue Funds			Other Governmental Funds	Total Governmental Funds	
	General	TransNet	Affordable Housing Grant		2016	2015
Revenues:						
Taxes and assessments	\$ 12,957,448	\$ -	\$ -	\$ 1,761,781	\$ 14,719,229	\$ 13,727,132
Licenses, permits and fees	471,581	-	-	-	471,581	461,687
Intergovernmental	1,802,620	684,105	-	582,948	3,069,673	2,674,057
Charges for services	844,947	-	-	468,711	1,313,658	1,001,943
Use of money and property	228,811	123	1,135	31,397	261,466	136,763
Fines and forfeitures	502,921	-	-	-	502,921	392,683
Other revenues	587,522	19,566	-	128,433	735,521	961,755
Total Revenues	17,395,850	703,794	1,135	2,973,270	21,074,049	19,356,020
Expenditures:						
Current:						
General government	3,500,291	-	-	152	3,500,443	3,215,971
Public safety	8,176,467	-	-	736,275	8,912,742	8,308,182
Public works	1,647,072	-	-	816,370	2,463,442	2,282,134
Community development	943,773	-	104,982	332,179	1,380,934	1,291,073
Community services	252,198	-	-	26,283	278,481	267,110
Capital outlay	778,680	386,412	-	1,025,224	2,190,316	1,836,872
Debt service:						
Principal retirement	-	-	-	161,086	161,086	155,930
Interest and fiscal charges	-	325,105	-	58,025	383,130	388,523
Total Expenditures	15,298,481	711,517	104,982	3,155,594	19,270,574	17,745,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,097,369	(7,723)	(103,847)	(182,324)	1,803,475	1,610,225
Other Financing Sources (Uses):						
Transfers in	-	-	-	1,043,400	1,043,400	446,865
Transfers out	(920,000)	-	-	(123,400)	(1,043,400)	(446,865)
Contributions to OPEB Trust Fund	(135,000)	-	-	-	(135,000)	-
Debt issued	614,759	-	-	-	614,759	-
Total Other Financing Sources (Uses)	(440,241)	-	-	920,000	479,759	-
Net Change in Fund Balances	\$ 1,657,128	\$ (7,723)	\$ (103,847)	\$ 737,676	\$ 2,283,234	\$ 1,610,225
Fund Balances:						
Beginning of year	\$ 11,368,164	\$ 51,640	\$ 265,164	\$ 5,039,161	\$ 16,724,129	\$ 15,113,904
Net change in fund balances	1,657,128	(7,723)	(103,847)	737,676	2,283,234	1,610,225
End of Year	\$ 13,025,292	\$ 43,917	\$ 161,317	\$ 5,776,837	\$ 19,007,363	\$ 16,724,129

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, 2016**

Net change in fund balances - total governmental funds \$ 2,283,234

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	\$ 2,194,361	
Depreciation	(3,724,296)	
Disposal of capital assets	<u>(65,549)</u>	(1,595,484)

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

Issuance of 2016 truck lease	(614,759)	
Principal repayments:		
Lease revenue bond - ABAG	114,800	
Capital lease	46,286	
Amortization of bond premiums/discounts	(968)	
Changes in claims and judgments liabilities	(21,000)	
Changes in compensated absences	<u>(25,756)</u>	(501,397)

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.

102,129

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

(14,310)

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.

(149,464)

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)

Change in net position of governmental activities

\$ 112,365

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**PROPRIETARY FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

JUNE 30, 2016

(With comparative totals for June 30, 2015)

	Sanitation Fund	
	2016	2015
Assets:		
Current:		
Cash and investments	\$ 11,786,031	\$ 10,281,652
Receivables:		
Accounts	268,320	24,245
Taxes	2	-
Interest	14,754	5,901
Prepaid costs	32,197	34,413
Total Current Assets	12,101,304	10,346,211
Noncurrent:		
Cash and investments with fiscal agent	594,936	2,580,536
Advances to other funds	1,139,045	1,586,247
Investment in joint venture	19,190,619	19,009,204
Capital Assets:		
Non-depreciable	2,108,289	1,342,123
Depreciable, net	10,768,131	10,780,345
Total Noncurrent Assets	33,801,020	35,298,455
Total Assets	45,902,324	45,644,666
Deferred Outflows of Resources:		
Deferred pension related items	88,513	42,302
Deferred charge on refunding	343,235	411,882
Total Deferred Outflows of Resources	431,748	454,184
Total Assets and Deferred Outflows	\$ 46,334,072	\$ 46,098,850
Liabilities, Deferred Inflows, and Net Position:		
Liabilities:		
Current:		
Accounts payable	\$ 15,496	\$ 633,260
Accrued liabilities	16,710	12,294
Interest payable	145,189	154,841
Compensated absences, due within one year	17,707	19,410
Long-term debt, due within one year	937,808	906,470
Total Current Liabilities	1,132,910	1,726,275
Noncurrent:		
Compensated absences, due in more than one year	11,608	5,607
Long-term debt, due in more than one year	9,401,597	10,367,413
Net Pension Liability	429,227	329,413
Total Noncurrent Liabilities	9,842,432	10,702,433
Total Liabilities	10,975,342	12,428,708
Deferred Inflows of Resources:		
Deferred pension related items	53,186	111,779
Total Deferred Inflows of Resources	53,186	111,779
Net Position:		
Net investment in capital assets	5,594,350	6,798,584
Unrestricted	29,711,194	26,759,779
Total Net Position	35,305,544	33,558,363
Total Liabilities, Deferred Inflows, and Net Position	\$ 46,334,072	\$ 46,098,850

CITY OF SOLANA BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016
(With comparative totals for June 30, 2015)

	Sanitation Fund	
	2016	2015
Operating Revenues:		
Charges for services	\$ 5,151,671	\$ 4,949,069
Other	49,090	28,939
Total Operating Revenues	5,200,761	4,978,008
Operating Expenses:		
Cost of sales and services	1,973,000	2,038,919
Administration	428,031	348,826
Depreciation	352,650	352,645
Total Operating Expenses	2,753,681	2,740,390
Operating Income (Loss)	2,447,080	2,237,618
Nonoperating Revenues (Expenses):		
Interest income	115,321	71,973
Interest expense	(454,872)	(483,257)
Amortization of bond premium/discount & refunding charge	(42,853)	(49,923)
Amortization of investment premium	(10,945)	(10,945)
Share in joint venture net gain(loss)/capital contribution	(306,550)	(1,281,842)
Total Nonoperating Revenues (Expenses)	(699,899)	(1,753,994)
Changes in Net Position	1,747,181	483,624
Net Position:		
Beginning of Fiscal Year, as previously reported	33,558,363	33,480,351
Restatements	-	(405,612)
Beginning of Fiscal Year, as restated	33,558,363	33,074,739
End of Fiscal Year	\$ 35,305,544	\$ 33,558,363

CITY OF SOLANA BEACH

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	Sanitation Fund	
	2016	2015
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 4,907,596	\$ 4,942,832
Cash paid to suppliers for goods and services	(2,588,548)	(1,560,283)
Cash paid to employees for services	(424,307)	(360,738)
Other	49,090	28,939
Net Cash Provided by Operating Activities	1,943,831	3,050,750
Cash Flows from Non-Capital Financing Activities:		
Repayment received from other funds	447,202	421,918
Net Cash Provided by Non-Capital Financing Activities	447,202	421,918
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(1,106,602)	(649,024)
Principal paid on capital debt	(906,470)	(880,634)
Interest paid on capital debt	(466,738)	(494,841)
Net Cash Used in Capital and Related Financing Activities	(2,479,810)	(2,024,499)
Cash Flows from Investing Activities:		
Interest received	(392,444)	(337,444)
Net Cash Used in Investing Activities	(392,444)	(337,444)
Net Increase (Decrease) in Cash and Cash Equivalents	(481,221)	1,110,725
Cash and Cash Equivalents at Beginning of Year	12,862,188	11,751,463
Cash and Cash Equivalents at End of Year	\$ 12,380,967	\$ 12,862,188
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 2,447,080	\$ 2,237,618
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	352,650	352,645
(Increase) decrease in accounts receivable	(244,075)	(6,237)
(Increase) decrease in prepaid expense	2,216	2,215
Increase in deferred outflows from pensions	(46,211)	(42,302)
Increase (decrease) in accounts payable	(617,764)	476,421
Increase (decrease) in accrued liabilities	4,416	(902)
Increase (decrease) in net pension liability	99,814	(76,199)
Increase (decrease) in compensated absences	4,298	(4,288)
Increase in deferred inflows from pensions	(58,593)	111,779
Total Adjustments	(503,249)	813,132
Net Cash Provided by Operating Activities	\$ 1,943,831	\$ 3,050,750
Non-Cash Investing, Capital, and Financing Activities:		
Amortization of bonds premium/discount	\$ (78,110)	\$ (77,708)
Gain/(loss) on investment in joint venture	(306,550)	(1,281,842)

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	Agency Funds		OPEB Trust Fund		Private-Purpose Trust Fund Successor Agency of the Former RDA	
	2016	2015	2016	2015	2016	2015
Assets:						
Cash and investments	\$ 488,999	\$ 478,241	\$ 137,402	\$ -	\$ 372,514	\$ 454,635
Receivables:						
Accounts	266	140	-	-	-	-
Taxes	1,779	2,018	-	-	-	-
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	-	235,840	235,815
Total Assets	\$ 491,044	\$ 480,399	\$ 137,402	\$ -	608,354	690,450
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	4,618	4,912
Accrued liabilities	-	-	-	-	9,673	7,683
Accrued interest	-	-	-	-	12,008	12,327
Due to City	-	-	-	-	-	115,665
Due to bondholders	491,044	480,399	-	-	-	-
Long-term liabilities:						
Due in one year	-	-	-	-	90,000	85,000
Due in more than one year	-	-	-	-	2,820,000	2,910,000
Total Liabilities	\$ 491,044	\$ 480,399	-	-	2,936,299	3,135,587
Net Position:						
Held in trust for other purposes			137,402	-	(2,327,945)	(2,445,137)
Total Net Position			\$ 137,402	\$ -	\$ (2,327,945)	\$ (2,445,137)

CITY OF SOLANA BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	OPEB Trust Fund		Private-Purpose Trust Fund Successor Agency of the Former RDA	
	2016	2015	2016	2015
Additions:				
Taxes	-	-	521,503	626,272
Interest and change in fair value of investments	2,402	-	28	25
Contributions from City	135,000	-	-	-
Total Additions	137,402	-	521,531	626,297
Deductions:				
Administrative expenses	-	-	255,805	249,312
Interest expense	-	-	148,534	152,814
Total Deductions	-	-	404,339	402,126
Changes in Net Position	137,402	-	117,192	224,171
Net Position - Beginning of the Year	-	-	(2,445,137)	(2,669,308)
Net Position - End of the Year	\$ 137,402	\$ -	\$ (2,327,945)	\$ (2,445,137)

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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, an OPEB trust fund 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.

The Pension and 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

d. Restricted Cash and Investments

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

e. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets 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, 2016, the City implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 72 – Fair Value Measurement and Application- effective after June 15, 2015. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes, and provides guidance for applying fair value to certain investments.

q. Budgets

The Boating & Waterways Fund and the Miscellaneous Grants Fund did not adopt a budget. Therefore, no budgetary comparison schedule is presented as supplementary information.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 2: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2016:

	<u>Government-Wide Statement of Net Position</u>			Fiduciary	<u>Total</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Funds</u>	
	<u>Activities</u>	<u>Activities</u>		<u>Statement of</u>	
				<u>Net Position</u>	
Cash and investments	\$ 22,139,756	\$ 11,786,031	\$ 33,925,787	\$ 998,915	\$ 34,924,702
Cash and investments with fiscal agent held by fiscal agents	<u>508,897</u>	<u>594,936</u>	<u>1,103,833</u>	<u>235,840</u>	<u>1,339,673</u>
Total	<u>\$ 22,648,653</u>	<u>\$ 12,380,967</u>	<u>\$ 35,029,620</u>	<u>\$ 1,234,755</u>	<u>\$ 36,264,375</u>

Cash and investments consisted of the following at June 30, 2016:

Cash:	
Cash on hand	\$ 900
Demand deposits	<u>3,228,742</u>
Total cash	<u>3,229,642</u>
Investments:	
Local Agency Investment Fund	5,482,305
Investments	<u>27,552,428</u>
Total investments	<u>33,034,733</u>
Total cash and investments	<u>\$ 36,264,375</u>

Note 2: Cash and Investments (Continued)

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$3,228,742 at June 30, 2016. Bank balances were \$3,659,134 at that date. The total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name is discussed below. The \$430,392 difference represents outstanding checks and other reconciling items.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2016, 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.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 2: Cash and Investments (Continued)

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	Yes	5 years	30%	5%
Repurchase agreements	Yes	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	Yes	5 years	30%	5%
Mutual funds	Yes	5 years	20%	None
Money market mutual funds	Yes	5 years	20%	None
Asset backed security	Yes	5 years	20%	5%
Supranational	Yes	5 years	30%	5%

* 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.

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

c. External Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 2: Cash and Investments (Continued)

The City's investments with LAIF at June 30, 2016, 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 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.

	Fair Value	Remaining Investment Maturities		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Investments:				
Local Agency Investment Fund	\$ 5,482,305	\$ 5,482,305	\$ -	\$ -
US Treasury	5,457,295	711,936	3,240,355	1,505,004
Federal Farm Credit Bank	4,875,292	297,950	3,837,086	740,256
Federal Home Loan Bank	2,983,698	959,989	1,916,492	107,217
Federal Home Loan Mortgage Corp.	2,771,778	-	1,759,706	1,012,072
Federal National Mortgage Assoc.	1,838,442	287,620	1,550,822	-
Negotiable CDs	499,935	499,935	-	-
Medium Term Notes	5,681,549	1,960,952	3,414,480	306,117
Commercial Paper	947,494	947,494	-	-
Asset Backed Security	256,507	-	-	256,507
Money Market	755,847	755,847	-	-
Mutual Funds	1,484,591	1,484,591	-	-
Total Investments	<u>\$ 33,034,733</u>	<u>\$ 13,388,619</u>	<u>\$ 15,718,941</u>	<u>\$ 3,927,173</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 2: Cash and Investments (Continued)

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2016, for each investment type.

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	Minimum Rating					
			AAA	AA - AA-	A - A+	A-1- A-1+	A-1 - A-3	Not Rated
Local Agency Investment Fund	\$ 5,482,305	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,482,305
US Treasury	5,457,295	N/A	-	5,457,295	-	-	-	-
Federal Farm Credit Bank	4,875,292	N/A	-	4,577,342	-	297,950	-	-
Federal Home Loan Bank	2,983,698	N/A	-	2,635,132	-	348,566	-	-
Federal Home Loan Mortgage Corp.	2,771,778	N/A	-	2,771,778	-	-	-	-
Federal National Mortgage Assoc.	1,838,442	N/A	-	1,838,442	-	-	-	-
Medium Term Notes	5,681,549	A	-	2,576,263	3,105,286	-	-	-
Commercial Paper	947,494	N/A	-	-	-	-	947,494	-
Negotiable CDs	499,935	A-1	-	-	-	499,935	-	-
Asset Backed Security	256,507	AA	130,594	-	-	-	-	125,913
Money Market Mutual Funds	755,847	AAA	755,847	-	-	-	-	-
Mutual Funds	1,484,591	AAA	1,484,591	-	-	-	-	-
Total Investments	\$ 33,034,733		\$ 2,371,032	\$ 19,856,252	\$ 3,105,286	\$ 1,146,450	\$ 947,494	\$ 5,608,218

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.

Issuer	Investment Type	Reported Amount	
Federal Farm Credit Bank	Federal agency securities	\$ 4,875,292	15%
Federal Home Loan Bank	Federal agency securities	2,983,698	9%
Federal Home Loan Mortgage Corp.	Federal agency securities	2,771,778	8%
Federal National Mortgage Assoc.	Federal agency securities	1,838,442	6%

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 2: Cash and Investments (Continued)

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Totals	Level		
		1	2	3
Local Agency Investment Fund (LAIF)	\$ 5,482,305	\$ -	\$ 5,482,305	\$ -
U.S. Treasury Securities	5,457,295	-	5,457,295	-
Federal Agency	12,469,210	-	12,469,210	-
Medium Term Notes	5,681,549	-	5,681,549	-
Commercial Paper	947,494	-	947,494	-
Negotiable CDs	499,935	-	499,935	-
Asset Backed Securities	256,507	-	256,507	-
Money Market	755,847	-	755,847	-
Mutual Funds	1,484,591	-	1,484,591	-
Total Investments	\$ 33,034,733	\$ -	\$ 33,034,733	\$ -

Deposits and Federal Agency Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Local Agency Investment Funds, Certificates of Deposit, any local agency, and Registered Treasury Notes or Bonds of any other 49 States are classified in Level 2 of the fair value hierarchy are value using specified fair market value factors.

Note 3: Interfund Transactions

Due From and To Other Funds

At June 30, 2016, the City had the following short-term interfund receivables and payables:

Due to other funds	Due from other funds
	General Fund
Non-major Governmental Funds	\$ 221,431
Total	\$ 221,431

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.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 3: Interfund Transactions (Continued)

Advances From and To Other Funds

As of June 30, 2016, 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>\$ 1,139,045</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, 2016, the City had the following transfers:

	<u>Transfers In</u>
	<u>Non-Major Governmental Funds</u>
<u>Transfers Out</u>	
General Fund	\$ 920,000
Non-major governmental funds	<u>123,400</u>
	<u>\$ 1,043,400</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, 2016, 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, 2016

Note 4: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Governmental Activities:					
<i>Non-Depreciable Assets:</i>					
Land	\$ 2,537,440	\$ -	\$ -	\$ -	\$ 2,537,440
Construction in progress	1,271,551	1,472,996	65,549	(1,670,008)	1,008,990
Total non-depreciable assets	<u>3,808,991</u>	<u>1,472,996</u>	<u>65,549</u>	<u>(1,670,008)</u>	<u>3,546,430</u>
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	11,539,999	-	-	67,848	11,607,847
Equipment	2,591,637	62,737	706,905	-	1,947,469
Vehicles	2,001,659	658,628	16,001	-	2,644,286
Infrastructure	66,586,963	-	-	1,602,160	68,189,123
Total depreciable assets	<u>88,737,173</u>	<u>721,365</u>	<u>722,906</u>	<u>1,670,008</u>	<u>90,405,640</u>
<i>Less accumulated depreciation:</i>					
Buildings	(2,516,318)	(120,792)	-	-	(2,637,110)
Improvements	(3,570,626)	(387,364)	-	-	(3,957,990)
Equipment	(2,283,522)	(133,110)	(706,905)	-	(1,709,727)
Vehicles	(1,261,512)	(193,272)	(16,001)	-	(1,438,783)
Infrastructure	(43,241,019)	(2,889,758)	-	-	(46,130,777)
Total accumulated depreciation	<u>(52,872,997)</u>	<u>(3,724,296)</u>	<u>(722,906)</u>	<u>-</u>	<u>(55,874,387)</u>
Total depreciable assets, net	<u>35,864,176</u>	<u>(3,002,931)</u>	<u>-</u>	<u>1,670,008</u>	<u>34,531,253</u>
Total capital assets, net	<u>\$ 39,673,167</u>	<u>\$ (1,529,935)</u>	<u>\$ 65,549</u>	<u>\$ -</u>	<u>\$ 38,077,683</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2016, is as follows:

General Government	\$ 141,434
Public Safety	308,784
Public Works	2,921,630
Community Development	1,132
Community Services	351,316
Total depreciation expenses	<u>\$ 3,724,296</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 4: Capital Assets (Continued)

	Balance July 1, 2015	Transfers	Additions	Deletions	Balance June 30, 2016
Business-Type Activities					
<i>Non-Depreciable Assets:</i>					
Land	\$ 111,706	\$ -	\$ -	\$ -	\$ 111,706
Construction in progress	1,230,417	(340,436)	1,106,602	-	1,996,583
Total non-depreciable assets	<u>1,342,123</u>	<u>(340,436)</u>	<u>1,106,602</u>	<u>-</u>	<u>2,108,289</u>
<i>Depreciable Assets:</i>					
Building and improvements	16,223,141	-	-	-	16,223,141
Equipment	498,061	340,436	-	-	838,497
Total depreciable assets	<u>16,721,202</u>	<u>340,436</u>	<u>-</u>	<u>-</u>	<u>17,061,638</u>
<i>Less accumulated depreciation:</i>					
Building and improvements	(5,443,060)	-	(352,386)	-	(5,795,446)
Equipment	(497,797)	-	(264)	-	(498,061)
Total accumulated depreciation	<u>(5,940,857)</u>	<u>-</u>	<u>(352,650)</u>	<u>-</u>	<u>(6,293,507)</u>
Total depreciable assets, net	<u>10,780,345</u>	<u>340,436</u>	<u>(352,650)</u>	<u>-</u>	<u>10,768,131</u>
Total capital assets, net	<u>\$ 12,122,468</u>	<u>\$ -</u>	<u>\$ 753,952</u>	<u>\$ -</u>	<u>\$ 12,876,420</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2016, is \$352,650.

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, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Refunding Lease - ABAG	\$ 1,055,400	\$ -	\$ 114,800	\$ 940,600	\$ 123,400
Municipal Finance Capital Lease	709,676	-	46,286	663,390	47,897
2016 Municipal Finance Fire Truck Lease	-	614,759	-	614,759	117,190
Limited Tax Bonds 2010A Series	5,500,000	-	-	5,500,000	-
Compensated Absences	291,602	242,634	216,878	317,358	236,034
	<u>\$ 7,556,678</u>	<u>\$ 857,393</u>	<u>\$ 377,964</u>	8,036,107	<u>\$ 524,521</u>
		unamortized discount		(6,777)	
			Total	<u>\$ 8,029,330</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.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5: Long-Term Obligations (Continued)

\$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 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 1st 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, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2021	135,300	12,082	147,382
2022-2023	287,700	9,821	297,521
Total	<u>\$ 940,600</u>	<u>\$ 115,403</u>	<u>\$ 1,056,003</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, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 47,897	\$ 22,477	\$ 70,374
2018	49,563	20,811	70,374
2019	51,288	19,086	70,374
2020	53,073	17,301	70,374
2021	54,920	15,455	70,375
2022-2026	304,629	47,241	351,870
2027-2028	102,020	3,540	105,560
Total	<u>\$ 663,390</u>	<u>\$ 145,911</u>	<u>\$ 809,301</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5: Long-Term Obligations (Continued)

Fire Truck Lease

In 2016, the City entered into a capital lease with Municipal Finance Corporation for for a fire truck at the cost of \$614,759. Rental payments are due in annual installments of \$131,944 which includes interest at the rate of 2.40% per annum. Payments are due July of each year. The debt requirements due under the terms of the lease as of June 30, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 117,190	\$ 14,754	\$ 131,944
2018	120,003	11,941	131,944
2019	122,883	9,061	131,944
2020	125,831	6,113	131,944
2021	128,852	3,092	131,944
Total	<u>\$ 614,759</u>	<u>\$ 44,961</u>	<u>\$ 659,720</u>

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, 2016, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -	\$ 325,105	\$ 325,105
2018	-	325,105	325,105
2019	-	325,105	325,105
2020	-	325,105	325,105
2021	-	325,105	325,105
2022-2026	-	1,625,525	1,625,525
2027-2031	-	1,625,525	1,625,525
2032-2036	-	1,625,525	1,625,525
2037-2041	1,567,452	1,521,388	3,088,840
2042-2046	2,816,793	841,808	3,658,601
2047-2048	1,115,755	94,674	1,210,429
Total	<u>\$ 5,500,000</u>	<u>\$ 8,959,970</u>	<u>\$ 14,459,970</u>

Compensated Absences

Compensated absences at June 30, 2016, amounted to \$317,358. This liability is expected to be paid from future resources from the General Fund.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 5: Long-Term Obligations (Continued)

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, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
JPA Loan Payable - 2011	\$ 2,957,581	\$ -	\$ 671,470	\$ 2,286,111	\$ 692,808
Sewer Revenue Bond- 2006	8,260,000	-	235,000	8,025,000	245,000
Compensated Absences	25,017	19,409	15,111	29,315	17,707
	<u>\$ 11,242,598</u>	<u>\$ 19,409</u>	<u>\$ 921,581</u>	10,340,426	<u>\$ 955,515</u>
			Unamortized premium/(discount)	28,294	
			Total	<u>\$ 10,368,720</u>	

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 \$751,155.

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

Year Ending June 30,	Principal	Interest	Total
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>\$ 2,286,111</u>	<u>\$ 190,468</u>	<u>\$ 2,476,579</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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 2015-16
Revenues:	
Operating revenues	\$ 5,151,671
Other operating	49,090
Non-operating	115,321
Gross revenues	<u>5,316,082</u>
Expenses	<u>3,568,901</u>
Net Income	<u>1,747,181</u>
Add back:	
Interest expense	454,872
Depreciation	352,650
Amortization of bond premium/discount & refunding	42,853
Amortization of investment in JPA	<u>10,945</u>
Net revenues available for debt service	<u>\$ 2,608,501</u>
2011 Refunding Revenue bonds debt service:	
Principal repayment	\$ 671,470
Interest charges	110,122
Total debt service	<u>\$ 781,592</u>
Coverage ratio	<u>3.3</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 \$12,402,359 as of June 30, 2016.

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, 2016

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>
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	285,000	303,713	588,713
2022-2026	1,630,000	1,326,756	2,956,756
2027-2031	2,015,000	940,406	2,955,406
2032-2036	2,490,000	459,813	2,949,813
2037	565,000	24,719	589,719
Total	<u>\$ 8,025,000</u>	<u>\$ 4,377,359</u>	<u>\$ 12,402,359</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 \$2,608,501, the 2006 Subordinate Wastewater Revenue bonds debt service coverage requirement for fiscal year ended June 30, 2016, is calculated as follows:

	<u>Fiscal Year 2015-16</u>
Net revenues available for debt service	\$ 2,608,501
Less: 2011 Refunding Revenue bonds debt service	<u>781,592</u>
Net revenues available for 2006 Sewer Revenue Bonds debt service	<u>\$ 1,826,909</u>
2006 Sewer Revenue bonds debt service	
Principal repayment	\$ 235,000
Interest charges	<u>354,400</u>
Total debt service	<u>\$ 589,400</u>
Coverage ratio	<u>3.1</u>

Compensated Absences

Compensated absences for business-type activities as of June 30, 2016, amounted to \$29,315. 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, 2016, were \$2,145,000.

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, 2016, were \$480,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Risk Management

General Liability Insurance

Beginning October 1, 2004, the City became fully self-insured with respect to General Liability. The City has a Self-Insured Retention (SIR) of \$100,000 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 \$25 million. The CSAC-EIA is ranked as the second largest public entity risk pool and the largest property and casualty pool in the nation.

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 \$1,222,742 reported at June 30, 2016, 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
2013-2014	\$ 1,216,600	\$ 398,806	\$ (190,913)	\$ 1,424,493
2014-2015	1,424,493	(86,405)	(136,346)	1,201,742
2015-2016	1,201,742	169,050	(148,050)	1,222,742

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 6: Risk Management (Continued)

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2016, is as follows:

Total assets	<u>\$ 642,949,175</u>
Total liabilities	<u>\$ 530,542,530</u>
Total net position	<u>\$ 112,406,645</u>
Total revenues	<u>\$ 621,242,391</u>
Total expenses	<u>\$ 619,703,360</u>
Expenses over revenues	<u>\$ 1,539,031</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, 2016

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

Below is a summary of the plans' provisions and benefits in effect at June 30, 2016, 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	2.5% @ 55	2.0% @ 60	2.0% @ 62	3.0% @ 50	2.0% @ 50	2.7% @ 57	3.0% @ 50	2.7% @ 57
Social Security	no	no	no	no	no	no	no	no
Full/Modified	full	full	full	full	full	full	full	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	15.701%	8.005%	6.250%	27.849%	20.083%	11.500%	27.849%	11.500%
Required employee contribution rates	8.000%	7.000%	6.250%	9.000%	9.000%	11.500%	9.000%	11.500%

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, 2016, the contributions recognized as a reduction to the net pension liability was \$850,348.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

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

As of June 30, 2016, 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	\$ 3,546,352.00
Miscellaneous Second Tier	5,321
Miscellaneous PEPRA	(1,069)
Total Miscellaneous Plans	<u>\$ 3,550,604</u>
Safety Fire First Tier	\$ 5,397,730
Safety Fire Second Tier	(2,440)
Safety Fire PEPRA	(883)
Safety Lifeguard	513,960
Safety Other PEPRA	(3,066)
Total Safety Plans	<u>\$ 5,905,301</u>

The City of Solana Beach's net pension liability for each Plan is measured as the proportionate share of the net pension liability of \$9,455,905. The net pension liability of each of the Plans is measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015, was as follows:

Proportions as a percentage of the CalPERS Miscellaneous risk pool:

	Miscellaneous	Miscellaneous Second Tier	Miscellaneous PEPRA
Proportion - June 30, 2014	0.10688%	0.00040%	0.00001%
Proportion - June 30, 2015	0.12927%	0.00019%	0.00004%
Change - Increase (Decrease)	20.95315%	-52.74878%	341.33701%

Proportions as a percentage of the CalPERS Safety risk pool:

	Safety Fire First Tier	Safety Fire Second Tier	Safety Fire PEPRA	Safety Lifeguard First Tier	Safety Other PEPRA
Proportion - June 30, 2014	0.11958%	0.00002%	0.00000%	0.01209%	0.00003%
Proportion - June 30, 2015	0.13100%	0.00006%	0.00002%	0.01247%	0.00007%
Change - Increase (Decrease)	9.55452%	277.61512%	443.61983%	3.14812%	128.91751%

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

For the year ended June 30, 2016, the City of Solana Beach recognized reductions in net pension liability of \$405,174. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Miscellaneous Plans</u>		
Pension contributions subsequent to measurement date	\$ 385,634	\$ -
Changes in assumptions	-	199,358
Difference between expected and actual experiences	21,072	-
Net differences between projected and actual earnings on plan investments	-	99,941
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	123,227
Adjustment due to differences in proportions	393,884	19,219
Total	<u>\$ 800,590</u>	<u>\$ 441,745</u>
<u>Safety Plans</u>		
Pension contributions subsequent to measurement date	\$ 619,022	\$ -
Changes in assumptions	-	313,036
Difference between expected and actual experiences	-	68,061
Net differences between projected and actual earnings on plan investments	-	158,649
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	213,877
Adjustment due to differences in proportions	189,972	10,716
Total	<u>\$ 808,994</u>	<u>\$ 764,339</u>
<u>Total Plans</u>		
Pension contributions subsequent to measurement date	\$ 1,004,656	\$ -
Changes in assumptions	-	512,394
Difference between expected and actual experiences	21,072	68,061
Net differences between projected and actual earnings on plan investments	-	258,590
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	337,104
Adjustment due to differences in proportions	583,856	29,935
Total	<u>\$ 1,609,584</u>	<u>\$ 1,206,084</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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

\$1,004,656 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:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2017	\$ (320,494)
2018	(318,001)
2019	(285,161)
2020	322,500

Actuarial Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014, total pension liability. The June 30, 2014 and the June 30, 2015, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.65%
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, 2014, 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 7.65 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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.

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

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

In determining the long-term expected rate of return, CalPERS took into account 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.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**Note 7: City Employees Retirement Plan - Pension Plans (Continued)**

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	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

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% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous Plans	\$ 5,809,792	\$ 3,550,604	\$ 1,685,381
Safety Plans	9,651,668	5,905,301	2,833,348
Total	\$ 15,461,460	\$ 9,455,905	\$ 4,518,729

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 a financial report.

The City provides the PEMHCA minimum benefit (\$125 per month for 2016) but no less than \$325 per month for employees retired before January 1, 2007 and \$290 per month for employees hired before January 1, 2007.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 8: Other Post-Employment Benefits (Continued)

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 approximately \$131,536 during the 2016 fiscal year on a pay-as-you-go basis for current benefit payments and contributed \$135,000 to an irrevocable trust in the current year. Retired plan members and their beneficiaries pay the annual premium cost not paid by the employer.

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)	\$ 485,000
Interest on Net OPEB Obligation	63,000
Adjustment to ARC	<u>(132,000)</u>
Annual OPEB Cost (Expenses)	416,000
Contribution Made	<u>(266,536)</u>
Increase in Net OPEB Obligation	149,464
Net OPEB Obligation	
Beginning of year	<u>1,582,986</u>
End of year	<u><u>\$ 1,732,450</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 2016 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
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
2015-2016	416,000	266,536	64.1%	149,464	1,732,450

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016
Note 8: Other Post-Employment Benefits (Continued)**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%

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, 2009. There were 13 years remaining in this amortization period for the 2015/2016 Annual Required Contribution.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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, 2016, is as follows:

Operating revenues	\$ 6,576,287
Operating expenses	(7,169,720)
Net non-operating income	(19,666)
Capital contributions	997,819
Change in net position	<u>\$ 384,720</u>
Total assets and deferred outflows of resources	\$ 53,227,600
Total liabilities and deferred inflows of resources	<u>(15,127,246)</u>
Net position- total fund equity	<u>\$ 38,100,354</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, 2016, is as follows:

Investment at June 30, 2015	\$ 19,009,204
Capital contribution	498,909
Current year share in the joint venture net loss	(306,549)
Amortization of JPA	(10,945)
Investment at June 30, 2016	<u>\$ 19,190,619</u>

At June 30, 2016, 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.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

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 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>
2017	\$ 473,581	\$ 27,052	\$ 500,633
2018	501,099	15,805	516,904
2019	<u>164,365</u>	<u>3,904</u>	<u>168,269</u>
Total	<u>\$ 1,139,045</u>	<u>\$ 46,761</u>	<u>\$ 1,185,806</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 2015-16 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, 2016, 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, 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.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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
Nonspendable					
Prepays	\$ 7,471	\$ -	\$ -	\$ -	\$ 7,471
Total nonspendable	<u>7,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,471</u>
Restricted					
Gas Tax	-	-	-	458,194	458,194
Municipal Improvement Districts	-	-	-	787,445	787,445
Lighting District	-	-	-	1,687,903	1,687,903
TransNet	-	43,917	-	-	43,917
COPS	-	-	-	135,389	135,389
Public Safety	-	-	-	75,049	75,049
Fire Mitigation	-	-	-	104	104
CALTRANS	-	-	-	59,634	59,634
Coastal Area Business/ Visitor Assistance & Enhancement	-	-	-	404,188	404,188
Boating & Waterways	-	-	-	60,048	60,048
Miscellaneous Grants	-	-	-	1,285	1,285
Housing	-	-	-	431,323	431,323
Camp Programs	-	-	-	154,412	154,412
Affordable Housing Grant	-	-	161,317	-	161,317
City CIP	-	-	-	5,000	5,000
Assessment Districts CIP	-	-	-	159,457	159,457
Sand Replenish/ Retention and Coastal Access CIP	-	-	-	552,089	552,089
Public Improvement Grant	-	-	-	115,116	115,116
City Debt Service	-	-	-	24,828	24,828
Pensions	508,897	-	-	-	508,897
Total restricted	<u>508,897</u>	<u>43,917</u>	<u>161,317</u>	<u>5,111,464</u>	<u>5,825,595</u>
Committed					
Public Facilities	245,957	-	-	-	245,957
OPEB	85,376	-	-	-	85,376
Pensions	316,209	-	-	-	316,209
In-Lieu Housing	100,786	-	-	-	100,786
Public Art	14,202	-	-	-	14,202
Parks & Recreation	25,260	-	-	-	25,260
Total committed	<u>787,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>787,790</u>
Assigned					
General Fund	5,520,890	-	-	-	5,520,890
Developer Pass-Thru	-	-	-	5,629	5,629
City CIP	-	-	-	844,288	844,288
Total assigned	<u>5,520,890</u>	<u>-</u>	<u>-</u>	<u>849,917</u>	<u>6,370,807</u>
Unassigned					
	6,200,244	-	-	(184,544)	6,015,700
Total fund balances	<u>\$ 13,025,292</u>	<u>\$ 43,917</u>	<u>\$ 161,317</u>	<u>\$ 5,776,837</u>	<u>\$ 19,007,363</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 12: Classification of Fund Balances (Continued)

Fund Name	General Fund							Total Classification
	General Fund	Self Insurance	Worker's Compensation	Asset Replacement	Facilities Replacement	OPEB/Pensions	PERS Side Fund Prepayment	
Non-Spendable								
Prepays	\$ 7,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,471
Total Non-Spendable	<u>7,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,471</u>
Restricted								
Pensions	-	-	-	-	-	508,897	-	508,897
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>508,897</u>	<u>-</u>	<u>508,897</u>
Committed								
Public Facilities	245,957	-	-	-	-	-	-	245,957
Public Art	14,202	-	-	-	-	-	-	14,202
OPEB	-	-	-	-	-	85,376	-	85,376
Pensions	-	-	-	-	-	316,209	-	316,209
In-Lieu Housing	100,786	-	-	-	-	-	-	100,786
Parks & Recreation	25,260	-	-	-	-	-	-	25,260
Total Committed	<u>386,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>401,585</u>	<u>-</u>	<u>787,790</u>
Assigned								
Park Fee	31,503	-	-	-	-	-	-	31,503
Community Television	70,607	-	-	-	-	-	-	70,607
Street Sweeping	120,575	-	-	-	-	-	-	120,575
Housing	1,499,500	-	-	-	-	-	-	1,499,500
Self-Insurance	-	779,858	-	-	-	-	-	779,858
Worker's Comp	-	-	600,735	-	-	-	-	600,735
Asset Replacement	-	-	-	2,166,660	-	-	-	2,166,660
Facilities Replacement	-	-	-	-	251,452	-	-	251,452
Total Assigned	<u>1,722,185</u>	<u>779,858</u>	<u>600,735</u>	<u>2,166,660</u>	<u>251,452</u>	<u>-</u>	<u>-</u>	<u>5,520,890</u>
Unassigned	<u>7,339,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,139,045)</u>	<u>6,200,244</u>
Total fund balances (deficit)	<u>\$ 9,455,150</u>	<u>\$ 779,858</u>	<u>\$ 600,735</u>	<u>\$ 2,166,660</u>	<u>\$ 251,452</u>	<u>\$ 910,482</u>	<u>\$ (1,139,045)</u>	<u>\$ 13,025,292</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, OPEB/Pensions, 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 \$1,139,045 and because the fund balance amount is a deficit, GASB 54 requires this amount to be classified as Unassigned instead of Assigned.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

Note 12: Classification of Fund Balances (Continued)

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.

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, 2016, the following funds had deficit fund balances:

Fund	Deficit
Special Revenue Funds:	
TEA 21/TEA	\$ 168,970
CDBG	15,574

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, 2016

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	\$ 372,514
Cash and investments with fiscal agent	<u>235,840</u>
	<u><u>\$ 608,354</u></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, 2016, follows:

	Balance July 1, 2015	Additions	Repayments	Balance June 30, 2016	Due Within One Year
Fiduciary Funds:					
2006 Tax Allocation Bonds	\$ 2,995,000	\$ -	\$ 85,000	\$ 2,910,000	\$ 90,000
Total Fiduciary Funds	<u>\$ 2,995,000</u>	<u>\$ -</u>	<u>\$ 85,000</u>	<u>\$ 2,910,000</u>	<u>\$ 90,000</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, 2016, \$235,815 was held in reserve.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2016

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>
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	105,000	125,800	230,800
2022-2026	625,000	545,863	1,170,863
2027-2031	790,000	377,250	1,167,250
2032-2036	1,000,000	158,100	1,158,100
Total	<u>\$ 2,910,000</u>	<u>\$ 1,756,738</u>	<u>\$ 4,666,738</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 \$4,666,738 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 \$521,503 and the debt service obligation on the bonds was \$232,675.

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOLANA BEACH

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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, 2016
(With comparative totals for the year ended June 30, 2015)**

	2016			Variance with Final Budget Positive (Negative)	2015
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$11,368,164	\$11,368,164	\$11,368,164	\$ -	\$ 9,803,301
Resources (Inflows):					
Taxes					
Property	6,464,100	6,614,100	6,683,638	69,538	6,300,912
Transient occupancy	1,060,000	1,060,000	1,235,142	175,142	1,139,557
Sales	3,266,000	3,266,000	3,255,104	(10,896)	2,808,203
Franchise and other	1,649,000	1,649,000	1,783,564	134,564	1,742,905
Licenses and permits	443,300	443,300	471,581	28,281	461,687
Intergovernmental	1,624,300	1,739,000	1,802,620	63,620	1,646,371
Charges for services	560,000	560,000	844,947	284,947	655,105
Use of money and property	105,300	105,300	228,811	123,511	123,328
Fines and forfeitures	343,800	383,800	502,921	119,121	392,683
Miscellaneous	478,200	480,529	587,522	106,993	432,069
Amounts Available for Appropriations	27,362,164	27,669,193	28,764,014	1,094,821	25,506,121
Charges to Appropriation (Outflow):					
General government					
City Council	273,700	361,400	351,850	9,550	242,546
City Clerk	350,400	352,700	324,461	28,239	321,203
Legal services	523,300	523,300	490,003	33,297	416,865
City Manager	361,500	391,700	298,918	92,782	329,948
Finance	661,100	663,200	692,566	(29,366)	518,088
Personnel	313,900	327,600	253,481	74,119	364,162
Information systems	276,000	276,000	265,420	10,580	267,656
Support services	1,076,150	1,086,150	823,592	262,558	755,399
Total general government	<u>3,836,050</u>	<u>3,982,050</u>	<u>3,500,291</u>	<u>481,759</u>	<u>3,215,867</u>
Public safety					
Marine safety	692,800	707,100	723,545	(16,445)	643,970
Law enforcement	3,486,400	3,486,400	3,484,434	1,966	3,381,458
Code & parking enforcement	193,900	215,100	207,501	7,599	191,276
Fire department	3,457,000	3,610,085	3,633,465	(23,380)	3,324,906
Animal regulation	92,600	97,200	98,610	(1,410)	97,602
Civil defense	28,500	28,500	27,412	1,088	29,325
Environmental services	1,100	1,100	1,500	(400)	1,048
Total public safety	<u>7,952,300</u>	<u>8,145,485</u>	<u>8,176,467</u>	<u>(30,982)</u>	<u>7,669,585</u>
Public works					
Street and other	1,218,000	1,225,100	1,063,896	161,204	945,481
Public facilities	270,100	318,800	264,009	54,791	233,560
Engineering	257,900	256,800	319,167	(62,367)	328,173
Total public works	<u>1,746,000</u>	<u>1,800,700</u>	<u>1,647,072</u>	<u>153,628</u>	<u>1,507,214</u>
Community development					
Planning	659,300	676,500	588,337	88,163	516,348
Building services	311,500	311,500	355,436	(43,936)	352,394
Total community development	<u>970,800</u>	<u>988,000</u>	<u>943,773</u>	<u>44,227</u>	<u>868,742</u>
Parks and recreation					
Community services	106,400	107,600	96,517	11,083	97,500
Recreation programs	174,400	174,500	155,681	18,819	147,367
Total parks and recreation	<u>280,800</u>	<u>282,100</u>	<u>252,198</u>	<u>29,902</u>	<u>244,867</u>
Capital outlay	252,500	875,276	778,680	96,596	259,517
Total Charges to Appropriations	15,038,450	16,073,611	15,298,481	775,130	13,765,792
Other Financing Sources					
Other debts issued	-	-	614,759	614,759	-
Contributions to OPEB Trust Fund	-	-	(135,000)	135,000	-
Transfers out	(520,000)	(920,000)	(920,000)	-	(372,165)
Total Financing Sources	(520,000)	(920,000)	(440,241)	749,759	(372,165)
Budgetary Fund Balance, June 30	\$11,803,714	\$10,675,582	\$13,025,292	\$ 2,619,710	\$ 11,368,164

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE

TRANSNET FUND

YEAR ENDED JUNE 30, 2016

(With comparative totals for the year ended June 30, 2015)

	2016			Variance with Final Budget Positive (Negative)	2015
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 51,640	\$ 51,640	\$ 51,640	\$ -	\$ 51,512
Resources (Inflows):					
Intergovernmental	508,000	508,000	684,105	176,105	438,852
Use of money and property	-	-	123	123	77
Miscellaneous	-	-	19,566	19,566	13,768
Amounts Available for Appropriations	559,640	559,640	755,434	195,794	504,209
Charges to Appropriation (Outflow):					
Capital outlay	200,000	463,023	386,412	76,611	127,464
Debt service:					
Interest and fiscal charges	-	-	325,105	(325,105)	325,105
Total Charges to Appropriations	200,000	450,023	711,517	(261,494)	452,569
Budgetary Fund Balance, June 30	\$ 359,640	\$ 109,617	\$ 43,917	\$ (65,700)	\$ 51,640

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 AFFORDABLE HOUSING GRANT FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 265,164	\$ 265,164	\$ 265,164	\$ -
Resources (Inflows):				
Use of money and property	300	300	1,135	835
Amounts Available for Appropriations	265,464	265,464	266,299	835
Charges to Appropriation (Outflow):				
Community development	-	394,285	104,982	289,303
Total Charges to Appropriations	-	394,285	104,982	289,303
Budgetary Fund Balance, June 30	\$ 265,464	\$ (128,821)	\$ 161,317	\$ 290,138

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)**

	2016	2015
Miscellaneous First Tier		
Proportion of the Net Pension Liability	0.05699%	0.04245%
Proportionate Share of the Net Pension Liability	\$ 3,546,352	\$ 2,641,429
Covered-Employee Payroll	\$ 1,849,061	\$ 2,120,354
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	191.79%	124.57%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%
Miscellaneous Second Tier		
Proportion of the Net Pension Liability	0.00009%	0.00016%
Proportionate Share of the Net Pension Liability	\$ 5,321	\$ 9,938
Covered-Employee Payroll	\$ 243,172	\$ 221,978
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	2.19%	4.48%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%
Miscellaneous PEPRA		
Proportion of the Net Pension Liability	0.00000%	0.00000%
Proportionate Share of the Net Pension Liability	\$ (1,069)	\$ 224
Covered-Employee Payroll	\$ 319,243	\$ 259,616
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	-0.33%	0.09%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administration expense) to 7.65 percent.

(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 two years are 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>2016</u>	<u>2015</u>
Miscellaneous First Tier		
Actuarially Determined Contribution	\$ 319,638	\$ 290,206
Contribution in Relation to the Actuarially Determined Contribution	(319,638)	(290,206)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,571,197	\$ 1,849,061
Contributions as a Percentage of Covered-Employee Payroll	20.34%	15.69%
Miscellaneous Second Tier		
Actuarially Determined Contribution	\$ 32,804	\$ 19,890
Contribution in Relation to the Actuarially Determined Contribution	(32,804)	(19,890)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 485,730	\$ 243,172
Contributions as a Percentage of Covered-Employee Payroll	6.75%	8.18%
Miscellaneous PEPPRA		
Actuarially Determined Contribution	\$ 33,192	\$ 20,319
Contribution in Relation to the Actuarially Determined Contribution	(33,192)	(20,319)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 532,573	\$ 319,243
Contributions as a Percentage of Covered-Employee Payroll	6.23%	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 two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll, closed
Assets valuation method	Market Value
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 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>
Safety Fire First Tier		
Proportion of the Net Pension Liability	0.08675%	0.07208%
Proportionate Share of the Net Pension Liability	\$ 5,397,730	\$ 4,485,237
Covered-Employee Payroll	\$ 1,402,991	\$ 1,469,495
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	384.73%	305.22%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%
Safety Fire Second Tier		
Proportion of the Net Pension Liability	0.00000%	0.00001%
Proportionate Share of the Net Pension Liability	\$ (2,440)	\$ 596
Covered-Employee Payroll	\$ 163,530	\$ 69,589
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	-1.49%	0.86%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%
Safety Fire PEPRA		
Proportion of the Net Pension Liability	0.00000%	0.00000%
Proportionate Share of the Net Pension Liability	\$ (883)	\$ 138
Covered-Employee Payroll	\$ 121,086	\$ 85,865
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	-0.73%	0.16%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%
Safety Lifeguard		
Proportion of the Net Pension Liability	0.00826%	0.00729%
Proportionate Share of the Net Pension Liability	\$ 513,960	\$ 453,471
Covered-Employee Payroll	\$ 275,910	\$ 267,943
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	186.28%	169.24%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%
Safety Other PEPRA		
Proportion of the Net Pension Liability	0.00000%	0.00002%
Proportionate Share of the Net Pension Liability	\$ (3,066)	\$ 1,147
Covered-Employee Payroll	\$ 36,318	\$ 32,790
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	-8.44%	3.50%
Plan Proportionate Share of Fiduciary Net Position as a Percentage of the Total Plans Pension Liability	79.82%	78.40%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administration expense) to 7.65 percent.

(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 two years are shown.

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>2016</u>	<u>2015</u>
Safety Fire First Tier		
Actuarially Determined Contribution	\$ 489,067	\$ 390,623
Contribution in Relation to the Actuarially Determined Contribution	(489,067)	(390,623)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 1,296,346	\$ 1,402,991
Contributions as a Percentage of Covered-Employee Payroll	37.73%	27.84%
Safety Fire Second Tier		
Actuarially Determined Contribution	\$ 29,561	\$ 33,871
Contribution in Relation to the Actuarially Determined Contribution	(29,561)	(33,871)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 200,152	\$ 163,530
Contributions as a Percentage of Covered-Employee Payroll	14.77%	20.71%
Safety Fire PEPRA		
Actuarially Determined Contribution	\$ 19,644	\$ 14,018
Contribution in Relation to the Actuarially Determined Contribution	(19,644)	(14,018)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 164,050	\$ 121,086
Contributions as a Percentage of Covered-Employee Payroll	11.97%	11.58%
Safety Lifeguard		
Actuarially Determined Contribution	\$ 74,370	\$ 77,152
Contribution in Relation to the Actuarially Determined Contribution	(74,370)	(77,152)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 286,302	\$ 275,910
Contributions as a Percentage of Covered-Employee Payroll	25.98%	27.96%
Safety Other PEPRA		
Actuarially Determined Contribution	\$ 6,380	\$ 4,269
Contribution in Relation to the Actuarially Determined Contribution	(6,380)	(4,269)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 57,203	\$ 36,318
Contributions as a Percentage of Covered-Employee Payroll	11.15%	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 two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll, closed
Assets valuation method	Market Value
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

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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.

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

Camp Programs Fund - accounts for camp programs in the City

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, 2016
 (With comparative totals for June 30, 2015)

	Special Revenue Funds		Capital Projects Funds	
	2016	2015	2016	2015
Assets:				
Cash and investments	\$ 4,750,412	\$ 4,255,208	\$ 1,913,627	\$ 1,284,398
Receivables:				
Accounts	17,925	25,796	-	-
Taxes	9,195	5,466	-	-
Interest	5,931	2,094	3,356	594
Due from other governments	133,771	82,722	-	-
Due from Successor Agency	-	-	-	115,665
Total Assets	\$ 4,917,234	\$ 4,371,286	\$ 1,916,983	\$ 1,400,657
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 126,417	\$ 195,941	\$ 121,794	\$ 75,872
Accrued liabilities	64,094	30,614	50,013	50,013
Unearned revenues	428,658	-	-	100,000
Deposits payable	575	575	69,226	69,226
Due to other funds	221,431	222,737	-	-
Total Liabilities	841,175	449,867	241,033	295,111
Deferred Inflows of Resources:				
Unavailable revenues	-	12,343	-	-
Total Deferred Inflows of Resources	-	12,343	-	-
Fund Balances:				
Restricted	4,254,974	3,805,715	831,662	832,792
Assigned	5,629	316,366	844,288	272,754
Unassigned	(184,544)	(213,005)	-	-
Total Fund Balances	4,076,059	3,909,076	1,675,950	1,105,546
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,917,234	\$ 4,371,286	\$ 1,916,983	\$ 1,400,657

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2016	2015	2016	2015
Assets:				
Cash and investments	\$ 24,828	\$ 24,539	\$ 6,688,867	\$ 5,564,145
Receivables:				
Accounts	-	-	17,925	25,796
Taxes	-	-	9,195	5,466
Interest	-	-	9,287	2,688
Due from other governments	-	-	133,771	82,722
Due from Successor Agency	-	-	-	115,665
Total Assets	\$ 24,828	\$ 24,539	\$ 6,859,045	\$ 5,796,482
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 248,211	\$ 271,813
Accrued liabilities	-	-	114,107	80,627
Unearned revenues	-	-	428,658	100,000
Deposits payable	-	-	69,801	69,801
Due to other funds	-	-	221,431	222,737
Total Liabilities	-	-	1,082,208	744,978
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	12,343
Total Deferred Inflows of Resources	-	-	-	12,343
Fund Balances:				
Restricted	24,828	24,539	5,111,464	4,663,046
Assigned	-	-	849,917	589,120
Unassigned	-	-	(184,544)	(213,005)
Total Fund Balances	24,828	24,539	5,776,837	5,039,161
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,828	\$ 24,539	\$ 6,859,045	\$ 5,796,482

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	Lighting District	TEA 21 / TEA
Assets:				
Cash and investments	\$ 457,945	\$ 820,606	\$ 1,699,747	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	5,002	4,193	-
Interest	249	1,139	2,768	-
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
Total Assets	\$ 458,194	\$ 826,747	\$ 1,706,708	\$ -
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 38,441	\$ 14,343	\$ -
Accrued liabilities	-	861	4,462	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	168,970
Total Liabilities	-	39,302	18,805	168,970
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	458,194	787,445	1,687,903	-
Assigned	-	-	-	-
Unassigned	-	-	-	(168,970)
Total Fund Balances	458,194	787,445	1,687,903	(168,970)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 458,194	\$ 826,747	\$ 1,706,708	\$ -

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

(CONTINUED)

Special Revenue Funds

	COPS	Public Safety	Fire Mitigation	CDBG
Assets:				
Cash and investments	\$ 143,592	\$ 23,771	\$ 2,353	\$ -
Receivables:				
Accounts	-	447	-	-
Taxes	-	-	-	-
Interest	130	-	-	-
Due from other governments	-	89,425	-	38,800
Due from Successor Agency	-	-	-	-
Total Assets	\$ 143,722	\$ 113,643	\$ 2,353	\$ 38,800
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 8,333	\$ 15,656	\$ 2,249	\$ 1,913
Accrued liabilities	-	22,938	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	52,461
Total Liabilities	8,333	38,594	2,249	54,374
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	135,389	75,049	104	-
Assigned	-	-	-	-
Unassigned	-	-	-	(15,574)
Total Fund Balances	135,389	75,049	104	(15,574)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 143,722	\$ 113,643	\$ 2,353	\$ 38,800

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	Special Revenue Funds			
	CALTRANS	Coastal Area Business / Visitor Assistance &	Boating & Waterways	Miscellaneous Grants
Assets:				
Cash and investments	\$ 54,088	\$ 411,152	\$ 60,048	\$ 1,285
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	536	-	-
Due from other governments	5,546	-	-	-
Due from Successor Agency	-	-	-	-
Total Assets	\$ 59,634	\$ 411,688	\$ 60,048	\$ 1,285
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 7,500	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	7,500	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	59,634	404,188	60,048	1,285
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	59,634	404,188	60,048	1,285
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 59,634	\$ 411,688	\$ 60,048	\$ 1,285

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

(CONTINUED)

	Special Revenue Funds		
	Developer Pass-Thru	Housing	Camp Programs
Assets:			
Cash and investments	\$ 455,499	\$ 430,753	\$ 189,573
Receivables:			
Accounts	-	-	17,478
Taxes	-	-	-
Interest	-	570	539
Due from other governments	-	-	-
Due from Successor Agency	-	-	-
Total Assets	<u>\$ 455,499</u>	<u>\$ 431,323</u>	<u>\$ 207,590</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts payable	\$ 20,637	\$ -	\$ 17,345
Accrued liabilities	-	-	35,833
Unearned revenues	428,658	-	-
Deposits payable	575	-	-
Due to other funds	-	-	-
Total Liabilities	<u>449,870</u>	<u>-</u>	<u>53,178</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	-	431,323	154,412
Assigned	5,629	-	-
Unassigned	-	-	-
Total Fund Balances	<u>5,629</u>	<u>431,323</u>	<u>154,412</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 455,499</u>	<u>\$ 431,323</u>	<u>\$ 207,590</u>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	Capital Projects Funds			
	City CIP	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP	Public Improvement Grant
Assets:				
Cash and investments	\$ 931,733	\$ 245,039	\$ 562,756	\$ 174,099
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	900	287	1,600	569
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
Total Assets	\$ 932,633	\$ 245,326	\$ 564,356	\$ 174,668
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 33,332	\$ 16,643	\$ 12,267	\$ 59,552
Accrued liabilities	50,013	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	69,226	-	-
Due to other funds	-	-	-	-
Total Liabilities	83,345	85,869	12,267	59,552
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted	5,000	159,457	552,089	115,116
Assigned	844,288	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	849,288	159,457	552,089	115,116
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 932,633	\$ 245,326	\$ 564,356	\$ 174,668

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2016
 (With comparative totals for June 30, 2015)

	Debt Service Funds	Total Nonmajor Governmental Funds	
	City Debt Service	2016	2015
Assets:			
Cash and investments	\$ 24,828	\$ 6,688,867	\$ 5,564,145
Receivables:			
Accounts	-	17,925	25,796
Taxes	-	9,195	5,466
Interest	-	9,287	2,688
Due from other governments	-	133,771	82,722
Due from Successor Agency	-	-	115,665
Total Assets	\$ 24,828	\$ 6,859,045	\$ 5,796,482
Liabilities, Deferred Inflows of Resources and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 248,211	\$ 271,813
Accrued liabilities	-	114,107	80,627
Unearned revenues	-	428,658	100,000
Deposits payable	-	69,801	69,801
Due to other funds	-	221,431	222,737
Total Liabilities	-	1,082,208	744,978
Deferred Inflows of Resources:			
Unavailable revenues	-	-	12,343
Total Deferred Inflows of Resources	-	-	12,343
Fund Balances:			
Restricted	24,828	5,111,464	4,663,046
Assigned	-	849,917	589,120
Unassigned	-	(184,544)	(213,005)
Total Fund Balances	24,828	5,776,837	5,039,161
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,828	\$ 6,859,045	\$ 5,796,482

CITY OF SOLANA BEACH

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

YEAR ENDED JUNE 30, 2016

(With comparative totals for the year ended June 30, 2015)

	Special Revenue Funds		Capital Projects Funds	
	2016	2015	2016	2015
Revenues:				
Taxes and assessments	\$ 1,514,752	\$ 1,517,011	\$ 247,029	\$ 218,544
Intergovernmental	422,841	267,866	160,107	320,968
Charges for services	368,711	346,838	100,000	-
Use of money and property	21,746	8,423	9,651	4,266
Other revenues	82,433	458,835	46,000	57,083
Total Revenues	2,410,483	2,598,973	562,787	600,861
Expenditures:				
Current:				
General government	152	104	-	-
Public safety	608,274	498,168	128,001	140,429
Public works	716,057	774,920	100,313	-
Community development	331,639	247,141	540	137,951
Community services	26,283	22,243	-	-
Capital outlay	437,695	533,805	587,529	916,086
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,120,100	2,076,381	816,383	1,194,466
Excess (Deficiency) of Revenues Over (Under) Expenditures	290,383	522,592	(253,596)	(593,605)
Other Financing Sources (Uses):				
Transfers in	-	-	824,000	227,465
Transfers out	(123,400)	(74,700)	-	-
Contributions to Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	(123,400)	(74,700)	824,000	227,465
Net Change in Fund Balances	166,983	447,892	570,404	(366,140)
Fund Balances:				
Beginning of year	3,909,076	3,461,184	1,105,546	1,471,686
End of Year	\$ 4,076,059	\$ 3,909,076	\$ 1,675,950	\$ 1,105,546

CITY OF SOLANA BEACH

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

YEAR ENDED JUNE 30, 2016

(With comparative totals for the year ended June 30, 2015)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2016	2015	2016	2015
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 1,761,781	\$ 1,735,555
Intergovernmental	-	-	582,948	588,834
Charges for services	-	-	468,711	346,838
Use of money and property	-	5	31,397	12,694
Other revenues	-	-	128,433	515,918
Total Revenues	-	5	2,973,270	3,199,839
Expenditures:				
Current:				
General government	-	-	152	104
Public safety	-	-	736,275	638,597
Public works	-	-	816,370	774,920
Community development	-	-	332,179	385,092
Community services	-	-	26,283	22,243
Capital outlay	-	-	1,025,224	1,449,891
Debt service:				
Principal retirement	161,086	155,930	161,086	155,930
Interest and fiscal charges	58,025	63,418	58,025	63,418
Total Expenditures	219,111	219,348	3,155,594	3,490,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,111)	(219,343)	(182,324)	(290,356)
Other Financing Sources (Uses):				
Transfers in	219,400	219,400	1,043,400	446,865
Transfers out	-	-	(123,400)	(74,700)
Contributions to Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	219,400	219,400	920,000	372,165
Net Change in Fund Balances	289	57	737,676	81,809
Fund Balances:				
Beginning of year	24,539	24,482	5,039,161	4,957,352
End of Year	\$ 24,828	\$ 24,539	\$ 5,776,837	\$ 5,039,161

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016
(With comparative totals for the year ended June 30, 2015)

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	Lighting District	TEA 21 / TEA
Revenues:				
Taxes and assessments	\$ 293,131	\$ 586,817	\$ 511,290	\$ -
Intergovernmental	-	4,265	3,293	-
Charges for services	-	-	-	-
Use of money and property	1,356	3,416	11,545	-
Other revenues	-	-	69,401	-
Total Revenues	294,487	594,498	595,529	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	7,180	465,041	224,130	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	327,148	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	334,328	465,041	224,130	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,841)	129,457	371,399	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(70,400)	-
Total Other Financing Sources (Uses)	-	-	(70,400)	-
Net Change in Fund Balances	(39,841)	129,457	300,999	-
Fund Balances:				
Beginning of year	498,035	657,988	1,386,904	(168,970)
End of Year	\$ 458,194	\$ 787,445	\$ 1,687,903	\$ (168,970)

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(With comparative totals for the year ended June 30, 2015)

(CONTINUED)

	Special Revenue Funds			
	COPS	Public Safety	Fire Mitigation	CDBG
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	114,618	160,372	-	107,508
Charges for services	-	-	4,671	-
Use of money and property	437	-	-	-
Other revenues	-	6,456	-	-
Total Revenues	115,055	166,828	4,671	107,508
Expenditures:				
Current:				
General government	-	152	-	-
Public safety	100,000	126,991	6,000	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	105,734
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	100,000	127,143	6,000	105,734
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,055	39,685	(1,329)	1,774
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	15,055	39,685	(1,329)	1,774
Fund Balances:				
Beginning of year	120,334	35,364	1,433	(17,348)
End of Year	\$ 135,389	\$ 75,049	\$ 104	\$ (15,574)

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016
(With comparative totals for the year ended June 30, 2015)

	Special Revenue Funds			
	CALTRANS	Coastal Area Business / Visitor	Boating & Waterways	Miscellaneous Grants
Revenues:				
Taxes and assessments	\$ -	\$ 123,514	\$ -	\$ -
Intergovernmental	-	-	-	32,785
Charges for services	-	-	-	-
Use of money and property	-	1,799	53	-
Other revenues	-	6,575	-	-
Total Revenues	-	131,888	53	32,785
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	40,607	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	4,813
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	40,607	-	4,813
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	91,281	53	27,972
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(53,000)	-	-
Total Other Financing Sources (Uses)	-	(53,000)	-	-
Net Change in Fund Balances	-	38,281	53	27,972
Fund Balances:				
Beginning of year	59,634	365,907	59,995	(26,687)
End of Year	\$ 59,634	\$ 404,188	\$ 60,048	\$ 1,285

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

(With comparative totals for the year ended June 30, 2015)

(CONTINUED)

	Special Revenue Funds		
	Developer Pass-Thru	Housing	Camp Programs
Revenues:			
Taxes and assessments	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	364,040
Use of money and property	-	1,882	1,258
Other revenues	1	-	-
Total Revenues	1	1,882	365,298
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	375,283
Public works	19,706	-	-
Community development	291,032	-	-
Community services	-	-	26,283
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	310,738	-	401,566
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310,737)	1,882	(36,268)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(310,737)	1,882	(36,268)
Fund Balances:			
Beginning of year	316,366	429,441	190,680
End of Year	\$ 5,629	\$ 431,323	\$ 154,412

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016
(With comparative totals for the year ended June 30, 2015)

	Capital Projects Funds			
	City CIP	Assessment Districts CIP	Sand Replenish/Retention and Coastal Access	Public Improvement Grant
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 247,029	\$ -
Intergovernmental	60,107	-	-	100,000
Charges for services	100,000	-	-	-
Use of money and property	2,351	960	3,618	2,722
Other revenues	3,000	-	-	43,000
Total Revenues	165,458	960	250,647	145,722
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	128,001	-	-	-
Public works	100,313	-	-	-
Community development	540	-	-	-
Community services	-	-	-	-
Capital outlay	184,070	-	109,345	294,114
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	412,924	-	109,345	294,114
Excess (Deficiency) of Revenues Over (Under) Expenditures	(247,466)	960	141,302	(148,392)
Other Financing Sources (Uses):				
Transfers in	824,000	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	824,000	-	-	-
Net Change in Fund Balances	576,534	960	141,302	(148,392)
Fund Balances:				
Beginning of year	272,754	158,497	410,787	263,508
End of Year	\$ 849,288	\$ 159,457	\$ 552,089	\$ 115,116

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016
(With comparative totals for the year ended June 30, 2015)

	Debt Service Funds	Total Nonmajor Governmental Funds	
	City Debt Service	2016	2015
Revenues:			
Taxes and assessments	\$ -	\$ 1,761,781	\$ 1,735,555
Intergovernmental	-	582,948	588,834
Charges for services	-	468,711	346,838
Use of money and property	-	31,397	12,694
Other revenues	-	128,433	515,918
Total Revenues	-	2,973,270	3,199,839
Expenditures:			
Current:			
General government	-	152	104
Public safety	-	736,275	638,597
Public works	-	816,370	774,920
Community development	-	332,179	385,092
Community services	-	26,283	22,243
Capital outlay	-	1,025,224	1,449,891
Debt service:			
Principal retirement	161,086	161,086	155,930
Interest and fiscal charges	58,025	58,025	63,418
Total Expenditures	219,111	3,155,594	3,490,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	(219,111)	(182,324)	(290,356)
Other Financing Sources (Uses):			
Transfers in	219,400	1,043,400	446,865
Transfers out	-	(123,400)	(74,700)
Total Other Financing Sources (Uses)	219,400	920,000	372,165
Net Change in Fund Balances	289	737,676	81,809
Fund Balances:			
Beginning of year	24,539	5,039,161	4,957,352
End of Year	\$ 24,828	\$ 5,776,837	\$ 5,039,161

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 498,035	\$ 498,035	\$ 498,035	\$ -
Resources (Inflows):				
Taxes	297,200	297,200	293,131	(4,069)
Use of money and property	700	700	1,356	656
Amounts Available for Appropriations	795,935	795,935	792,522	(3,413)
Charges to Appropriation (Outflow):				
Public works	2,100	2,100	7,180	(5,080)
Capital outlay	400,000	400,000	327,148	72,852
Total Charges to Appropriations	402,100	402,100	334,328	67,772
Budgetary Fund Balance, June 30	\$ 393,835	\$ 393,835	\$ 458,194	\$ 64,359

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 657,988	\$ 657,988	\$ 657,988	\$ -
Resources (Inflows):				
Taxes	525,200	525,200	586,817	61,617
Intergovernmental	2,500	2,500	4,265	1,765
Use of money and property	600	600	3,416	2,816
Amounts Available for Appropriations	1,186,288	1,186,288	1,252,486	66,198
Charges to Appropriation (Outflow):				
Public works	515,200	531,746	465,041	66,705
Total Charges to Appropriations	515,200	531,746	465,041	66,705
Budgetary Fund Balance, June 30	\$ 671,088	\$ 654,542	\$ 787,445	\$ 132,903

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
LIGHTING DISTRICT FUND
YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,386,904	\$ 1,386,904	\$ 1,386,904	\$ -
Resources (Inflows):				
Taxes	415,600	415,600	511,290	95,690
Intergovernmental	3,200	3,200	3,293	93
Use of money and property	1,500	1,500	11,545	10,045
Miscellaneous	-	-	69,401	69,401
Amounts Available for Appropriations	1,807,204	1,807,204	1,982,433	175,229
Charges to Appropriation (Outflow):				
Public works	276,300	289,389	224,130	65,259
Transfers out	70,400	70,400	70,400	-
Total Charges to Appropriations	346,700	359,789	294,530	65,259
Budgetary Fund Balance, June 30	\$ 1,460,504	\$ 1,447,415	\$ 1,687,903	\$ 240,488

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 COPS FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 120,334	\$ 120,334	\$ 120,334	\$ -
Resources (Inflows):				
Intergovernmental	-	-	114,618	114,618
Use of money and property	100	100	437	337
Amounts Available for Appropriations	120,434	120,434	235,389	114,955
Charges to Appropriation (Outflow):				
Public safety	100,000	100,000	100,000	-
Total Charges to Appropriations	100,000	100,000	100,000	-
Budgetary Fund Balance, June 30	\$ 20,434	\$ 20,434	\$ 135,389	\$ 114,955

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 PUBLIC SAFETY FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 35,364	\$ 35,364	\$ 35,364	\$ -
Resources (Inflows):				
Intergovernmental	19,500	19,500	160,372	140,872
Miscellaneous	30,000	30,000	6,456	(23,544)
Amounts Available for Appropriations	84,864	84,864	202,192	117,328
Charges to Appropriation (Outflow):				
General government	-	-	152	(152)
Public safety	24,000	134,000	126,991	7,009
Total Charges to Appropriations	24,000	134,000	127,143	6,857
Budgetary Fund Balance, June 30	\$ 60,864	\$ (49,136)	\$ 75,049	\$ 124,185

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 FIRE MITIGATION FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,433	\$ 1,433	\$ 1,433	\$ -
Resources (Inflows):				
Charges for services	1,000	1,000	4,671	3,671
Amounts Available for Appropriations	2,433	2,433	6,104	3,671
Charges to Appropriation (Outflow):				
Public safety	-	6,000	6,000	-
Total Charges to Appropriations	-	6,000	6,000	-
Budgetary Fund Balance, June 30	\$ 2,433	\$ (3,567)	\$ 104	\$ 3,671

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CDBG FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (17,348)	\$ (17,348)	\$ (17,348)	\$ -
Resources (Inflows):				
Intergovernmental	-	107,998	107,508	(490)
Amounts Available for Appropriations	(17,348)	90,650	90,160	(490)
Charges to Appropriation (Outflow):				
Capital outlay	-	107,998	105,734	2,264
Total Charges to Appropriations	-	107,998	105,734	2,264
Budgetary Fund Balance, June 30	\$ (17,348)	\$ (17,348)	\$ (15,574)	\$ 1,774

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
 COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND
 YEAR ENDED JUNE 30, 2016**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 365,907	\$ 365,907	\$ 365,907	\$ -
Resources (Inflows):				
Taxes	106,000	106,000	123,514	17,514
Use of money and property	400	400	1,799	1,399
Miscellaneous	-	-	6,575	6,575
Amounts Available for Appropriations	472,307	472,307	497,795	25,488
Charges to Appropriation (Outflow):				
Community development	45,500	50,500	40,607	9,893
Transfers out	-	53,000	53,000	-
Total Charges to Appropriations	45,500	103,500	93,607	9,893
Budgetary Fund Balance, June 30	\$ 426,807	\$ 368,807	\$ 404,188	\$ 35,381

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER PASS-THRU FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 316,366	\$ 316,366	\$ 316,366	\$ -
Resources (Inflows):				
Miscellaneous	100,000	100,000	1	(99,999)
Amounts Available for Appropriations	416,366	416,366	316,367	(99,999)
Charges to Appropriation (Outflow):				
Community development	100,000	307,545	291,032	16,513
Public works	-	349,869	19,706	330,163
Total Charges to Appropriations	100,000	657,414	310,738	346,676
Budgetary Fund Balance, June 30	\$ 316,366	\$ (241,048)	\$ 5,629	\$ 246,677

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 429,441	\$ 429,441	\$ 429,441	\$ -
Resources (Inflows):				
Use of money and property	500	500	1,882	1,382
Amounts Available for Appropriations	429,941	429,941	431,323	1,382
Budgetary Fund Balance, June 30	\$ 429,941	\$ 429,941	\$ 431,323	\$ 1,382

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CAMP PROGRAMS FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 190,680	\$ 190,680	\$ 190,680	\$ -
Resources (Inflows):				
Charges for services	250,000	250,000	364,040	114,040
Use of money and property	-	-	1,258	1,258
Amounts Available for Appropriations	440,680	440,680	555,978	115,298
Charges to Appropriation (Outflow):				
Public safety	277,700	380,265	375,283	4,982
Parks and recreation	28,900	28,900	26,283	2,617
Total Charges to Appropriations	306,600	409,165	401,566	7,599
Budgetary Fund Balance, June 30	\$ 134,080	\$ 31,515	\$ 154,412	\$ 122,897

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CITY CIP CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 272,754	\$ 272,754	\$ 272,754	\$ -
Resources (Inflows):				
Intergovernmental	-	-	60,107	60,107
Charges for services	-	-	100,000	100,000
Use of money and property	1,000	1,000	2,351	1,351
Miscellaneous	-	-	3,000	3,000
Transfers in	371,000	824,000	824,000	-
Amounts Available for Appropriations	644,754	1,097,754	1,262,212	164,458
Charges to Appropriation (Outflow):				
Public safety	74,000	121,876	128,001	(6,125)
Community development	113,400	150,000	540	149,460
Public works	-	100,000	100,313	(313)
Capital outlay	347,500	493,730	184,070	309,660
Total Charges to Appropriations	534,900	865,606	412,924	452,682
Budgetary Fund Balance, June 30	\$ 109,854	\$ 232,148	\$ 849,288	\$ 617,140

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 ASSESSMENT DISTRICT CIP CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2016

	<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	\$ 158,497	\$ 158,497	\$ 158,497	\$ -
Resources (Inflows):				
Use of money and property	100	100	960	860
Amounts Available for Appropriations	158,597	158,597	159,457	860
Budgetary Fund Balance, June 30	\$ 158,597	\$ 158,597	\$ 159,457	\$ 860

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 SAND REPLENISH / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 410,787	\$ 410,787	\$ 410,787	\$ -
Resources (Inflows):				
Taxes	212,000	212,000	247,029	35,029
Use of money and property	400	400	3,618	3,218
Amounts Available for Appropriations	623,187	623,187	661,434	38,247
Charges to Appropriation (Outflow):				
Capital outlay	149,100	192,382	109,345	83,037
Total Charges to Appropriations	149,100	192,382	109,345	83,037
Budgetary Fund Balance, June 30	\$ 474,087	\$ 430,805	\$ 552,089	\$ 121,284

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 PUBLIC IMPROVEMENT GRANT CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 263,508	\$ 263,508	\$ 263,508	\$ -
Resources (Inflows):				
Intergovernmental	-	100,000	100,000	-
Use of money and property	1,000	1,000	2,722	1,722
Miscellaneous	-	40,000	43,000	3,000
Amounts Available for Appropriations	264,508	404,508	409,230	4,722
Charges to Appropriation (Outflow):				
Capital outlay	209,000	403,174	294,114	109,060
Total Charges to Appropriations	209,000	403,174	294,114	109,060
Budgetary Fund Balance, June 30	\$ 55,508	\$ 1,334	\$ 115,116	\$ 113,782

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CITY DEBT SERVICE FUND
 YEAR ENDED JUNE 30, 2016

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,539	\$ 24,539	\$ 24,539	\$ -
Resources (Inflows):				
Transfers in	219,400	219,400	219,400	-
Amounts Available for Appropriations	243,939	243,939	243,939	-
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	192,200	192,200	161,086	31,114
Interest and fiscal charges	27,200	27,200	58,025	(30,825)
Total Charges to Appropriations	219,400	219,400	219,111	289
Budgetary Fund Balance, June 30	\$ 24,539	\$ 24,539	\$ 24,828	\$ 289

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FIDUCIARY FUNDS

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, 2016
 (With comparative totals for June 30, 2015)

	Cedros Avenue Assessment District	Undergrounding Districts	South Solana Sewer District	Total Agency Funds	
				2016	2015
Assets:					
Pooled cash and investments	\$ 13,199	\$ 397,353	\$ 78,447	\$ 488,999	\$ 478,241
Receivables:					
Accounts	-	266	-	266	140
Taxes	-	1,779	-	1,779	2,018
Total Assets	\$ 13,199	\$ 399,398	\$ 78,447	\$ 491,044	\$ 480,399
Liabilities:					
Due to bondholders	\$ 13,199	\$ 399,398	\$ 78,447	\$ 491,044	\$ 480,399
Total Liabilities	\$ 13,199	\$ 399,398	\$ 78,447	\$ 491,044	\$ 480,399

CITY OF SOLANA BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2016

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<u>Cedros Avenue Assessment District</u>				
Assets:				
Cash and investments	\$ 13,199	\$ -	\$ -	\$ 13,199
Total Assets	\$ 13,199	\$ -	\$ -	\$ 13,199
Liabilities:				
Due to bondholders	\$ 13,199	\$ -	\$ -	\$ 13,199
Total Liabilities	\$ 13,199	\$ -	\$ -	\$ 13,199
<u>Undergrounding Districts</u>				
Assets:				
Cash and investments	\$ 386,881	\$ 186,075	\$ 175,603	\$ 397,353
Receivables:				
Accounts	140	269	143	266
Taxes	2,018	1,805	2,044	1,779
Total Assets	\$ 389,039	\$ 188,149	\$ 177,790	\$ 399,398
Liabilities:				
Due to bondholders	\$ 389,039	\$ 188,329	\$ 177,970	\$ 399,398
Total Liabilities	\$ 389,039	\$ 188,329	\$ 177,970	\$ 399,398
<u>South Solana Sewer District</u>				
Assets:				
Cash and investments	\$ 78,161	\$ 41,911	\$ 41,625	\$ 78,447
Receivables:				
Taxes	-	-	-	-
Total Assets	\$ 78,161	\$ 41,911	\$ 41,625	\$ 78,447
Liabilities:				
Due to bondholders	\$ 78,161	\$ 41,568	\$ 41,282	\$ 78,447
Total Liabilities	\$ 78,161	\$ 41,568	\$ 41,282	\$ 78,447
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 478,241	\$ 227,986	\$ 217,228	\$ 488,999
Receivables:				
Accounts	140	269	143	266
Taxes	2,018	1,805	2,044	1,779
Total Assets	\$ 480,399	\$ 230,060	\$ 219,415	\$ 491,044
Liabilities:				
Due to bondholders	\$ 480,399	\$ 229,897	\$ 219,252	\$ 491,044
Total Liabilities	\$ 480,399	\$ 229,897	\$ 219,252	\$ 491,044

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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.*

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Government activities					
Net Investment in Capital Assets	\$ 508,667,761	\$ 508,786,944	\$ 506,384,350	\$ 33,268,562	\$ 32,138,178
Restricted	5,918,148	5,634,827	6,227,639	7,086,145	6,747,340
Unrestricted	10,118,438	9,696,117	9,168,682	7,537,582	4,479,958
Total governmental activities net position	\$ 524,704,347	\$ 524,117,888	\$ 521,780,671	\$ 47,892,289	\$ 43,365,476
Business-type activities					
Net Investment in Capital Assets	\$ 5,655,824	\$ 5,300,163	\$ 9,451,570	\$ 10,679,302	\$ 6,389,844
Restricted	1,021,293	1,021,293	1,021,293	-	-
Unrestricted	16,516,654	19,961,200	16,768,741	17,901,556	22,974,310
Total governmental activities net position	\$ 23,193,771	\$ 26,282,656	\$ 27,241,604	\$ 28,580,858	\$ 29,364,154
Primary government					
Net Investment in Capital Assets	\$ 514,323,585	\$ 514,087,107	\$ 515,835,920	\$ 43,947,864	\$ 38,528,022
Restricted	6,939,441	6,656,120	7,248,932	7,086,145	6,747,340
Unrestricted	26,635,092	29,657,317	25,937,423	25,439,138	27,454,268
Total governmental activities net position	\$ 547,898,118	\$ 550,400,544	\$ 549,022,275	\$ 76,473,147	\$ 72,729,630

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

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

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental Activities:					
General government	\$ 3,528,936	\$ 3,937,478	\$ 3,518,394	\$ 4,680,495	\$ 4,943,119
Public safety	6,660,964	7,295,541	7,543,706	8,066,129	9,730,398
Public works	7,956,086	3,983,378	6,254,133	4,350,781	4,207,981
Community development	1,092,010	1,318,105	1,115,746	1,055,575	1,078,141
Community services	447,863	3,662,205	862,778	526,188	569,907
Interest on long-term debt	440,207	464,713	523,536	738,430	543,852
Total Governmental Activities expenses	20,126,066	20,661,420	19,818,293	19,417,598	21,073,398
Business-Type Activities:					
Sanitation	2,893,009	3,284,109	3,599,496	3,654,076	3,942,484
Total Business-Type Activities Expenses	2,893,009	3,284,109	3,599,496	3,654,076	3,942,484
Total Primary Government Expenses	\$ 23,019,075	\$ 23,945,529	\$ 23,417,789	\$ 23,071,674	\$ 25,015,882
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	673,678	685,091	804,810	397,971	471,722
Public works	933,500	992,150	923,315	571,933	689,658
Community development	696,403	718,504	508,514	447,581	506,927
Community services	65,554	102,620	105,511	248,803	151,189
Operating Contributions:					
General government	-	-	-	-	14,213
Public safety	-	-	-	181,174	251,237
Public works	393,644	267,943	318,590	1,000	1,351
Community development	-	-	31,725	-	-
Community services	14,944	48,393	-	76,250	13,500
Capital Contributions and Grants:					
Public safety	109,462	184,866	109,194	-	65,696
Public works	1,377,308	3,152,793	1,039,257	25,500	414,003
Community services	-	-	-	-	21,001
Total Governmental Activities Program Revenues	4,264,493	6,152,360	3,840,916	1,950,212	2,600,497
Business-Type Activities:					
Charges for services:					
Sanitation	3,860,416	5,920,865	4,296,890	4,498,181	4,501,364
Total Business-Type Activities Program Revenues	3,860,416	5,920,865	4,296,890	4,498,181	4,501,364
Total Primary Government Program Revenues	\$ 8,124,909	\$ 12,073,225	\$ 8,137,806	\$ 6,448,393	\$ 7,101,861
Net (Expense)/Revenue					
Governmental Activities	\$ (15,861,573)	\$ (14,509,060)	\$ (15,977,377)	\$ (17,467,386)	\$ (18,472,901)
Business-Type Activities	967,407	2,636,756	697,394	844,105	558,880
Total primary Government Net Expense	\$ (14,894,166)	\$ (11,872,304)	\$ (15,279,983)	\$ (16,623,281)	\$ (17,914,021)
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 5,565,440	\$ 5,954,582	\$ 6,291,314	\$ 6,880,563	\$ 6,813,559
Transient occupancy taxes	1,013,297	1,020,184	1,015,007	929,836	978,840
Sales taxes	3,070,730	3,041,726	2,682,769	2,515,183	2,813,228
Intergovernmental, unrestricted:					
Franchise taxes	613,222	624,153	652,107	652,485	663,660
Other taxes	1,821,978	1,905,408	2,016,476	2,228,379	2,353,883
Investment income	1,044,282	776,033	401,668	175,659	161,701
Use of money and property	31,304	56,849	87,154	-	-
Other	548,286	553,666	493,665	345,098	218,377
Loss on sale of property	-	-	-	-	(57,159)
Extraordinary Gain/(Loss) on dissolution on redevelopment agency	-	-	-	-	-
Total Governmental Activities	13,708,539	13,932,601	13,640,160	13,727,203	13,946,089
Business-Type Activities:					
Investment income	477,002	488,749	261,554	73,634	51,294
Use of money and property	-	-	-	-	-
Share in joint venture net loss	-	-	-	-	-
Other	-	-	-	-	-
Miscellaneous	-	-	-	421,515	173,122
Total Business-Type Activities	477,002	488,749	261,554	495,149	224,416
Total Primary Government	\$ 14,185,541	\$ 14,421,350	\$ 13,901,714	\$ 14,222,352	\$ 14,170,505
Changes in Net Position					
Governmental Activities	\$ (2,153,034)	\$ (576,459)	\$ (2,337,217)	\$ (3,740,183)	\$ (4,526,812)
Business-Type Activities	1,444,409	3,125,505	958,948	1,339,254	783,296
Total Primary Government	\$ (708,625)	\$ 2,549,046	\$ (1,378,269)	\$ (2,400,929)	\$ (3,743,516)

Fiscal Year				
2012	2013	2014	2015	2016
\$ 3,509,970	\$ 3,521,929	\$ 3,712,734	\$ 3,344,429	\$ 3,944,303
7,801,875	8,177,235	8,416,330	8,441,144	9,162,345
4,499,601	5,070,916	5,008,665	5,181,223	5,438,407
957,995	957,303	1,361,588	1,281,059	1,378,130
561,563	604,445	579,088	622,608	627,748
139,345	78,156	439,918	388,144	398,408
<u>17,470,349</u>	<u>18,409,984</u>	<u>19,518,323</u>	<u>19,258,607</u>	<u>20,949,341</u>
4,038,404	3,456,455	2,855,368	4,566,357	3,568,901
<u>4,038,404</u>	<u>3,456,455</u>	<u>2,855,368</u>	<u>4,566,357</u>	<u>3,568,901</u>
<u>\$ 21,508,753</u>	<u>\$ 21,866,439</u>	<u>\$ 22,373,691</u>	<u>\$ 23,824,964</u>	<u>\$ 24,518,242</u>

\$ 21,370	\$ -	\$ -	\$ -	\$ -
439,523	376,156	402,670	464,533	578,282
251,766	511,843	743,210	238,587	416,524
796,475	648,280	830,429	852,578	928,065
229,571	357,877	303,070	347,698	365,289
-	-	-	-	-
273,048	270,428	286,687	285,399	270,152
173,664	583,136	1,577,961	920,807	1,045,301
-	-	-	109,689	200,388
30,331	-	-	-	-
78,590	162,672	129,740	53,091	160,372
25,000	-	-	-	-
-	-	-	-	-
<u>2,319,338</u>	<u>2,910,392</u>	<u>4,273,767</u>	<u>3,272,382</u>	<u>3,964,373</u>

4,517,005	4,708,765	4,775,489	4,949,069	5,151,671
<u>4,517,005</u>	<u>4,708,765</u>	<u>4,775,489</u>	<u>4,949,069</u>	<u>5,151,671</u>
<u>\$ 6,836,343</u>	<u>\$ 7,619,157</u>	<u>\$ 9,049,256</u>	<u>\$ 8,221,451</u>	<u>\$ 9,116,044</u>

\$ (15,151,011)	\$ (15,499,592)	\$ (15,244,556)	\$ (15,986,225)	\$ (16,984,968)
478,601	1,252,310	1,920,121	382,712	1,582,770
<u>\$ (14,672,410)</u>	<u>\$ (14,247,282)</u>	<u>\$ (13,324,435)</u>	<u>\$ (15,603,513)</u>	<u>\$ (15,402,198)</u>

\$ 6,597,393	\$ 6,655,138	\$ 6,880,916	\$ 7,247,202	\$ 7,705,956
1,118,592	1,186,197	1,220,075	1,467,373	1,605,685
2,963,507	3,077,691	2,814,702	2,808,203	3,255,104
52,084	-	-	-	-
685,336	698,672	714,991	765,995	736,042
2,670,333	2,643,515	2,736,146	2,747,073	2,797,559
-	-	-	-	-
102,469	84,903	137,906	136,763	261,466
494,008	722,094	1,399,850	914,672	735,521
-	-	-	-	-
2,933,995	-	-	-	-
<u>17,617,717</u>	<u>15,068,210</u>	<u>15,904,586</u>	<u>16,087,281</u>	<u>17,097,333</u>

-	-	-	-	-
152,477	78,615	71,541	71,973	115,321
-	-	-	-	-
269,358	46,470	36,300	28,939	49,090
-	-	-	-	-
421,835	125,085	107,841	100,912	164,411
<u>\$ 18,039,552</u>	<u>\$ 15,193,295</u>	<u>\$ 16,012,427</u>	<u>\$ 16,188,193</u>	<u>\$ 17,261,744</u>

\$ 2,466,706	\$ (431,382)	\$ 660,030	\$ 101,056	\$ 112,365
900,436	1,377,395	2,027,962	483,624	1,747,181
<u>\$ 3,367,142</u>	<u>\$ 946,013</u>	<u>\$ 2,687,992</u>	<u>\$ 584,680</u>	<u>\$ 1,859,546</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2007	2008	2009	2010	2011
General Fund					
Reserved	\$ 519,306	\$ 702,183	\$ 678,179	\$ 590,395	\$ -
Unreserved	9,406,448	9,349,667	9,315,645	8,836,776	-
Nonspendable	-	-	-	-	32,550
Restricted	-	-	-	-	-
Committed	-	-	-	-	346,990
Assigned	-	-	-	-	4,553,037
Unassigned	-	-	-	-	1,600,449
Total General Fund	<u>\$ 9,925,754</u>	<u>\$ 10,051,850</u>	<u>\$ 9,993,824</u>	<u>\$ 9,427,171</u>	<u>\$ 6,533,026</u>
All Other Governmental Funds					
Reserved	6724648	\$ 2,478,756	\$ 3,297,975	\$ 2,039,729	\$ -
Unreserved, reported in nonmajor,					
Special revenue funds	169,154	2,944,672	2,785,157	3,883,762	-
Capital Projects funds	1,289,006	2,108,813	1,662,537	630,964	-
Debt service funds	-	-	-	531,690	-
Nonspendable	-	-	-	-	69,226
Restricted	-	-	-	-	6,169,355
Committed	-	-	-	-	-
Assigned	-	-	-	-	782,116
Unassigned	-	-	-	-	(273,357)
Total all other Governmental Funds	<u>\$ 8,182,808</u>	<u>\$ 7,532,241</u>	<u>\$ 7,745,669</u>	<u>\$ 7,086,145</u>	<u>\$ 6,747,340</u>

Note: The difference in reporting in 2011 is the result of the City implementation of GASB Statement No. 54.

		Fiscal Year			
2012	2013	2014	2015	2016	
\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
6,482	9,276	7,523	9,382	7,471	
-	-	-	-	508,897	
264,534	278,377	324,083	454,048	787,790	
4,486,177	4,579,527	5,102,543	5,324,048	5,520,890	
2,573,592	4,014,144	4,369,152	5,580,686	6,200,244	
<u>\$ 7,330,785</u>	<u>\$ 8,881,324</u>	<u>9,803,301</u>	<u>11,368,164</u>	<u>13,025,292</u>	

\$ -	\$ -	\$ -	\$ -	\$ -	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
6,241,182	4,588,670	5,107,900	4,979,850	5,316,698	
-	-	-	-	-	
539,450	525,735	425,416	589,120	849,917	
(315,857)	(5,333,420)	(222,713)	(213,005)	(184,544)	
<u>\$ 6,464,775</u>	<u>\$ (219,015)</u>	<u>5,310,603</u>	<u>5,355,965</u>	<u>5,982,071</u>	

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues:					
Taxes and assessments	\$ 11,919,786	\$ 12,459,651	\$ 12,299,829	\$ 12,299,501	\$ 12,700,086
Intergovernmental	2,414,327	4,945,419	2,310,147	1,700,918	1,623,918
Licenses and permits	329,903	397,846	329,118	308,284	323,091
Charges for services	634,068	673,668	573,179	678,188	607,354
Fines and forfeitures	395,038	348,272	322,777	349,291	385,394
Contributions from property owners	782,564	-	732,846	-	-
Investment income	1,050,776	781,475	404,348	-	-
Use of money and property	31,304	46,849	87,154	176,320	162,086
Other	577,485	596,889	593,334	421,595	1,132,388
Total revenues	18,135,251	20,250,069	17,652,732	15,934,097	16,934,317
Expenditures:					
General government	3,810,327	3,562,602	3,373,964	3,433,354	4,363,499
Public safety	6,529,740	7,126,476	8,236,116	7,848,577	9,531,715
Public works	2,569,705	2,537,019	2,471,621	2,278,876	2,263,950
Community development	1,090,559	1,312,496	1,108,727	1,079,651	1,103,618
Community services	257,687	288,019	295,651	224,884	268,603
Capital outlay	7,087,294	5,208,933	1,751,802	1,134,878	1,644,750
Debt service:					
Principal retirement	230,000	235,000	415,000	424,079	444,385
Interest	297,973	289,795	292,415	282,725	265,360
Payment to refunded bond escrow agent	-	-	-	-	-
Pass-through payments	170,053	214,200	256,033	453,250	281,387
Total expenses	22,043,338	20,774,540	18,201,329	17,160,274	20,167,267
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,908,087)	(524,471)	(548,597)	(1,226,177)	(3,232,950)
Other financing sources (uses):					
Transfers in	3,866,836	905,588	946,080	857,227	874,996
Transfers out	(3,866,836)	(905,588)	(946,080)	(857,227)	(874,996)
Contributions to Successor Agency	-	-	-	-	-
Refunding Bonds issued	-	-	-	-	-
Other Debts Issued	-	-	-	-	-
Bond Discount	-	-	-	-	-
Contributions to OPEB Trust Fund	-	-	-	-	-
Long-term debt issued	-	-	-	-	-
Capital leases	-	-	703,999	-	-
Total other financing sources (uses)	-	-	703,999	-	-
Extraordinary Gain/(Loss) on dissolution of Redevelopment Agency (Note 16)	-	-	-	-	-
Net change in fund balances / net position	\$ (3,908,087)	\$ (524,471)	\$ 155,402	\$ (1,226,177)	\$ (3,232,950)
Capital assets used in debt service calculation*	\$ 4,141,490	\$ 2,730,022	\$ 390,039	\$ 963,854	\$ 1,364,025
Debt service as a percentage of noncapital expenditures	2.9%	2.9%	4.0%	4.4%	3.8%

* 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							
		2012	2013	2014	2015	2016			
\$	12,881,767	\$	13,046,917	\$	13,135,199	\$	13,727,132	\$	14,719,229
	1,822,705		2,230,532		3,217,319		2,674,057		3,069,673
	420,339		361,573		429,464		461,687		471,581
	799,836		830,907		959,935		1,001,943		1,313,658
	342,136		323,961		348,337		392,683		502,921
	-		-		-		-		-
	-		-		-		-		-
	102,469		84,903		137,906		136,763		261,466
	604,953		1,099,809		1,941,493		961,755		735,521
	16,974,205		17,978,602		20,169,653		19,356,020		21,074,049
	3,230,362		3,057,761		3,085,499		3,222,933		3,500,443
	7,614,262		7,945,912		8,238,659		8,315,766		8,912,742
	2,301,953		2,075,777		2,215,596		2,322,090		2,463,442
	953,383		955,907		1,360,192		1,291,073		1,380,934
	244,955		284,884		259,809		275,790		278,481
	2,048,301		7,638,942		3,452,914		1,773,690		2,190,316
	239,900		280,700		155,925		155,930		161,086
	155,519		77,283		439,464		388,523		383,130
	1,545,000		-		-		-		-
	7,147		-		-		-		-
	18,340,782		22,317,166		19,208,058		17,745,795		19,270,574
	(1,366,577)		(4,338,564)		961,595		1,610,225		1,803,475
	2,560,970		742,322		1,319,473		446,865		1,043,400
	(2,560,970)		(742,322)		(1,319,473)		(446,865)		(1,043,400)
	-		(834,007)		(10,000)		-		-
	1,388,300		-		-		-		-
	818,696		-		-		-		-
	(10,650)		-		-		-		-
	-		-		-		-		(135,000)
	(24,062)		-		5,500,000		-		614,759
	-		-		-		-		-
	2,172,284		(834,007)		5,490,000		-		479,759
	(366,005)		-		-		-		-
\$	439,702	\$	(5,172,571)	\$	6,451,595	\$	1,610,225	\$	2,283,234
\$	2,055,611	\$	7,859,585	\$	3,527,607	\$	1,764,750	\$	2,194,361
	2.4%		2.5%		3.8%		3.4%		3.2%

CITY OF SOLANA BEACH

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

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>
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	-
2016	3,550,845	492,062	213,785	-

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

N/A - Data not available

Source: San Diego County Assessor 2006/07 - 2015/16 Combined Tax Rolls
HdL Coren & Cone.
City of Solana Beach Finance Department

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value^a	Taxable Assessed Value as a Percentage of Actual Taxable Value
\$ 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
4,256,692	0.1735%	N/A	N/A

CITY OF SOLANA BEACH

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

City Direct Rates

Fiscal Year	General Basic Tax Levy	Municipal Improvement District	Lighting District	Total Direct Rate
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
2016	0.1602	0.0037	0.0960	0.1735

Overlapping Rates

Fiscal Year	San Diego County (1)	Carlsbad/ Oceanside/ Vista Projects	School Districts	Community College	Santa Fe Irrigation District (2)
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
2016	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 2006/07 - 2015/16 Tax Rate Table and HdL Coren and Cone.

Overlapping Rates

Educational Revenue Augmentation	Voter Approved (3)					Total Tax Rate
	CWA Santa Fe Irrigation Debt Service	Metropolitan Water District Debt Service	Santa Fe Irrigation Tax Rate Reduction	Vista Project	San Dieguito Prop Aa 11/6/2013 2013A A1	
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
0.12551	-	0.0035	-	-	0.0227	1.026220

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CITY OF SOLANA BEACH

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

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<u>For the Fiscal Year Ended June 30, 2016</u>		
S B T C Holdings LLC	\$ 116,112,633	2.79%
Pacific Solana Beach Holdings LP	65,362,371	1.57%
SB Coporate Cengre III-IV LLC	32,429,542	0.78%
Sanyo Foods Corporation of America	30,808,427	0.74%
Fenton Solana Highlands LLC	29,470,038	0.71%
Muller-Beachwalk LLC	20,670,000	0.50%
E R P Operating LP	18,845,748	0.45%
Lavida Delmar Asscs LP	16,813,394	0.40%
Hankey Investment Company LP	14,447,010	0.35%
Urschel Laboratories INC	13,670,116	0.33%
 Total	 \$ 358,629,279	 8.62%
<u>For the Fiscal Year Ended June 30, 2007</u>		
SB Towne Centre LLC	\$ 61,675,567	2.11%
Sanyo Foods Corporation of America	28,087,763	0.96%
Pacific Solana Beach Holdings LP	27,312,948	0.94%
Fenton Solana Highlands LLC	25,745,777	0.88%
E R P Operating LP	16,573,902	0.57%
Lavida Delmar Associates	14,642,567	0.50%
Del Mar Investors LP	13,447,170	0.46%
Urschel Laboratories Inc	12,022,235	0.41%
Price Enterprise Inc	11,713,721	0.40%
Generation Venture Fund IV LLC	11,075,871	0.38%
 Total	 \$ 222,297,521	 7.62%

Source: HdL Coren & Cone and San Diego
County Assessor 2006/07 & 2015/16

CITY OF SOLANA BEACH

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy	
		Amount	Percentage of Levy
2007	5,151,898	4,996,716	97.0%
2008	5,209,273	4,900,178	94.1%
2009	5,380,394	5,109,936	95.0%
2010	5,781,014	5,407,172	93.5%
2011	5,741,547	5,440,612	94.8%
2012	5,770,042	5,489,946	95.1%
2013	6,110,404	5,832,325	95.4%
2014	6,303,038	6,033,082	95.7%
2015	6,576,197	6,257,093	95.1%
2016	6,931,466	6,635,180	95.7%

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
240,429	5,237,145	100%
291,016	5,191,194	100%
221,201	5,331,137	99%
206,031	5,613,203	97%
-	5,440,612	95%
-	5,489,946	95%
258,145	6,090,470	100%
252,973	6,286,055	100%
215,422	6,472,515	98%
80,163	6,715,343	97%

CITY OF SOLANA BEACH

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

Fiscal Year	Government Activities				Business-type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	2002 ABAG Lease Revenue Bonds	Refunding Lease ABAG	Bonds	Capital Leases	Loans			
2007*	\$ 2,525,000	\$ -	\$ 3,525,000	\$ -	\$ 17,920,000	\$ 23,970,000	3.28%	0.0025
2008*	2,320,000	-	3,495,000	-	17,305,000	23,120,000	3.55%	0.0026
2009*	2,100,000	-	3,435,000	568,999	16,620,000	22,723,999	3.66%	0.0027
2010*	1,875,000	-	3,370,000	434,920	15,915,000	21,594,920	3.78%	0.0028
2011**	1,640,000	-	3,300,000	295,535	15,409,277	20,644,812	3.20%	0.0023
2012*	-	1,388,300	-	958,681	14,132,771	16,479,752	4.20%	0.0032
2013*	-	1,279,300	-	787,950	13,095,631	15,162,881	4.58%	0.0035
2014*	-	1,166,600	5,500,000	745,693	12,175,456	19,587,749	3.56%	0.0027
2015*	-	1,055,400	5,500,000	701,931	11,273,883	18,531,214	3.95%	0.0030
2016	-	940,600	5,500,000	1,271,372	10,339,405	18,051,377	4.05%	0.0031

Notes:

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

^a See Demographic and Economic Statistics schedule for personal income and population data.

These ratios are calculated using personal income and population for the prior calendar year.

* Prior years adjusted to comply with GASB comment Q&A 9.24- Included the Premiums/Discounts and Bonds

** Prior year adjusted to comply with GFOA comment GASB-S44 23- included bonds to schedule

CITY OF SOLANA BEACH

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2016**

Fiscal Year 2015-16 Assessed Valuation : \$4,202,395,135

<u>Direct Debt:</u>	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City (1)</u>	<u>Net Bonded Debt</u>
City of Solana Beach Lease Agreement	\$ 940,600	100.000% (3)	\$ 940,600
City of Solana Beach Capital Lease / Bonds	6,771,372	100.000% (3)	6,771,372
Total Direct Debt			<u>\$ 7,711,972</u>
 <u>Overlapping Debt:</u>			
Metropolitan Water District	\$ 92,865,000	0.171%	\$ 158,799
San Dieguito Union High School District	261,260,000	7.534%	19,683,328
San Dieguito Union High School District			
Community Facilites District No. 95-1	27,842,742	3.274%	911,571
City of Solana Beach 1915 Act Bonds	2,625,000	100.000%	2,625,000
Olivenhain Municpal Water District, Assessment District No. 96-1	12,485,000	0.587%	73,287
San Diego County General Fund Obligations	307,830,000	0.950%	2,924,385
San Diego County Pension Obligations	649,860,000	0.950%	6,173,670
San Diego County Superintendent of Schools General Fund Obligations	13,295,000	0.950%	126,303
Mira Costa Community College District Certificates of Participation	1,335,000	4.663%	62,251
San Dieguito Union High School District Certificates of Participation	12,730,000	7.534%	959,078
Overlapping Tax Increment Debt	2,910,000	100.000%	2,910,000
Total Overlapping Debt			<u>\$ 36,607,672</u>
Total Direct and Overlapping Debt			<u>(2) \$ 44,319,644</u>

Debt to Assessed Valuation Ratios :

Direct Debt	0.18%
Overlapping Debt	0.87%
Total Debt	1.05%

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 2016

Assessed value	\$ 4,202,395
Debt limit (15% of assessed value)	630,359
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 630,359</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%
2016	630,359	-	630,359	100.00%

CITY OF SOLANA BEACH

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

2011 ABAG Refunded Lease Revenue Bonds

<u>Fiscal Year</u>	<u>Use of Money & Property</u>	<u>Lease/Rents</u>	<u>Less: Expenditures</u>	<u>Net Available Revenue</u>
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
2016*	-	153,283	-	153,283

<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
2016*	123,400	29,883	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

CITY OF SOLANA BEACH

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2015	13,494	778,568	57,697	4.8%

Sources: HdL Coren & Cone report prepared on 07/20/16

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2016

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
Liberty Tax Svc	2	Tax Return Preparation& Filing
San Diego Naval Medical Ctr	2	Military Bases
Barona Resort & Casino	1	Casinos
General Dynamics Nassco	1	Ship Builders & Repairers (Mfrs)
Kaiser Foundation Hospitals	1	Hospitals
Kaiser Permanente Palomar	1	Health Services
Kaiser Permanente San Diego Medical	1	Foundation-Educ Philanthropic Research
Kyocera Communications Inc	1	Electronic Equipment & Supplies-Mfrs
Marine Corps Recruit Depot	1	Military Bases
Merchants Building Maintenance	1	Janitor Service
Palomar Pomerado Health Rehab	1	Rehabilitation Services
San Diego County Sheriff	1	Police Departments
Scripps Research Institute	1	Laboritories- R&D
Sea World-San Diego	1	Amusement & Theme Parks
Sharp Grossmont Brier Patch	1	Rehabilitation Services
Sharp Grossmont Hospital	1	Hospitals
Sharp Mary Birch Hosp-Women	1	Hospitals
Solar Turbines Inc	1	Turbines-Manufacturers
Sony Electronics Inc	1	Electronic Equipment & Supplies-Retail
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 2016

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

CITY OF SOLANA BEACH

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

Fiscal Years:	2007	2008	2009	2010
<u>Function/Program</u>				
General government				
City Council	0.20	0.20	0.20	0.20
City Clerk	3.00	3.00	3.00	2.75
City Manager	1.99	1.99	1.99	2.24
Legal Services	0.25	0.25	0.25	0.25
Finance	4.55	4.55	4.25	4.25
Non Deptmental	-	-	-	-
Personnel	1.20	1.20	1.20	1.20
Info/Communication Systems	1.10	1.10	1.05	1.05
Community Development	6.25	7.25	6.25	6.00
Public Safety				
Fire	20.01	20.01	20.01	19.25
Code Enforcement	2.13	2.13	2.33	2.00
Marine Safety	8.67	8.67	8.67	8.39
Junior Lifeguards	1.84	1.84	1.84	1.84
Public Works				
Engineering	4.08	4.08	3.59	2.84
Environmental/Flood Control	1.69	1.69	1.65	1.13
Street Maintenance	3.10	3.10	2.95	2.93
Park Maintenance	1.14	1.14	1.40	1.38
Recreation & Community Services				
Community Services	0.83	0.83	0.88	0.88
Recreation	2.10	2.40	2.52	2.52
Sanitation	1.75	2.00	3.01	2.86
Improvement Districts	1.54	1.64	1.64	0.99
Redevelopment Agency	0.36	0.36	0.41	0.45
Total Personnel	<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 Full-time equivalent employment is calculated by dividing total labor

Source: City of Solana Beach's Annual Budget

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
0.20	0.20	0.20	0.20	0.20	0.20
2.75	2.75	2.65	2.60	3.10	3.10
1.92	1.92	1.84	1.74	2.05	2.05
0.25	0.25	0.25	0.25	0.25	0.25
3.40	3.40	3.35	3.80	3.55	3.55
-	-	-	-	-	-
1.10	1.10	0.98	0.95	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
5.50	5.50	5.50	5.40	6.00	6.00
19.22	19.22	19.95	19.95	19.95	19.95
1.78	1.78	1.75	1.75	1.8	1.8
8.08	8.08	8.06	8.06	8.06	9.49
3.73	3.73	3.73	3.73	3.73	3.53
2.31	2.31	2.48	2.41	2.28	2.13
1.10	1.10	1.10	1.10	1.10	1.10
2.90	2.90	2.90	2.90	2.95	2.95
1.35	1.35	1.35	1.35	1.35	1.35
0.95	0.95	0.95	0.95	0.95	0.95
2.59	2.59	2.59	1.49	1.85	1.85
2.93	2.93	2.93	2.98	2.93	3.22
0.95	0.95	0.95	0.95	0.9	0.9
0.50	0.50	0.60	1.05	0.90	0.90
<u>64.51</u>	<u>64.51</u>	<u>65.11</u>	<u>64.61</u>	<u>65.90</u>	<u>67.27</u>

CITY OF SOLANA BEACH

Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Community development					
Number of:					
Business licenses (A)	1507	1786	1634	1641	1943
Plan checks (B)	376	380	391	322	125
Code violations (calendar basis)	957	1142	821	510	1184
Police (Calendar basis)					
Number of:					
Priority 1	15	13	12	10	11
Priority 2	684	648	716	1131	1127
Priority 3	1941	1879	1775	1903	1778
Priority 4	1228	1371	1309	1154	1110
FBI Index Crimes	303	343	290	291	276
Fire					
Emergency Responses	1458	1563	1105	1438	1588
Training Hours	4644	3693	4102	2634	5304
Plan Checks	185	159	89	101	62
Public works					
Miles of:					
Street resurfacing/repair	4*	8*	N/A	60000**	60000**
Street sweeping	900	900	900	900	900
Number of:					
Street signal maintained	180	180	180	168	168
Trees pruned per year	20	40	250	287	10
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	181	192	171	212	271
Classes (classes offered to san digueto adult school)	158	217	161	78	48
Special events (attendees)	4400	4300	9452	8200	10200

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)

*** Classes offered by Mira Costa College

Fiscal Year				
2012	2013	2014	2015	2016
1877	2023	2147	1957	2068
211	225	276	275	304
1277	1458	1467	1016	1240
12	9	28	12	12
1195	1294	1357	1108	1284
1690	1780	1646	1261	1760
1200	1254	1045	887	1148
337	122	206	219	259
1093	1736	1702	1798	1810
n/a	5090	7079.67	6178	5997
161	335	92	289	380
180000**	150000**	150000**	550000**	5.3*
900	900	900	900*	900*
168	168	192	192	192
158	500	158	40	40
315	385	280	329	266
35	35	N/A	144	***N/A
11250	N/A	7350	10600	7800

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</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	3	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				
2012	2013	2014	2015	2016
2	2	2	2	2
1	1	1	1	1
4	4	4	3	3
2	2	1	2	2
46	46	46	42	42
748	748	748	527	527
13	16	18	16	16
7	7	8	11	11
1	1	1	1	1
2	2	2	2	2
3	3	3	3	3
3	3	3	3	3
5	5	4	4	4

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