

**CITY OF SOLANA BEACH, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL PERIOD ENDED JUNE 30, 2014**

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

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JUNE 30, 2014

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November 28, 2014

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, 2014.

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

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

Internal Controls

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

As a recipient of State, County, and Federal financial resources, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by the management of the City.

Annual Audit

Lance, Soll and Lunghard, LLP., appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end June 30, 2014, 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, 2014, 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 July 1, 1986 under the general laws of the State of California and is home to a population of 13,099 per the State of California Department of Finance. Included within the City's financial statements is the financial information of the Solana Beach Public Facilities Corporation. The City is considered the primary government and the Public Facilities Corporation is a component unit. Additionally, since the governing boards of the City and the component unit are the same, the financial statements of the City and the component unit are blended.

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

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

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

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

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

The Advisory Commissions are the following:

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

Budgetary Process and Controls

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

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

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

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

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

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2013-14 was prepared in accordance with Generally Accepted Accounting Principles.

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

Economic Condition and Outlook

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

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

Professor Alan Gin of the School of Business at the University of San Diego, and the author of the University of San Diego's Index of Leading Economic Indicators (Index), predicts that the local economy will continue to experience growth into 2015 which is expected to add 30,000 new jobs in the next year. With this projection in job growth, it will be the fourth consecutive year that jobs are being added to the San Diego economy at this level. The local unemployment rate now stands at a seasonally adjusted 5.8 percent, down from a high of 10 to 11 percent in 2010 through 2011.

The local economy has benefited from the improvement in the national and state economies. Economic indicators reflect strong consumer confidence for both the local

and national economies. And the housing market continues to rebound, with low interest rates, lack of available housing stock, more stability in the job market, and a fall in foreclosed properties coming up for sale helping to promote housing transactions.

The drop in gasoline prices has also contributed to consumer confidence. Gas prices are at their lowest levels since 2011. Professor Gin estimates that each penny decrease in gas prices equates to \$1 million of extra cash collectively in the hands of gasoline customers that can be spent on meals and consumer goods.

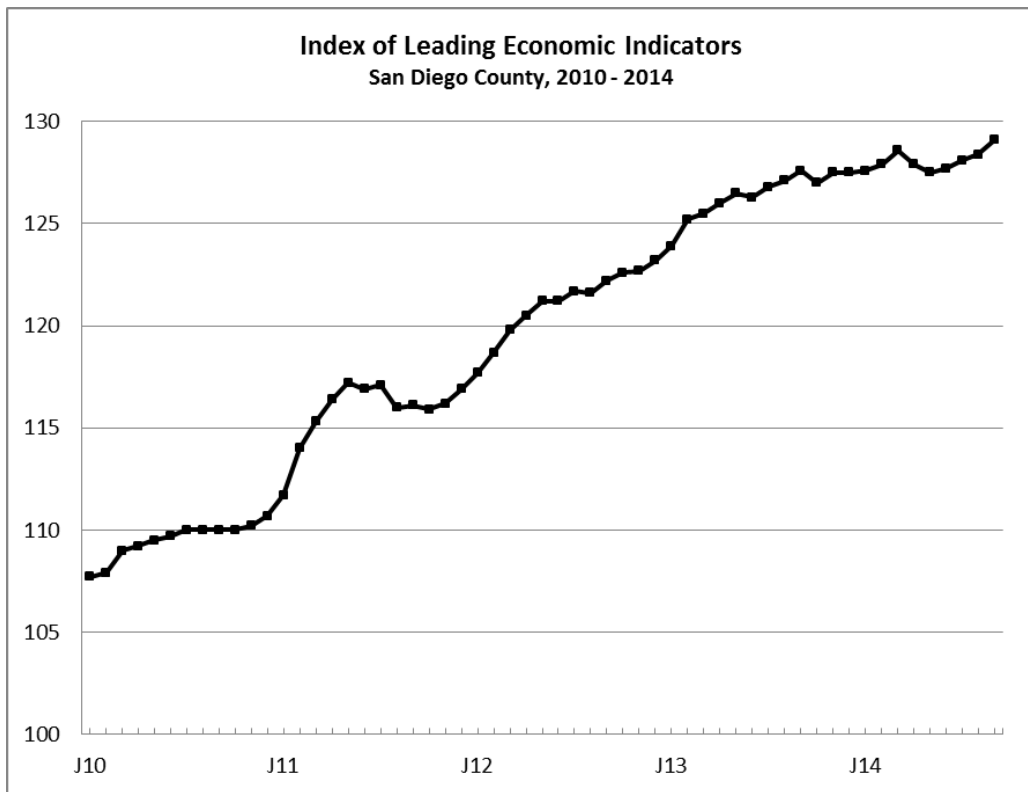
Building permits for residential projects continue to be somewhat unpredictable, with recent drops over the past few months in permits issued, though there has been a 7.4 percent increase through the third quarter of 2014 as compared to the same time in 2013.

On the national level, the economy grew in 2014 at a 4.6 percent annual rate in the second quarter and a 3.9 percent annual rate in the third quarter, which was the largest rate of growth for two consecutive quarters not seen since 2003. The rate of growth is expected to drop to 2.5 percent in the fourth quarter, but looking forward to 2015, the rate of annual growth is expected to remain stable at 3 percent. Given the lackluster growth rates averaging around 2 percent since the recession ended in June 2009, the national economy is showing a marked improvement in activity six years after the Great Recession.

This improvement in our national economic outlook should have a positive impact on our local economy which is dependent on the service industry, defense industry, military, and scientific research.

In regards to San Diego's local economy, the University of San Diego's Index of Leading Economic Indicators has continued to increase since March 2009 when it bottomed out from its peak in April 2006. The Index reports on local economic components such as building permits issued, initial claims for unemployment, stock prices on the San Diego Stock Exchange Index, consumer confidence, and help wanted advertising. After declining for 35 straight months, beginning in April 2006 at 143.8 and declining to 100.7 by March 2009, the Index has climbed overall since that time, rising to 129.1 in September 2014.

The USD Index for the period January 2010 to September 2014 is charted on the following page:



The State of California's economic situation has also seen a resurgence over the past year. According to a forecast issued by Beacon Economics in August 2014, over the next five years California's economy is expected to grow quicker than the national economy. What will limit the state's growth will be the cost of housing.

The financial turnaround has even allowed the state's budget for FY 2015 to include increases in spending in areas that were subjected to deep cuts in government services in years past due to the recession. The state budget includes a \$108-billion general fund, \$7.3 billion larger than in FY 2014. The budget also reserves \$1.6 billion as a down payment towards a cushion for future economic. Still to be dealt with are long-term costs for public employee retirements and overdue maintenance, including a \$74-billion shortfall in the teacher pension fund.

Contributing to the improvement in the state's economy are increases in the gross domestic product, incomes, consumer and business spending and employment. As with our local economy, an increase in job growth and a reduction in the unemployment rate are being seen on the state level. And the tourist industry has rebounded, with hotel occupancy at 73.4 percent, which is 10 percent higher than the national average.

The cost of housing, however, is leading to an exodus of lower and mid-income workers which will make it difficult for businesses maintain a strong mid-skilled workforce. The price of housing has increased by double digit percentages since June 2012 and is partly due to a lack of supply. According to the forecast, the least expensive housing areas in

California are priced similar to the most expensive areas in Texas, with some exclusive areas approaching a \$1 million median price.

Long-Term Financial Planning

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

General Fund property taxes have been, and are expected to be, the highest revenue generator for the City. Sales tax is the City's second largest revenue source. During Fiscal Year (FY) 2013-14, actual dollars received in General Fund property taxes increased \$193,077, or 3.3%, as compared to FY 2012-13, while sales tax, including triple-flip revenues, decreased by \$262,987, or 8.5%. Overall, the City's General Fund revenues increased \$186,921 in FY 2013-14 from FY 2012-13 or 1.3%.

For Fiscal Year 2014-15, both budgeted property taxes and sales tax are expected to increase slightly as compared to actual for the prior fiscal year. Total General Fund revenues, net of internal service charges, are budgeted at \$14,653,800. It is the City's goal not to rely on General Fund reserves to operate the City annually. The General Fund budget for FY 2014-15 was adopted on June 25, 2014, with a projected \$428,900 surplus.

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

- 1) negotiating a five year contract beginning in July 2012 with the San Diego Sheriff's Department to provide law enforcement services with increases from year to year projected to be approximately 3.25 %;
- 2) completing the Highway 101 Streetscape/Traffic Calming project that has already lead to, and will continue to lead to, business revitalization and improved sales tax revenue along the Highway 101 corridor;
- 3) amending a Fire Department Management Services Cooperative Agreement with the Cities of Del Mar and Encinitas that continues to provide a cost effective option to eliminate redundancy and increases levels of service by sharing common functions of organizational direction and control, and supervision of operations, training, fire prevention, administrative and fiscal management, and disaster preparedness;
- 4) maintaining 17% of operating expenditures, including debt service, as a reserve in the General Fund to be used in the case of significant financial or other emergency.

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 2013-14 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. Despite the economic factors facing the City during the Fiscal Year 2013-14 budget process, the Council again ensured that funds were appropriated to maintain adequate reserves in the Asset Replacement Fund.

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

Cash Management Policies and Practices

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

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

The average yield on funds invested was 0.24% as compared to 0.30% for the previous year. Investment income includes appreciation/depreciation in the fair value of investments. The total investment income for all funds for the year was \$126,146.

Major Projects and Financial Planning

Highway 101 Streetscape/Traffic Calming Project

In October 2010, the City Council authorized Staff to move forward with a separate, stand-alone project on Highway 101 from Dahlia Drive to Cliff Street. This project would construct west side improvements such as curb, gutter, sidewalks, diagonal parking, drainage improvements and modifications to the existing median to make room for these improvements. On December 12, 2011, the Council approved the final design and authorized the release of the project plans for the purpose of soliciting construction bids.

The Highway 101 West Side Improvement construction project construction bid was awarded by the City Council on May 23, 2012. Construction of the project started on July 9, 2012 and is has was substantially completed by November 2013.

The City Council has also approved a Memorandum of Agreement with the San Diego Association of Governments (SANDAG) to receive advanced funding of \$5.5 million to fund this project. The advance will be repaid by a portion of the City's annual Transnet funding allocations from FY 2010-11 through FY 2047-48.

Del Mar Shores Staircase Replacement

The preliminary design of the stairway was approved by the City Council at the November 18, 2009 City Council meeting. After City Council's approval, Staff applied for a Coastal Development Permit (CDP) which was approved by the California Coastal Commission in February 2011.

Due to safety concerns associated with the existing stairway structure, the City Council at the November 14, 2012 meeting, directed Staff to take any and all necessary actions to close the Del Mar Shores Beach Access Stairway until such time that the condition of the stairs no longer poses a safety threat. In addition, the Council appropriated \$4,000 for costs associated with closing the stairs and \$100,000 to complete the final design and construction documents for replacement stairs.

The Del Mar Shores Staircase Replacement construction bid was awarded by City Council on November 20, 2013, at a cost of \$1,173,373. The sources for funding the project were from a variety of sources:

1. SANDAG was holding funds that had been collected on behalf of the City by the California Coastal Commission for beach recreation opportunities and sand mitigation. There was approximately \$275,000 in beach recreation fees that was used for construction of the new access stairway.
2. As part of City's development review process and consistent with Section 4.52 of the City's Land Use Plan, the City has been collecting a deposit of approximately \$1,000 per linear foot of bluff retention devises for Sand Mitigation Fees and Land Lease/Public Recreation Fees. The deposits have been collected until fees are established by a study for Sand Mitigation and Land/Lease Recreation fees. Currently, there is approximately \$250,000 in deposits held for recreation purposes and the City Council approved using up to 80% or \$200,000 for the project.
3. The City received a grant from the State of California Coastal Conservancy for construction of the new stairs in the amount of \$200,000.
4. The balance of the project cost of \$498,373 was funded with undesignated General Fund reserves.

The project was completed in October 2014 at a final cost of \$1,230,068.

Solana Beach Pump Station Rehabilitation

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

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

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

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

In 2014, the entire electrical system was replaced or upgraded. The next phase of upgrades is currently in design, addressing mechanical and emergency storage needs; construction is anticipated to begin in Summer 2015.

Acknowledgments

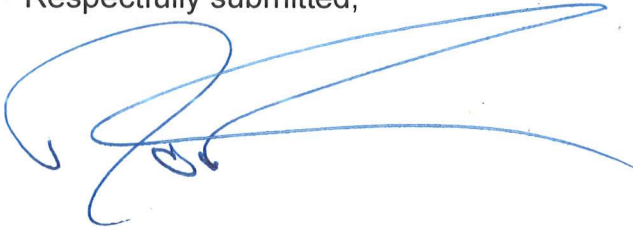
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the twelfth year in the past thirteen 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, and Catherine Wong has our sincere appreciation for their contributions made in the preparation of this report. We would also like to thank the Mayor and Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



David Ott
City Manager/Director of Public Safety

Respectfully submitted,



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, 2013

Executive Director/CEO

**CITY OF SOLANA BEACH
FISCAL YEAR 2013-14
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

CITY COUNCIL

Thomas M. Campbell, Mayor
Lesa Heebner, Deputy Mayor
David A. Zito, Council Member
Peter Zahn, Council Member
Mike Nichols, Council Member

TERM EXPIRES

December 2014
December 2016
December 2016
December 2016
December 2018

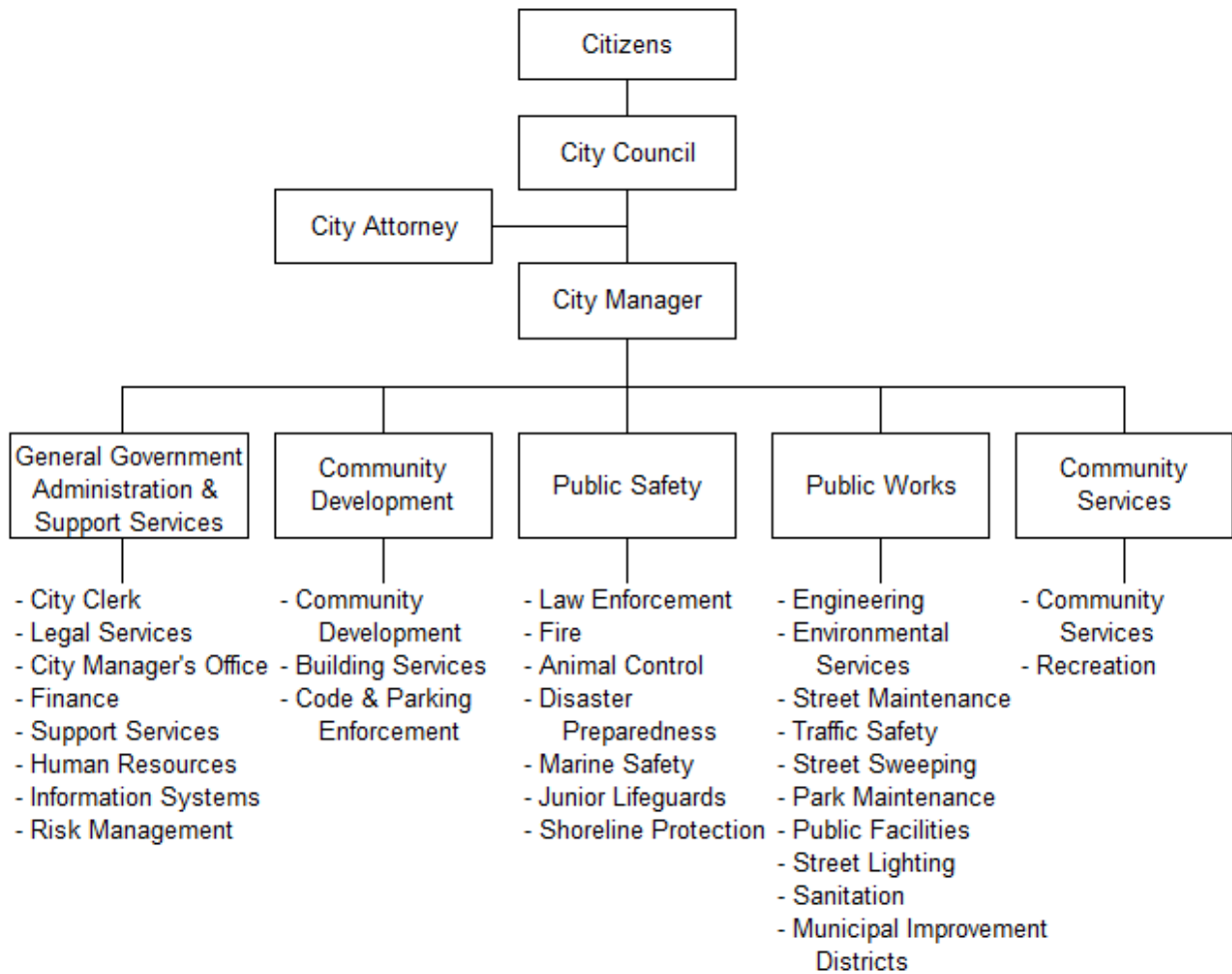
COMMITTEES AND COMMISSIONS

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

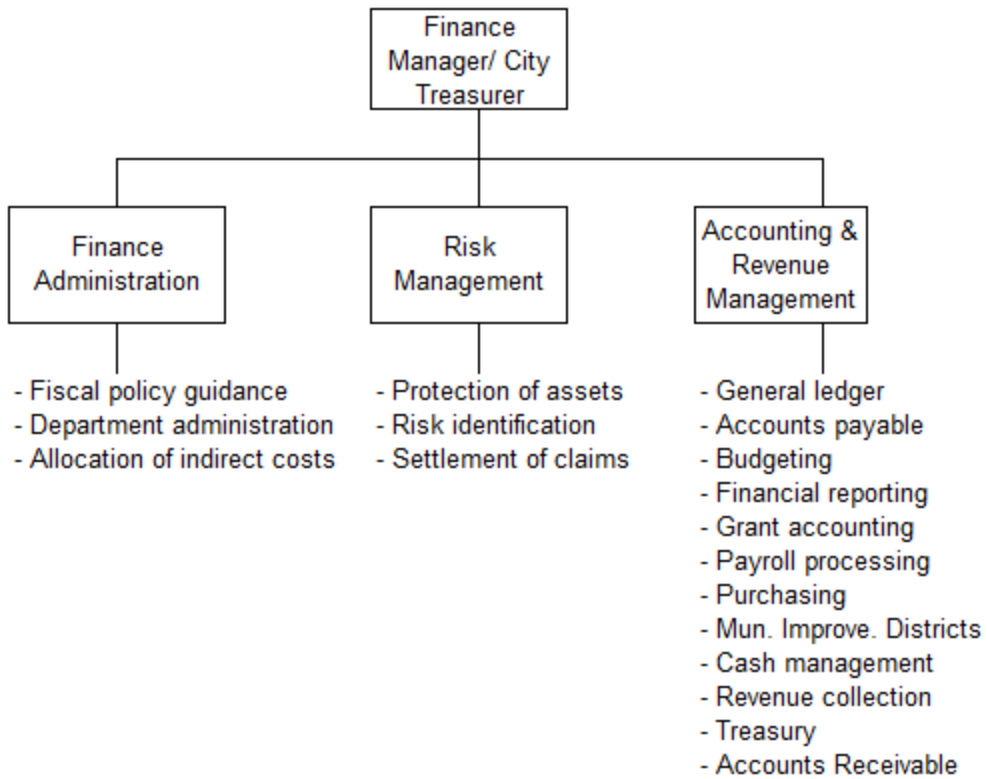
APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS

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

**CITY OF SOLANA BEACH
CITY GOVERNMENT
ORGANIZATIONAL CHART
FISCAL YEAR 2013/2014**



CITY OF SOLANA BEACH
FINANCE DEPARTMENT
ORGANIZATIONAL CHART
FISCAL YEAR 2013/2014



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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Solana Beach, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach, California, as of June 30, 2014, and, the respective changes in financial position and, where applicable, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Prior Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2013, from which such partial information was derived.

Other Information

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



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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brea, California
November 26, 2014

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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, 2014 (Fiscal Year 2014). 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 \$79,632, or by \$2,688, as a result of this year's operations.
- During the year, the City's taxes, other governmental revenues, and business activity revenues exceed expenses by \$2,688.
- Governmental net position equaled \$46,152.
- The total revenues from all sources were \$25,062.
- The total cost of all City programs was \$22,374.
- The General Fund reported an excess of revenues over expenditures and other financing uses by \$922.
- The General Fund's actual resources received exceeded the final revenue budget by \$444 while actual expenditures were \$798 less than final budget before other financing uses.

USING THIS ANNUAL REPORT

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

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

Reporting the City as a Whole

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

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

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

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

The City as Trustee

Reporting the City's Fiduciary Responsibilities

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

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

THE CITY AS A WHOLE

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

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

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Current and other assets	\$ 18,745	\$ 12,059	\$ 33,713	\$ 32,887	\$ 52,458	\$ 44,946
Deferred Outflows	-	-	480	549	480	549
Capital assets, net	41,508	41,452	11,826	11,359	53,334	52,811
Total assets	60,253	53,511	46,019	44,795	106,272	98,306
Liabilities:						
Long-term debt outstanding	7,732	2,386	12,205	13,124	19,937	15,510
Other liabilities	6,369	5,633	334	219	6,703	5,852
Total liabilities	14,101	8,019	12,539	13,343	26,640	21,362
Net position:						
Net investment in capital assets	34,096	39,385	6,325	5,682	40,421	45,067
Restricted	5,184	4,689	-	-	5,184	4,689
Unrestricted	6,872	1,418	27,155	25,770	34,027	27,188
Total net position	<u>\$ 46,152</u>	<u>\$ 45,492</u>	<u>\$ 33,480</u>	<u>\$ 31,452</u>	<u>\$ 79,632</u>	<u>\$ 76,944</u>

The City's combined net position for the fiscal year ended June 30, 2014 was \$79,632. 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 \$45,492 to \$46,152. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets increased \$6,686 or 55.4% primarily because of \$5,500 that the City received from the proceeds of debt issued and recorded in the TransNet fund for the construction of the Highway 101 Streetscape and Traffic Calming (Highway 101) project.

In November 2010, the City and The San Diego Association of Governments (SANDAG) executed an agreement relating to 2010 Series A Bonds (BABs) for use on the project. The City began drawing down the bond proceeds in the fiscal year ended June 30, 2014.

Additionally 1) monies borrowed from the Sanitation Fund of \$3,133 used to pay off the City's PERS Side Fund is reported as a negative Internal Balance amount in the asset section of the balance sheet for government activities and this amount decreased by \$398

for the payment to the Sanitation Fund for Fiscal Year 2014, and 2) receivables increased due to \$275 received after the close of the fiscal year in beach recreation fees that were held by SANDAG and used for construction of the Del Mar Shores Staircase Replacement project .

- Capital assets increased \$56 (net of \$3,364 depreciation and disposition) as detailed in Table 4. The Highway 101 project was completed resulting in an increase to Infrastructure of \$7,927. The City also had construction activities for the annual street pavement project and ongoing storm drain repairs.
- Governmental long-term debt increased \$5,346 due to the addition of the TransNet 2010 Series A Bonds (BABs) of \$5,500 and reductions due to the routine principal payments made on existing debt principal. See Table 5 for additional detail.
- Other liabilities increased \$736 due to an overall increase in accounts payable, claims payable, and liability for other post employment benefits as compared to the previous fiscal year.
- Net investment in capital assets decreased \$5,289 primarily the debt addition of the BABs bonds related to the project of \$5,500. The Highway 101 project was completed and transferred from CIP to infrastructure in the fiscal year in the amount of \$7,927.
- Restricted net position increased \$495 due to capital project reserves being used to construct the Highway 101 and Del Mar Shores Staircase Replacement projects and the transfer of unspent RDA bond proceeds from the Successor Agency to the City.
- 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 \$5,454 from \$1,418 at June 30, 2013 to \$6,872 at the end of this fiscal year.

Governmental Activities

The cost of all Governmental activities this year was \$19,519 as shown on Tables 2 and 2.1. \$2,279 of this cost was paid for by those who directly benefited from the programs; \$1,995 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$15,905 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$4,274. Items of significance within Table 2 are:

Revenues:

- Charges for services increased by 20% primarily as a result of significant increases as compared to the prior fiscal year for development related fees including revenues received for permits, planning, building and plan checks, and public facility fees.
- Operating and Capital grants and contributions increased by a net \$978 over the prior fiscal year amount due to an increase in various public safety and public works grants and contributions received or recognized in FY2014 as compared to FY2013.
- Other general revenues increased by \$731 as compared to the prior fiscal year due the receipt of \$638 in unspent former Redevelopment Agency bond proceeds from the Successor Agency to the City.

Expenses:

- Community Development increased 42%, or \$405, as compared to last fiscal year due to increased costs related to the General Plan and Local Coastal Plan projects.
- Interest and fiscal charges increased by \$362 due to costs of issuance costs and interest payments for the 2010 Series A Bonds.

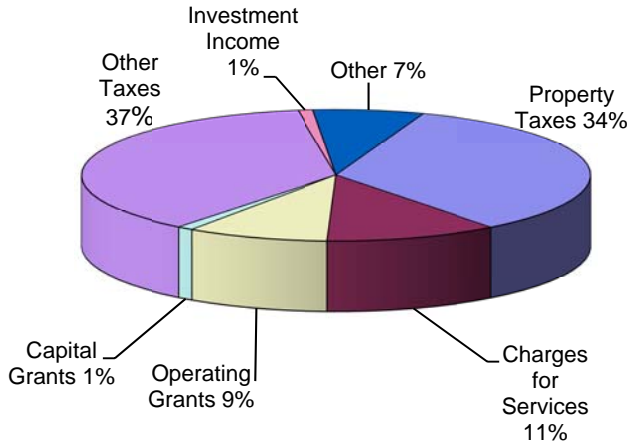
Table 2
City of Solana Beach Changes in Net Position
(in Thousands)

	Governmental Activities		Business Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 2,279	\$ 1,894	\$ 4,775	\$ 4,709	\$ 7,054	\$ 6,603
Operating grants and contributions	1,865	854	-	-	1,865	854
Capital grants and contributions	130	163	-	-	130	163
General revenues:						
Property taxes	6,881	6,655	-	-	6,881	6,655
Other taxes	7,486	7,606	-	-	7,486	7,606
Other	1,538	807	108	125	1,646	932
Total revenues	<u>20,179</u>	<u>17,979</u>	<u>4,883</u>	<u>4,834</u>	<u>25,062</u>	<u>22,813</u>
Expenses:						
General government	3,713	3,522	-	-	3,713	3,522
Public safety	8,416	8,177	-	-	8,416	8,177
Public works	5,009	5,071	-	-	5,009	5,071
Community development	1,362	957	-	-	1,362	957
Community services	579	605	-	-	579	605
Interest and fiscal charges	440	78	-	-	440	78
Sanitation	-	-	2,855	3,457	2,855	3,457
Total expenses	<u>19,519</u>	<u>18,410</u>	<u>2,855</u>	<u>3,457</u>	<u>22,374</u>	<u>21,867</u>
Increase/(decrease) in net position	660	(431)	2,028	1,377	2,688	946
Net position - July 1	45,492	45,947	31,452	30,265	76,944	76,212
Net position restatement	-	(24)	-	(190)	-	(214)
Net position - June 30	<u>\$ 46,152</u>	<u>\$ 45,492</u>	<u>\$ 33,480</u>	<u>\$ 31,452</u>	<u>\$ 79,632</u>	<u>\$ 76,944</u>

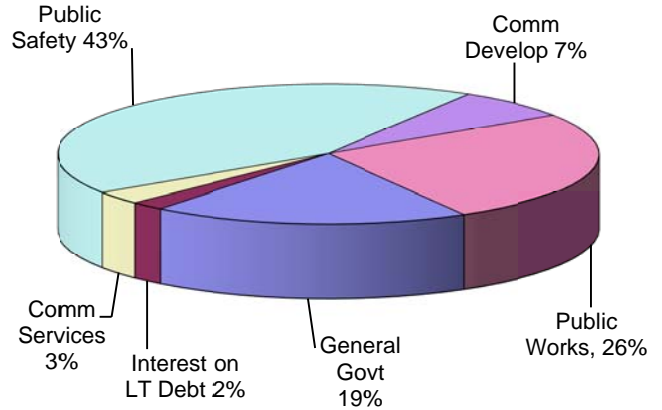
**Fiscal Year 2014
Governmental Activities**

(Graphic representation of Table 2 in percentages)

Sources of Revenue



Program Expenses



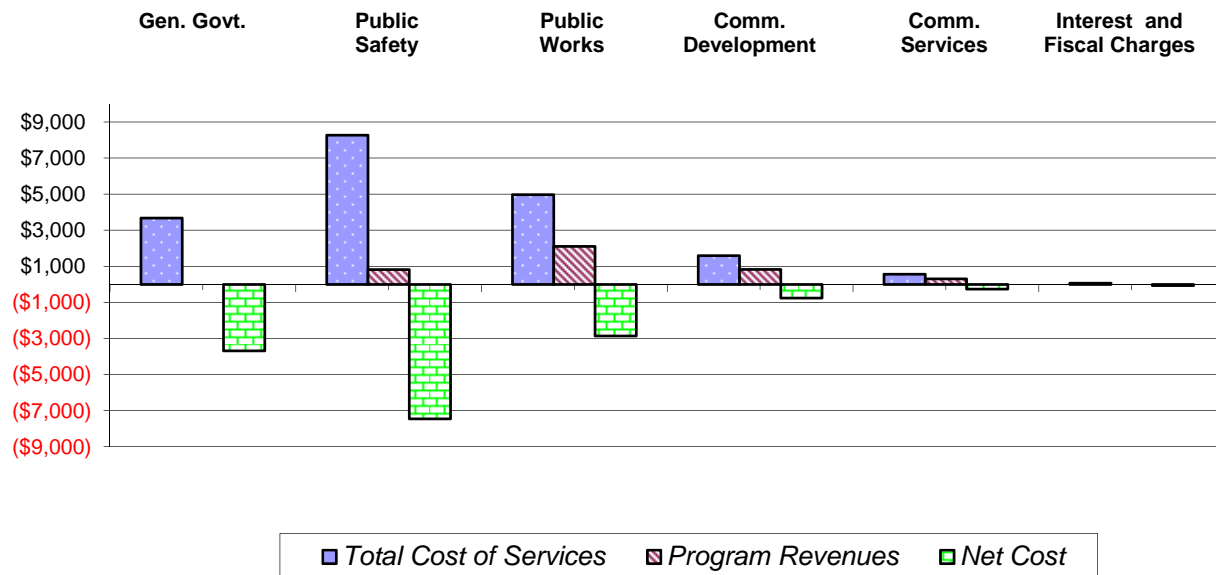
Net Cost of Governmental Activities

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	
	2014	2013	2014	2013	2014	2013
General government	\$ 3,713	\$ 3,522	\$ -	\$ -	\$ (3,713)	\$ (3,522)
Public safety	8,416	8,177	820	809	(7,596)	(7,368)
Public works	5,009	5,071	2,321	1,095	(2,688)	(3,976)
Community development	1,362	957	830	648	(532)	(309)
Community services	579	605	303	359	(276)	(246)
Interest on long-term debt	440	78	-	-	(440)	(78)
Totals	\$ 19,519	\$ 18,410	\$ 4,274	\$ 2,911	\$ (15,245)	\$ (15,499)

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



Total resources available during the year to finance governmental operations were \$65,671 consisting of net position at July 1, 2013 of \$45,492, program revenues of \$4,274, and general revenues of \$15,905. Total governmental activities during the year were \$19,519, and as a result, net position increased by \$660 to \$46,152.

Business Type Activities

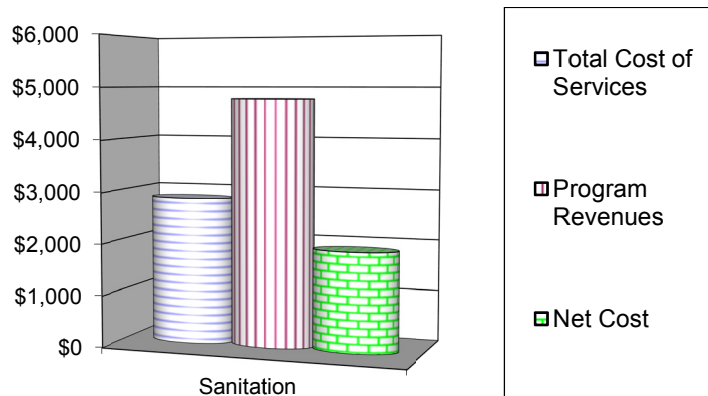
Net position of the Proprietary Fund (Business Type activities) at June 30, 2014 as reflected in Table 1 was \$33,480. As shown in Table 3, amounts paid by users of the system and other operating revenue were \$4,812 while the cost of providing all Proprietary (Business Type) activities this year was \$3,174 resulting in a net gain of \$1,638. With the addition of non-operating revenues of \$390, assets increased by \$2,028 or 6.4%, primarily due to holding expenses in line with revenues.

Table 3
Net Cost of Business Activities
(in Thousands)

	Total Cost of Services		Program Revenue		Net Cost of Services	
	2014	2013	2014	2013	2014	2013
Sanitation	\$ 2,855	\$ 3,457	\$ 4,775	\$ 4,709	\$ 1,920	\$ 1,252

Fiscal Year 2014

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 \$798 less than actual appropriations prior to other financing uses. The budget to actual variance in appropriations was principally due to conservative estimates at mid-year by management. Actual revenues were \$444 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:

- \$200 for election costs for the special election related to the Fletcher Cove Community Center use ballot measure.
- \$200 for the Del Mar Shores Staircase Replacement project using public recreation fees held by the City.
- \$138 for increased employee flex credit allowances per the FY 2014 salary and compensation plan approved by the City Council after the annual budget had been adopted.
- \$82 for an emergency generator for City Hall.
- \$32 for increased repairs for fire department vehicles.

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

- Legal services: costs for attorney services were lower than anticipated in Fiscal Year 2014.
- City Council: savings were realized in contributions made by the City to outside agencies due to lower than anticipated costs and to community groups due to timing differences for when community grants were paid by or refunded to the City.
- City Clerk: actual costs were \$53,930 for a special election that was expected to cost the City a projected \$200,000.

- Finance, Information Systems, Marine Safety, and Public Works: these departments had amounts budgeted for equipment, vehicles, and software that were to be purchased in Fiscal Year 2014. These expenditures were delayed until the following fiscal year.
- Support Services: payments for damage claims from the City's self insurance and workers compensation funds were significantly lower than expected.
- Public works: savings were realized in professional services due to projects being moved to the following fiscal year and lower than anticipated use for outside contractors in environmental services, street maintenance, traffic safety, and park maintenance.

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, 2014, net capital assets of the governmental activities totaled \$41,508 and the net capital assets of the business-type activities totaled \$11,826. 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 \$11,291 through Fiscal Year 2019. Over the next five years, funding will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are the Shoreline Management and Local Coastal Plan, the General Plan update, rebuilding the Solana Beach Pump Station, the Reclaimed Water Pipeline Extension project, 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	
	2014	2013	2014	2013	2014	2013
Land	\$ 2,538	\$ 2,538	\$ 112	\$ 112	\$ 2,650	\$ 2,650
Buildings & Improvements	10,374	10,777	11,132	11,076	21,506	21,853
Equipment & Vehicles	1,056	1,092	1	1	1,057	1,093
Infrastructure	25,576	19,911	-	-	25,576	19,911
Work in Progress	1,964	7,134	581	170	2,545	7,304
	<u>\$ 41,508</u>	<u>\$ 41,452</u>	<u>\$ 11,826</u>	<u>\$ 11,359</u>	<u>\$ 53,334</u>	<u>\$ 52,811</u>

Debt

At year-end, the City had \$7,732 in governmental type debt and \$12,205 in proprietary debt (including premium on debt issuance) totaling \$19,937. This debt is a liability of the government and amounts to \$1,522 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	
	2014	2013	2014	2013	2014	2013
Refunding lease	\$ 1,167	\$ 1,279	\$ -	\$ -	\$ 1,167	\$ 1,279
Capital lease	754	798	-	-	754	798
JPA loan payable-2011			3,613	4,250	3,613	4,250
Sewer revenue bond	-	-	8,485	8,705	8,485	8,705
TransNet bond	5,500	-	-	-	5,500	-
Bond premiums	-	-	77	140	77	140
Bond discounts	(8)	(10)	-	-	(8)	(10)
Compensated absences	319	319	30	29	349	348
	<u>\$ 7,732</u>	<u>\$ 2,386</u>	<u>\$ 12,205</u>	<u>\$ 13,124</u>	<u>\$ 19,937</u>	<u>\$ 15,510</u>

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for Fiscal Year 2015, the focus of the City Council and management was to adopt a balanced budget and promote fiscal sustainability. Budget decisions were made with the understanding that though the current economic climate was showing 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 reduced costs while continuing to provide high quality services and to move forward implementing the City's five-year capital improvement plan.

The result was that at the time of the budget adoption, no new programs or services were added and no salary cost of living increases were included in the Fiscal Year 2015 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. The adopted budget reflected a \$428,900 surplus in the General Fund

Subsequent to the budget adoption, the City has settled its labor negotiations with its associations. After no salary increases since July 2008 due to the economic downturn, employees will be receiving a 3% cost of living increase and a 10% increase in their flex credit allowance effective July 2014. The cost of these increases will be covered by the budgeted surplus.

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 remain increase slightly based upon the economic activity in the California economy, including property taxes, which are projected to increase by 1.4% in Fiscal Year 2015, and sales tax which is expected to increase by about 2% in Fiscal Year 2015. Overall General Fund operating expenditures for fiscal year 2014, including costs for the negotiated agreements with the employee associations, are budgeted to increase just under 2% as compared to the previous fiscal year. The CIP budget was set to be \$4,111 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, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Current Assets:			
Cash and investments	\$ 18,883,562	\$ 9,170,978	\$ 28,054,540
Receivables:			
Accounts, net	630,242	18,008	648,250
Taxes	634,448	-	634,448
Interest	11,017	48,387	59,404
Prepaid costs	7,523	36,628	44,151
Due from other governments	279,844	-	279,844
Total Current Assets	20,446,636	9,274,001	29,720,637
Noncurrent Assets:			
Cash and investments with fiscal agent	-	2,580,485	2,580,485
Investment in joint venture	-	19,850,088	19,850,088
Internal balances	(2,008,165)	2,008,165	-
Due from Successor Agency	306,880	-	306,880
Capital assets not being depreciated	4,501,863	693,099	5,194,962
Capital assets, net of depreciation	37,006,324	11,132,990	48,139,314
Total Noncurrent Assets	39,806,902	36,264,827	76,071,729
Total Assets	60,253,538	45,538,828	105,792,366
Deferred Outflows of Resources:			
Deferred charge on refunding	-	480,529	480,529
Total Deferred Outflows of Resources	-	480,529	480,529
Liabilities:			
Current Liabilities:			
Accounts payable	1,512,921	156,839	1,669,760
Accrued liabilities	271,349	13,196	284,545
Accrued interest	6,821	164,210	171,031
Unearned revenue	100,000	-	100,000
Claims payable - due within one year	553,254	-	553,254
Compensated absences - due within one year	215,248	13,648	228,896
Long-term debt - due within one year	155,930	880,634	1,036,564
Total Current Liabilities	2,815,523	1,228,527	4,044,050
Noncurrent Liabilities:			
Deposits payable	1,738,477	-	1,738,477
Net other post employment benefit liability	1,316,265	-	1,316,265
Claims payable - due in more than one year	871,239	-	871,239
Compensated absences - due in more than one year	104,091	15,657	119,748
Long-term debt - due in more than one year	7,256,363	11,294,822	18,551,185
Total Noncurrent Liabilities	11,286,435	11,310,479	22,596,914
Total Liabilities	14,101,958	12,539,006	26,640,964
Net Position:			
Net investment in capital assets	34,095,894	6,324,862	40,420,756
Restricted for:			
Redevelopment activities	3,574,420	-	3,574,420
Public safety	411,216	-	411,216
Capital projects	1,173,696	-	1,173,696
Debt service	24,482	-	24,482
Unrestricted	6,871,872	27,155,489	34,027,361
Total Net Position	\$ 46,151,580	\$ 33,480,351	\$ 79,631,931

CITY OF SOLANA BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

	Program Revenues			
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 3,712,734	\$ -	\$ -	\$ -
Public safety	8,416,330	402,670	286,687	129,740
Community development	1,361,588	830,429	-	-
Community services	579,088	303,070	-	-
Public works	5,008,665	743,210	1,577,961	-
Interest on long-term debt	439,918	-	-	-
Total Governmental Activities	19,518,323	2,279,379	1,864,648	129,740
Business-Type Activities:				
Sanitation Fund	2,855,368	4,775,489	-	-
Total Business-Type Activities	2,855,368	4,775,489	-	-
Total Primary Government	\$ 22,373,691	\$ 7,054,868	\$ 1,864,648	\$ 129,740
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 Assets Primary Government		
---	--	--

Governmental Activities	Business-Type Activities	Total
\$ (3,712,734)	\$ -	\$ (3,712,734)
(7,597,233)	-	(7,597,233)
(531,159)	-	(531,159)
(276,018)	-	(276,018)
(2,687,494)	-	(2,687,494)
(439,918)	-	(439,918)
(15,244,556)	-	(15,244,556)
-	1,920,121	1,920,121
-	1,920,121	1,920,121
(15,244,556)	1,920,121	(13,324,435)
6,880,916	-	6,880,916
2,814,702	-	2,814,702
1,220,075	-	1,220,075
714,991	-	714,991
2,736,146	-	2,736,146
137,906	71,541	209,447
1,399,850	36,300	1,436,150
15,904,586	107,841	16,012,427
660,030	2,027,962	2,687,992
45,491,550	31,452,389	76,943,939
\$ 46,151,580	\$ 33,480,351	\$ 79,631,931

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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, 2014
(With comparative totals for June 30, 2013)**

	<u>Special Revenue Fund</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
	<u>General</u>	<u>TransNet</u>		<u>2014</u>	<u>2013</u>
Assets:					
Cash and investments	\$ 13,346,722	\$ 57,175	\$ 5,479,665	\$ 18,883,562	\$ 13,084,888
Receivables:					
Accounts	336,002	-	294,240	630,242	292,507
Taxes	586,305	-	48,143	634,448	557,240
Accrued interest	8,542	-	2,475	11,017	8,816
Prepaid costs	7,523	-	-	7,523	9,276
Due from other governments	216,587	-	63,257	279,844	118,055
Due from other funds	199,330	-	-	199,330	5,499,524
Due from Successor Agency	-	-	306,880	306,880	393,880
Total Assets	\$ 14,701,011	\$ 57,175	\$ 6,194,660	\$ 20,952,846	\$ 19,964,186
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts payable	\$ 1,018,665	\$ 5,663	\$ 488,593	\$ 1,512,921	\$ 1,245,281
Accrued liabilities	193,504	-	77,845	271,349	263,817
Unearned revenues	-	-	100,000	100,000	25,000
Deposits payable	1,668,676	-	69,801	1,738,477	1,862,398
Due to other funds	-	-	199,330	199,330	5,499,524
Advances from other funds	2,008,165	-	-	2,008,165	2,405,857
Total Liabilities	4,889,010	5,663	935,569	5,830,242	11,301,877
Deferred Inflows of Resources:					
Unavailable revenues	8,700	-	-	8,700	-
Total Deferred Inflows of Resources	8,700	-	-	8,700	-
Fund Balances:					
Nonspendable	7,523	-	-	7,523	9,276
Restricted	-	51,512	5,056,388	5,107,900	4,588,670
Committed	324,083	-	-	324,083	278,377
Assigned	5,102,543	-	425,416	5,527,959	5,105,262
Unassigned	4,369,152	-	(222,713)	4,146,439	(1,319,276)
Total Fund Balances	9,803,301	51,512	5,259,091	15,113,904	8,662,309
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,701,011	\$ 57,175	\$ 6,194,660	\$ 20,952,846	\$ 19,964,186

CITY OF SOLANA BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Fund balances of governmental funds \$ 15,113,904

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	\$ 90,812,450	
Accumulated depreciation	<u>(49,304,263)</u>	41,508,187

Long-term debt and compensated absences that have not been included in the governmental fund activity:

Notes payable	(5,500,000)	
Lease revenue bond - ABAG	(1,166,600)	
Unamortized bond discount	8,713	
Capital lease obligation	(754,406)	
Claims and judgments	(1,424,493)	
Compensated absences	<u>(319,339)</u>	(9,156,125)

Governmental funds report all 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.

(1,316,265)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.

(6,821)

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.

8,700

Net Position of governmental activities

\$ 46,151,580

CITY OF SOLANA BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Special Revenue Fund		Other Governmental Funds	Total Governmental Funds	
	General	TransNet		2014	2013
Revenues:					
Taxes and assessments	\$ 11,402,743	\$ -	\$ 1,732,456	\$ 13,135,199	\$ 13,046,917
Licenses, permits and fees	429,464	-	-	429,464	361,573
Intergovernmental	1,542,573	1,401,109	273,637	3,217,319	2,230,532
Charges for services	657,349	-	302,586	959,935	830,907
Use of money and property	112,002	15,368	10,536	137,906	84,903
Fines and forfeitures	348,337	-	-	348,337	323,961
Other revenues	801,471	117,410	1,022,612	1,941,493	1,099,809
Total Revenues	15,293,939	1,533,887	3,341,827	20,169,653	17,978,602
Expenditures:					
Current:					
General government	3,052,287	-	33,212	3,085,499	3,057,761
Public safety	7,652,462	-	586,197	8,238,659	7,945,912
Public works	1,427,947	-	787,649	2,215,596	2,075,777
Community development	841,582	-	518,610	1,360,192	955,907
Community services	217,761	-	42,048	259,809	284,884
Capital outlay	-	1,462,735	1,990,179	3,452,914	7,638,942
Debt service:					
Principal retirement	-	-	155,925	155,925	280,700
Interest and fiscal charges	-	370,735	68,729	439,464	77,283
Total Expenditures	13,192,039	1,833,470	4,182,549	19,208,058	22,317,166
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,101,900	(299,583)	(840,722)	961,595	(4,338,564)
Other Financing Sources (Uses):					
Transfers in	-	-	1,319,473	1,319,473	742,322
Transfers out	(1,179,923)	-	(139,550)	(1,319,473)	(742,322)
Contributions to Successor Agency	-	-	(10,000)	(10,000)	(834,007)
Debt issued	-	5,500,000	-	5,500,000	-
Total Other Financing Sources (Uses)	(1,179,923)	5,500,000	1,169,923	5,490,000	(834,007)
Net Change in Fund Balances	\$ 921,977	\$ 5,200,417	\$ 329,201	\$ 6,451,595	\$ (5,172,571)
Fund Balances:					
Beginning of year	\$ 8,881,324	\$ (5,148,905)	\$ 4,929,890	\$ 8,662,309	\$ 13,834,880
End of Year	\$ 9,803,301	\$ 51,512	\$ 5,259,091	\$ 15,113,904	\$ 8,662,309

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, 2014**

Net change in fund balances - total governmental funds \$ 6,451,595

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	\$ 3,527,607	
Depreciation	<u>(3,471,293)</u>	56,314

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 Transnet long-term debt	(5,500,000)	
Principal repayments:		
Lease revenue bond - ABAG	112,700	
Capital lease	43,225	
Amortization of bond premiums/discounts	(968)	
Changes in claims and judgments liabilities	<u>(207,893)</u>	(5,552,936)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 514

Compensated absences 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. (892)

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. (303,265)

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. 8,700

Change in net position of governmental activities \$ 660,030

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**PROPRIETARY FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2014

(With comparative totals for June 30, 2013)

	<u>Sanitation Fund</u>	
	<u>2014</u>	<u>2013</u>
Assets:		
Current:		
Cash and investments	\$ 9,170,978	\$ 8,785,338
Receivables:		
Accounts	18,008	7,605
Interest	48,387	2,553
Prepaid costs	36,628	38,844
Total Current Assets	9,274,001	8,834,340
Noncurrent:		
Cash and investments with fiscal agent	2,580,485	2,580,447
Advances to other funds	2,008,165	2,405,857
Investment in joint venture	19,850,088	19,066,147
Capital Assets:		
Non-depreciable	693,099	281,883
Depreciable, net	11,132,990	11,077,621
Total Noncurrent Assets	36,264,827	35,411,955
Total Assets	45,538,828	44,246,295
Deferred Outflows of Resources:		
Deferred charge on refunding	480,529	549,176
Total Deferred Outflows of Resources	480,529	549,176
Total Assets and Deferred Outflows	\$ 46,019,357	\$ 44,795,471
Liabilities and Net Position:		
Liabilities:		
Current:		
Accounts payable	\$ 156,839	\$ 32,708
Accrued liabilities	13,196	12,634
Interest payable	164,210	173,219
Compensated absences, due within one year	13,648	14,977
Long-term debt, due within one year	880,634	856,963
Total Current Liabilities	1,228,527	1,090,501
Noncurrent:		
Compensated absences, due in more than one year	15,657	13,913
Long-term debt, due in more than one year	11,294,822	12,238,668
Total Noncurrent Liabilities	11,310,479	12,252,581
Total Liabilities	12,539,006	13,343,082
Net Position:		
Net investment in capital assets	6,324,862	5,682,518
Unrestricted	27,155,489	25,769,871
Total Net Position	33,480,351	31,452,389
Total Liabilities and Net Position	\$ 46,019,357	\$ 44,795,471

CITY OF SOLANA BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014
(With comparative totals for June 30, 2013)

	Sanitation Fund	
	2014	2013
Operating Revenues:		
Charges for services	\$ 4,775,489	\$ 4,708,765
Other	36,300	46,470
Total Operating Revenues	4,811,789	4,755,235
Operating Expenses:		
Cost of sales and services	1,943,279	2,016,630
Administration	348,907	349,459
Depreciation	352,633	345,500
Total Operating Expenses	2,644,819	2,711,589
Operating Income (Loss)	2,166,970	2,043,646
Nonoperating Revenues (Expenses):		
Interest income	71,541	78,615
Interest expense	(510,648)	(536,423)
Amortization of bond premium/discount & refunding charge	(7,651)	(70,986)
Amortization of investment premium	(10,945)	(21,890)
Share in joint venture net gain(loss)/capital contribution	318,695	(115,567)
Total Nonoperating Revenues (Expenses)	(139,008)	(666,251)
Changes in Net Position	2,027,962	1,377,395
Net Position:		
Beginning of Year	31,452,389	30,264,590
Restatements	-	(189,596)
Beginning of Fiscal Year, as restated	31,452,389	30,074,994
End of Fiscal Year	\$ 33,480,351	\$ 31,452,389

CITY OF SOLANA BEACH

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2014
(With comparative totals for June 30, 2013)

	Sanitation Fund	
	2014	2013
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 4,765,086	\$ 4,777,047
Cash paid to suppliers for goods and services	(1,816,932)	(2,222,876)
Cash paid to employees for services	(347,930)	(345,850)
Other	36,300	46,470
Net Cash Provided by Operating Activities	2,636,524	2,254,791
Cash Flows from Non-Capital Financing Activities:		
Repayment received from other funds	397,692	374,481
Net Cash Provided by Non-Capital Financing Activities	397,692	374,481
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(819,218)	(225,449)
Principal paid on capital debt	(920,299)	(828,460)
Interest paid on capital debt	(458,537)	(547,986)
Net Cash Used in Capital and Related Financing Activities	(2,198,054)	(1,601,895)
Cash Flows from Investing Activities:		
Interest received	(450,484)	(348,703)
Net Cash Used in Investing Activities	(450,484)	(348,703)
Net Increase (Decrease) in Cash and Cash Equivalents	385,678	678,674
Cash and Cash Equivalents at Beginning of Year	11,365,785	10,687,111
Cash and Cash Equivalents at End of Year	\$ 11,751,463	\$ 11,365,785
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 2,166,970	\$ 2,043,646
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:		
Depreciation	352,633	345,500
(Increase) decrease in accounts receivable	(10,403)	68,282
(Increase) decrease in prepaid expense	2,216	2,215
Increase (decrease) in accounts payable	124,131	(208,461)
Increase (decrease) in accrued liabilities	562	(294)
Increase (decrease) in compensated absences	415	3,903
Total Adjustments	469,554	211,145
Net Cash Provided by Operating Activities	\$ 2,636,524	\$ 2,254,791
Non-Cash Investing, Capital, and Financing Activities:		
Amortization of bonds premium/discount	\$ (77,708)	\$ (70,986)
Gain/(loss) on investment in joint venture	318,695	(115,567)

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

CITY OF SOLANA BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	Agency Funds		Private-Purpose Trust Fund Successor Agency of the Former RDA	
	2014	2013	2014	2013
Assets:				
Cash and investments	\$ 472,261	\$ 449,830	\$ 500,157	\$ 1,092,516
Receivables:				
Accounts	108	121	-	-
Taxes	2,038	767	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	235,815	235,828
Total Assets	<u>\$ 474,407</u>	<u>\$ 450,718</u>	<u>735,972</u>	<u>1,328,344</u>
Liabilities:				
Accounts payable	\$ -	\$ -	3,944	6,043
Accrued liabilities	-	-	6,831	6,444
Accrued interest	-	-	12,625	12,920
Due to City	-	-	306,880	393,880
Due to bondholders	474,407	450,718	-	-
Long-term liabilities:				
Due in one year	-	-	80,000	80,000
Due in more than one year	-	-	2,995,000	3,075,000
Total Liabilities	<u>\$ 474,407</u>	<u>\$ 450,718</u>	<u>3,405,280</u>	<u>3,574,287</u>
Net Position:				
Held in trust for other purposes			(2,669,308)	(2,245,943)
Total Net Position			<u>\$ (2,669,308)</u>	<u>\$ (2,245,943)</u>

CITY OF SOLANA BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	<u>Private-Purpose Trust Fund</u> <u>Successor Agency of the Former</u> <u>RDA</u>	
	<u>2014</u>	<u>2013</u>
Additions:		
Taxes	\$ 603,484	\$ 565,932
Interest and change in fair value of investments	25	47
Contributions from City	10,000	834,007
Total Additions	613,509	1,399,986
Deductions:		
Administrative expenses	881,593	471,606
Interest expense	155,281	158,056
Total Deductions	1,036,874	629,662
Changes in Net Position	(423,365)	770,324
Net Position - Beginning of the Year	(2,245,943)	(3,016,267)
Net Position - End of the Year	\$ (2,669,308)	\$ (2,245,943)

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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.

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

Proprietary Fund Financial Statements

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major proprietary fund:

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

Fiduciary Fund Financial Statements

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

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

c. Cash, Cash Equivalents and Investments

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 1: Summary of Significant Accounting Policies (Continued)

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

d. Restricted Cash and Investments

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

e. Capital Assets

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

f. Deferred Outflows/Inflows of Resources

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

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.

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

i. 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.

j. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

k. 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

I. 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.

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.

m. 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.

n. 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.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 2: Cash and Investments

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2014:

	<u>Government-Wide Statement of Net Position</u>			Fiduciary	<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	Funds Statement of Net Position	
Cash and investments	\$ 18,883,562	\$ 9,170,978	\$ 28,054,540	\$ 972,418	\$ 29,026,958
Cash and investments with fiscal agent held by fiscal agents	-	2,580,485	2,580,485	235,815	2,816,300
Total	\$ 18,883,562	\$ 11,751,463	\$ 30,635,025	\$ 1,208,233	\$ 31,843,258

Cash and investments consisted of the following at June 30, 2014:

Cash:	
Cash on hand	\$ 900
Demand deposits	1,695,658
Total cash	<u>1,696,558</u>
Investments:	
Local Agency Investment Fund	27,330,400
Investments held by fiscal agent:	
Money market fund	<u>2,816,300</u>
Total investments	<u>30,146,700</u>
Total cash and investments	<u>\$ 31,843,258</u>

a. Cash Deposits

The carrying amounts of the City's cash deposits were \$1,695,658 at June 30, 2014. Bank balances were \$2,533,056 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 \$837,398 difference represents outstanding checks and other reconciling items.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014
Note 2: Cash and Investments (Continued)

institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. For investments identified herein as held by fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

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

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

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local agency bonds	Yes	5 years	None	None
U.S. Treasury bills	Yes	None	60%	None
U.S. Treasury notes	Yes	5 years	40%	None
U.S. agency securities	Yes	5 years	20%	None
Banker's acceptances	Yes	180 days	10%	None
Commercial paper	Yes	180 days	10%	10%
Negotiable certificates of deposit	No	5 years	10%	None
Repurchase agreements	No	1 year	None	None
Passbook savings demand deposits	Yes	5 years	None	None
Reverse-repurchase agreements	No	92 days	20% of base value	None
Medium-term notes	No	5 years	30%	None
Mutual funds	No	5 years	None	None
Money market mutual funds	No	5 years	None	None
Local Agency Investment Fund (LAIF)	Yes	5 years	\$ 40,000,000	None

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

Investments Authorized by Debt Agreements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 2: Cash and Investments (Continued)

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

c. External Investment Pool

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

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

The City's investments with LAIF at June 30, 2014, 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 is. 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

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 2: Cash and Investments (Continued)

cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

	<u>Fair Value</u>	<u>1 year or less</u>
Held by City:		
LAIF	\$ 27,330,400	\$ 27,330,400
Held by Fiscal Agent		
Money market funds	<u>2,816,300</u>	<u>2,816,300</u>
Total	<u><u>\$ 30,146,700</u></u>	<u><u>\$ 30,146,700</u></u>

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2014, for each investment type.

	<u>Fair Value</u>	Minimum Legal Rating	<u>Ratings as of Year End</u>	
			AAA	Not Rated
Held by City:				
Local Agency Investment Fund	\$ 27,330,400	N/A	\$ -	\$ 27,330,400
Held by fiscal agent:				
Money market funds	<u>2,816,300</u>	A	<u>2,816,300</u>	<u>-</u>
Total	<u><u>\$ 30,146,700</u></u>		<u><u>\$ 2,816,300</u></u>	<u><u>\$ 27,330,400</u></u>

Custodial Credit Risk

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

Concentration of Credit Risk

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

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 3: Interfund Transactions

Due From and To Other Funds

At June 30, 2014, the City had the following short-term interfund receivables and payables:

	<u>Due from other funds</u>
	<u>General Fund</u>
<u>Due to other funds</u>	
Non-major Governmental Funds	\$ 199,330
Total	<u>\$ 199,330</u>

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

Advances From and To Other Funds

As of June 30, 2014, 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>\$ 2,008,165</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, 2014, the City had the following transfers:

	<u>Transfers In</u>	
	Non-Major Governmental Funds	<u>Total</u>
<u>Transfers Out</u>		
General Fund	\$ 1,179,923	\$ 1,179,923
Non-major governmental funds	139,550	139,550
	<u>\$ 1,319,473</u>	<u>\$ 1,319,473</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, 2014, 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, 2014

Note 4: Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Governmental Activities:					
<i>Non-Depreciable Assets:</i>					
Land	\$ 2,537,440	\$ -	\$ -	\$ -	\$ 2,537,440
Construction in progress	7,134,183	2,807,648	-	(7,977,408)	1,964,423
Total non-depreciable assets	<u>9,671,623</u>	<u>2,807,648</u>	<u>-</u>	<u>(7,977,408)</u>	<u>4,501,863</u>
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	9,875,310	-	-	50,048	9,925,358
Equipment	2,320,024	109,325	2,200	-	2,427,149
Vehicles	1,942,534	93,901	104,792	-	1,931,643
Infrastructure	57,565,429	516,733	-	7,927,360	66,009,522
Total depreciable assets	<u>77,720,212</u>	<u>719,959</u>	<u>106,992</u>	<u>7,977,408</u>	<u>86,310,587</u>
<i>Less accumulated depreciation:</i>					
Buildings	(2,274,734)	(120,792)	-	-	(2,395,526)
Improvements	(2,840,728)	(331,732)	-	-	(3,172,460)
Equipment	(2,076,094)	(93,498)	(2,200)	-	(2,167,392)
Vehicles	(1,094,047)	(146,376)	(104,792)	-	(1,135,631)
Infrastructure	(37,654,359)	(2,778,895)	-	-	(40,433,254)
Total accumulated depreciation	<u>(45,939,962)</u>	<u>(3,471,293)</u>	<u>(106,992)</u>	<u>-</u>	<u>(49,304,263)</u>
Total depreciable assets, net	<u>31,780,250</u>	<u>(2,751,334)</u>	<u>-</u>	<u>7,977,408</u>	<u>37,006,324</u>
Total capital assets, net	<u>\$ 41,451,873</u>	<u>\$ 56,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,508,187</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2014, is as follows:

General Government	\$ 105,185
Public Safety	252,364
Public Works	2,793,069
Community Development	1,396
Community Services	319,279
Total depreciation expenses	<u>\$ 3,471,293</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 4: Capital Assets (Continued)

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Business-Type Activities					
<i>Non-Depreciable Assets:</i>					
Land	\$ 111,706	\$ -	\$ -	\$ -	\$ 111,706
Construction in progress	170,177	819,218	-	(408,002)	581,393
Total non-depreciable assets	<u>281,883</u>	<u>819,218</u>	<u>-</u>	<u>(408,002)</u>	<u>693,099</u>
<i>Depreciable Assets:</i>					
Building and improvements	15,815,139	-	-	408,002	16,223,141
Equipment	508,911	-	-	-	508,911
Total depreciable assets	<u>16,324,050</u>	<u>-</u>	<u>-</u>	<u>408,002</u>	<u>16,732,052</u>
<i>Less accumulated depreciation:</i>					
Building and improvements	(4,738,320)	(352,354)	-	-	(5,090,674)
Equipment	(508,109)	(279)	-	-	(508,388)
Total accumulated depreciation	<u>(5,246,429)</u>	<u>(352,633)</u>	<u>-</u>	<u>-</u>	<u>(5,599,062)</u>
Total depreciable assets, net	<u>11,077,621</u>	<u>(352,633)</u>	<u>-</u>	<u>408,002</u>	<u>11,132,990</u>
Total capital assets, net	<u>\$ 11,359,504</u>	<u>\$ 466,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,826,089</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2014, is \$352,633.

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, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Refunding Lease - ABAG	\$ 1,279,300	\$ -	\$ 112,700	\$ 1,166,600	\$ 111,200
Municipal Finance Capital Lease	797,631	-	43,225	754,406	44,730
Limited Tax Bonds 2010A Series	-	5,500,000	-	5,500,000	-
Compensated Absences	318,447	215,539	214,647	319,339	215,248
	<u>\$ 2,395,378</u>	<u>\$ 5,715,539</u>	<u>\$ 370,572</u>	7,740,345	<u>\$ 371,178</u>
			unamortized discount	(8,713)	
			Total	<u>\$ 7,731,632</u>	

Lease Revenue Bonds – ABAG

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

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 5: Long-Term Obligations (Continued)

participation are considered to be defeased and the liability for the 1992 and 1995 series has been removed from the Government-wide Statement of Net Position.

On November 1, 2011, the City entered into a refunding lease agreement with Municipal Financial Corporation in the amount of \$1,388,300 to current refund the outstanding balance of the ABAG Lease Revenue Bonds, Series 2002 and to take advantage of historically low interest rates. The average savings are approximately \$21,258 per fiscal year with the net present value savings equal to \$185,245. The lease matures on December 1, 2022. Principal payments are due December 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, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 111,200	\$ 37,774	\$ 148,974
2016	114,800	33,932	148,732
2017	123,400	29,883	153,283
2018	126,800	25,629	152,429
2019	129,800	21,267	151,067
2020-2023	560,600	38,624	599,224
Total	<u>\$ 1,166,600</u>	<u>\$ 187,109</u>	<u>\$ 1,353,709</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, 2014, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 44,730	\$ 25,645	\$ 70,375
2016	46,286	24,088	70,374
2017	47,897	22,477	70,374
2018	49,563	20,811	70,374
2019	51,288	19,086	70,374
2020-2024	284,485	67,385	351,870
2025-2028	230,157	16,152	246,309
Total	<u>\$ 754,406</u>	<u>\$ 195,644</u>	<u>\$ 950,050</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 5: Long-Term Obligations (Continued)

San Diego County Regional Transportation Commission Sales Tax Revenue Bonds

On October 28, 2010, the San Diego Association of Governments (SANDAG), acting as the San Diego County Regional Transportation Commission, issued \$338,960,000 Taxable Build America Bonds 2010 Series A (Limited Tax Bonds). SANDAG is responsible for the administration of programs under the TransNet Extension ordinance, Proposition A, which sets forth the permitted uses for revenues from a half cent transactions and use tax in San Diego County (TransNet Extension Program). In fiscal year ended June 2014, 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, 2014, are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 325,105	\$ 325,105
2016	-	325,105	325,105
2017	-	325,105	325,105
2018	-	325,105	325,105
2019	-	325,105	325,105
2020-2024	-	1,625,525	1,625,525
2025-2029	-	1,625,525	1,625,525
2030-2034	-	1,625,525	1,625,525
2035-2039	461,470	1,625,525	2,086,995
2040-2044	2,587,333	978,787	3,566,120
2045-2048	2,451,197	369,042	2,820,239
Total	<u>\$ 5,500,000</u>	<u>\$ 9,475,454</u>	<u>\$ 14,975,454</u>

Compensated Absences

Compensated absences at June 30, 2014, amounted to \$319,339. This liability is expected to be paid from future resources from the General Fund.

Business-type Activities Long-Term Debt

The following is a summary of changes in business-type activities long-term debt for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
JPA Loan Payable - 2011	\$ 4,250,178	\$ -	\$ 636,963	\$ 3,613,215	\$ 655,634
Sewer Revenue Bond- 2006	8,705,000	-	220,000	8,485,000	225,000
Compensated Absences	28,890	13,870	13,455	29,305	13,648
	<u>\$ 12,984,068</u>	<u>\$ 13,870</u>	<u>\$ 870,418</u>	12,127,520	<u>\$ 894,282</u>
			Unamortized premium/(discount)	77,241	
			Total	<u>\$ 12,204,761</u>	

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 5: Long-Term Obligations (Continued)

San Elijo JPA Loan Payable - 2011

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 655,634	\$ 129,792	\$ 785,426
2016	671,470	110,122	781,592
2017	692,808	89,978	782,786
2018	724,648	62,266	786,914
2019	751,155	33,280	784,435
2020-2021	117,500	4,944	122,444
Total	<u>\$ 3,613,215</u>	<u>\$ 430,382</u>	<u>\$ 4,043,597</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

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 2013-14
Revenues:	
Operating revenues	\$ 4,775,489
Other operating	36,300
Non-operating	390,236
Gross revenues	<u>5,202,025</u>
Expenses	<u>3,174,063</u>
Net Income	<u>2,027,962</u>
Add back:	
Interest expense	510,648
Depreciation	352,633
Amortization of bond premium/discount & refunding	7,651
Amortization of investment in JPA	<u>10,945</u>
Net revenues available for debt service	<u>\$ 2,909,839</u>
2011 Refunding Revenue bonds debt service:	
Principal repayment	\$ 636,963
Interest charges	148,900
Total debt service	<u>\$ 785,863</u>
Coverage ratio	<u>3.7</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 \$13,579,596 as of June 30, 2014.

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, 2014

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>
2015	\$ 225,000	\$ 362,838	\$ 587,838
2016	235,000	354,400	589,400
2017	245,000	345,588	590,588
2018	255,000	335,788	590,788
2019	265,000	325,588	590,588
2020-2024	1,495,000	1,455,894	2,950,894
2025-2029	1,850,000	1,105,781	2,955,781
2030-2034	2,290,000	664,563	2,954,563
2035-2037	1,625,000	144,156	1,769,156
Total	<u>\$ 8,485,000</u>	<u>\$ 5,094,596</u>	<u>\$ 13,579,596</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 \$2,909,839, the 2006 Subordinate Wastewater Revenue bonds debt service coverage requirement for fiscal year ended June 30, 2014, is calculated as follows:

	<u>Fiscal Year 2013-14</u>
Net revenues available for debt service	\$ 2,909,839
Less: 2011 Refunding Revenue bonds debt service	<u>785,863</u>
Net revenues available for 2006 Sewer Revenue Bonds debt service	<u>\$ 2,123,976</u>
2006 Sewer Revenue bonds debt service	
Principal repayment	\$ 220,000
Interest charges	<u>370,758</u>
Total debt service	<u>\$ 590,758</u>
Coverage ratio	<u>3.6</u>

Compensated Absences

Business-type activities compensated absences as of June 30, 2014, amounted to \$29,305. 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, 2014, were \$2,260,000.

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, 2014, were \$510,000.

Note 6: Risk Management

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 6: Risk Management (Continued)

SANDPIPA monitors the progress of claims/suits that are reported. The City records a liability up to the amount of its self-insurance retention. The City has no knowledge of any material liability in excess of insurance coverage for known suits or claims.

General Liability Insurance

Annual deposits are paid by member cities and are adjusted retroactively to cover costs. Each member city has a specific retention level. The City has a retention level of \$125,000 and pays 100% of all losses incurred under \$125,000. The City does not share or pay for losses of other cities under their self-insured retention. Losses of \$125,000 to \$2,000,000 are prorated among all participating cities on a payroll basis. Losses in excess of \$2,000,000 are covered by excess insurance purchased by the participating cities, as a part of the pool, to a limit of \$45,000,000. This cost is also prorated on a payroll basis.

The City maintains insurance coverage in the following specific areas: real and personal property damage with loss of revenue and increased expenses, auto physical damage, machinery damage and faithful performance bonds.

Workers' Compensation

Beginning October 1, 2004, the City became fully self-insured with respect to Workers' Compensation. The City has a Self-Insured Retention (SIR) of \$125,000 per claim and additional coverage above its SIR with CSAC Excess Insurance Authority (EIA) to \$4 million per claim; there is an additional \$45 million of reinsurance above CSAC-EIA coverage bringing the total coverage to over \$49 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 \$1,424,493 reported at June 30, 2014, 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
2011-2012	\$ 1,243,570	\$ 339,900	\$ (436,470)	\$ 1,147,000
2012-2013	1,147,000	380,455	(310,855)	1,216,600
2013-2014	1,216,600	398,806	(190,913)	1,424,493

CITY OF SOLANA BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014**

Note 6: Risk Management (Continued)

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2013, is as follows:

Total assets	<u>\$ 588,152,525</u>
Total liabilities	<u>\$ 469,537,129</u>
Total net position	<u>\$ 118,615,396</u>
Total revenues	<u>\$ 538,894,700</u>
Total expenses	<u>\$ 525,831,124</u>
Expenses over revenues	<u>\$ 13,063,576</u>

Note 7: Public Employee Retirement System

Plan Description

The City contributes to the California Public Employees Retirement System (“PERS”), a cost-sharing agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS’ annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

Funding Policy

City employees are required by State statute to contribute the following percentage of their annual covered salary:

	Tier 1	Tier 2	Tier 3
Miscellaneous	8.000%	7.000%	6.25%
Fire Safety	9.000%	9.000%	11.5%
Marine Safety	9.000%	9.000%	11.5%

The City employer is required to contribute for fiscal year 2013-2014 at an actuarially determined rate. The current rate as a percentage of annual covered payroll is the following:

	Tier 1	Tier 2	Tier 3
Miscellaneous	14.660%	8.049%	6.25%
Fire Safety	26.149%	19.900%	11.5%
Marine Safety	26.149%	19.900%	11.5%

Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014
Note 7: Public Employee Retirement System (Continued)
Annual Pension Cost

For fiscal year ended June 30, 2014, the City's annual pension cost of \$816,506 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuations using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases range from 3.55% to 14.45% depending on age, service, and type of employment, and (c) 3.55% per year individual salary growth. Each item (a), (b), and (c) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2009, was 30 years for prior and current service unfunded liability.

The City's covered payroll for PERS was the following:

	Tier 1	Tier 2	Tier 3
Miscellaneous	\$2,039,655	\$221,978	\$259,616
Fire Safety	1,469,495	69,589	85,865
Marine Safety	267,943	0	32,790

In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2014, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2013 to June 30, 2014.

Three-Year Trend Information for PERS
Miscellaneous Employees-Tier 1

Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2012	13.353%	\$ 284,314	100%
6/30/2013	13.914%	294,890	100%
6/30/2014	14.660%	299,013	100%

Three-Year Trend Information for PERS (Continued)
Miscellaneous Employees-Tier 2

Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2012	7.733%	\$ 17,172	100%
6/30/2013	7.846%	18,962	100%
6/30/2014	8.049%	19,453	100%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7: Public Employee Retirement System (Continued)

Three-Year Trend Information for PERS (Continued)

Miscellaneous Employees-Tier 3			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2013	6.250%	\$ 2,288	100%
6/30/2014	6.250%	16,226	100%

Fire Safety Employees-Tier 1			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2012	24.112%	\$ 406,182	100%
6/30/2013	24.706%	377,875	100%
6/30/2014	26.149%	384,258	100%

Fire Safety Employees-Tier 2			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2012	1916.900%	\$ 3,818	100%
6/30/2013	19.204%	10,471	100%
6/30/2014	19.900%	13,848	100%

Fire Safety Employees-Tier 3			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2013	11.500%	\$ 3,018	100%
6/30/2014	11.500%	9,874	100%

Marine Safety Employees-Tier 1			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2012	24.112%	\$ 68,277	100%
6/30/2013	24.706%	62,177	100%
6/30/2014	26.149%	70,064	100%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 7: Public Employee Retirement System (Continued)

Marine Safety Employees - Tier 2			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2013	19.204%	\$ -	100%
6/30/2014	19.900%	-	100%

Marine Safety Employees - Tier 3			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2013	11.500%	\$ 1,733	100%
6/30/2014	11.500%	3,770	100%

Funded Status of Plan – Miscellaneous and Safety Employees

As of the actuarial valuation date of June 30, 2011, the City’s plans were part of the CalPERS Risk Pool for employers with fewer than 100 active plan members. As part of a cost-sharing multiple-employer defined benefit plan, disclosure of the schedule of funding progress is not required.

Note 8: Other Post Employment Benefits

Plan Description

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

The City provides a retiree healthcare contribution for medical coverage up to dollar caps that vary by bargaining group.

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 \$105,058 during the 2013 fiscal year on a pay-as-you-go basis for current benefit payments. Retired plan members and their beneficiaries pay the annual premium cost not paid by the employer.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 8: Other Post Employment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's Net OPEB obligation:

Annual Required Contribution (ARC)	\$ 447,000
Interest on Net OPEB Obligation	12,816
Adjustment to ARC	<u>(46,432)</u>
Annual OPEB Cost (Expenses)	413,384
Contribution Made	<u>(110,119)</u>
Increase in Net OPEB Obligation	303,265
Net OPEB Obligation	
Beginning of year	<u>1,013,000</u>
End of year	<u><u>\$ 1,316,265</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 2013 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
2011-2012	\$ 369,100	\$ 101,900	27.6%	\$ 267,200	\$ 727,100
2012-2013	390,958	105,058	26.9%	285,900	1,013,000
2013-2014	413,384	110,119	26.4%	303,265	1,316,265

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%

Note 8: Other Post Employment Benefits (Continued)

Most Recent Actuarial Valuation

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

Actuarial Methods and Assumptions

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

For the June 30, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.25% 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 2013 and thereafter. The initial UAAL was amortized as a level percentage of projected payroll over a fixed 20-year period as of June 30, 2006. There were 17 years remaining in this amortization period for the 2013/14 Annual Required Contribution.

Note 9: Investment in Joint Venture

On June 17, 1987, the Cardiff Sanitation District and the City of Solana Beach established the San Elijo Joint Powers Authority (SEJPA), a separate legal entity, whose function is to manage, operate, maintain and expand a plant for the treatment and disposal of sewage or wastewater and to determine the joint and separate obligations of the members concerning the transmission, treatment, disposal and reclamation of sewage and wastewater within the respective service territories. The SEJPA's governing board consists of two members from each entity. The City of Solana Beach's investment in the SEJPA has been recorded using the equity method of accounting and is shown as an investment in joint venture in the City's financial statements. Summarized audited information of the SEJPA for the fiscal year ended June 30, 2014, is as follows:

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 9: Investment in Joint Venture (Continued)

Operating revenues	\$ 6,500,432
Operating expenses	(6,529,633)
Net non-operating income	666,591
Capital grants	<u>952,381</u>
Change in net position	<u>\$ 1,589,771</u>
Total assets and deferred outflows of resources	\$ 55,280,486
Total liabilities	<u>(15,904,974)</u>
Net position- total fund equity	<u>\$ 39,375,512</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, 2014, is as follows:

Investment at June 30, 2013	\$ 19,066,147
Capital contribution	476,191
Current year share in the joint venture net gain	318,695
Amortization of JPA	<u>(10,945)</u>
Investment at June 30, 2014	<u>\$ 19,850,088</u>

At June 30, 2014, the SEJPA had \$7,279,123 in 2012 Refunding Revenue Bonds outstanding. The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

Note 10: Sanitation Loan to General Fund

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 10: Sanitation Loan to General Fund (Continued)

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

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

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 421,918	\$ 47,694	\$ 469,612
2016	447,202	37,673	484,875
2017	473,581	27,052	500,633
2018	501,099	15,805	516,904
2019	164,365	3,904	168,269
Total	<u>\$ 2,008,165</u>	<u>\$ 132,128</u>	<u>\$ 2,140,293</u>

Since the PERS Side Fund Prepayment fund made the payment to CalPERS in the amount of \$3,132,587, the fund reported a deficit fund balance of \$2,405,857 for fiscal year 2013-14 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, 2014, with an estimated cost to complete of approximately \$275,375 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 (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

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 11: Commitments and Contingencies (Continued)

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

Note 12: Classification of Fund Balances

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

	General Fund	TransNet	Non-Major Governmental Funds	Total
Nonspendable				
Prepays	\$ 7,523	\$ -	\$ -	\$ 7,523
Total nonspendable	<u>7,523</u>	<u>-</u>	<u>-</u>	<u>7,523</u>
Restricted				
Gas Tax	-	-	625,680	625,680
Municipal Improvement Districts	-	-	576,847	576,847
Lighting District	-	-	1,207,461	1,207,461
TransNet	-	51,512	-	51,512
COPS	-	-	114,863	114,863
Public Safety	-	-	71,014	71,014
Fire Mitigation	-	-	9,061	9,061
CALTRANS	-	-	59,634	59,634
Coastal Area Business/ Visitor Assistance & Enhancement	-	-	298,749	298,749
Boating & Waterways	-	-	60,958	60,958
Housing	-	-	428,396	428,396
Camp Programs	-	-	155,320	155,320
Affordable Housing Grant	-	-	301,739	301,739
Assessment Districts CIP	-	-	157,922	157,922
Sand Replenish/ Retention and Coastal Access CIP	-	-	331,834	331,834
Public Improvement Grant	-	-	632,428	632,428
City Debt Service	-	-	24,482	24,482
Total restricted	<u>-</u>	<u>51,512</u>	<u>5,056,388</u>	<u>5,107,900</u>
Committed				
Public Facilities	189,062	-	-	189,062
Public Art	11,151	-	-	11,151
In-Lieu Housing	100,786	-	-	100,786
Parks & Recreation	23,084	-	-	23,084
Total committed	<u>324,083</u>	<u>-</u>	<u>-</u>	<u>324,083</u>
Assigned				
General Fund	5,102,543	-	-	5,102,543
Developer Pass-Thru	-	-	75,914	75,914
City CIP	-	-	349,502	349,502
Total assigned	<u>5,102,543</u>	<u>-</u>	<u>425,416</u>	<u>5,527,959</u>
Unassigned	4,369,152	-	(222,713)	4,146,439
Total fund balances	<u>\$ 9,803,301</u>	<u>\$ 51,512</u>	<u>\$ 5,259,091</u>	<u>\$ 15,113,904</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 12: Classification of Fund Balances (Continued)

Fund Name	General Fund					Total Classification
	General Fund	Self Insurance	Worker's Compensation	Asset Replacement	PERS Side Fund Prepayment	
Non-Spendable						
Prepays	\$ 7,523	\$ -	\$ -	\$ -	\$ -	\$ 7,523
Total Non-Spendable	<u>7,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,523</u>
Committed						
Public Facilities	189,061	-	-	-	-	189,061
Public Art	11,151	-	-	-	-	11,151
In-Lieu Housing	100,786	-	-	-	-	100,786
Parks & Recreation	23,085	-	-	-	-	23,085
Total Committed	<u>324,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,083</u>
Assigned						
Park Fee	29,703	-	-	-	-	29,703
Community Television	56,179	-	-	-	-	56,179
Street Sweeping	118,178	-	-	-	-	118,178
Housing	1,499,500	-	-	-	-	1,499,500
Self-Insurance	-	851,120	-	-	-	851,120
Worker's Comp	-	-	670,596	-	-	670,596
Asset Replacement	-	-	-	1,877,267	-	1,877,267
Total Assigned	<u>1,703,560</u>	<u>851,120</u>	<u>670,596</u>	<u>1,877,267</u>	<u>-</u>	<u>5,102,543</u>
Unassigned	<u>6,377,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,008,165)</u>	<u>4,369,152</u>
Total fund balances (deficit)	<u>\$ 8,412,483</u>	<u>\$ 851,120</u>	<u>\$ 670,596</u>	<u>\$ 1,877,267</u>	<u>\$ (2,008,165)</u>	<u>\$ 9,803,301</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, 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 \$2,405,857 and because the fund balance amount is a deficit, GASB 54 requires this amount to be classified as Unassigned instead of Assigned.

As described in Note 10, the City made a decision to borrow \$3,132,587 funds 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, 2014.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2014

Note 12: Classification of Fund Balances (Continued)

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

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

Note 13: Deficit Fund Balances

At June 30, 2014, the following funds had deficit fund balances:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
TEA 21/TEA	\$ 168,970
CDBG	31,088
Miscellaneous Grants	22,655

The deficits will be resolved through future fund revenue sources.

Note 14: Excess Expenditures Over Appropriations

For the year ended June 30, 2014, expenditures exceeded appropriations in the following fund:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Camp Programs Fund	\$ 257,854	\$ 280,653	\$ (22,799)
Transnet Fund	1,588,815	1,833,470	(244,655)

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 15: 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	\$ 500,157
Cash and investments with fiscal agent	<u>235,815</u>
	<u><u>\$ 735,972</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, 2014, follows:

	Balance July 1, 2013	Additions	Repayments	Balance June 30, 2014	Due Within One Year
Fiduciary Funds:					
2006 Tax Allocation Bonds	\$ 3,155,000	\$ -	\$ 80,000	\$ 3,075,000	\$ 80,000
Total Fiduciary Funds	<u>\$ 3,155,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 3,075,000</u>	<u>\$ 80,000</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, 2014, \$235,815 was held in reserve.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2014

Note 15: 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>
2015	\$ 80,000	\$ 151,235	\$ 231,235
2016	85,000	147,675	232,675
2017	90,000	143,850	233,850
2018	95,000	139,755	234,755
2019	100,000	135,385	235,385
2020-2024	570,000	601,998	1,171,998
2025-2029	715,000	449,900	1,164,900
2030-2034	910,000	252,700	1,162,700
2035-2039	430,000	33,150	463,150
Total	<u>\$ 3,075,000</u>	<u>\$ 2,055,648</u>	<u>\$ 5,130,648</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 \$5,130,648 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 \$603,484 and the debt service obligation on the bonds was \$234,715.

c. Insurance

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

d. Commitments and Contingencies

At June 30, 2014, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SOLANA BEACH

**REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

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 City Manager is authorized to transfer budget amounts within any department and any fund during the budget year. 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 STATEMENT BY DEPARTMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)**

	2014			Variance with Final Budget Positive (Negative)	2013
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 8,881,324	\$ 8,881,324	\$ 8,881,324	\$ -	\$ 7,330,785
Resources (Inflows):					
Taxes					
Property	5,834,400	5,834,400	5,985,732	151,332	5,792,654
Transient occupancy	865,000	865,000	938,519	73,519	912,459
Sales	2,832,300	2,832,300	2,814,702	(17,598)	3,077,691
Franchise and other	1,639,000	1,639,000	1,663,790	24,790	1,686,409
Licenses and permits	398,500	398,500	429,464	30,964	361,573
Intergovernmental	1,519,500	1,519,500	1,542,573	23,073	1,513,120
Charges for services	472,000	554,450	657,349	102,899	595,817
Use of money and property	97,000	97,000	112,002	15,002	75,304
Fines and forfeitures	343,800	343,800	348,337	4,537	323,961
Miscellaneous	560,600	765,530	801,471	35,941	629,247
Transfers in	-	-	-	-	37,693
Amounts Available for Appropriation	23,443,424	23,730,804	24,175,263	444,459	22,336,713
Charges to Appropriation (Outflow):					
General government					
City Council	215,500	228,500	204,421	24,079	226,206
City Clerk	297,900	449,620	350,684	98,936	315,451
Legal services	524,300	525,000	388,495	136,505	411,279
City Manager	274,800	279,200	270,668	8,532	254,695
Finance	696,900	611,201	518,289	92,912	517,913
Personnel	282,700	285,000	273,873	11,127	247,727
Information systems	324,200	333,767	306,986	26,781	279,851
Support services	981,700	980,436	738,871	241,565	804,588
Total general government	3,598,000	3,692,724	3,052,287	640,437	3,057,710
Public safety					
Junior lifeguard	-	-	-	-	112,242
Marine safety	630,100	706,474	659,773	46,701	635,415
Law enforcement	3,281,700	3,282,500	3,281,327	1,173	3,066,787
Code & parking enforcement	213,300	247,227	244,581	2,646	198,888
Fire department	3,177,300	3,307,272	3,305,714	1,558	3,269,062
Animal regulation	103,500	103,700	103,124	576	89,420
Civil defense	25,600	25,600	25,943	(343)	21,647
Environmental services	32,100	32,100	32,000	100	37,789
Total public safety	7,463,600	7,704,873	7,652,462	52,411	7,431,250
Public works					
Street and other	1,026,200	1,071,006	964,387	106,619	900,432
Public facilities	144,000	166,590	167,268	(678)	143,417
Engineering	285,600	287,100	296,292	(9,192)	271,206
Total public works	1,455,800	1,524,696	1,427,947	96,749	1,315,055
Community development					
Planning	505,800	519,300	515,586	3,714	464,305
Building services	301,000	326,000	325,996	4	234,002
Total community development	806,800	845,300	841,582	3,718	698,307
Parks and recreation					
Community services	88,400	92,547	90,206	2,341	102,551
Recreation programs	127,000	130,000	127,555	2,445	179,887
Total parks and recreation	215,400	222,547	217,761	4,786	282,438
Transfers out	361,300	1,179,923	1,179,923	-	670,629
Total Charges to Appropriations	13,900,900	15,170,063	14,371,962	798,101	13,455,389
Budgetary Fund Balance, June 30	\$ 9,542,524	\$ 8,560,741	\$ 9,803,301	\$ 1,242,560	\$ 8,881,324

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE

TRANSNET FUND

YEAR ENDED JUNE 30, 2014

(With comparative totals for the year ended June 30, 2013)

	2014			Variance with Final Budget Positive (Negative)	2013
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ (5,148,905)	\$ (5,148,905)	\$ (5,148,905)	\$ -	\$ 219,863
Resources (Inflows):					
Intergovernmental	-	-	1,401,109	1,401,109	-
Use of money and property	300	300	15,368	15,068	(182)
Miscellaneous	-	-	117,410	117,410	3,623
Notes and loans issued	-	-	5,500,000	5,500,000	-
Amounts Available for Appropriations	(5,148,605)	(5,148,605)	1,884,982	7,033,587	223,304
Charges to Appropriation (Outflow):					
Capital outlay	1,588,815	1,588,815	1,462,735	126,080	5,372,209
Debt service:					
Interest and fiscal charges	-	-	370,735	(370,735)	741,470
Total Charges to Appropriations	1,588,815	1,588,815	1,833,470	(244,655)	6,113,679
Budgetary Fund Balance, June 30	\$ (6,737,420)	\$ (6,737,420)	\$ 51,512	\$ 6,788,932	\$ (5,890,375)

SUPPLEMENTARY INFORMATION

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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.

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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.

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

Camp Programs Fund - accounts for camp programs in the City

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

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

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

Public Improvement Grant - accounts for public improvements in the City

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

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	Special Revenue Funds		Capital Projects Funds	
	2014	2013	2014	2013
Assets:				
Cash and investments	\$ 4,032,863	\$ 4,122,231	\$ 1,422,320	\$ 1,163,539
Receivables:				
Accounts	19,240	36,146	275,000	-
Taxes	48,143	33,750	-	-
Interest	1,710	1,865	765	591
Due from other governments	41,114	80,780	22,143	-
Due from Successor Agency	-	-	306,880	393,880
Total Assets	\$ 4,143,070	\$ 4,274,772	\$ 2,027,108	\$ 1,558,010
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 153,469	\$ 140,279	\$ 335,124	\$ 61,275
Accrued liabilities	26,773	27,134	51,072	-
Unearned revenues	-	-	100,000	25,000
Deposits payable	575	575	69,226	69,226
Due to other funds	199,330	215,326	-	388,513
Total Liabilities	380,147	383,314	555,422	544,014
Fund Balances:				
Restricted	3,909,722	3,975,867	1,122,184	588,367
Assigned	75,914	100,106	349,502	425,629
Unassigned	(222,713)	(184,515)	-	-
Total Fund Balances	3,762,923	3,891,458	1,471,686	1,013,996
Total Liabilities and Fund Balances	\$ 4,143,070	\$ 4,274,772	\$ 2,027,108	\$ 1,558,010

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2014	2013	2014	2013
Assets:				
Cash and investments	\$ 24,482	\$ 24,436	\$ 5,479,665	\$ 5,310,206
Receivables:				
Accounts	-	-	294,240	36,146
Taxes	-	-	48,143	33,750
Interest	-	-	2,475	2,456
Due from other governments	-	-	63,257	80,780
Due from Successor Agency	-	-	306,880	393,880
Total Assets	\$ 24,482	\$ 24,436	\$ 6,194,660	\$ 5,857,218
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 488,593	\$ 201,554
Accrued liabilities	-	-	77,845	27,134
Unearned revenues	-	-	100,000	25,000
Deposits payable	-	-	69,801	69,801
Due to other funds	-	-	199,330	603,839
Total Liabilities	-	-	935,569	927,328
Fund Balances:				
Restricted	24,482	24,436	5,056,388	4,588,670
Assigned	-	-	425,416	525,735
Unassigned	-	-	(222,713)	(184,515)
Total Fund Balances	24,482	24,436	5,259,091	4,929,890
Total Liabilities and Fund Balances	\$ 24,482	\$ 24,436	\$ 6,194,660	\$ 5,857,218

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	Lighting District	TEA 21 / TEA
Assets:				
Cash and investments	\$ 593,302	\$ 627,767	\$ 1,222,324	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	42,904	2,599	2,640	-
Interest	258	202	599	-
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
Total Assets	\$ 636,464	\$ 630,568	\$ 1,225,563	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 10,784	\$ 53,084	\$ 14,651	\$ -
Accrued liabilities	-	637	3,451	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	168,970
Total Liabilities	10,784	53,721	18,102	168,970
Fund Balances:				
Restricted	625,680	576,847	1,207,461	-
Assigned	-	-	-	-
Unassigned	-	-	-	(168,970)
Total Fund Balances	625,680	576,847	1,207,461	(168,970)
Total Liabilities and Fund Balances	\$ 636,464	\$ 630,568	\$ 1,225,563	\$ -

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

(Continued)

Special Revenue Funds

	COPS	Public Safety	Fire Mitigation	CDBG
Assets:				
Cash and investments	\$ 115,365	\$ 52,294	\$ 9,061	\$ -
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	19	7	-	-
Due from other governments	16,145	19,423	-	-
Due from Successor Agency	-	-	-	-
Total Assets	\$ 131,529	\$ 71,724	\$ 9,061	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 16,666	\$ -	\$ -	\$ 728
Accrued liabilities	-	710	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	30,360
Total Liabilities	16,666	710	-	31,088
Fund Balances:				
Restricted	114,863	71,014	9,061	-
Assigned	-	-	-	-
Unassigned	-	-	-	(31,088)
Total Fund Balances	114,863	71,014	9,061	(31,088)
Total Liabilities and Fund Balances	\$ 131,529	\$ 71,724	\$ 9,061	\$ -

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	Special Revenue Funds			
	CALTRANS	Coastal Area Business / Visitor Assistance &	Boating & Waterways	Miscellaneous Grants
Assets:				
Cash and investments	\$ 54,088	\$ 307,337	\$ 60,949	\$ 2,001
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	112	9	-
Due from other governments	5,546	-	-	-
Due from Successor Agency	-	-	-	-
Total Assets	\$ 59,634	\$ 307,449	\$ 60,958	\$ 2,001
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 8,700	\$ -	\$ 24,656
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	8,700	-	24,656
Fund Balances:				
Restricted	59,634	298,749	60,958	-
Assigned	-	-	-	-
Unassigned	-	-	-	(22,655)
Total Fund Balances	59,634	298,749	60,958	(22,655)
Total Liabilities and Fund Balances	\$ 59,634	\$ 307,449	\$ 60,958	\$ 2,001

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

(Continued)

	Special Revenue Funds			
	Developer Pass- Thru	Housing	Affordable Housing Grant	Camp Programs
Assets:				
Cash and investments	\$ 76,289	\$ 428,171	\$ 303,355	\$ 180,560
Receivables:				
Accounts	200	-	-	19,040
Taxes	-	-	-	-
Interest	-	225	248	31
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
Total Assets	\$ 76,489	\$ 428,396	\$ 303,603	\$ 199,631
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,864	\$ 22,336
Accrued liabilities	-	-	-	21,975
Unearned revenues	-	-	-	-
Deposits payable	575	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	575	-	1,864	44,311
Fund Balances:				
Restricted	-	428,396	301,739	155,320
Assigned	75,914	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	75,914	428,396	301,739	155,320
Total Liabilities and Fund Balances	\$ 76,489	\$ 428,396	\$ 303,603	\$ 199,631

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	Capital Projects Funds			
	City CIP	Assessment Districts CIP	Sand Replenish/ Retention and Coastal Access CIP	Public Improvement Grant
Assets:				
Cash and investments	\$ 505,853	\$ 243,326	\$ 346,807	\$ 326,334
Receivables:				
Accounts	275,000	-	-	-
Taxes	-	-	-	-
Interest	105	466	150	44
Due from other governments	22,143	-	-	-
Due from Successor Agency	-	-	-	306,880
Total Assets	\$ 803,101	\$ 243,792	\$ 346,957	\$ 633,258
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 303,357	\$ 16,644	\$ 15,123	\$ -
Accrued liabilities	50,242	-	-	830
Unearned revenues	100,000	-	-	-
Deposits payable	-	69,226	-	-
Due to other funds	-	-	-	-
Total Liabilities	453,599	85,870	15,123	830
Fund Balances:				
Restricted	-	157,922	331,834	632,428
Assigned	349,502	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	349,502	157,922	331,834	632,428
Total Liabilities and Fund Balances	\$ 803,101	\$ 243,792	\$ 346,957	\$ 633,258

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	Debt Service Funds	Total Nonmajor Governmental Funds	
	City Debt Service	2014	2013
Assets:			
Cash and investments	\$ 24,482	\$ 5,479,665	\$ 5,310,206
Receivables:			
Accounts	-	294,240	36,146
Taxes	-	48,143	33,750
Interest	-	2,475	2,456
Due from other governments	-	63,257	80,780
Due from Successor Agency	-	306,880	393,880
Total Assets	\$ 24,482	\$ 6,194,660	\$ 5,857,218
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ 488,593	\$ 201,554
Accrued liabilities	-	77,845	27,134
Unearned revenues	-	100,000	25,000
Deposits payable	-	69,801	69,801
Due to other funds	-	199,330	603,839
Total Liabilities	-	935,569	927,328
Fund Balances:			
Restricted	24,482	5,056,388	4,588,670
Assigned	-	425,416	525,735
Unassigned	-	(222,713)	(184,515)
Total Fund Balances	24,482	5,259,091	4,929,890
Total Liabilities and Fund Balances	\$ 24,482	\$ 6,194,660	\$ 5,857,218

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(With comparative totals for the year ended June 30, 2013)

	Special Revenue Funds		Capital Projects Funds	
	2014	2013	2014	2013
Revenues:				
Taxes and assessments	\$ 1,544,752	\$ 1,395,212	\$ 187,704	\$ 182,492
Intergovernmental	273,637	717,412	-	-
Charges for services	302,586	235,090	-	-
Use of money and property	7,732	7,413	2,804	2,369
Other revenues	10,166	88,474	1,012,446	378,465
Total Revenues	2,138,873	2,443,601	1,202,954	563,326
Expenditures:				
Current:				
General government	103	51	33,109	-
Public safety	439,978	514,662	146,219	-
Public works	750,119	712,494	37,530	48,228
Community development	325,436	62,455	193,174	195,145
Community services	29,807	2,446	12,241	-
Capital outlay	582,415	1,567,021	1,407,764	699,712
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,127,858	2,859,129	1,830,037	943,085
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,015	(415,528)	(627,083)	(379,759)
Other Financing Sources (Uses):				
Transfers in	-	4,321	1,094,773	357,208
Transfers out	(139,550)	(71,693)	-	-
Contributions to Successor Agency	-	(195,699)	(10,000)	(638,308)
Total Other Financing Sources (Uses)	(139,550)	(263,071)	1,084,773	(281,100)
Net Change in Fund Balances	(128,535)	(678,599)	457,690	(660,859)
Fund Balances:				
Beginning of year	3,891,458	4,570,057	1,013,996	1,674,855
End of Year	\$ 3,762,923	\$ 3,891,458	\$ 1,471,686	\$ 1,013,996

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Debt Service Funds		Total Nonmajor Governmental Funds	
	2014	2013	2014	2013
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 1,732,456	\$ 1,577,704
Intergovernmental	-	-	273,637	717,412
Charges for services	-	-	302,586	235,090
Use of money and property	-	(1)	10,536	9,781
Other revenues	-	-	1,022,612	466,939
Total Revenues	-	(1)	3,341,827	3,006,926
Expenditures:				
Current:				
General government	-	-	33,212	51
Public safety	-	-	586,197	514,662
Public works	-	-	787,649	760,722
Community development	-	-	518,610	257,600
Community services	-	-	42,048	2,446
Capital outlay	-	-	1,990,179	2,266,733
Debt service:				
Principal retirement	155,925	280,700	155,925	280,700
Interest and fiscal charges	68,729	77,283	68,729	77,283
Total Expenditures	224,654	357,983	4,182,549	4,160,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,654)	(357,984)	(840,722)	(1,153,271)
Other Financing Sources (Uses):				
Transfers in	224,700	343,100	1,319,473	704,629
Transfers out	-	-	(139,550)	(71,693)
Contributions to Successor Agency	-	-	(10,000)	(834,007)
Total Other Financing Sources (Uses)	224,700	343,100	1,169,923	(201,071)
Net Change in Fund Balances	46	(14,884)	329,201	(1,354,342)
Fund Balances:				
Beginning of year	24,436	39,320	4,929,890	6,284,232
End of Year	\$ 24,482	\$ 24,436	\$ 5,259,091	\$ 4,929,890

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(With comparative totals for the year ended June 30, 2013)

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	Lighting District	TEA 21 / TEA
Revenues:				
Taxes and assessments	\$ 438,515	\$ 548,850	\$ 463,535	\$ -
Intergovernmental	-	3,638	3,387	-
Charges for services	-	-	-	-
Use of money and property	1,404	870	2,680	-
Other revenues	-	-	-	-
Total Revenues	439,919	553,358	469,602	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	42,043	463,872	244,204	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	501,247	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	543,290	463,872	244,204	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,371)	89,486	225,398	-
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(70,400)	-
Contributions to Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(70,400)	-
Net Change in Fund Balances	(103,371)	89,486	154,998	-
Fund Balances:				
Beginning of year	729,051	487,361	1,052,463	(168,970)
End of Year	\$ 625,680	\$ 576,847	\$ 1,207,461	\$ (168,970)

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(With comparative totals for the year ended June 30, 2013)

(Continued)

	Special Revenue Funds			
	COPS	Public Safety	Fire Mitigation	CDBG
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	100,000	129,740	-	-
Charges for services	-	-	1,135	-
Use of money and property	51	19	-	-
Other revenues	-	3,498	-	-
Total Revenues	100,051	133,257	1,135	-
Expenditures:				
Current:				
General government	-	103	-	-
Public safety	100,000	60,448	16,283	-
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	15,543
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	100,000	60,551	16,283	15,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	51	72,706	(15,148)	(15,543)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(69,150)	-	-
Contributions to Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	-	(69,150)	-	-
Net Change in Fund Balances	51	3,556	(15,148)	(15,543)
Fund Balances:				
Beginning of year	114,812	67,458	24,209	(15,545)
End of Year	\$ 114,863	\$ 71,014	\$ 9,061	\$ (31,088)

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Special Revenue Funds			
	CALTRANS	Coastal Area Business / Visitor	Boating & Waterways	Miscellaneous Grants
Revenues:				
Taxes and assessments	\$ -	\$ 93,852	\$ -	\$ -
Intergovernmental	-	-	-	36,872
Charges for services	-	-	-	-
Use of money and property	-	462	24	-
Other revenues	-	5,293	-	-
Total Revenues	-	99,607	24	36,872
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	12,401	-
Public works	-	-	-	-
Community development	-	72,553	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	65,625
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	72,553	12,401	65,625
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	27,054	(12,377)	(28,753)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	27,054	(12,377)	(28,753)
Fund Balances:				
Beginning of year	59,634	271,695	73,335	6,098
End of Year	\$ 59,634	\$ 298,749	\$ 60,958	\$ (22,655)

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014

(With comparative totals for the year ended June 30, 2013)

(Continued)

	Special Revenue Funds			
	Developer Pass- Thru	Housing	Affordable Housing Grant	Camp Programs
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	301,451
Use of money and property	-	994	1,146	82
Other revenues	-	-	-	1,375
Total Revenues	-	994	1,146	302,908
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	250,846
Public works	-	-	-	-
Community development	24,192	-	228,691	-
Community services	-	-	-	29,807
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	24,192	-	228,691	280,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,192)	994	(227,545)	22,255
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(24,192)	994	(227,545)	22,255
Fund Balances:				
Beginning of year	100,106	427,402	529,284	133,065
End of Year	\$ 75,914	\$ 428,396	\$ 301,739	\$ 155,320

CITY OF SOLANA BEACH

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)**

	Capital Projects Funds			
	City CIP	Assessment Districts CIP	Sand Replenish / Retention and Coastal Access	Public Improvement Grant
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 187,704	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	642	466	748	948
Other revenues	364,138	-	10,000	638,308
Total Revenues	364,780	466	198,452	639,256
Expenditures:				
Current:				
General government	33,109	-	-	-
Public safety	146,219	-	-	-
Public works	37,530	-	-	-
Community development	193,174	-	-	-
Community services	12,241	-	-	-
Capital outlay	1,113,407	-	292,005	2,352
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,535,680	-	292,005	2,352
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,170,900)	466	(93,553)	636,904
Other Financing Sources (Uses):				
Transfers in	1,094,773	-	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	(10,000)
Total Other Financing Sources (Uses)	1,094,773	-	-	(10,000)
Net Change in Fund Balances	(76,127)	466	(93,553)	626,904
Fund Balances:				
Beginning of year	425,629	157,456	425,387	5,524
End of Year	\$ 349,502	\$ 157,922	\$ 331,834	\$ 632,428

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2014
(With comparative totals for the year ended June 30, 2013)

	Debt Service Funds	Total Nonmajor Governmental Funds	
	City Debt Service	2014	2013
Revenues:			
Taxes and assessments	\$ -	\$ 1,732,456	\$ 1,577,704
Intergovernmental	-	273,637	717,412
Charges for services	-	302,586	235,090
Use of money and property	-	10,536	9,781
Other revenues	-	1,022,612	466,939
Total Revenues	-	3,341,827	3,006,926
Expenditures:			
Current:			
General government	-	33,212	51
Public safety	-	586,197	514,662
Public works	-	787,649	760,722
Community development	-	518,610	257,600
Community services	-	42,048	2,446
Capital outlay	-	1,990,179	2,266,733
Debt service:			
Principal retirement	155,925	155,925	280,700
Interest and fiscal charges	68,729	68,729	77,283
Total Expenditures	224,654	4,182,549	4,160,197
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224,654)	(840,722)	(1,153,271)
Other Financing Sources (Uses):			
Transfers in	224,700	1,319,473	704,629
Transfers out	-	(139,550)	(71,693)
Contributions to Successor Agency	-	(10,000)	(834,007)
Total Other Financing Sources (Uses)	224,700	1,169,923	(201,071)
Net Change in Fund Balances	46	329,201	(1,354,342)
Fund Balances:			
Beginning of year	24,436	4,929,890	6,284,232
End of Year	\$ 24,482	\$ 5,259,091	\$ 4,929,890

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 GAS TAX FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 729,051	\$ 729,051	\$ 729,051	\$ -
Resources (Inflows):				
Taxes	405,800	405,800	438,515	32,715
Use of money and property	1,800	1,800	1,404	(396)
Amounts Available for Appropriations	1,136,651	1,136,651	1,168,970	32,319
Charges to Appropriation (Outflow):				
Public works	52,500	52,500	42,043	10,457
Capital outlay	500,000	500,000	501,247	(1,247)
Total Charges to Appropriations	552,500	552,500	543,290	9,210
Budgetary Fund Balance, June 30	\$ 584,151	\$ 584,151	\$ 625,680	\$ 41,529

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
MUNICIPAL IMPROVEMENT DISTRICTS FUND
YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 487,361	\$ 487,361	\$ 487,361	\$ -
Resources (Inflows):				
Taxes	519,500	519,500	548,850	29,350
Intergovernmental	2,500	2,500	3,638	1,138
Use of money and property	900	900	870	(30)
Amounts Available for Appropriations	1,010,261	1,010,261	1,040,719	30,458
Charges to Appropriation (Outflow):				
Public works	481,500	486,218	463,872	22,346
Total Charges to Appropriations	481,500	486,218	463,872	22,346
Budgetary Fund Balance, June 30	\$ 528,761	\$ 524,043	\$ 576,847	\$ 52,804

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 LIGHTING DISTRICT FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,052,463	\$ 1,052,463	\$ 1,052,463	\$ -
Resources (Inflows):				
Taxes	415,600	415,600	463,535	47,935
Intergovernmental	3,200	3,200	3,387	187
Use of money and property	5,800	5,800	2,680	(3,120)
Amounts Available for Appropriations	1,477,063	1,477,063	1,522,065	45,002
Charges to Appropriation (Outflow):				
Public works	273,400	297,548	244,204	53,344
Transfers out	70,400	70,400	70,400	-
Total Charges to Appropriations	343,800	367,948	314,604	53,344
Budgetary Fund Balance, June 30	\$ 1,133,263	\$ 1,109,115	\$ 1,207,461	\$ 98,346

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 COPS FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 114,812	\$ 114,812	\$ 114,812	\$ -
Resources (Inflows):				
Intergovernmental	-	-	100,000	100,000
Use of money and property	200	200	51	(149)
Amounts Available for Appropriations	115,012	115,012	214,863	99,851
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	\$ 15,012	\$ 15,012	\$ 114,863	\$ 99,851

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FUND
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 67,458	\$ 67,458	\$ 67,458	\$ -
Resources (Inflows):				
Intergovernmental	19,500	132,927	129,740	(3,187)
Use of money and property	-	-	19	19
Miscellaneous	-	-	3,498	3,498
Amounts Available for Appropriations	86,958	200,385	200,715	330
Charges to Appropriation (Outflow):				
General government	-	-	103	(103)
Public safety	24,000	74,031	60,448	13,583
Transfers out	-	69,150	69,150	-
Total Charges to Appropriations	24,000	143,181	129,701	13,480
Budgetary Fund Balance, June 30	\$ 62,958	\$ 57,204	\$ 71,014	\$ 13,810

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 FIRE MITIGATION FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,209	\$ 24,209	\$ 24,209	\$ -
Resources (Inflows):				
Charges for services	3,000	3,000	1,135	(1,865)
Amounts Available for Appropriations	27,209	27,209	25,344	(1,865)
Charges to Appropriation (Outflow):				
Public safety	15,000	16,500	16,283	217
Total Charges to Appropriations	15,000	16,500	16,283	217
Budgetary Fund Balance, June 30	\$ 12,209	\$ 10,709	\$ 9,061	\$ (1,648)

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CDBG FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (15,545)	\$ (15,545)	\$ (15,545)	\$ -
Amounts Available for Appropriations	(15,545)	(15,545)	(15,545)	-
Charges to Appropriation (Outflow):				
Capital outlay	-	39,863	15,543	24,320
Total Charges to Appropriations	-	39,863	15,543	24,320
Budgetary Fund Balance, June 30	\$ (15,545)	\$ (55,408)	\$ (31,088)	\$ 24,320

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CALTRANS FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 59,634	\$ 59,634	\$ 59,634	\$ -
Resources (Inflows):				
Use of money and property	100	100	-	(100)
Amounts Available for Appropriations	59,734	59,734	59,634	(100)
Budgetary Fund Balance, June 30	\$ 59,734	\$ 59,734	\$ 59,634	\$ (100)

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 271,695	\$ 271,695	\$ 271,695	\$ -
Resources (Inflows):				
Taxes	86,500	86,500	93,852	7,352
Use of money and property	400	400	462	62
Miscellaneous	-	-	5,293	5,293
Amounts Available for Appropriations	358,595	358,595	371,302	12,707
Charges to Appropriation (Outflow):				
Community development	45,500	83,265	72,553	10,712
Total Charges to Appropriations	45,500	83,265	72,553	10,712
Budgetary Fund Balance, June 30	\$ 313,095	\$ 275,330	\$ 298,749	\$ 23,419

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 BOATING AND WATERWAYS FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 73,335	\$ 73,335	\$ 73,335	\$ -
Resources (Inflows):				
Intergovernmental	165,000	165,000	-	(165,000)
Use of money and property	-	-	24	24
Amounts Available for Appropriations	238,335	238,335	73,359	(164,976)
Charges to Appropriation (Outflow):				
Public safety	307,399	307,399	12,401	294,998
Total Charges to Appropriations	307,399	307,399	12,401	294,998
Budgetary Fund Balance, June 30	\$ (69,064)	\$ (69,064)	\$ 60,958	\$ 130,022

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
MISCELLANEOUS GRANTS FUND
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,098	\$ 6,098	\$ 6,098	\$ -
Resources (Inflows):				
Intergovernmental	136,000	136,000	36,872	(99,128)
Amounts Available for Appropriations	142,098	142,098	42,970	(99,128)
Charges to Appropriation (Outflow):				
Capital outlay	136,000	136,000	65,625	70,375
Total Charges to Appropriations	136,000	136,000	65,625	70,375
Budgetary Fund Balance, June 30	\$ 6,098	\$ 6,098	\$ (22,655)	\$ (28,753)

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 DEVELOPER PASS-THRU FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 100,106	\$ 100,106	\$ 100,106	\$ -
Resources (Inflows):				
Miscellaneous	100,000	100,000	-	(100,000)
Amounts Available for Appropriations	200,106	200,106	100,106	(100,000)
Charges to Appropriation (Outflow):				
Community development	100,000	161,820	24,192	137,628
Total Charges to Appropriations	100,000	161,820	24,192	137,628
Budgetary Fund Balance, June 30	\$ 100,106	\$ 38,286	\$ 75,914	\$ 37,628

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 HOUSING FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 427,402	\$ 427,402	\$ 427,402	\$ -
Resources (Inflows):				
Use of money and property	1,400	1,400	994	(406)
Amounts Available for Appropriations	428,802	428,802	428,396	(406)
Budgetary Fund Balance, June 30	\$ 428,802	\$ 428,802	\$ 428,396	\$ (406)

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
AFFORDABLE HOUSING GRANT FUND
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 529,284	\$ 529,284	\$ 529,284	\$ -
Resources (Inflows):				
Use of money and property	2,100	2,100	1,146	(954)
Amounts Available for Appropriations	531,384	531,384	530,430	(954)
Charges to Appropriation (Outflow):				
Community development	-	569,347	228,691	340,656
Total Charges to Appropriations	-	569,347	228,691	340,656
Budgetary Fund Balance, June 30	\$ 531,384	\$ (37,963)	\$ 301,739	\$ 339,702

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CAMP PROGRAMS FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 133,065	\$ 133,065	\$ 133,065	\$ -
Resources (Inflows):				
Charges for services	250,000	250,000	301,451	51,451
Use of money and property	-	-	82	82
Miscellaneous	-	-	1,375	1,375
Amounts Available for Appropriation	383,065	383,065	435,973	52,908
Charges to Appropriation (Outflow):				
Public safety	223,900	225,654	250,846	(25,192)
Parks and recreation	38,200	32,200	29,807	2,393
Total Charges to Appropriations	262,100	257,854	280,653	(22,799)
Budgetary Fund Balance, June 30	\$ 120,965	\$ 125,211	\$ 155,320	\$ 30,109

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CITY CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 425,629	\$ 425,629	\$ 425,629	\$ -
Resources (Inflows):				
Intergovernmental	-	200,000	-	(200,000)
Use of money and property	2,000	2,000	642	(1,358)
Miscellaneous	100,000	462,819	364,138	(98,681)
Transfers in	207,000	1,094,773	1,094,773	-
Amounts Available for Appropriations	734,629	2,185,221	1,885,182	(300,039)
Charges to Appropriation (Outflow):				
General government	35,000	35,000	33,109	1,891
Public safety	-	189,400	146,219	43,181
Community development	228,955	238,955	193,174	45,781
Parks and recreation	-	12,240	12,241	(1)
Public works	100,000	144,352	37,530	106,822
Capital outlay	285,000	1,894,101	1,113,407	780,694
Total Charges to Appropriations	648,956	2,514,049	1,535,680	978,369
Budgetary Fund Balance, June 30	\$ 85,673	\$ (328,828)	\$ 349,502	\$ 678,330

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 ASSESSMENT DISTRICT CAPITAL PROJECTS FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 157,456	\$ 157,456	\$ 157,456	\$ -
Resources (Inflows):				
Use of money and property	1,200	1,200	466	(734)
Amounts Available for Appropriation	158,656	158,656	157,922	(734)
Charges to Appropriation (Outflow):				
Debt service:				
Interest and fiscal charges	-	2,500	-	2,500
Total Charges to Appropriations	-	2,500	-	2,500
Budgetary Fund Balance, June 30	\$ 158,656	\$ 156,156	\$ 157,922	\$ 1,766

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
SAND REPLENISH / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2014**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 425,387	\$ 425,387	\$ 425,387	\$ -
Resources (Inflows):				
Taxes	173,000	173,000	187,704	14,704
Use of money and property	1,200	1,200	748	(452)
Miscellaneous	-	10,000	10,000	-
Amounts Available for Appropriation	599,587	609,587	623,839	14,252
Charges to Appropriation (Outflow):				
Capital outlay	100,400	306,524	292,005	14,519
Total Charges to Appropriations	100,400	306,524	292,005	14,519
Budgetary Fund Balance, June 30	\$ 499,187	\$ 303,063	\$ 331,834	\$ 28,771

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE
PUBLIC IMPROVEMENT GRANT FUND
YEAR ENDED JUNE 30, 2014**

	<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	\$ 5,524	\$ 5,524	\$ 5,524	\$ -
Resources (Inflows):				
Use of money and property	-	-	948	948
Miscellaneous	-	-	638,308	638,308
Transfers in	-	638,308	-	(638,308)
Amounts Available for Appropriation	5,524	643,832	644,780	948
Charges to Appropriation (Outflow):				
Capital outlay	-	638,308	2,352	635,956
Contributions to Successor Agency	-	-	10,000	(10,000)
Total Charges to Appropriations	-	638,308	12,352	625,956
Budgetary Fund Balance, June 30	\$ 5,524	\$ 5,524	\$ 632,428	\$ 626,904

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE
 CITY DEBT SERVICE FUND
 YEAR ENDED JUNE 30, 2014

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 24,436	\$ 24,436	\$ 24,436	\$ -
Resources (Inflows):				
Transfers in	224,700	224,700	224,700	-
Amounts Available for Appropriations	249,136	249,136	249,136	-
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	155,900	155,900	155,925	(25)
Interest and fiscal charges	68,800	68,800	68,729	71
Total Charges to Appropriations	224,700	224,700	224,654	46
Budgetary Fund Balance, June 30	\$ 24,436	\$ 24,436	\$ 24,482	\$ 46

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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, 2014
 (With comparative totals for June 30, 2013)

	<u>Cedros Avenue Assessment District</u>	<u>Undergrounding Districts</u>	<u>South Solana Sewer District</u>
Assets:			
Pooled cash and investments	\$ 13,199	\$ 383,698	\$ 75,364
Receivables:			
Accounts	-	108	-
Taxes	-	1,512	526
Total Assets	<u>\$ 13,199</u>	<u>\$ 385,318</u>	<u>\$ 75,890</u>
Due to bondholders	\$ 13,199	\$ 385,318	\$ 75,890
Total Liabilities	<u>\$ 13,199</u>	<u>\$ 385,318</u>	<u>\$ 75,890</u>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF NET POSITION
 ALL AGENCY FUNDS
 JUNE 30, 2014
 (With comparative totals for June 30, 2013)

	<u>Total Agency Funds</u>	
	<u>2014</u>	<u>2013</u>
Assets:		
Pooled cash and investments	\$ 472,261	\$ 449,830
Receivables:		
Accounts	108	121
Taxes	2,038	767
Total Assets	<u>\$ 474,407</u>	<u>\$ 450,718</u>
Due to bondholders	\$ 474,407	\$ 450,718
Total Liabilities	<u>\$ 474,407</u>	<u>\$ 450,718</u>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</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	\$ 367,396	\$ 185,154	\$ 168,852	\$ 383,698
Receivables:				
Accounts	121	421	434	108
Taxes	-	1,512	-	1,512
Total Assets	\$ 367,517	\$ 187,087	\$ 169,286	\$ 385,318
Liabilities:				
Due to bondholders	\$ 367,517	\$ 187,518	\$ 169,717	\$ 385,318
Total Liabilities	\$ 367,517	\$ 187,518	\$ 169,717	\$ 385,318
<u>South Solana Sewer District</u>				
Assets:				
Cash and investments	\$ 69,235	\$ 43,048	\$ 36,919	\$ 75,364
Receivables:				
Taxes	767	526	767	526
Total Assets	\$ 70,002	\$ 43,574	\$ 37,686	\$ 75,890
Liabilities:				
Due to bondholders	\$ 70,002	\$ 37,917	\$ 32,029	\$ 75,890
Total Liabilities	\$ 70,002	\$ 37,917	\$ 32,029	\$ 75,890
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 449,830	\$ 228,202	\$ 205,771	\$ 472,261
Receivables:				
Accounts	121	421	434	108
Taxes	767	2,038	767	2,038
Total Assets	\$ 450,718	\$ 230,661	\$ 206,972	\$ 474,407
Liabilities:				
Due to bondholders	\$ 450,718	\$ 225,435	\$ 201,746	\$ 474,407
Total Liabilities	\$ 450,718	\$ 225,435	\$ 201,746	\$ 474,407

**STATISTICAL SECTION
(UNAUDITED)**

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Statistical Section

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

Contents

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

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

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

Demographic and Economic Information

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

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

Operating Information

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

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

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

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Financial Trends

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Government activities					
Net Investment in Capital					
Assets					
Restricted	\$ 509,150,966	\$ 508,883,573	\$ 508,667,761	\$ 508,786,944	\$ 506,384,350
Unrestricted	2,221,042	6,996,982	5,918,148	5,634,827	6,227,639
Total governmental activities net position	<u>\$ 11,309,650</u>	<u>10,976,825</u>	<u>10,118,438</u>	<u>9,696,117</u>	<u>9,168,682</u>
	<u>\$ 522,681,658</u>	<u>\$ 526,857,380</u>	<u>\$ 524,704,347</u>	<u>\$ 524,117,888</u>	<u>\$ 521,780,671</u>
Business-type activities					
Net Investment in Capital					
Assets					
Restricted	\$ 4,258,382	\$ 4,485,446	\$ 5,655,824	\$ 5,300,163	\$ 9,451,570
Unrestricted	850,800	1,021,293	1,021,293	1,021,293	1,021,293
Total business-type activities net position	<u>\$ 15,243,909</u>	<u>16,242,623</u>	<u>16,516,654</u>	<u>19,961,200</u>	<u>16,768,741</u>
	<u>\$ 20,353,091</u>	<u>\$ 21,749,362</u>	<u>\$ 23,193,771</u>	<u>\$ 26,282,656</u>	<u>\$ 27,241,604</u>
Primary government					
Net Investment in Capital					
Assets					
Restricted	\$ 513,409,348	\$ 513,369,019	\$ 514,323,585	\$ 514,087,107	\$ 515,835,920
Unrestricted	3,071,842	8,018,257	6,939,441	6,656,120	7,248,932
Total primary government activities net position	<u>\$ 26,553,559</u>	<u>27,219,448</u>	<u>26,635,092</u>	<u>29,657,317</u>	<u>25,937,423</u>
	<u>\$ 543,034,749</u>	<u>\$ 548,606,724</u>	<u>\$ 547,898,118</u>	<u>\$ 550,400,544</u>	<u>\$ 549,022,275</u>

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

		Fiscal Year				
2010	2011	2012	2013	2014		
\$ 33,268,562	\$ 32,138,178	\$ 34,301,049	\$ 39,384,623	\$ 34,095,894		
7,086,145	6,747,340	6,370,933	4,688,776	5,183,814		
7,537,582	4,479,958	5,275,012	1,418,151	6,871,872		
\$ 47,892,289	\$ 43,365,476	\$ 45,946,994	\$ 45,491,550	46,151,580		
\$ 10,679,302	\$ 6,389,844	\$ 5,470,469	\$ 5,682,518	\$ 6,324,862		
-	-	-	-	-		
17,901,556	22,974,310	24,794,121	25,769,871	27,155,489		
\$ 28,580,858	\$ 29,364,154	\$ 30,264,590	\$ 31,452,389	33,480,351		
\$ 43,947,864	\$ 38,528,022	\$ 39,771,518	\$ 45,067,141	\$ 40,420,756		
7,086,145	6,747,340	6,370,933	4,688,776	5,183,814		
25,439,138	27,454,268	30,069,133	27,188,022	34,027,361		
\$ 76,473,147	\$ 72,729,630	\$ 76,211,584	\$ 76,943,939	79,631,931		

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental Activities:					
General government	\$ 2,657,830	\$ 2,773,232	\$ 3,528,936	\$ 3,937,478	\$ 3,518,394
Public safety	5,699,742	6,087,407	6,660,964	7,295,541	7,543,706
Public works	4,725,613	4,483,800	7,956,086	3,983,378	6,254,133
Community development	804,491	1,089,476	1,092,010	1,318,105	1,115,746
Community services	413,747	393,590	447,863	3,662,205	862,778
Interest on long-term debt	138,123	330,382	440,207	464,713	523,536
Total Governmental Activities expenses	14,439,546	15,157,887	20,126,066	20,661,420	19,818,293
Business-Type Activities:					
Sanitation	2,798,884	2,616,081	2,893,009	3,284,109	3,599,496
Total Business-Type Activities Expenses	2,798,884	2,616,081	2,893,009	3,284,109	3,599,496
Total Primary Government Expenses	\$ 17,238,430	\$ 17,773,968	\$ 23,019,075	\$ 23,945,529	\$ 23,417,789
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	528,680	612,036	673,678	685,091	804,810
Public works	809,414	892,979	933,500	992,150	923,315
Community development	549,425	723,716	696,403	718,504	508,514
Community services	58,192	59,245	65,554	102,620	105,511
Operating Contributions:					
General government	-	-	-	-	-
Public safety	-	2,460	-	-	-
Public works	257,689	312,172	393,644	267,943	318,590
Community development	-	-	-	-	31,725
Community services	-	-	14,944	48,393	-
Capital Contributions and Grants:					
Public safety	110,626	181,974	109,462	184,866	109,194
Public works	1,640,684	4,475,229	1,377,308	3,152,793	1,039,257
Community services	-	-	-	-	-
Total Governmental Activities Program Revenues	3,954,710	7,259,811	4,264,493	6,152,360	3,840,916
Business-Type Activities:					
Charges for services:					
Sanitation	3,530,427	3,741,212	3,860,416	5,920,865	4,296,890
Total Business-Type Activities Program Revenues	3,530,427	3,741,212	3,860,416	5,920,865	4,296,890
Total Primary Government Program Revenues	\$ 7,485,137	\$ 11,001,023	\$ 8,124,909	\$ 12,073,225	\$ 8,137,806
Net (Expense)/Revenue					
Governmental Activities	\$ 3,954,710	\$ 7,259,811	\$ (15,861,573)	\$ (14,509,060)	\$ (15,977,377)
Business-Type Activities	(13,708,003)	(14,032,756)	967,407	2,636,756	697,394
Total primary Government Net Expense	\$ (9,753,293)	\$ (6,772,945)	\$ (14,894,166)	\$ (11,872,304)	\$ (15,279,983)
General Revenues and Other Charges in Net Position					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 4,031,269	\$ 4,478,992	\$ 5,565,440	\$ 5,954,582	\$ 6,291,314
Transient occupancy taxes	783,539	919,638	1,013,297	1,020,184	1,015,007
Sales taxes	2,661,448	2,943,359	3,070,730	3,041,726	2,682,769
Intergovernmental, unrestricted:	-	-	-	-	-
Franchise taxes	521,996	569,936	613,222	624,153	652,107
Other taxes	1,756,042	2,191,678	1,821,978	1,905,408	2,016,476
Investment income	323,938	606,068	1,044,282	776,033	401,668
Use of money and property	34,902	26,227	31,304	56,849	87,154
Other	352,889	337,900	548,286	553,666	493,665
Loss on sale of property	-	-	-	-	-
Extraordinary Gain/(Loss) on dissolution on redevelopment agency	-	-	-	-	-
Total Governmental Activities	10,466,023	12,073,798	13,708,539	13,932,601	13,640,160
Business-Type Activities:					
Investment income	164,044	271,140	477,002	488,749	261,554
Use of money and property	-	-	-	-	-
Share in joint venture net loss	-	-	-	-	-
Other	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Business-Type Activities	164,044	271,140	477,002	488,749	261,554
Total Primary Government	\$ 10,630,067	\$ 12,344,938	\$ 14,185,541	\$ 14,421,350	\$ 13,901,714
Changes in Net Position					
Governmental Activities	\$ 14,420,733	\$ 19,333,609	\$ (2,153,034)	\$ (576,459)	\$ (2,337,217)
Business-Type Activities	(13,543,959)	(13,761,616)	1,444,409	3,125,505	958,948
Total Primary Government	\$ 876,774	\$ 5,571,993	\$ (708,625)	\$ 2,549,046	\$ (1,378,269)

Fiscal Year				
2010	2011	2012	2013	2014
\$ 4,680,495	\$ 4,943,119	\$ 3,509,970	\$ 3,521,929	\$ 3,712,734
8,066,129	9,730,398	7,801,875	8,177,235	8,416,330
4,350,781	4,207,981	4,499,601	5,070,916	5,008,665
1,055,575	1,078,141	957,995	957,303	1,361,588
526,188	569,907	561,563	604,445	579,088
738,430	543,852	139,345	78,156	439,918
<u>19,417,598</u>	<u>21,073,398</u>	<u>17,470,349</u>	<u>18,409,984</u>	<u>19,518,323</u>
3,654,076	3,942,484	4,038,404	3,456,455	2,855,368
<u>3,654,076</u>	<u>3,942,484</u>	<u>4,038,404</u>	<u>3,456,455</u>	<u>2,855,368</u>
<u>\$ 23,071,674</u>	<u>\$ 25,015,882</u>	<u>\$ 21,508,753</u>	<u>\$ 21,866,439</u>	<u>\$ 22,373,691</u>
\$ -	\$ -	\$ 21,370	\$ -	\$ -
397,971	471,722	439,523	376,156	402,670
571,933	689,658	251,766	511,843	743,210
447,581	506,927	796,475	648,280	830,429
248,803	151,189	229,571	357,877	303,070
-	14,213	-	-	-
181,174	251,237	273,048	270,428	286,687
1,000	1,351	173,664	583,136	1,577,961
-	-	-	-	-
76,250	13,500	30,331	-	-
-	65,696	78,590	162,672	129,740
25,500	414,003	25,000	-	-
-	21,001	-	-	-
<u>1,950,212</u>	<u>2,600,497</u>	<u>2,319,338</u>	<u>2,910,392</u>	<u>4,273,767</u>
4,498,181	4,501,364	4,517,005	4,708,765	4,775,489
<u>4,498,181</u>	<u>4,501,364</u>	<u>4,517,005</u>	<u>4,708,765</u>	<u>4,775,489</u>
<u>\$ 6,448,393</u>	<u>\$ 7,101,861</u>	<u>\$ 6,836,343</u>	<u>\$ 7,619,157</u>	<u>\$ 9,049,256</u>
\$ (17,467,386)	\$ (18,472,901)	\$ (15,151,011)	\$ (15,499,592)	\$ (15,244,556)
844,105	558,880	478,601	1,252,310	1,920,121
<u>\$ (16,623,281)</u>	<u>\$ (17,914,021)</u>	<u>\$ (14,672,410)</u>	<u>\$ (14,247,282)</u>	<u>\$ (13,324,435)</u>
\$ 6,880,563	\$ 6,813,559	\$ 6,597,393	\$ 6,655,138	\$ 6,880,916
929,836	978,840	1,118,592	1,186,197	1,220,075
2,515,183	2,813,228	2,963,507	3,077,691	2,814,702
-	-	52,084	-	-
652,485	663,660	685,336	698,672	714,991
2,228,379	2,353,883	2,670,333	2,643,515	2,736,146
175,659	161,701	-	-	-
-	-	102,469	84,903	137,906
345,098	218,377	494,008	722,094	1,399,850
-	(57,159)	-	-	-
-	-	2,933,995	-	-
<u>13,727,203</u>	<u>13,946,089</u>	<u>17,617,717</u>	<u>15,068,210</u>	<u>15,904,586</u>
73,634	51,294	-	-	-
-	-	152,477	78,615	71,541
-	-	-	-	-
-	-	269,358	46,470	36,300
<u>421,515</u>	<u>173,122</u>	<u>-</u>	<u>-</u>	<u>-</u>
495,149	224,416	421,835	125,085	107,841
<u>\$ 14,222,352</u>	<u>\$ 14,170,505</u>	<u>\$ 18,039,552</u>	<u>\$ 15,193,295</u>	<u>\$ 16,012,427</u>
\$ (3,740,183)	\$ (4,526,812)	\$ 2,466,706	\$ (431,382)	\$ 660,030
1,339,254	783,296	900,436	1,377,395	2,027,962
<u>\$ (2,400,929)</u>	<u>\$ (3,743,516)</u>	<u>\$ 3,367,142</u>	<u>\$ 946,013</u>	<u>\$ 2,687,992</u>

CITY OF SOLANA BEACH

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

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

Fiscal Year				
2010	2011	2012	2013	2014
\$ 590,395	\$ -	\$ -	\$ -	\$ -
8,836,776	-	-	-	-
-	32,550	6,482	9,276	7,523
-	346,990	264,534	278,377	324,083
-	4,553,037	4,486,177	4,579,527	5,102,543
-	1,600,449	2,573,592	4,014,144	4,369,152
<u>\$ 9,427,171</u>	<u>\$ 6,533,026</u>	<u>\$ 7,330,785</u>	<u>\$ 8,881,324</u>	<u>\$ 9,803,301</u>
\$ 2,039,729	\$ -	\$ -	\$ -	\$ -
3,883,762	-	-	-	-
630,964	-	-	-	-
531,690	-	-	-	-
-	69,226	-	-	-
-	6,169,355	6,241,182	4,588,670	5,107,900
-	-	-	-	-
-	782,116	539,450	525,735	425,416
-	(273,357)	(315,857)	(5,333,420)	(222,713)
<u>\$ 7,086,145</u>	<u>\$ 6,747,340</u>	<u>\$ 6,464,775</u>	<u>\$ (219,015)</u>	<u>\$ 5,310,603</u>

CITY OF SOLANA BEACH

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

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

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

		Fiscal Year							
		2010	2011	2012	2013	2014			
\$	12,299,501	\$	12,700,086	\$	12,881,767	\$	13,046,917	\$	13,135,199
	1,700,918		1,623,918		1,822,705		2,230,532		3,217,319
	308,284		323,091		420,339		361,573		429,464
	678,188		607,354		799,836		830,907		959,935
	349,291		385,394		342,136		323,961		348,337
	-		-		-		-		-
	-		-		-		-		-
	176,320		162,086		102,469		84,903		137,906
	421,595		1,132,388		604,953		1,099,809		1,941,493
	15,934,097		16,934,317		16,974,205		17,978,602		20,169,653
	3,433,354		4,363,499		3,230,362		3,057,761		3,085,499
	7,848,577		9,531,715		7,614,262		7,945,912		8,238,659
	2,278,876		2,263,950		2,301,953		2,075,777		2,215,596
	1,079,651		1,103,618		953,383		955,907		1,360,192
	224,884		268,603		244,955		284,884		259,809
	1,134,878		1,644,750		2,048,301		7,638,942		3,452,914
	424,079		444,385		239,900		280,700		155,925
	282,725		265,360		155,519		77,283		439,464
	-		-		1,545,000		-		-
	453,250		281,387		7,147		-		-
	17,160,274		20,167,267		18,340,782		22,317,166		19,208,058
	(1,226,177)		(3,232,950)		(1,366,577)		(4,338,564)		961,595
	857,227		874,996		2,560,970		742,322		1,319,473
	(857,227)		(874,996)		(2,560,970)		(742,322)		(1,319,473)
	-		-		-		(834,007)		(10,000)
	-		-		1,388,300		-		-
	-		-		818,696		-		-
	-		-		(10,650)		-		-
	-		-		(24,062)		-		5,500,000
	-		-		-		-		-
	-		-		2,172,284		(834,007)		5,490,000
\$	-	\$	-	\$	(366,005)	\$	-	\$	-
\$	(1,226,177)	\$	(3,232,950)	\$	439,702	\$	(5,172,571)	\$	6,451,595
\$	963,854	\$	1,364,025	\$	2,055,611	\$	7,859,585	\$	3,527,607
	4.4%		3.8%		2.4%		2.5%		3.8%

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Revenue Capacity

CITY OF SOLANA BEACH

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

Fiscal Year	Residential Property	Commercial Property	Other Property	Less: Tax-Exempt Property
2005	\$ 2,085,753	\$ 237,780	\$ 128,736	\$ -
2006	2,298,209	255,260	162,600	-
2007	2,514,874	265,176	175,719	-
2008	2,724,080	299,804	155,109	-
2009	2,873,115	344,271	167,089	-
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	-

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

N/A - Data not available

Source: San Diego County Assessor 2004/05 - 2013/14 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
\$ 2,452,269	0.1735%	N/A	N/A
2,716,069	0.1735%	N/A	N/A
2,955,769	0.1735%	N/A	N/A
3,178,993	0.1735%	N/A	N/A
3,384,475	0.1735%	N/A	N/A
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

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
2005	0.1602	0.0037	0.0096	0.1735
2006	0.1602	0.0037	0.0096	0.1735
2007	0.1602	0.0037	0.0096	0.1735
2008	0.1602	0.0037	0.0096	0.1735
2009	0.1602	0.0037	0.0096	0.1735
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

Overlapping Rates

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

(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 2003/04 - 2012/13 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	-	0.0058	-0.01123	-	-	0.994560
0.12551	-	0.0052	-	-	-	1.005190
0.12551	-	0.0047	-	-	-	1.004690
0.12551	-	0.0045	-	-	-	1.004490
0.12551	-	0.0043	-	-	-	1.004290
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

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, 2014</u>		
S B T C Holdings LLC	\$ 112,943,400	3.03%
Pacific Solana Beach Holdings LP	63,353,220	1.70%
SB Corporate Centre III-IV LLC	31,650,600	0.85%
Sanyo Foods Corporation of America	30,193,367	0.81%
Fenton Solana Highlands LLC	28,781,614	0.77%
E R P Operating LP	18,400,666	0.49%
Muller-Beachwalk LLC	17,888,000	0.48%
Lavida Delmar Asscs LP	16,367,249	0.44%
Urschel Laboratories INC	13,341,767	0.36%
Price Self Storage Solana Beach LLC	12,999,381	0.35%
Total	<u>\$ 345,919,264</u>	<u>9.29%</u>
<u>For the Fiscal Year Ended June 30, 2005</u>		
SB Towne Centre LLC	\$ 40,229,729	1.66%
Pacific Solana Beach Holdings LP	26,203,348	1.08%
Sanyo Foods Corporation of America	25,671,774	1.06%
Fenton Solana Highlands LLC	24,766,905	1.02%
E R P Operating LP	15,938,586	0.66%
Lavida Delmar Associates	14,066,266	0.58%
Urschel Laboratories Inc	11,555,399	0.48%
Price Enterprise Inc	11,258,866	0.47%
Generation Venture Fund IV LLC	10,645,783	0.44%
Hibiscus Investments Inc	9,923,769	0.41%
Total	<u>\$ 190,260,425</u>	<u>7.86%</u>

Source: HdL Coren & Cone and San Diego
County Assessor 2003/04 & 2012/13

CITY OF SOLANA BEACH

Property Tax Levies and Collections,
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 4,630,963 (1)	\$ 4,584,653	99.0%	\$ 49,173	\$ 4,633,826	100%
2006	5,071,474 (1)	4,829,420	95.2%	75,012	4,904,432	97%
2007	5,151,898	4,996,716	97.0%	240,429	5,237,145	100%
2008	5,209,273	4,900,178	94.1%	291,016	5,191,194	100%
2009	5,380,394	5,109,936	95.0%	221,201	5,331,137	99%
2010	5,781,014	5,407,172	93.5%	206,031	5,613,203	97%
2011	5,741,547	5,440,612	94.8%	-	5,440,612	95%
2012	5,770,042	5,489,946	95.1%	-	5,489,946	95%
2013	6,110,404	5,832,325	95.4%	258,145	6,090,470	100%
2014	6,303,038	6,033,082	95.7%	252,973	6,286,055	100%

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

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

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Debt Capacity

CITY OF SOLANA BEACH

Ratios of Outstanding Debt by Type,
Last Eight 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	Capital Leases	Loans			
2007	\$ 2,525,000	\$ -	\$ -	\$ 17,920,000	\$ 20,445,000	3.84%	0.0029
2008	2,320,000	-	-	17,305,000	19,625,000	4.18%	0.0031
2009	2,100,000	-	568,999	16,620,000	19,288,999	4.31%	0.0032
2010	1,875,000	-	434,920	16,169,752	18,479,672	4.41%	0.0032
2011	1,640,000	-	295,535	15,409,277	17,344,812	3.80%	0.0028
2012	-	1,388,300	969,331	13,783,638	16,141,269	4.29%	0.0033
2013	-	1,279,300	797,631	12,984,068	15,060,999	4.62%	0.0036
2014	-	1,166,600	754,406	12,127,520	14,048,526	4.97%	0.0038

Notes:

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

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

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

CITY OF SOLANA BEACH

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2014**

Fiscal Year 2013-14 Assessed Valuation : \$3,761,931,714

<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	\$ 1,166,600	100.000%	(3) \$ 1,156,919
City of Solana Beach Capital Lease			754,406
Total Direct Debt			<u>\$ 1,911,325</u>
 <u>Overlapping Debt:</u>			
Metropolitan Water District	\$ 132,275,000	0.172%	\$ 227,513
San Dieguito Union High School District	160,000,000	7.548%	12,076,800
San Dieguito Union High School District Community Facilities District No. 95-1	29,355,009	3.274%	961,083
City of Solana Beach 1915 Act Bonds	2,765,000	100.000%	2,765,000
Olivenhain Municipal Water District, Assessment District No. 96-1	14,040,000	0.592%	83,117
San Diego County General Fund Obligations	379,835,000	0.952%	3,616,029
San Diego County Pension Obligations	720,855,256	0.952%	6,862,542
San Diego County Superintendent of Schools General Fund Obligations	16,125,000	0.952%	153,510
Mira Costa Community College District Certificates of Participation	2,060,000	4.672%	96,243
San Dieguito Union High School District Certificates of Participation	13,015,000	7.548%	982,372
Overlapping Tax Increment Debt	3,075,000	100.000%	3,075,000
Total Overlapping Debt			<u>\$ 30,899,209</u>
Total Direct and Overlapping Debt			<u>(2) \$ 32,810,534</u>

Debt to Assessed Valuation Ratios :

Direct Debt	0.05%
Overlapping Debt	0.82%
Total Debt	0.87%

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 2014

Assessed value	\$ 3,761,932
Debt limit (15% of assessed value)	564,290
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 564,290</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>
2005	\$ 367,897	\$ -	\$ 367,897	100.00%
2006	407,487	-	407,487	100.00%
2007	443,421	-	443,421	100.00%
2008	476,921	-	476,921	100.00%
2009	495,650	-	495,650	100.00%
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%

CITY OF SOLANA BEACH

**Pledged-Revenue Coverage
Last Eight 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

<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

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

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

* 2002 ABAG Lease Revenue Bonds

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Demographic and Economic Information

CITY OF SOLANA BEACH

Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	13,421	\$ 713,592	\$ 53,170	2.8%
2005	13,396	742,663	55,439	2.9%
2006	13,360	785,716	58,811	2.6%
2007	13,426	819,685	61,052	3.0%
2008	13,492	830,704	61,570	4.0%
2009	13,600	815,227	59,947	6.6%
2010	13,783	659,875	47,876	7.2%
2011	13,000	691,899	53,223	6.8%
2012	12,987	695,142	53,526	4.7%
2013	13,099	697,561	53,253	4.1%

Sources: HdL Coren & Cone report prepared on 07/17/14

CITY OF SOLANA BEACH

25 MAJOR EMPLOYERS - SAN DIEGO COUNTY
AS OF 2014

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

Source:

State of California- Employee Development Department- Major Employers in San Diego for 2014

Categories

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

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

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

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

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Operating Information

CITY OF SOLANA BEACH

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

Fiscal Years:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Function/Program</u>					
General government					
City Council	0.20	0.20	0.20	0.20	0.20
City Clerk	2.75	2.75	3.00	3.00	3.00
City Manager	2.05	1.99	1.99	1.99	1.99
Legal Services	0.25	0.25	0.25	0.25	0.25
Finance	3.60	4.60	4.55	4.55	4.25
Non Departmental	-	-	-	-	-
Personnel	1.73	1.20	1.20	1.20	1.20
Info/Communication Systems	1.15	1.10	1.10	1.10	1.05
Community Development	5.50	6.25	6.25	7.25	6.25
Public Safety					
Fire	20.01	20.01	20.01	20.01	20.01
Code Enforcement	1.55	1.88	2.13	2.13	2.33
Marine Safety	8.45	8.67	8.67	8.67	8.67
Junior Lifeguards	1.84	1.84	1.84	1.84	1.84
Public Works					
Engineering	3.64	3.89	4.08	4.08	3.59
Environmental/Flood Control	1.69	1.69	1.69	1.69	1.65
Street Maintenance	2.96	2.96	3.10	3.10	2.95
Park Maintenance	0.94	0.94	1.14	1.14	1.40
Recreation & Community Services					
Community Services	0.62	0.64	0.83	0.83	0.88
Recreation	1.91	2.27	2.10	2.40	2.52
Sanitation	1.64	1.64	1.75	2.00	3.01
Improvement Districts	1.54	1.54	1.54	1.64	1.64
Redevelopment Agency	0.25	0.30	0.36	0.36	0.41
Total Personnel	<u>64.27</u>	<u>66.61</u>	<u>67.78</u>	<u>69.43</u>	<u>69.09</u>

N/A - Data Not Available

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

Source: City of Solana Beach's Annual Budget

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
0.20	0.20	0.20	0.20	0.20
2.75	2.75	2.75	2.65	2.60
2.24	1.92	1.92	1.84	1.74
0.25	0.25	0.25	0.25	0.25
4.25	3.40	3.40	3.35	3.80
-	-	-	-	-
1.20	1.10	1.10	0.98	0.95
1.05	1.00	1.00	1.00	1.00
6.00	5.50	5.50	5.50	5.40
19.25	19.22	19.22	19.95	19.95
2.00	1.78	1.78	1.75	1.75
8.39	8.08	8.08	8.06	8.06
1.84	3.73	3.73	3.73	3.73
2.84	2.31	2.31	2.48	2.41
1.13	1.10	1.10	1.10	1.10
2.93	2.90	2.90	2.90	2.90
1.38	1.35	1.35	1.35	1.35
0.88	0.95	0.95	0.95	0.95
2.52	2.59	2.59	2.59	1.49
2.86	2.93	2.93	2.93	2.98
0.99	0.95	0.95	0.95	0.95
0.45	0.50	0.50	0.60	1.05
<u>65.40</u>	<u>64.51</u>	<u>64.51</u>	<u>65.11</u>	<u>64.61</u>

CITY OF SOLANA BEACH

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Community development				
Number of:				
Business licenses (A)	1272	1400	1507	1786
Plan checks (B)	420	457	376	380
Code violations (calendar basis)	1496	1218	957	1142
Police (Calendar basis)				
Number of:				
Priority 1	19	14	15	13
Priority 2	755	718	684	648
Priority 3	2205	2035	1941	1879
Priority 4	1473	1398	1228	1371
FBI Index Crimes	346	351	303	343
Fire				
Emergency Responses	1377	1300	1458	1563
Training Hours	4717	4200	4644	3693
Plan Checks	188	125	185	159
Public works				
Miles of:				
Street resurfacing/repair	N/A	N/A	4*	8*
Street sweeping	N/A	N/A	900	900
Number of:				
Street signal maintained	N/A	N/A	180	180
Trees pruned per year	N/A	N/A	20	40
Recreation & community services				
Number of enrollees:				
Day camp (Calendar basis)	N/A	N/A	181	192
Classes (classes offered to san digueto adult scho	N/A	N/A	158	217
Special events (attendees)	N/A	N/A	4400	4300

N/A - Data not available

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

(B) - Excludes temporary plan checks.

Sources: Various city departments.

* Street Repair in Miles

** Street repair in Square Feet (SF)

Fiscal Year

2009	2010	2011	2012	2013	2014
1634	1641	1943	1877	2023	2147
391	322	125	211	225	276
821	510	1184	1277	1458	1467
12	10	11	12	9	28
716	1131	1127	1195	1294	1357
1775	1903	1778	1690	1780	1646
1309	1154	1110	1200	1254	1045
290	291	276	337	122	206
1105	1438	1588	1093	1736	1702
4102	2634	5304	n/a	5090	7079.67
89	101	62	161	335	92
N/A	60000**	60000**	180000**	150000*	150000*
900	900	900	900	900	900
180	168	168	168	168	192
250	287	10	158	500	158
171	212	271	315	385	280
161	78	48	35	35	N/A
9452	8200	10200	11250	N/A	7350

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public Safety				
Code enforcement vehicles	2	2	2	2
Fire				
Stations	1	1	1	1
Fire Engines	4	4	4	4
Other vehicles	2	2	2	2
Public works				
Streets (miles)	46	46	46	46
Street lights (city-owned)	748	748	748	748
Traffic signals	13	13	13	13
Public works vehicles	7	7	7	7
Public works Corporation Yard	1	1	1	1
Recreation & community service				
Community centers	2	2	2	2
Parks	2	2	3	3
Marine Safety				
Lifeguard Stations	3	3	3	3
Vehicles	5	5	5	5

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

Sources: Various city departments.

Fiscal Year

2009	2010	2011	2012	2013	2014
2	2	2	2	2	2
1	1	1	1	1	1
4	4	4	4	4	4
2	2	2	2	2	1
46	46	46	46	46	46
748	748	748	748	748	748
13	13	13	13	16	18
7	7	7	7	7	8
1	1	1	1	1	1
2	2	2	2	2	2
3	3	3	3	3	3
3	3	3	3	3	3
5	5	5	5	5	4

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