

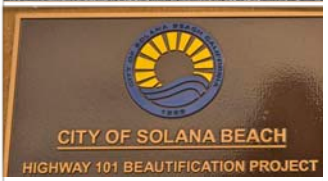


**CITY OF  
SOLANA BEACH**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR  
JULY 1, 2012 - JUNE 30, 2013**

**CITY OF SOLANA BEACH, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL PERIOD ENDED JUNE 30, 2013**

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

CITY OF SOLANA BEACH, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL PERIOD ENDED JUNE 30, 2013

PREPARED BY THE FINANCE DEPARTMENT  
OF THE CITY OF SOLANA BEACH

CITY OF SOLANA BEACH  
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2013

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December 4, 2013

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, 2013.

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, Sol and Lunghard, LLC., appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end June 30, 2013, 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, 2013, provided no instances of material weaknesses in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a basis for rendering an unqualified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

## **Management's Discussion and Analysis (MDA)**

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

## **Government Profile**

The City of Solana Beach was incorporated July 1, 1986 under the general laws of the State of California and is home to a population of 12,987 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 2012-13 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 2014 but with apprehension for certain areas of the local and national economy.

On the positive side, the local economy is expected to do better than the national economy. Economic indicators reflect strong consumer confidence for both the local and

national economies. And the housing market has rebounded, 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.

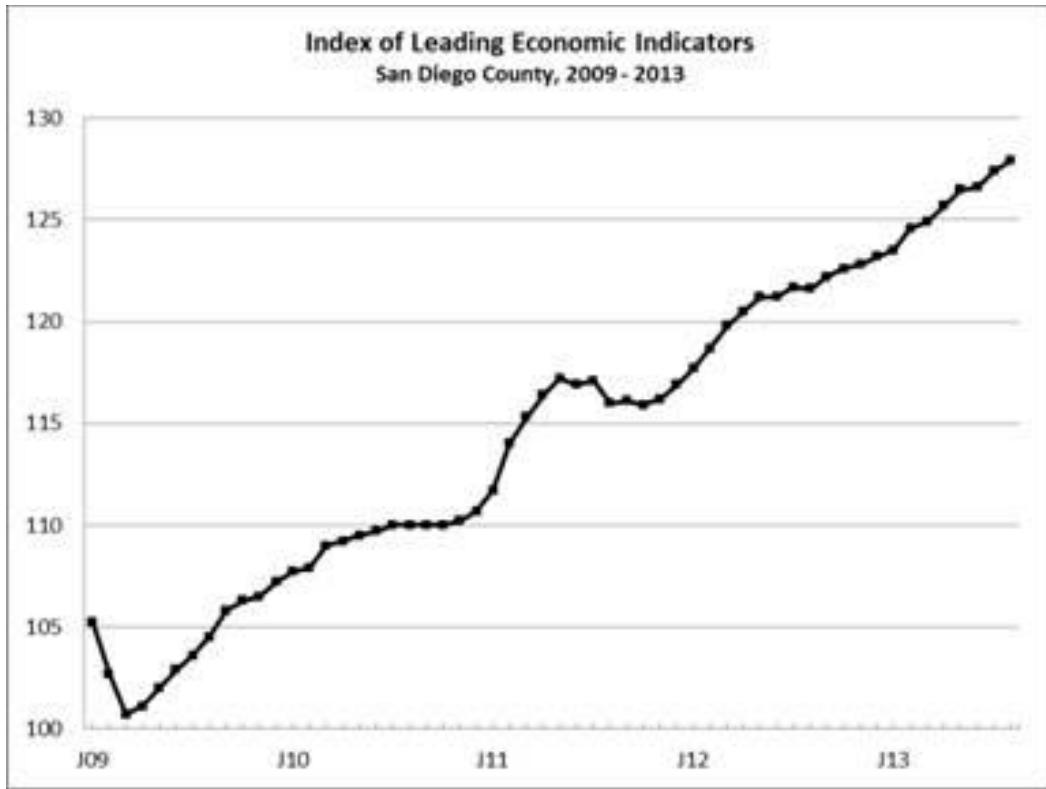
Building permits for residential projects continue to be unpredictable, with a downturn in July after remaining at a stable level since January 2013

Job growth, while steadily increasing over the past year, has not rebounded much as was hoped. Not only did the San Diego area lose over 70,000 jobs during the recent recession, but many of the 25,000 jobs that have been added back in 2012 and the 25,000 to 30,000 jobs expected to be added in 2013 are low paying. The annual average salary is \$20,000 for six of the ten job categories in the San Diego region.

On the national level, the ongoing issues in Washington D.C. regarding the across-the-board spending cuts better known as the sequester and the increase in the debt ceiling that will be needed in the next few months, all will have an unknown impact on the national, state, and local San Diego County economy. Our local economy is dependent on the service industry, defense industry, military, and scientific research, and the deadlock in Congress may have a negative effect on these four economic drivers.

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 127.9 in August 2013.

The USD Index for the period January 2009 to August 2013 is charted on the following page:



The State of California's economic situation is also recovering, with growth in international trade, an improving housing market, and increased jobs especially in construction, and international trade fiscal problems continue to threaten the stability of the City's fiscal outlook. Earlier this year, Governor Jerry Brown signed legislation that will increase the minimum wage to \$10 an hour by 2016.

In June 2013, the governor signed a budget deal for Fiscal Year 2013-14 that reported a \$96.3 billion balanced General Fund state budget. Critics of the deal point to temporary revenue increases being used to achieve the coverage of expenditure levels, as well as the exclusion from the budget of any funds to address a reported \$38.5 billion in unfunded liabilities for state employee pensions and another \$63.8 billion in unfunded liabilities for retired state employee health care.

At this time, local governments are hopeful that the raids on their revenues have ceased and that the State can continue to maintain balanced budgets.

### **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 2012-13, actual dollars received in General Fund property taxes increased \$408,647, or 7.6%, as compared to 2011-12, while sales tax increased by \$114,184, or 3.8%. Overall, the City's General Fund revenues increased \$682,049 in FY 2012-13 from FY 2011-12 or 4.8%.

For Fiscal Year 2013-14, budgeted property taxes are expected to increase slightly and sales taxes are expected to decrease slightly as compared to actual for the prior fiscal year. Total General Fund revenues, net of internal service charges, are budgeted at \$14,562,100. It is the City's goal not to rely on General Fund reserves to operate the City annually. The General Fund budget for FY 2013-14 was adopted on June 26, 2013, with a projected \$123,500 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 2012-13 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 2012-13 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 the Fiscal Year 2014-15, the City will be establishing 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 0.30% as compared to 0.37% 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 \$164,561.

### **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 are from a variety of sources:

1. SANDAG is holding funds that have been collected on behalf of the City by the California Coastal Commission for beach recreation opportunities and sand mitigation. There is approximately \$275,000 in beach recreation fees that will be 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 devices 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 has applied for a grant from the State of California Coastal Conservancy for construction of the new stairs. Through preliminary discussions, the Coastal Conservancy staff has indicated that the City may apply for a grant for this project in the amount of \$200,000. A decision from the Coastal Conservancy is due sometime in January.
4. The balance of the project cost of \$498,373 is being funded with undesignated General Fund reserves.

#### 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). 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 is being 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. 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.

At the November 28, 2012 City Council meeting, the Council approved a consultant agreement to design and prepare construction documents limited to just the electrical upgrades to the pump station, as these upgrades are the highest priority improvements identified by the Design Team. The Design Team is recommending accomplishing the electrical system upgrade at this time because the electrical equipment is outdated and nearing the end of its service life.

### **Acknowledgments**

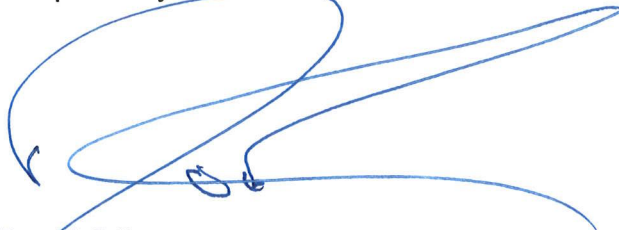
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the eleventh year in the past twelve 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, David Kloz, 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, 2012**

Executive Director/CEO

**CITY OF SOLANA BEACH  
FISCAL YEAR 2012-13  
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

---

**CITY COUNCIL**

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

**TERM EXPIRES**

November 2013  
November 2013  
November 2016  
November 2016  
November 2016

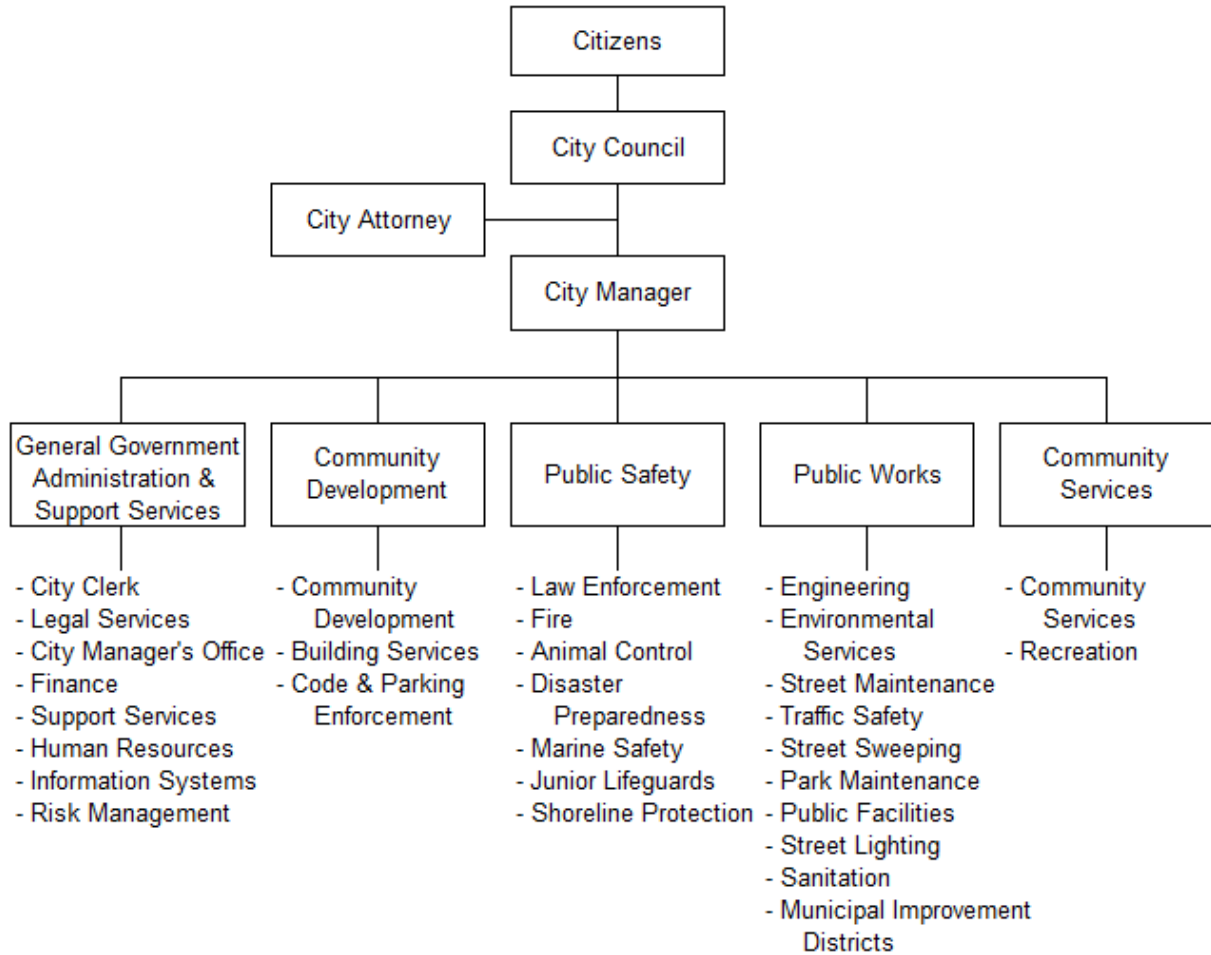
**COMMITTEES AND COMMISSIONS**

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

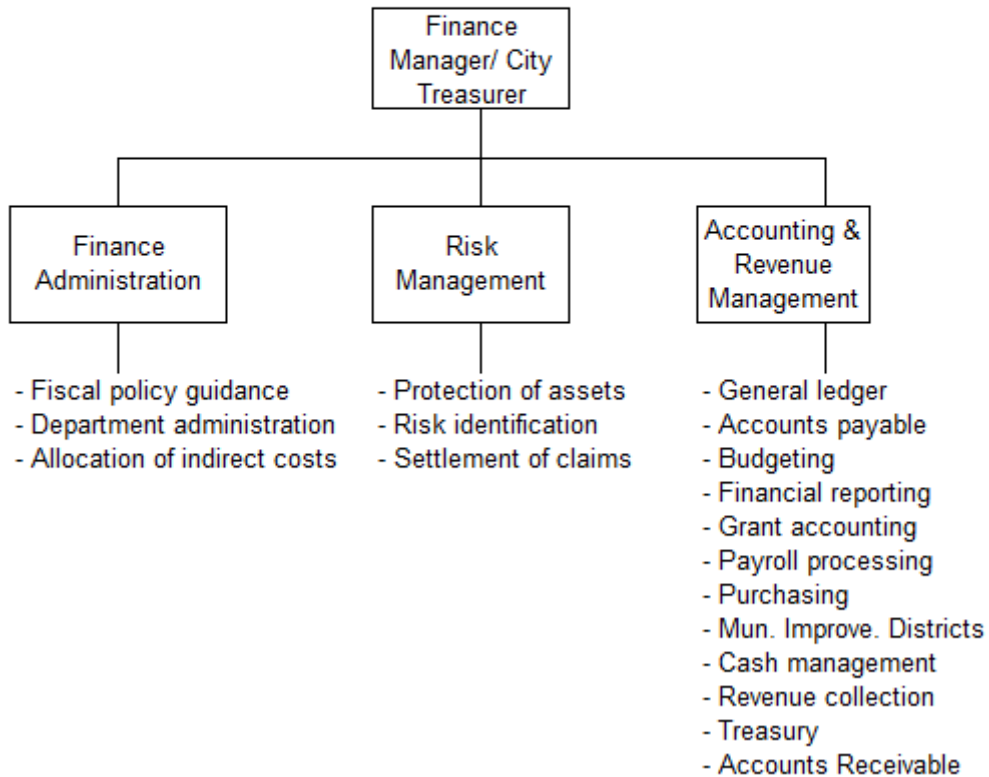
**APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS**

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 2012/2013



CITY OF SOLANA BEACH  
FINANCE DEPARTMENT  
ORGANIZATIONAL CHART  
FISCAL YEAR 2012/2013



## 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, 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, 2013, 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.

### ***Auditors' 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, 2013, 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 the Transnet 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, 2012, from which such partial information was derived.

#### *Other Information*

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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,



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

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2013 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 City's internal control over financial reporting and compliance.

*Lance, Soll & Loughard, LLP*

Brea, California  
December 4, 2013

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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, 2013 (Fiscal Year 2013). 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 \$76,944, or by \$732, 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 \$946.
- Governmental net position equaled \$45,492.
- The total revenues from all sources were \$22,813.
- The total cost of all City programs was \$21,867.
- The General Fund reported an excess of revenues over expenditures and other financing uses by \$1,550.
- The General Fund's actual resources received exceeded the final revenue budget by \$473 while actual expenditures were \$858 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	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and other assets	\$ 12,059	\$ 17,630	\$ 32,887	\$ 33,379	\$ 44,946	\$ 51,009
Deferred Outflows	-	-	549	-	549	-
Capital assets, net	41,452	36,624	11,359	11,480	52,811	48,104
<b>Total assets</b>	53,511	54,254	44,795	44,859	98,306	99,113
<b>Liabilities:</b>						
Long-term debt outstanding	2,386	2,654	13,124	14,158	15,510	16,812
Other liabilities	5,633	5,653	219	436	5,852	6,089
<b>Total liabilities</b>	8,019	8,307	13,343	14,594	21,362	22,901
<b>Net position:</b>						
Net investment in capital assets	39,385	34,301	5,682	5,471	45,067	39,772
Restricted	4,689	6,371	-	-	4,689	6,371
Unrestricted	1,418	5,275	25,770	24,794	27,188	30,069
<b>Total net position</b>	<u>\$ 45,492</u>	<u>\$ 45,947</u>	<u>\$ 31,452</u>	<u>\$ 30,265</u>	<u>\$ 76,944</u>	<u>\$ 76,212</u>

The City's combined net position for the fiscal year ended June 30, 2013 was \$76,944. The City has chosen to account for its sanitation operations in an enterprise fund, which is shown as Business Activities on Table 1. The City's net position for governmental activities decreased from \$45,947 to \$45,492. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets decreased \$5,571 or 32% primarily because of \$4,897 that the City advanced to the TransNet fund through the fiscal year ended June 30, 2013, 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) in an amount equally \$5,541 in net bond proceeds 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 \$374 for the payment to the Sanitation Fund for Fiscal Year 2013, and 2) \$817 held at the end of



Fiscal Year 2012 by Deutsche Bank National Trust Company as trustee for the Municipal Finance Corporation capital lease used for various energy efficiency/conservation upgrades was distributed in Fiscal Year 2013.

- Capital assets increased \$4,828 (net of \$2,972 depreciation and disposition) as detailed in Table 4. The Highway 101 project was begun resulting in an increase to Construction in progress of \$5,476. Additionally, during Fiscal Year 2013, ongoing budgeted capital projects that were delayed in previous fiscal years due to the downturn in the City's economic situation were completed. These changes resulted in capital asset additions, less deletions, being \$7,799 more than the previous fiscal year, not including depreciation expense for Fiscal Year 2013. The major capital project construction projects, besides the Highway 101 project, were the completion of the street lighting, City Hall cool roof upgrade, and efficiency/conservation upgrades at City facilities done in conjunction with Chevron Energy Solutions (ES), the Highland and Lomas Santa Fe intersection project, the El Viento sewer and traffic calming project, and the South Granados storm drain project. The City also had construction activities for the annual street pavement project and ongoing storm drain repairs.
- Governmental long-term debt decreased \$368 due to routine principal payments made on existing debt principal. See Table 5 for additional detail.
- Other liabilities decreased \$20 due to an overall decrease in current liabilities as compared to the previous fiscal year.
- Net investment in capital assets increased \$5,084 primarily due to costs related to the Highway 101 project.
- Restricted net position decreased \$1,682 due to capital project reserves being used to construct the Highway 101 project and the transfer of unspent RDA bond proceeds from the City to the Successor Agency.
- As a result of the above activities, unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, decreased \$3,857 from \$5,275 at June 30, 2012 to \$1,418 at the end of this fiscal year.

## **Governmental Activities**

The cost of all Governmental activities this year was \$18,410 as shown on Tables 2 and 2.1. \$1,894 of this cost was paid for by those who directly benefited from the programs; \$1,017 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$15,068 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$2,320. Items of significance within Table 2 are:

### **Revenues:**

- Charges for services increased by 9% primarily as a result of monies received from reimbursement agreements with other governmental agencies for public work capital project work done on behalf of the agencies by the City.
- Operating and Capital grants and contributions increased by \$436 over the prior fiscal year amount due to an increase in various public safety and public works grants and contributions received or recognized in FY2013 as compared to FY2012.

- Other general revenues decreased \$2,723 as compared to the prior fiscal year due an extraordinary gain of \$2,933 that was recognized in Fiscal Year 2012 upon the dissolution of the RDA.

Expenses:

- Public Safety increased \$375 or 5% due to vehicle purchases for the Fire and Marine Safety departments and increased federal and state grant expenditures as compared to the prior fiscal year.
- Public Works experienced a \$571 or 13% increase in expenses primarily due to unspent RDA bond proceeds held by the City for completion of public works projects within the RDA project area being transferred to the Successor Agency.
- There was an 8% increase in Community Services costs primarily due to dissolution of the RDA on February 1, 2012, which resulted in decreased low/mod housing costs as compared to the last fiscal year.
- Community Services increased 8%, or \$43, as compared to last fiscal year due to costs related to the Fletcher Cove Community Center use policy and an increase in the temporary arts program.
- Interest and fiscal charges decreased due to the reporting in Fiscal Year 2012 of RDA debt service costs for the first half of the fiscal year before the RDA was dissolved as of February 1, 2012.

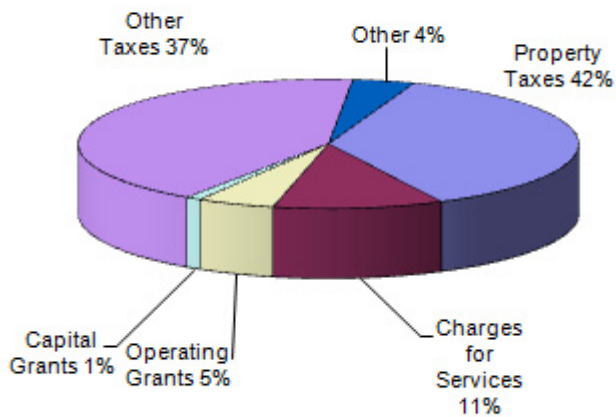
**Table 2**  
**City of Solana Beach Changes in Net Position**  
*(in Thousands)*

	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,894	\$ 1,739	\$ 4,709	\$ 4,517	\$ 6,603	\$ 6,256
Operating grants and contributions	854	477	-	-	854	477
Capital grants and contributions	163	104	-	-	163	104
General revenues:						
Property taxes	6,655	6,598	-	-	6,655	6,598
Other taxes	7,606	7,490	-	-	7,606	7,490
Other	807	3,530	125	422	932	3,952
<b>Total revenues</b>	<u>17,979</u>	<u>19,938</u>	<u>4,834</u>	<u>4,939</u>	<u>22,813</u>	<u>24,877</u>
<b>Expenses:</b>						
General government	3,522	3,510	-	-	3,522	3,510
Public safety	8,177	7,802	-	-	8,177	7,802
Public works	5,071	4,500	-	-	5,071	4,500
Community development	957	958	-	-	957	958
Community services	605	562	-	-	605	562
Interest and fiscal charges	78	139	-	-	78	139
Sanitation	-	-	3,457	4,038	3,457	4,038
<b>Total expenses</b>	<u>18,410</u>	<u>17,471</u>	<u>3,457</u>	<u>4,038</u>	<u>21,867</u>	<u>21,509</u>
<b>Increase/(decrease) in net position</b>	(431)	2,467	1,377	901	946	3,368
<b>Net position - July 1</b>	45,947	43,365	30,265	29,364	76,212	72,729
Net position restatement	(24)	115	(190)	-	(214)	115
<b>Net position - June 30</b>	<u>\$ 45,492</u>	<u>\$ 45,947</u>	<u>\$ 31,452</u>	<u>\$ 30,265</u>	<u>\$ 76,944</u>	<u>\$ 76,212</u>

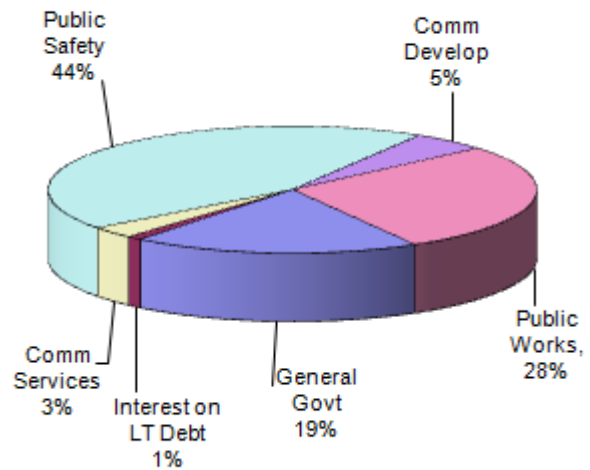
## Fiscal Year 2013 Governmental Activities

(Graphic representation of Table 2 in percentages)

### Sources of Revenue



### Program Expenses



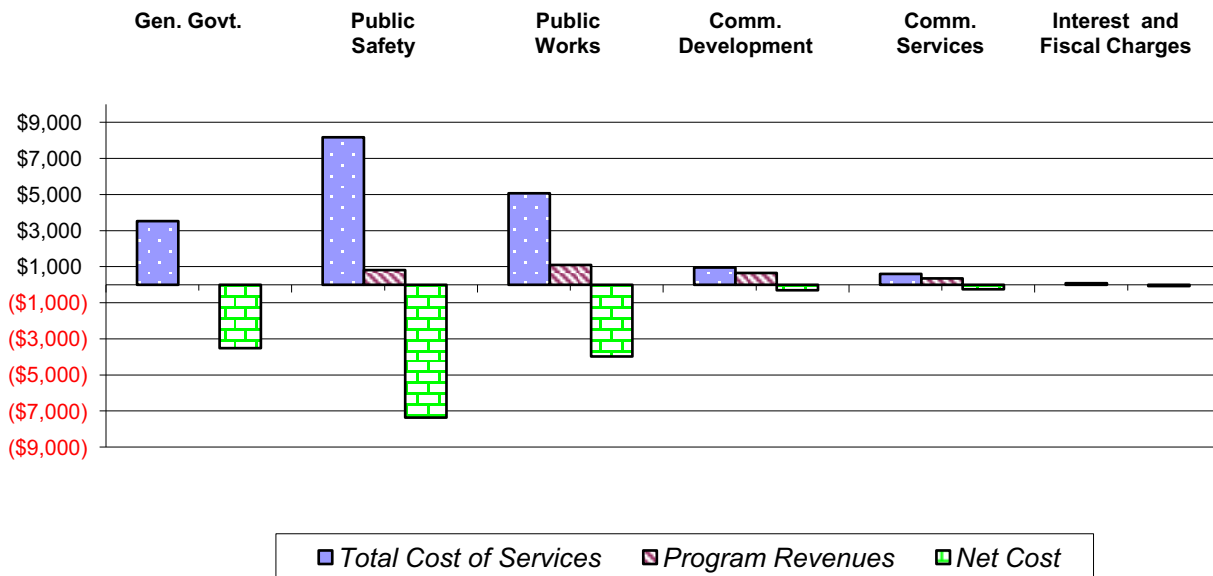
### Net Cost of Governmental Activities

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	
	2013	2012	2013	2012	2013	2012
General government	\$ 3,522	\$ 3,510	\$ -	\$ 21	\$ (3,522)	\$ (3,489)
Public safety	8,177	7,802	809	791	(7,368)	(7,011)
Public works	5,071	4,500	1,095	451	(3,976)	(4,049)
Community development	957	958	648	797	(309)	(161)
Community services	605	562	359	260	(246)	(302)
Interest on long-term debt	78	139	-	-	(78)	(139)
<b>Totals</b>	<b>\$ 18,410</b>	<b>\$ 17,471</b>	<b>\$ 2,911</b>	<b>\$ 2,320</b>	<b>\$ (15,499)</b>	<b>\$ (15,151)</b>

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



Total resources available during the year to finance governmental operations were \$63,926 consisting of net position at July 1, 2012 of \$45,947, program revenues of \$2,911, and general revenues of \$15,068. Total governmental activities during the year were \$18,410, and with a net position restatement of \$(24), net position decreased by \$455 to \$45,492.

## Business Type Activities

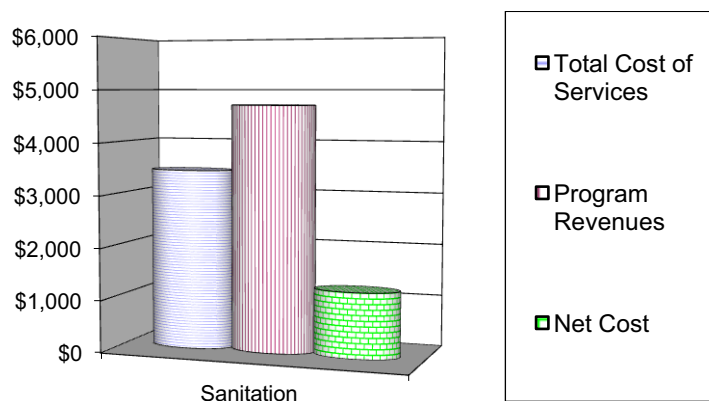
Net position of the Proprietary Fund (Business Type activities) at June 30, 2013 as reflected in Table 1 were \$31,452. As shown in Table 3, amounts paid by users of the system were \$4,709 while the cost of providing all Proprietary (Business Type) activities this year was \$3,457 resulting in a net gain of \$1,252. With the addition of non-operating revenues of \$125, and a net position restatement of \$(190), assets increased by \$1,187 or 3.9%, 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	
	2013	2012	2013	2012	2013	2012
Sanitation	\$ 3,457	\$ 4,038	\$ 4,709	\$ 4,517	\$ 1,252	\$ 479

## Fiscal Year 2013

### 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 \$858 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 \$473 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:

- \$166 transfers from the General Fund to pay for additional City CIP projects.
- \$63 in for contract staffing in the City Clerk and Finance departments.
- \$61 for unanticipated worker compensation damage claim payments.
- \$40 for asset replacement expenditures for an upgrade to the City's document management system and for an emergency generator for City Hall.

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 2013.
- Finance, Information systems, and Code and parking enforcement: these departments had amounts budgeted for equipment, vehicles, and software that were to be purchased in Fiscal Year 2013. These expenditures were delayed until the following fiscal year.
- City Manager: payments from the department's contingency budget were lower than expected and personnel costs were reallocated to other departments based on an analysis of time spent on work performed.
- Building services: the cost for building services is 75% of permit and inspection revenue that is collected by the City. This amount is paid to the City's third party contractor and less than expected revenues were received for the fiscal year, consequently, the expenditure for this category also decreased.
- 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.
- Junior lifeguard: this department's revenue and expenditures were moved to a special revenue fund to better track revenues and expenditures for the activities beginning January 1, 2013. The expenditures recorded in the General Fund are for the period July 1, 2012 through December 31, 2012.



## 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, 2013, net capital assets of the governmental activities totaled \$41,452 and the net capital assets of the business-type activities totaled \$11,359. 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 \$10,748 through Fiscal Year 2018. Over the next five years, funding will come from current fund balances and revenues such as Gas Tax and TransNet. Significant projects are the replacement of the Del Mar Shores Staircase, the Shoreline Management and Local Coastal Plan, the General Plan update, rebuilding the Solana Beach Pump Station, completion of the Highway 101 Streetscape and Traffic Calming project, and ongoing pavement management, 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,538	\$ 2,538	\$ 112	\$ 112	\$ 2,650	\$ 2,650
Buildings & Improvements	10,777	10,551	11,076	11,199	21,853	21,750
Equipment & Vehicles	1,092	960	1	10	1,093	970
Infrastructure	19,911	19,570	-	-	19,911	19,570
Work in Progress	7,134	3,005	170	159	7,304	3,164
	<u>\$ 41,452</u>	<u>\$ 36,624</u>	<u>\$ 11,359</u>	<u>\$ 11,480</u>	<u>\$ 52,811</u>	<u>\$ 48,104</u>

## Debt

At year-end, the City had \$2,386 in governmental type debt and \$13,124 in proprietary debt (including premium on debt issuance) totaling \$15,510. This debt is a liability of the government and amounts to \$1,293 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	
	2013	2012	2013	2012	2013	2012
Refunding lease	\$ 1,279	\$ 1,388	\$ -	\$ -	\$ 1,279	\$ 1,388
Capital lease	798	969	-	-	798	969
JPA loan payable-2011			4,250	4,869	4,250	4,869
Sewer revenue bond	-	-	8,705	8,915	8,705	8,915
Bond premiums	-	-	140	349	140	349
Bond discounts	(10)	(10)	-	-	(10)	(10)
Compensated absences	319	307	29	25	348	332
	<u>\$ 2,386</u>	<u>\$ 2,654</u>	<u>\$ 13,124</u>	<u>\$ 14,158</u>	<u>\$ 15,510</u>	<u>\$ 16,812</u>

## NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City Budget for Fiscal Year 2014, 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 some improvement, the City's growth rate for revenues was still sluggish and that the rate of any expenditure cost increase needed to be closely evaluated and monitored. The challenge given these circumstances was to prepare a budget that reduced costs while continuing to provide high quality services and to move forward implementing the City's five-year capital improvement plan.

The result was that no new programs or services were added and no salary cost of living increases were included in the Fiscal Year 2014 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.

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 flat or rise slightly based upon the economic activity in the California economy, including property taxes, which are projected to increase by 1.3% in Fiscal Year 2014, and sales tax which is expected to increase by about 4% in Fiscal Year 2014. Overall General Fund operating expenditures for fiscal year 2014 are budgeted to increase just under 2% as compared to the previous fiscal year. The CIP budget was set to be \$3,368 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, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current Assets:			
Cash and investments	\$ 13,084,888	\$ 8,785,338	\$ 21,870,226
Receivables:			
Accounts, net	292,507	7,605	300,112
Taxes	557,240	-	557,240
Interest	8,816	2,553	11,369
Prepaid costs	9,276	38,844	48,120
Due from other governments	118,055	-	118,055
<b>Total Current Assets</b>	<b>14,070,782</b>	<b>8,834,340</b>	<b>22,905,122</b>
Noncurrent Assets:			
Cash and investments with fiscal agent	-	2,580,447	2,580,447
Investment in joint venture	-	19,066,147	19,066,147
Internal balances	(2,405,857)	2,405,857	-
Due from Successor Agency	393,880	-	393,880
Capital assets not being depreciated	9,671,623	281,883	9,953,506
Capital assets, net of depreciation	31,780,250	11,077,621	42,857,871
<b>Total Noncurrent Assets</b>	<b>39,439,896</b>	<b>35,411,955</b>	<b>74,851,851</b>
<b>Total Assets</b>	<b>53,510,678</b>	<b>44,246,295</b>	<b>97,756,973</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	549,176	549,176
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>549,176</b>	<b>549,176</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	1,245,281	32,708	1,277,989
Accrued liabilities	263,817	12,634	276,451
Accrued interest	7,335	173,219	180,554
Unearned revenue	25,000	-	25,000
Claims payable - due within one year	329,718	-	329,718
Compensated absences - due within one year	217,019	14,977	231,996
Long-term debt - due within one year	155,925	856,963	1,012,888
<b>Total Current Liabilities</b>	<b>2,244,095</b>	<b>1,090,501</b>	<b>3,334,596</b>
Noncurrent Liabilities:			
Deposits payable	1,862,398	-	1,862,398
Net other post employment benefit liability	1,013,000	-	1,013,000
Claims payable - due in more than one year	886,882	-	886,882
Compensated absences - due in more than one year	101,428	13,913	115,341
Long-term debt - due in more than one year	1,911,325	12,238,668	14,149,993
<b>Total Noncurrent Liabilities</b>	<b>5,775,033</b>	<b>12,252,581</b>	<b>18,027,614</b>
<b>Total Liabilities</b>	<b>8,019,128</b>	<b>13,343,082</b>	<b>21,362,210</b>
<b>Net Position:</b>			
Net investment in capital assets	39,384,623	5,682,518	45,067,141
Restricted for:			
Redevelopment activities	3,663,094	-	3,663,094
Public safety	412,879	-	412,879
Capital projects	588,367	-	588,367
Debt service	24,436	-	24,436
Unrestricted	1,418,151	25,769,871	27,188,022
<b>Total Net Position</b>	<b>\$ 45,491,550</b>	<b>\$ 31,452,389</b>	<b>\$ 76,943,939</b>



CITY OF SOLANA BEACH

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 3,521,929	\$ -	\$ -	\$ -
Public safety	8,177,235	376,156	270,428	162,672
Community development	957,303	648,280	-	-
Community services	604,445	357,877	-	-
Public works	5,070,916	511,843	583,136	-
Interest on long-term debt	78,156	-	-	-
<b>Total Governmental Activities</b>	<b>18,409,984</b>	<b>1,894,156</b>	<b>853,564</b>	<b>162,672</b>
Business-Type Activities:				
Sanitation Fund	3,456,455	4,708,765	-	-
<b>Total Business-Type Activities</b>	<b>3,456,455</b>	<b>4,708,765</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 21,866,439</b>	<b>\$ 6,602,921</b>	<b>\$ 853,564</b>	<b>\$ 162,672</b>

**General Revenues:**

Taxes:

- Property taxes, levied for general purpose
- Sales taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes

- Use of money and property
- Other

**Total General Revenues**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (3,521,929)	\$ -	\$ (3,521,929)
(7,367,979)	-	(7,367,979)
(309,023)	-	(309,023)
(246,568)	-	(246,568)
(3,975,937)	-	(3,975,937)
(78,156)	-	(78,156)
<b>(15,499,592)</b>	<b>-</b>	<b>(15,499,592)</b>
-	1,252,310	1,252,310
-	<b>1,252,310</b>	<b>1,252,310</b>
<b>(15,499,592)</b>	<b>1,252,310</b>	<b>(14,247,282)</b>
6,655,138	-	6,655,138
3,077,691	-	3,077,691
1,186,197	-	1,186,197
698,672	-	698,672
2,643,515	-	2,643,515
84,903	78,615	163,518
722,094	46,470	768,564
<b>15,068,210</b>	<b>125,085</b>	<b>15,193,295</b>
(431,382)	1,377,395	946,013
45,946,994	30,264,590	76,211,584
(24,062)	(189,596)	(213,658)
<b>\$ 45,491,550</b>	<b>\$ 31,452,389</b>	<b>\$ 76,943,939</b>

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# **FUND FINANCIAL STATEMENTS**

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

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**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013  
(With comparative totals for June 30, 2012)**

	<u>Special Revenue Fund</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
	<u>General</u>	<u>TransNet</u>		<u>2013</u>	<u>2012</u>
<b>Assets:</b>					
Cash and investments	\$ 7,774,682	\$ -	\$ 5,310,206	\$ 13,084,888	\$ 18,452,307
Cash and investments with fiscal agents	-	-	-	-	818,696
Receivables:					
Accounts	256,361	-	36,146	292,507	279,194
Taxes	523,490	-	33,750	557,240	331,420
Accrued interest	6,360	-	2,456	8,816	13,236
Prepaid costs	9,276	-	-	9,276	6,482
Due from other governments	37,275	-	80,780	118,055	206,799
Due from other funds	5,499,524	-	-	5,499,524	1,016,265
Due from Successor Agency	-	-	393,880	393,880	278,215
<b>Total Assets</b>	<b>\$ 14,106,968</b>	<b>\$ -</b>	<b>\$ 5,857,218</b>	<b>\$ 19,964,186</b>	<b>\$ 21,402,614</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 791,531	\$ 252,196	\$ 201,554	\$ 1,245,281	\$ 1,585,442
Accrued liabilities	235,659	1,024	27,134	263,817	255,760
Unearned revenues	-	-	25,000	25,000	83,779
Deposits payable	1,792,597	-	69,801	1,862,398	1,846,150
Due to other funds	-	4,895,685	603,839	5,499,524	1,016,265
Advances from other funds	2,405,857	-	-	2,405,857	2,780,338
<b>Total Liabilities</b>	<b>5,225,644</b>	<b>5,148,905</b>	<b>927,328</b>	<b>11,301,877</b>	<b>7,567,734</b>
<b>Fund Balances:</b>					
Nonspendable	9,276	-	-	9,276	6,482
Restricted	-	-	4,588,670	4,588,670	6,280,502
Committed	278,377	-	-	278,377	264,534
Assigned	4,579,527	-	525,735	5,105,262	5,025,627
<b>Unassigned</b>	<b>4,014,144</b>	<b>(5,148,905)</b>	<b>(184,515)</b>	<b>(1,319,276)</b>	<b>2,257,735</b>
<b>Total Fund Balances</b>	<b>8,881,324</b>	<b>(5,148,905)</b>	<b>4,929,890</b>	<b>8,662,309</b>	<b>13,834,880</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 14,106,968</b>	<b>\$ -</b>	<b>\$ 5,857,218</b>	<b>\$ 19,964,186</b>	<b>\$ 21,402,614</b>

**CITY OF SOLANA BEACH**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

---

Fund balances of governmental funds		\$ 8,662,309
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	\$ 87,391,835	
Accumulated depreciation	<u>(45,939,962)</u>	41,451,873
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Lease revenue bond - ABAG	(1,279,300)	
Unamortized bond discount	9,681	
Capital lease obligation	(797,631)	
Claims and judgements	(1,216,600)	
Compensated absences	<u>(318,447)</u>	(3,602,297)
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.		(1,013,000)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		<u>(7,335)</u>
<b>Net Position of governmental activities</b>		<b><u><u>\$ 45,491,550</u></u></b>



CITY OF SOLANA BEACH

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for the year ended June 30, 2012)**

	Special Revenue Fund		Other Governmental Funds	Total Governmental Funds	
	General	TransNet		2013	2012
<b>Revenues:</b>					
Taxes and assessments	\$ 11,469,213	\$ -	\$ 1,577,704	\$ 13,046,917	\$ 12,881,767
Licenses, permits and fees	361,573	-	-	361,573	420,339
Intergovernmental	1,513,120	-	717,412	2,230,532	1,822,705
Charges for services	595,817	-	235,090	830,907	799,836
Use of money and property	75,304	(182)	9,781	84,903	102,469
Fines and forfeitures	323,961	-	-	323,961	342,136
Other revenues	629,247	3,623	466,939	1,099,809	604,953
<b>Total Revenues</b>	<b>14,968,235</b>	<b>3,441</b>	<b>3,006,926</b>	<b>17,978,602</b>	<b>16,974,205</b>
<b>Expenditures:</b>					
Current:					
General government	3,057,710	-	51	3,057,761	3,230,362
Public safety	7,431,250	-	514,662	7,945,912	7,614,262
Public works	1,315,055	-	760,722	2,075,777	2,301,953
Community development	698,307	-	257,600	955,907	953,383
Community services	282,438	-	2,446	284,884	244,955
Capital outlay	-	5,372,209	2,266,733	7,638,942	2,048,301
Debt service:					
Principal retirement	-	-	280,700	280,700	239,900
Interest and fiscal charges	-	-	77,283	77,283	179,581
Payment to refunded bond escrow agent	-	-	-	-	1,545,000
Pass-through agreement payments	-	-	-	-	7,147
<b>Total Expenditures</b>	<b>12,784,760</b>	<b>5,372,209</b>	<b>4,160,197</b>	<b>22,317,166</b>	<b>18,364,844</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,183,475	(5,368,768)	(1,153,271)	(4,338,564)	(1,390,639)
<b>Other Financing Sources (Uses):</b>					
Transfers in	37,693	-	704,629	742,322	2,560,970
Transfers out	(670,629)	-	(71,693)	(742,322)	(2,560,970)
Contributions to Successor Agency	-	-	(834,007)	(834,007)	-
Refunding bonds issued	-	-	-	-	1,388,300
Other debts issued	-	-	-	-	818,696
Bond discount	-	-	-	-	(10,650)
<b>Total Other Financing Sources (Uses)</b>	<b>(632,936)</b>	<b>-</b>	<b>(201,071)</b>	<b>(834,007)</b>	<b>2,196,346</b>
Extraordinary gain/(loss)	-	-	-	-	(366,005)
Net Change in Fund Balances	\$ 1,550,539	\$ (5,368,768)	\$ (1,354,342)	\$ (5,172,571)	\$ 439,702
<b>Fund Balances:</b>					
Beginning of year	\$ 7,330,785	\$ 219,863	\$ 6,284,232	\$ 13,834,880	\$ 13,280,366
Restatements	-	-	-	-	114,812
Beginning of year, as restated	7,330,785	219,863	6,284,232	13,834,880	13,395,178
Net change in fund balances	1,550,539	(5,368,768)	(1,354,342)	(5,172,571)	439,702
<b>End of Year</b>	<b>\$ 8,881,324</b>	<b>\$ (5,148,905)</b>	<b>\$ 4,929,890</b>	<b>\$ 8,662,309</b>	<b>\$ 13,834,880</b>

CITY OF SOLANA BEACH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013**

---

Net change in fund balances - total governmental funds \$ (5,172,571)

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	\$ 7,859,585	
Depreciation	(3,031,337)	
Gain/(loss) on sale of capital assets	<u>(343)</u>	4,827,905

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

Principal repayments:		
Lease revenue bond - ABAG	109,000	
Capital lease	171,700	
Amortization of bond premiums/discounts	(969)	
Changes in claims and judgements liabilities	<u>(69,600)</u>	210,131

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 96

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. (11,043)

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. (285,900)

**Change in net position of governmental activities \$ (431,382)**

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**PROPRIETARY FUND  
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2013

(With comparative totals for June 30, 2012)

	Sanitation Fund	
	2013	2012
<b>Assets:</b>		
Current:		
Cash and investments	\$ 8,785,338	\$ 8,101,942
Receivables:		
Accounts	7,605	75,887
Interest	2,553	5,115
Prepaid costs	38,844	41,059
<b>Total Current Assets</b>	<b>8,834,340</b>	<b>8,224,003</b>
Noncurrent:		
Cash and investments with fiscal agent	2,580,447	2,585,169
Advances to other funds	2,405,857	2,780,338
Deferred charges		189,596
Investment in joint venture	19,066,147	18,773,724
Capital Assets:		
Non-depreciable	281,883	270,596
Depreciable, net	11,077,621	11,208,959
<b>Total Noncurrent Assets</b>	<b>35,411,955</b>	<b>35,808,382</b>
<b>Total Assets</b>	<b>44,246,295</b>	<b>44,032,385</b>
<b>Deferred Outflows of Resources:</b>		
Deferred charge on refunding	549,176	617,824
<b>Total Deferred Outflows of Resources</b>	<b>549,176</b>	<b>617,824</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 44,795,471</b>	<b>\$ 44,650,209</b>
<b>Liabilities and Net Position:</b>		
<b>Liabilities:</b>		
Current:		
Accounts payable	\$ 32,708	\$ 241,169
Accrued liabilities	12,634	12,928
Interest payable	173,219	182,568
Compensated absences, due within one year	14,977	17,649
Long-term debt, due within one year	856,963	828,460
<b>Total Current Liabilities</b>	<b>1,090,501</b>	<b>1,282,774</b>
Noncurrent:		
Compensated absences, due in more than one year	13,913	7,338
Long-term debt, due in more than one year	12,238,668	13,095,507
<b>Total Noncurrent Liabilities</b>	<b>12,252,581</b>	<b>13,102,845</b>
<b>Total Liabilities</b>	<b>13,343,082</b>	<b>14,385,619</b>
<b>Net Position:</b>		
Net investment in capital assets	5,682,518	5,470,469
Unrestricted	25,769,871	24,794,121
<b>Total Net Position</b>	<b>31,452,389</b>	<b>30,264,590</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 44,795,471</b>	<b>\$ 44,650,209</b>

CITY OF SOLANA BEACH

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for June 30, 2012)

	<b>Sanitation Fund</b>	
	<b>2013</b>	<b>2012</b>
<b>Operating Revenues:</b>		
Charges for services	\$ 4,708,765	\$ 4,517,005
Other	46,470	13,802
<b>Total Operating Revenues</b>	<b>4,755,235</b>	<b>4,530,807</b>
<b>Operating Expenses:</b>		
Cost of sales and services	2,016,630	2,587,591
Administration	349,459	348,568
Depreciation	345,500	344,362
<b>Total Operating Expenses</b>	<b>2,711,589</b>	<b>3,280,521</b>
Operating Income (Loss)	2,043,646	1,250,286
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	78,615	152,477
Interest expense	(536,423)	(666,620)
Amortization of bond premium/discount & refunding charge	(70,986)	(91,263)
Amortization of investment premium	(21,890)	-
Share in joint venture net gain(loss)/capital contribution	(115,567)	255,556
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(666,251)</b>	<b>(349,850)</b>
Changes in Net Position	1,377,395	900,436
<b>Net Position:</b>		
Beginning of Year, as previously reported	30,264,590	29,364,154
Restatements	(189,596)	-
Beginning of Fiscal Year, as restated	30,074,994	29,364,154
<b>End of Fiscal Year</b>	<b>\$ 31,452,389</b>	<b>\$ 30,264,590</b>

CITY OF SOLANA BEACH

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for June 30, 2012)**

	<b>Sanitation Fund</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers and users	\$ 4,777,047	\$ 4,941,482
Cash paid to suppliers for goods and services	(2,222,876)	(2,395,460)
Cash paid to employees for services	(345,850)	(336,525)
Other	46,470	13,802
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,254,791</b>	<b>2,223,299</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Repayment received from other funds	374,481	352,249
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>374,481</b>	<b>352,249</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	(225,449)	(61,943)
Principal paid on capital debt	(828,460)	(230,000)
Interest paid on capital debt	(547,986)	(895,130)
Proceeds from capital debt	-	5,188,664
Payment to refunding escrow	-	(6,795,387)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,601,895)</b>	<b>(2,793,796)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	(348,703)	152,525
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(348,703)</b>	<b>152,525</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>678,674</b>	<b>(65,723)</b>
Cash and Cash Equivalents at Beginning of Year	10,687,111	10,752,834
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 11,365,785</b>	<b>\$ 10,687,111</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ 2,043,646	\$ 1,250,286
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>		
Depreciation	345,500	344,362
(Increase) decrease in accounts receivable	68,282	424,477
(Increase) decrease in prepaid expense	2,215	-
Increase (decrease) in accounts payable	(208,461)	192,131
Increase (decrease) in accrued liabilities	(294)	2,212
Increase (decrease) in compensated absences	3,903	9,831
<b>Total Adjustments</b>	<b>211,145</b>	<b>973,013</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 2,254,791</b>	<b>\$ 2,223,299</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>		
Amortization of deferred charges and bonds premium/discount	\$ (70,986)	\$ (91,263)
Gain/(loss) on investment in joint venture	(115,567)	255,556

**FIDUCIARY FUND  
FINANCIAL STATEMENTS**

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CITY OF SOLANA BEACH

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	Agency Funds		Private-Purpose Trust Fund Successor Agency of the Former RDA	
	2013	2012	2013	2012
<b>Assets:</b>				
Cash and investments	\$ 449,830	\$ 449,575	\$ 1,092,516	\$ 285,399
Receivables:				
Accounts	121	-	-	-
Taxes	767	1,314	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	235,828	235,815
<b>Total Assets</b>	<b>\$ 450,718</b>	<b>\$ 450,889</b>	<b>1,328,344</b>	<b>521,214</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	6,043	12,307
Accrued liabilities	-	-	6,444	3,765
Accrued interest	-	-	12,920	13,194
Due to City	-	-	393,880	278,215
Due to bondholders	450,718	450,889	-	-
Long-term liabilities:				
Due in one year	-	-	80,000	75,000
Due in more than one year	-	-	3,075,000	3,155,000
<b>Total Liabilities</b>	<b>\$ 450,718</b>	<b>\$ 450,889</b>	<b>3,574,287</b>	<b>3,537,481</b>
<b>Net Position:</b>				
Held in trust for other purposes			(2,245,943)	(3,016,267)
<b>Total Net Position</b>			<b>\$ (2,245,943)</b>	<b>\$ (3,016,267)</b>

CITY OF SOLANA BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	<u>Private-Purpose Trust Fund</u> <u>Successor Agency of the Former</u> <u>RDA</u>	
	<u>2013</u>	<u>2012</u>
<b>Additions:</b>		
Taxes	\$ 565,932	\$ 88,018
Interest and change in fair value of investments	47	17
Contributions from City	834,007	-
<b>Total Additions</b>	<b>1,399,986</b>	<b>88,035</b>
<b>Deductions:</b>		
Administrative expenses	471,606	76,434
Interest expense	158,056	93,873
<b>Total Deductions</b>	<b>629,662</b>	<b>170,307</b>
<b>Changes in Net Position</b>	<b>770,324</b>	<b>(3,016,267)</b>
Net Position - Beginning of the Year	(3,016,267)	-
<b>Net Position - End of the Year</b>	<b>\$ (2,245,943)</b>	<b>\$ (3,016,267)</b>

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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.

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

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.

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.



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

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.

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.

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

**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.

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.

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

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.

**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.

**f. Long-Term Liabilities**

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

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

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

**g. 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.

**h. 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.

**i. 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.

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

**j. Fund Balances**

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

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

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

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

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

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

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

**k. 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

**m. 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.

**n. New accounting pronouncement**

The City implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt. The accounting changes of this statement should be applied retroactive and therefore the City has reported a restatement of beginning net position for any unamortized debt issuance costs (deferred charges) previously reported on the statement of net position to conform.

**Note 2: Cash and Investments**

The following is a summary of pooled cash and investments and restricted cash and investments at June 30, 2013:

	<u>Government-Wide Statement of Net Position</u>			Fiduciary Funds Statement of Net Position	<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>		
Cash and investments	\$ 13,084,888	\$ 8,785,338	\$ 21,870,226	\$ 1,542,346	\$ 23,412,572
Cash and investments with fiscal agent held by fiscal agents	-	2,580,447	2,580,447	235,828	2,816,275
<b>Total</b>	<u>\$ 13,084,888</u>	<u>\$ 11,365,785</u>	<u>\$ 24,450,673</u>	<u>\$ 1,778,174</u>	<u>\$ 26,228,847</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013

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

Cash and investments consisted of the following at June 30, 2013:

Cash:	
Cash on hand	\$ 700
Demand deposits	4,479,630
Total cash	<u>4,480,330</u>
Investments:	
Local Agency Investment Fund	18,932,243
Investments held by fiscal agent:	
Money market fund	2,816,274
Total investments	<u>21,748,517</u>
Total cash and investments	<u>\$ 26,228,847</u>

**a. Cash Deposits**

The carrying amounts of the City's cash deposits were \$4,479,630 at June 30, 2013. Bank balances were \$4,766,901 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 \$287,271 difference represents outstanding checks and other reconciling items.

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

As of June 30, 2013, 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.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**
**Note 2: Cash and Investments (Continued)****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.

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



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**
**Note 2: Cash and Investments (Continued)****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, 2013, 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.

As of June 30, 2013, the City had \$18,932,243 invested in LAIF which had invested 5.01% of the pool investment funds in Medium-Term and Short-Term Structured Notes and Asset-Backed Securities.

**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 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	\$ 18,932,243	\$ 18,932,243
Held by Fiscal Agent		
Money market funds	<u>2,816,274</u>	<u>2,816,274</u>
Total	<u>\$ 21,748,517</u>	<u>\$ 21,748,517</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Credit Risk

Credit Risk is the risk of loss due to failure of the security issuer. The risk can be identified through the rating assigned by a nationally recognized statistical rating organization to the issuers of securities. The City minimizes this risk by investing only in investment types allowed for municipalities by the Government Code as listed on the City's investment policy and investing only in instruments that are most credit worthy. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2013, for each investment type.

	Fair Value	Minimum Legal Rating	Ratings as of Year End	
			AAA	Not Rated
Held by City:				
Local Agency Investment Fund	\$ 18,932,243	N/A	\$ -	\$ 18,932,243
Held by fiscal agent:				
Money market funds	<u>2,816,274</u>	A	<u>2,816,274</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 21,748,517</u></u>		<u><u>\$ 2,816,274</u></u>	<u><u>\$ 18,932,243</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, 2013

**Note 3: Interfund Transactions**

**Due from and to other funds**

At June 30, 2013, 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>	
TransNet Special Revenue Fund	\$ 4,895,685
Non-major Governmental Funds	603,839
Total	<u>\$ 5,499,524</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**

At June 30, 2013, 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>\$ 2,405,857</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**

At June 30, 2013, the City had the following transfers:

	<u>Transfers In</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
<u>Transfers Out</u>			
General Fund	\$ -	\$ 670,629	\$ 670,629
Non-major governmental funds	37,693	34,000	71,693
	<u>\$ 37,693</u>	<u>\$ 704,629</u>	<u>\$ 742,322</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, 2013, 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, 2013

**Note 4: Capital Assets**

The following is a summary of changes in capital assets for governmental activities for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
<b>Governmental Activities:</b>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 2,537,440	\$ -	\$ -	\$ -	\$ 2,537,440
Construction in progress	3,005,103	6,721,389	-	(2,592,309)	7,134,183
Total non-depreciable assets	<u>5,542,543</u>	<u>6,721,389</u>	<u>-</u>	<u>(2,592,309)</u>	<u>9,671,623</u>
<i>Depreciable Assets:</i>					
Buildings	6,016,915	-	-	-	6,016,915
Improvements	9,198,467	676,843	-	-	9,875,310
Equipment	2,119,317	215,464	14,757	-	2,320,024
Vehicles	1,850,986	136,041	44,493	-	1,942,534
Infrastructure	54,863,272	109,848	-	2,592,309	57,565,429
Total depreciable assets	<u>74,048,957</u>	<u>1,138,196</u>	<u>59,250</u>	<u>2,592,309</u>	<u>77,720,212</u>
<i>Less accumulated depreciation:</i>					
Buildings	(2,153,942)	(120,792)	-	-	(2,274,734)
Improvements	(2,509,838)	(330,890)	-	-	(2,840,728)
Equipment	(2,001,163)	(89,345)	(14,414)	-	(2,076,094)
Vehicles	(1,009,356)	(129,184)	(44,493)	-	(1,094,047)
Infrastructure	(35,293,233)	(2,361,126)	-	-	(37,654,359)
Total accumulated depreciation	<u>(42,967,532)</u>	<u>(3,031,337)</u>	<u>(58,907)</u>	<u>-</u>	<u>(45,939,962)</u>
Total depreciable assets, net	<u>31,081,425</u>	<u>(1,893,141)</u>	<u>343</u>	<u>2,592,309</u>	<u>31,780,250</u>
Total capital assets, net	<u>\$ 36,623,968</u>	<u>\$ 4,828,248</u>	<u>\$ 343</u>	<u>\$ -</u>	<u>\$ 41,451,873</u>

Governmental activities depreciation expense for capital assets for the year ended June 30, 2013, is as follows:

General government	\$ 97,282
Public safety	231,323
Public works	2,381,775
Community and development	1,396
Community services	319,561
Total depreciation expenses	<u>\$ 3,031,337</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
<b>Business-Type Activities</b>					
<i>Non-Depreciable Assets:</i>					
Land	\$ 111,706	\$ -	\$ -	\$ -	\$ 111,706
Construction in progress	158,890	233,779	-	(222,492)	170,177
Total non-depreciable assets	<u>270,596</u>	<u>233,779</u>	<u>-</u>	<u>(222,492)</u>	<u>281,883</u>
<i>Depreciable Assets:</i>					
Building and improvements	15,592,647	-	-	222,492	15,815,139
Equipment	529,739	-	(20,828)	-	508,911
Total depreciable assets	<u>16,122,386</u>	<u>-</u>	<u>(20,828)</u>	<u>222,492</u>	<u>16,324,050</u>
<i>Less accumulated depreciation:</i>					
Building and improvements	(4,393,060)	(345,260)	-	-	(4,738,320)
Equipment	(520,367)	(240)	12,498	-	(508,109)
Total accumulated depreciation	<u>(4,913,427)</u>	<u>(345,500)</u>	<u>12,498</u>	<u>-</u>	<u>(5,246,429)</u>
Total depreciable assets, net	<u>11,208,959</u>	<u>(345,500)</u>	<u>(8,330)</u>	<u>222,492</u>	<u>11,077,621</u>
Total capital assets, net	<u>\$ 11,479,555</u>	<u>\$ (111,721)</u>	<u>\$ (8,330)</u>	<u>\$ -</u>	<u>\$ 11,359,504</u>

Business-type activities depreciation expense for capital assets for the year ended June 30, 2013 is \$345,500.

**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, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Refunding Lease - ABAG Capital Lease	\$ 1,388,300	\$ -	\$ 109,000	\$ 1,279,300	\$ 112,700
Fire truck	150,635	-	150,635	-	-
Energy Efficiency/ Conservation Upgrades	818,696	-	21,065	797,631	43,225
Compensated Absences	307,404	220,536	209,493	318,447	217,019
	<u>\$ 2,665,035</u>	<u>\$ 220,536</u>	<u>\$ 490,193</u>	<u>\$ 2,395,378</u>	<u>\$ 372,944</u>
			unamortized discount	(9,681)	
			Total	<u>\$ 2,385,697</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, 2013

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

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

On November 1, 2011, the City entered into a refunding lease agreement with Municipal Financial Corporation in the amount of \$1,388,300 to current refund the outstanding balance of the ABAG Lease Revenue Bonds, Series 2002 and to take advantage of historically low interest rates. The average savings are approximately \$21,258 per fiscal year with the net present value savings equal to \$185,245. The lease matures on December 1, 2022. Principal payments are due December 1<sup>st</sup> of each year with semi-annual interest rate at 3.40%. The debt requirements due under the terms of the lease as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 112,700	\$ 41,580	\$ 154,280
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
2019-2023	690,400	59,891	750,291
Total	<u>\$ 1,279,300</u>	<u>\$ 228,689</u>	<u>\$ 1,507,989</u>

Capital Lease Obligations

Fire Truck

On October 27, 2008, the City entered into a capital lease for the purchase of a fire truck. The annual interest rate was 3.9% and lease payments due quarterly in the amount of \$150,635. The truck was paid off in the year ended June 30, 2013.

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, 2013, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 43,225	\$ 26,403	\$ 69,628
2015	44,730	24,873	69,603
2016	46,286	22,477	68,763
2017	47,897	21,651	69,548
2018	49,563	20,911	70,474
2019-2023	274,919	76,951	351,870
2024-2028	291,011	25,672	316,683
Total	<u>\$ 797,631</u>	<u>\$ 218,938</u>	<u>\$ 1,016,569</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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

Compensated Absences

Compensated absences at June 30, 2013, amounted to \$318,447. 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, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
JPA Loan Payable - 2011	\$ 4,868,638	\$ -	\$ 618,460	\$ 4,250,178	\$ 636,963
Sewer Revenue Bond- 2006	8,915,000	-	210,000	8,705,000	220,000
Compensated Absences	24,987	16,857	12,954	28,890	14,977
	<u>\$ 13,808,625</u>	<u>\$ 16,857</u>	<u>\$ 841,414</u>	12,984,068	<u>\$ 871,940</u>
			Unamortized premium/(discount)	140,453	
			Total	<u>\$ 13,124,521</u>	

San Elijo JPA Loan Payable - 2011

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

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

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 636,963	\$ 148,900	\$ 785,863
2015	655,634	129,792	785,426
2016	671,470	110,122	781,592
2017	692,808	89,978	782,786
2018	724,648	62,226	786,874
2019-2021	868,655	38,264	906,919
Total	<u>\$ 4,250,178</u>	<u>\$ 579,282</u>	<u>\$ 4,829,460</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**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 2012-13
Revenues:	
Operating revenues	\$ 4,708,765
Other operating	46,470
Non-operating	78,615
Gross revenues	<u>4,833,850</u>
Expenses	<u>3,456,455</u>
Net Income	<u>\$ 1,377,395</u>
Add back:	
Interest expense	\$ 536,423
Depreciation	345,500
Amortization of bond premium/discount & refunding	70,986
Amortization of investment in IPA	21,890
Net revenues available for debt service	<u>\$ 2,352,194</u>
2011 Refunding Revenue bonds debt service:	
Principal repayment	\$ 618,460
Interest charges	167,454
Total debt service	<u>\$ 785,914</u>
Coverage ratio	<u>3.0</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 \$14,170,353 as of June 30, 2013.

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, 2013

**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>
2014	\$ 220,000	\$ 370,758	\$ 590,758
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
2019-2023	1,435,000	1,515,450	2,950,450
2024-2028	1,775,000	1,183,031	2,958,031
2029-2033	2,190,000	760,375	2,950,375
2034-2037	2,125,000	237,125	2,362,125
Total	<u>\$ 8,705,000</u>	<u>\$ 5,465,353</u>	<u>\$ 14,170,353</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 \$2,352,194, the 2006 Subordinate Wastewater Revenue bonds debt service coverage requirement for fiscal year ended June 30, 2013, is calculated as follows:

	<u>Fiscal Year 2012-13</u>
Net revenues available for debt service	\$ 2,352,194
Less: 2011 Refunding Revenue bonds debt service	<u>785,914</u>
Net revenues available for 2006 Sewer Revenue Bonds debt service	<u>\$ 1,566,280</u>
2006 Sewer Revenue bonds debt service	
Principal repayment	\$ 210,000
Interest charges	<u>378,318</u>
Total debt service	<u>\$ 588,318</u>
Coverage ratio	<u>2.7</u>

**Compensated Absences**

Business-type activities compensated absences at June 30, 2013, amounted to \$28,890. 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, 2013, were \$2,305,000.

**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, 2013, were \$520,000.

**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. In addition, claims management is provided by Carl Warren and Company. The City notifies all appropriate parties, including Carl Warren and Company, SANDPIPA and the excess insurance carriers of claims/suits that have been filed when appropriate.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**


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**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 \$1,216,600 reported at June 30, 2013 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
2010-2011	\$ 1,203,000	\$ 194,013	\$ (153,443)	\$ 1,243,570
2011-2012	1,243,570	339,900	(436,470)	1,147,000
2012-2013	1,147,000	380,455	(310,855)	1,216,600

**CITY OF SOLANA BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

The latest financial information of the CSAC Excess Insurance Authority for fiscal year ended June 30, 2012, is as follows:

Total assets	<u>\$ 573,863,822</u>
Total liabilities	<u>\$ 468,312,002</u>
Total net assets	<u>\$ 105,551,820</u>
Total revenues	<u>\$ 515,514,668</u>
Total expenses	<u>\$ 514,277,487</u>
Expenses over revenues	<u>\$ 1,237,181</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%	7%	6.25%
Fire Safety	9%	9%	11.5%
Marine Safety	9%	9%	11.5%

The City employer is required to contribute for fiscal year 2012-2013 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	13.914%	7.846%	6.25%
Fire Safety	24.706%	19.204%	11.5%
Marine Safety	24.706%	19.204%	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, 2013

**Note 7: Public Employee Retirement System (Continued)**

**Annual Pension Cost**

For fiscal year ended June 30, 2013, the City's annual pension cost of \$771,414 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	\$2,119,376	\$241,677	\$36,608
Fire Safety	1,529,487	54,525	26,243
Marine Safety	251,667	0	15,069

In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2012 to June 30, 2013.

**Three-Year Trend Information for PERS**

Miscellaneous Employees-Tier 1

Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2011	14.007%	\$ 348,568	100%
6/30/2012	13.353%	284,314	100%
6/30/2013	13.914%	294,890	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%

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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**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%

Fire Safety Employees-Tier 1			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2011	32.856%	\$ 536,133	100%
6/30/2012	24.112%	406,182	100%
6/30/2013	24.706%	377,875	100%

Fire Safety Employees-Tier 2			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2012	19.169%	\$ 3,818	100%
6/30/2013	19.204%	10,471	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%

Marine Safety Employees-Tier 1			
Fiscal Year	Employer Contribution Rate	Annual Pension Cost (APC)	Percentage of APC Contributed
6/30/2011	29.815%	\$ 80,188	100%
6/30/2012	24.112%	68,277	100%
6/30/2013	24.706%	62,177	100%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**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%

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%

**Funded Status of Plan – Miscellaneous and Safety Employees**

As of the actuarial valuation date of June 30, 2010, 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, 2013

**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)	\$ 411,000
Interest on Net OPEB Obligation	9,283
Adjustment to ARC	<u>(29,325)</u>
Annual OPEB Cost (Expenses)	390,958
Contribution Made	<u>(105,058)</u>
Increase in Net OPEB Obligation	285,900
Net OPEB Obligation	
Beginning of year	<u>727,100</u>
End of year	<u><u>\$ 1,013,000</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
2010-2011	\$ 250,100	\$ 96,100	38.4%	\$ 154,800	\$ 459,900
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

**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 2012/13 Annual Required Contribution.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**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, 2013, is as follows:

Operating revenues	\$ 6,021,108
Operating expenses	5,960,570
Net non-operating loss	(129,193)
Capital grants	<u>859,760</u>
Change in net assets	<u>\$ 12,712,245</u>
Total assets	\$ 55,817,525
Total liabilities	<u>(18,031,784)</u>
Net assets- total fund equity	<u>\$ 37,785,741</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, 2013 is as follows:

Investment at June 30, 2012	\$ 18,773,724
Capital contribution	429,880
Current year share in the joint venture net gain	(115,567)
Amortization of premium	<u>(21,890)</u>
Investment at June 30, 2013	<u>\$ 19,066,147</u>

At June 30, 2013, the SEJPA had \$8,558,970 in 2012 Refunding Revenue Bonds outstanding. The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

**CITY OF SOLANA BEACH**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2013**

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

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

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

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

The City elected to borrow funds from its Sanitation Fund to pay 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>
2014	\$ 397,692	\$ 57,139	\$ 454,831
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>\$ 2,405,857</u>	<u>\$ 189,267</u>	<u>\$ 2,595,124</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 2012-13 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, 2013, with an estimated cost to complete of approximately \$1,078,290 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 one-sixth of the interest due each month when Sales Tax is sent from the Board of Equalization (BOE) in an effort to have the full amount with the Trustee by the 1st of April and 1st of October.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**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
<b>Nonspendable</b>				
Prepays	\$ 9,276	\$ -	\$ -	\$ 9,276
<b>Total nonspendable</b>	<u>9,276</u>	<u>-</u>	<u>-</u>	<u>9,276</u>
<b>Restricted</b>				
Gas Tax	-	-	729,051	729,051
Municipal Improvement Districts	-	-	487,361	487,361
Lighting District	-	-	1,052,463	1,052,463
COPS	-	-	114,812	114,812
Public Safety	-	-	67,458	67,458
Fire Mitigation	-	-	24,209	24,209
CALTRANS	-	-	59,634	59,634
Coastal Area Business/ Visitor Assistance & Enhancement	-	-	271,695	271,695
Boating & Waterways	-	-	73,335	73,335
Miscellaneous Grants	-	-	6,098	6,098
Housing	-	-	427,402	427,402
Camp Programs	-	-	133,065	133,065
Affordable Housing Grant	-	-	529,284	529,284
Assessment Districts CIP	-	-	157,456	157,456
Sand Replenish/ Retention and Coastal Access CIP	-	-	425,387	425,387
Public Improvement Grant	-	-	5,524	5,524
City Debt Service	-	-	24,436	24,436
<b>Total restricted</b>	<u>-</u>	<u>-</u>	<u>4,588,670</u>	<u>4,588,670</u>
<b>Committed</b>				
Public Facilities	150,365	-	-	150,365
Public Art	4,914	-	-	4,914
In-Lieu Housing	100,786	-	-	100,786
Parks & Recreation	22,312	-	-	22,312
<b>Total assigned</b>	<u>278,377</u>	<u>-</u>	<u>-</u>	<u>278,377</u>
<b>Assigned</b>				
General Fund	4,579,527	-	-	4,579,527
Developer Pass-Thru	-	-	100,106	100,106
City CIP	-	-	425,629	425,629
<b>Total assigned</b>	<u>4,579,527</u>	<u>-</u>	<u>525,735</u>	<u>5,105,262</u>
<b>Unassigned</b>	4,014,144	(5,148,905)	(184,515)	(1,319,276)
<b>Total fund balances</b>	<u>\$ 8,881,324</u>	<u>\$ (5,148,905)</u>	<u>\$ 4,929,890</u>	<u>\$ 8,662,309</u>

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

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	
<b>Non-Spendable</b>						
Prepays	\$ 9,276	\$ -	\$ -	\$ -	\$ -	\$ 9,276
<b>Total Non-Spendable</b>	<u>9,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,276</u>
<b>Committed</b>						
Public Facilities	150,365	-	-	-	-	150,365
Public Art	4,914	-	-	-	-	4,914
In-Lieu Housing	100,786	-	-	-	-	100,786
Parks & Recreation	22,312	-	-	-	-	22,312
<b>Total Committed</b>	<u>278,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,377</u>
<b>Assigned</b>						
Park Fee	29,103	-	-	-	-	29,103
Community Television	35,275	-	-	-	-	35,275
Street Sweeping	114,963	-	-	-	-	114,963
Housing	1,499,500	-	-	-	-	1,499,500
Self-Insurance	-	581,554	-	-	-	581,554
Worker's Comp	-	-	522,291	-	-	522,291
Asset Replacement	-	-	-	1,796,841	-	1,796,841
<b>Total Assigned</b>	<u>1,678,841</u>	<u>581,554</u>	<u>522,291</u>	<u>1,796,841</u>	<u>-</u>	<u>4,579,527</u>
<b>Unassigned</b>	<u>6,420,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,405,857)</u>	<u>4,014,144</u>
<b>Total fund balances (deficit)</b>	<u>\$ 8,386,495</u>	<u>\$ 581,554</u>	<u>\$ 522,291</u>	<u>\$ 1,796,841</u>	<u>\$ (2,405,857)</u>	<u>\$ 8,881,324</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, 2013.

CITY OF SOLANA BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2013

**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, 2013, the following funds had deficit fund balances:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
TransNet	\$ 5,148,905
TEA 21/TEA	168,970
CDBG	15,545

The deficits will be resolved through future fund revenue sources.

**Note 14: Excess Expenditures Over Appropriations**

For the year ended June 30, 2013, expenditures exceeded appropriations in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Public Safety	\$ 141,479	\$ 160,291	\$ 18,812
Costal Area Business/Visitor Assistance and Enhancement	37,500	38,344	844
Assessment District Capital Projects	2,500	48,228	45,728

**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, 2013

**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	\$ 1,092,516
Cash and investments with fiscal agent	<u>235,828</u>
	<u>\$ 1,328,344</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, 2013, follows:

	Balance July 1, 2012	Additions	Repayments	Balance June 30, 2013	Due Within One Year
Fiduciary Funds:					
2006 Tax Allocation Bonds	\$ 3,230,000	\$ -	\$ 75,000	\$ 3,155,000	\$ 80,000
Total Fiduciary Funds	<u>\$ 3,230,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 3,155,000</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, 2013, \$5,365,363 was held in reserve.



NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2013**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>
2014	\$ 80,000	\$ 154,715	\$ 234,715
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
2019-2023	545,000	627,968	1,172,968
2024-2028	685,000	483,565	1,168,565
2029-2033	865,000	296,320	1,161,320
2034-2037	630,000	65,280	695,280
Total	<u>\$ 3,155,000</u>	<u>\$ 2,210,363</u>	<u>\$ 5,365,363</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 \$5,365,363 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 \$565,932 and the debt service obligation on the bonds was \$232,903.

**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, 2013, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

**Note 16: Restatement Net Position**

Governmental and Business-type activities Net Position were restated for the implementation of GASB Statement 65. The Statement requires that debt issuance costs be recognized as an expense in the period incurred. As such, bond issuance costs of \$24,062 (Governmental activities) and \$189,596 (Business-type activities) have been retroactively adjusted against beginning net position.

# **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF SOLANA BEACH**

**REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013**

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**Budgetary Information**

The City is required by its municipal code to adopt an annual budget on or before June 30 for the ensuing fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. From the effective date of the budget adoption, the amounts budgeted become the "annual appropriated budget." Annual appropriated budget are adopted for the General Fund, special revenue funds, capital projects funds (with the exception to the Assessment District capital project fund) and debt service funds. The following funds did not have budgets adopted:

SEEG  
CAMP PROGRAMS FUND  
PUBLIC IMPROVEMENT GRANT

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, 2013  
(With comparative totals for the year ended June 30, 2012)**

	2013			Variance with Final Budget Positive (Negative)	2012
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 7,330,785	\$ 7,330,785	\$ 7,330,785	\$ -	\$ 6,533,026
<b>Resources (Inflows):</b>					
Taxes					
Property	5,514,200	5,514,200	5,792,654	278,454	5,384,007
Transient occupancy	810,000	845,000	912,459	67,459	860,282
Sales	2,900,000	3,043,600	3,077,691	34,091	2,963,507
Franchise and other	1,545,000	1,564,000	1,686,409	122,409	1,582,797
Licenses and permits	495,000	465,000	361,573	(103,427)	420,339
Intergovernmental	1,458,500	1,484,500	1,513,120	28,620	1,457,131
Charges for services	701,600	701,600	595,817	(105,783)	796,759
Use of money and property	105,000	110,000	75,304	(34,696)	81,207
Fines and forfeitures	340,300	340,300	323,961	(16,339)	342,136
Miscellaneous	415,005	415,005	629,247	214,242	435,714
Transfers in	12,500	49,500	37,693	(11,807)	-
<b>Amounts Available for Appropriation</b>	<b>21,627,890</b>	<b>21,863,490</b>	<b>22,336,713</b>	<b>473,223</b>	<b>20,856,905</b>
<b>Charges to Appropriation (Outflow):</b>					
General government					
City Council	221,000	227,153	226,206	947	209,268
City Clerk	280,900	325,900	315,451	10,449	284,574
Legal services	523,900	523,900	411,279	112,621	377,392
City Manager	306,500	304,500	254,695	49,805	268,362
Finance	522,200	603,972	517,913	86,059	553,377
Personnel	249,100	248,700	247,727	973	248,858
Information systems	315,500	323,338	279,851	43,487	255,856
Support services	759,400	846,260	804,588	41,672	920,972
Total general government	3,178,500	3,403,723	3,057,710	346,013	3,118,659
Public safety					
Junior lifeguard	197,700	197,700	112,242	85,458	185,478
Marine safety	602,200	638,012	635,415	2,597	566,892
Law enforcement	3,077,200	3,078,050	3,066,787	11,263	2,994,108
Code & parking enforcement	212,100	246,100	198,888	47,212	198,128
Fire department	3,338,400	3,361,834	3,269,062	92,772	3,207,094
Animal regulation	94,000	94,000	89,420	4,580	89,006
Civil defense	25,600	25,600	21,647	3,953	22,424
Environmental services	43,500	43,500	37,789	5,711	39,360
Total public safety	7,590,700	7,684,796	7,431,250	253,546	7,302,490
Public works					
Street and other	969,000	992,605	900,432	92,173	965,178
Public facilities	150,500	154,500	143,417	11,083	129,371
Engineering	328,100	328,100	271,206	56,894	283,496
Total public works	1,447,600	1,475,205	1,315,055	160,150	1,378,045
Community development					
Planning	498,100	497,700	464,305	33,395	483,740
Building services	285,600	285,600	234,002	51,598	339,064
Total community development	783,700	783,300	698,307	84,993	822,804
Parks and recreation					
Community services	101,500	104,708	102,551	2,157	95,897
Recreation programs	166,800	191,100	179,887	11,213	149,058
Total parks and recreation	268,300	295,808	282,438	13,370	244,955
Transfers out	463,700	670,629	670,629	-	659,167
<b>Total Charges to Appropriations</b>	<b>13,732,500</b>	<b>14,313,461</b>	<b>13,455,389</b>	<b>858,072</b>	<b>13,526,120</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 7,895,390</b>	<b>\$ 7,550,029</b>	<b>\$ 8,881,324</b>	<b>\$ 1,331,295</b>	<b>\$ 7,330,785</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE

TRANSNET FUND

YEAR ENDED JUNE 30, 2013

(With comparative totals for the year ended June 30, 2012)

	2013			Variance with Final Budget Positive (Negative)	2012
	Budget Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Budgetary Fund Balance, July 1	\$ 219,863	\$ 219,863	\$ 219,863	\$ -	\$ 932,447
<b>Resources (Inflows):</b>					
Intergovernmental	1,346,800	1,346,800	-	(1,346,800)	-
Use of money and property	3,900	3,900	(182)	(4,082)	2,028
Miscellaneous	-	-	3,623	3,623	3,623
Reimbursements	5,500,000	5,500,000	-	(5,500,000)	-
<b>Amounts Available for Appropriation</b>	<b>7,070,563</b>	<b>7,070,563</b>	<b>223,304</b>	<b>(6,847,259)</b>	<b>938,098</b>
<b>Charges to Appropriation (Outflow):</b>					
Capital outlay	6,657,800	7,008,363	5,372,209	1,636,154	717,639
Transfers out	-	-	-	-	596
<b>Total Charges to Appropriations</b>	<b>6,657,800</b>	<b>7,008,363</b>	<b>5,372,209</b>	<b>1,636,154</b>	<b>718,235</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 412,763</b>	<b>\$ 62,200</b>	<b>\$(5,148,905)</b>	<b>\$ (5,211,105)</b>	<b>\$ 219,863</b>

## **SUPPLEMENTARY INFORMATION**

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# NON-MAJOR GOVERNMENTAL FUNDS

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

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

**SEEG Fund** - accounts for the State Environment Enhancement Grant.

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

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

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

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

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

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

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

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



# NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

**Sand Replenish / Retention and Coastal CIP** - is limited to sand replenishment, sand retention, and coastal improvement project. Seewall 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

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CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	Special Revenue Funds		Capital Projects Funds	
	2013	2012	2013	2012
<b>Assets:</b>				
Cash and investments	\$ 4,122,231	\$ 5,156,476	\$ 1,163,539	\$ 1,954,158
Receivables:				
Accounts	36,146	138	-	30,945
Taxes	33,750	5,529	-	-
Interest	1,865	3,074	591	754
Due from other governments	80,780	98,011	-	70,365
Due from Successor Agency	-	-	393,880	278,215
<b>Total Assets</b>	<b>\$ 4,274,772</b>	<b>\$ 5,263,228</b>	<b>\$ 1,558,010</b>	<b>\$ 2,334,437</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 140,279	\$ 226,664	\$ 61,275	\$ 590,356
Accrued liabilities	27,134	9,180	-	-
Unearned revenues	-	-	25,000	-
Deposits payable	575	575	69,226	69,226
Due to other funds	215,326	236,889	388,513	-
<b>Total Liabilities</b>	<b>383,314</b>	<b>473,308</b>	<b>544,014</b>	<b>659,582</b>
<b>Fund Balances:</b>				
Restricted	3,975,867	5,015,346	588,367	1,225,836
Assigned	100,106	90,431	425,629	449,019
Unassigned	(184,515)	(315,857)	-	-
<b>Total Fund Balances</b>	<b>3,891,458</b>	<b>4,789,920</b>	<b>1,013,996</b>	<b>1,674,855</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 4,274,772</b>	<b>\$ 5,263,228</b>	<b>\$ 1,558,010</b>	<b>\$ 2,334,437</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	Debt Service Funds		Total Governmental Funds	
	2013	2012	2013	2012
<b>Assets:</b>				
Cash and investments	\$ 24,436	\$ -	\$ 5,310,206	\$ 7,110,634
Receivables:				
Accounts	-	-	36,146	31,083
Taxes	-	-	33,750	5,529
Interest	-	-	2,456	3,828
Due from other governments	-	-	80,780	168,376
Due from Successor Agency	-	-	393,880	278,215
<b>Total Assets</b>	<b>\$ 24,436</b>	<b>\$ -</b>	<b>\$ 5,857,218</b>	<b>\$ 7,597,665</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 201,554	\$ 817,020
Accrued liabilities	-	-	27,134	9,180
Unearned revenues	-	-	25,000	-
Deposits payable	-	-	69,801	69,801
Due to other funds	-	-	603,839	236,889
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>927,328</b>	<b>1,132,890</b>
<b>Fund Balances:</b>				
Restricted	24,436	-	4,588,670	6,241,182
Assigned	-	-	525,735	539,450
Unassigned	-	-	(184,515)	(315,857)
<b>Total Fund Balances</b>	<b>24,436</b>	<b>-</b>	<b>4,929,890</b>	<b>6,464,775</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 24,436</b>	<b>\$ -</b>	<b>\$ 5,857,218</b>	<b>\$ 7,597,665</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	SEEG	Lighting District
<b>Assets:</b>				
Cash and investments	\$ 719,293	\$ 526,968	\$ -	\$ 1,055,110
Receivables:				
Accounts	-	-	-	31,055
Taxes	29,054	2,329	-	2,367
Interest	371	142	-	686
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 748,718</b>	<b>\$ 529,439</b>	<b>\$ -</b>	<b>\$ 1,089,218</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 19,611	\$ 41,463	\$ -	\$ 33,203
Accrued liabilities	56	615	-	3,552
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>19,667</b>	<b>42,078</b>	<b>-</b>	<b>36,755</b>
<b>Fund Balances:</b>				
Restricted	729,051	487,361	-	1,052,463
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>729,051</b>	<b>487,361</b>	<b>-</b>	<b>1,052,463</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 748,718</b>	<b>\$ 529,439</b>	<b>\$ -</b>	<b>\$ 1,089,218</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

(Continued)

	Special Revenue Funds			
	TEA 21 / TEA	COPS	Public Safety	Fire Mitigation
<b>Assets:</b>				
Cash and investments	\$ -	\$ 106,692	\$ 53,743	\$ 24,209
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	25,000	19,423	-
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 131,692</b>	<b>\$ 73,166</b>	<b>\$ 24,209</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 16,880	\$ 5,215	\$ -
Accrued liabilities	-	-	493	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	168,970	-	-	-
<b>Total Liabilities</b>	<b>168,970</b>	<b>16,880</b>	<b>5,708</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	-	114,812	67,458	24,209
Assigned	-	-	-	-
Unassigned	(168,970)	-	-	-
<b>Total Fund Balances</b>	<b>(168,970)</b>	<b>114,812</b>	<b>67,458</b>	<b>24,209</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 131,692</b>	<b>\$ 73,166</b>	<b>\$ 24,209</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	Special Revenue Funds			
	CDBG	CALTRANS	Coastal Area Business / Visitor	Boating & Waterways
<b>Assets:</b>				
Cash and investments	\$ -	\$ 54,088	\$ 281,543	\$ 73,335
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	-	-	102	-
Due from other governments	30,811	5,546	-	-
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 30,811</b>	<b>\$ 59,634</b>	<b>\$ 281,645</b>	<b>\$ 73,335</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 9,950	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	46,356	-	-	-
<b>Total Liabilities</b>	<b>46,356</b>	<b>-</b>	<b>9,950</b>	<b>-</b>
<b>Fund Balances:</b>				
Restricted	-	59,634	271,695	73,335
Assigned	-	-	-	-
Unassigned	(15,545)	-	-	-
<b>Total Fund Balances</b>	<b>(15,545)</b>	<b>59,634</b>	<b>271,695</b>	<b>73,335</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 30,811</b>	<b>\$ 59,634</b>	<b>\$ 281,645</b>	<b>\$ 73,335</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

(Continued)

	Special Revenue Funds			
	Miscellaneous Grants	Developer Pass-Thru	Housing	Affordable Housing Grant
<b>Assets:</b>				
Cash and investments	\$ 6,098	\$ 100,481	\$ 427,155	\$ 531,549
Receivables:				
Accounts	-	200	-	-
Taxes	-	-	-	-
Interest	-	-	247	317
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 6,098</b>	<b>\$ 100,681</b>	<b>\$ 427,402</b>	<b>\$ 531,866</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,582
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	575	-	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>575</b>	<b>-</b>	<b>2,582</b>
<b>Fund Balances:</b>				
Restricted	6,098	-	427,402	529,284
Assigned	-	100,106	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>6,098</b>	<b>100,106</b>	<b>427,402</b>	<b>529,284</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,098</b>	<b>\$ 100,681</b>	<b>\$ 427,402</b>	<b>\$ 531,866</b>



CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	Special	Capital Projects Funds		
	Revenue Funds			
	Camp	City CIP	Assessment	Sand
	Programs		Districts CIP	Replenish /
				Retention and
<b>Assets:</b>				
Cash and investments	\$ 161,967	\$ 484,125	\$ 243,326	\$ 436,088
Receivables:				
Accounts	4,891	-	-	-
Taxes	-	-	-	-
Interest	-	231	-	203
Due from other governments	-	-	-	-
Due from Successor Agency	-	-	-	-
<b>Total Assets</b>	<b>\$ 166,858</b>	<b>\$ 484,356</b>	<b>\$ 243,326</b>	<b>\$ 436,291</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 11,375	\$ 33,727	\$ 16,644	\$ 10,904
Accrued liabilities	22,418	-	-	-
Unearned revenues	-	25,000	-	-
Deposits payable	-	-	69,226	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>33,793</b>	<b>58,727</b>	<b>85,870</b>	<b>10,904</b>
<b>Fund Balances:</b>				
Restricted	133,065	-	157,456	425,387
Assigned	-	425,629	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>133,065</b>	<b>425,629</b>	<b>157,456</b>	<b>425,387</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 166,858</b>	<b>\$ 484,356</b>	<b>\$ 243,326</b>	<b>\$ 436,291</b>

CITY OF SOLANA BEACH

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	Capital Projects Funds	Debt Service Funds	Total Governmental Funds	
	Public Improvement Grant	City Debt Service	2013	2012
<b>Assets:</b>				
Cash and investments	\$ -	\$ 24,436	\$ 5,310,206	\$ 7,110,634
Receivables:				
Accounts	-	-	36,146	31,083
Taxes	-	-	33,750	5,529
Interest	157	-	2,456	3,828
Due from other governments	-	-	80,780	168,376
Due from Successor Agency	393,880	-	393,880	278,215
<b>Total Assets</b>	<b>\$ 394,037</b>	<b>\$ 24,436</b>	<b>\$ 5,857,218</b>	<b>\$ 7,597,665</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 201,554	\$ 817,020
Accrued liabilities	-	-	27,134	9,180
Unearned revenues	-	-	25,000	-
Deposits payable	-	-	69,801	69,801
Due to other funds	388,513	-	603,839	236,889
<b>Total Liabilities</b>	<b>388,513</b>	<b>-</b>	<b>927,328</b>	<b>1,132,890</b>
<b>Fund Balances:</b>				
Restricted	5,524	24,436	4,588,670	6,241,182
Assigned	-	-	525,735	539,450
Unassigned	-	-	(184,515)	(315,857)
<b>Total Fund Balances</b>	<b>5,524</b>	<b>24,436</b>	<b>4,929,890</b>	<b>6,464,775</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 394,037</b>	<b>\$ 24,436</b>	<b>\$ 5,857,218</b>	<b>\$ 7,597,665</b>

## CITY OF SOLANA BEACH

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for the year ended June 30, 2012)**

	Special Revenue Funds		Capital Projects Funds	
	2013	2012	2013	2012
<b>Revenues:</b>				
Taxes and assessments	\$ 1,395,212	\$ 1,547,820	\$ 182,492	\$ 172,207
Intergovernmental	717,412	295,209	-	70,365
Charges for services	235,090	3,077	-	-
Use of money and property	7,413	13,353	2,369	3,594
Other revenues	88,474	58,044	378,465	111,195
<b>Total Revenues</b>	<b>2,443,601</b>	<b>1,917,503</b>	<b>563,326</b>	<b>357,361</b>
<b>Expenditures:</b>				
Current:				
General government	51	3,938	-	107,765
Public safety	514,662	311,772	-	-
Public works	712,494	923,908	48,228	-
Community development	62,455	130,579	195,145	-
Community services	2,446	-	-	-
Capital outlay	1,567,021	760,066	699,712	1,288,235
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
<b>Total Expenditures</b>	<b>2,859,129</b>	<b>2,130,263</b>	<b>943,085</b>	<b>1,396,000</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(415,528)	(212,760)	(379,759)	(1,038,639)
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,321	747,417	357,208	1,470,753
Transfers out	(71,693)	(610,310)	-	(648,309)
Contributions to Successor Agency	(195,699)	-	(638,308)	-
Other debts issued	-	281,788	-	536,908
<b>Total Other Financing Sources (Uses)</b>	<b>(263,071)</b>	<b>418,895</b>	<b>(281,100)</b>	<b>1,359,352</b>
Extraordinary gain/(loss)	-	(1,936)	-	-
<b>Net Change in Fund Balances</b>	<b>\$ (678,599)</b>	<b>\$ 204,199</b>	<b>\$ (660,859)</b>	<b>\$ 320,713</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	\$ 4,570,057	\$ 4,470,909	\$ 1,674,855	\$ 1,354,142
Restatements	-	114,812	-	-
Beginning of year, as restated	4,570,057	4,585,721	1,674,855	1,354,142
Net change in fund balances	(678,599)	204,199	(660,859)	320,713
<b>Fund Balances, End of Year</b>	<b>\$ 3,891,458</b>	<b>\$ 4,789,920</b>	<b>\$ 1,013,996</b>	<b>\$ 1,674,855</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(With comparative totals for the year ended June 30, 2012)

	Debt Service Funds		Total Governmental Funds	
	2013	2012	2013	2012
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ 371,147	\$ 1,577,704	\$ 2,091,174
Intergovernmental	-	-	717,412	365,574
Charges for services	-	-	235,090	3,077
Use of money and property	(1)	193	9,781	17,140
Other revenues	-	-	466,939	169,239
<b>Total Revenues</b>	<b>(1)</b>	<b>371,340</b>	<b>3,006,926</b>	<b>2,646,204</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	51	111,703
Public safety	-	-	514,662	311,772
Public works	-	-	760,722	923,908
Community development	-	-	257,600	130,579
Community services	-	-	2,446	-
Capital outlay	-	-	2,266,733	2,048,301
Debt service:				
Principal retirement	280,700	-	280,700	-
Interest and fiscal charges	77,283	80,679	77,283	80,679
Pass-through agreement payments	-	7,147	-	7,147
<b>Total Expenditures</b>	<b>357,983</b>	<b>87,826</b>	<b>4,160,197</b>	<b>3,614,089</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,984)	283,514	(1,153,271)	(967,885)
<b>Other Financing Sources (Uses):</b>				
Transfers in	343,100	-	704,629	2,218,170
Transfers out	-	(643,184)	(71,693)	(1,901,803)
Contributions to Successor Agency	-	-	(834,007)	-
Other debts issued	-	-	-	818,696
<b>Total Other Financing Sources (Uses)</b>	<b>343,100</b>	<b>(643,184)</b>	<b>(201,071)</b>	<b>1,135,063</b>
Extraordinary gain/(loss)	-	(364,069)	-	(366,005)
<b>Net Change in Fund Balances</b>	<b>\$ (14,884)</b>	<b>\$ (723,739)</b>	<b>\$ (1,354,342)</b>	<b>\$ (198,827)</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	\$ 39,320	\$ 723,739	\$ 6,284,232	\$ 6,548,790
Restatements	-	-	-	114,812
Beginning of year, as restated	39,320	723,739	6,284,232	6,663,602
Net change in fund balances	(14,884)	(723,739)	(1,354,342)	(198,827)
<b>Fund Balances, End of Year</b>	<b>\$ 24,436</b>	<b>\$ -</b>	<b>\$ 4,929,890</b>	<b>\$ 6,464,775</b>

CITY OF SOLANA BEACH

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for the year ended June 30, 2012)**

	Special Revenue Funds			
	Gas Tax	Municipal Improvement Districts	SEEG	Lighting District
<b>Revenues:</b>				
Taxes and assessments	\$ 320,167	\$ 535,846	\$ -	\$ 447,953
Intergovernmental	-	4,455	-	8,079
Charges for services	-	-	-	-
Use of money and property	1,291	594	-	3,121
Other revenues	-	-	-	32,415
<b>Total Revenues</b>	<b>321,458</b>	<b>540,895</b>	<b>-</b>	<b>491,568</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	44,934	440,969	-	226,591
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	558,324	-	-	887,524
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
<b>Total Expenditures</b>	<b>603,258</b>	<b>440,969</b>	<b>-</b>	<b>1,114,115</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(281,800)	99,926	-	(622,547)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(693)	(71,000)
Contributions to Successor Agency	-	-	-	-
Other debts issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(693)</b>	<b>(71,000)</b>
Extraordinary gain/(loss)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ (281,800)</b>	<b>\$ 99,926</b>	<b>\$ (693)</b>	<b>\$ (693,547)</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	\$ 1,010,851	\$ 387,435	\$ 693	\$ 1,746,010
Restatements	-	-	-	-
Beginning of year, as restated	1,010,851	387,435	693	1,746,010
Net change in fund balances	(281,800)	99,926	(693)	(693,547)
<b>Fund Balances, End of Year</b>	<b>\$ 729,051</b>	<b>\$ 487,361</b>	<b>\$ -</b>	<b>\$ 1,052,463</b>

## CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(With comparative totals for the year ended June 30, 2012)

(Continued)

	Special Revenue Funds			
	TEA 21 / TEA	COPS	Public Safety	Fire Mitigation
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	100,000	162,672	-
Charges for services	-	-	-	2,569
Use of money and property	-	-	-	(1)
Other revenues	-	-	21,218	-
<b>Total Revenues</b>	<b>-</b>	<b>100,000</b>	<b>183,890</b>	<b>2,568</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	51	-
Public safety	-	100,000	160,240	20,831
Public works	-	-	-	-
Community development	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>100,000</b>	<b>160,291</b>	<b>20,831</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	23,599	(18,263)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	4,321	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	-
Other debts issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>4,321</b>	<b>-</b>
Extraordinary gain/(loss)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,920</b>	<b>\$ (18,263)</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	\$ (168,970)	\$ 114,812	\$ 39,538	\$ 42,472
Restatements	-	-	-	-
Beginning of year, as restated	(168,970)	114,812	39,538	42,472
Net change in fund balances	-	-	27,920	(18,263)
<b>Fund Balances, End of Year</b>	<b>\$ (168,970)</b>	<b>\$ 114,812</b>	<b>\$ 67,458</b>	<b>\$ 24,209</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for the year ended June 30, 2012)

	Special Revenue Funds			
	CDBG	CALTRANS	Coastal Area Business / Visitor	Boating & Waterways
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ 91,246	\$ -
Intergovernmental	101,582	-	-	340,624
Charges for services	-	-	-	-
Use of money and property	-	-	349	-
Other revenues	-	-	4,149	-
<b>Total Revenues</b>	<b>101,582</b>	<b>-</b>	<b>95,744</b>	<b>340,624</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	135,856
Public works	-	-	-	-
Community development	-	-	38,344	-
Community services	-	-	-	-
Capital outlay	101,673	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
<b>Total Expenditures</b>	<b>101,673</b>	<b>-</b>	<b>38,344</b>	<b>135,856</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91)	-	57,400	204,768
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	-
Other debts issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ (91)</b>	<b>\$ -</b>	<b>\$ 57,400</b>	<b>\$ 204,768</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	\$ (15,454)	\$ 59,634	\$ 214,295	\$ (131,433)
Restatements	-	-	-	-
Beginning of year, as restated	(15,454)	59,634	214,295	(131,433)
Net change in fund balances	(91)	-	57,400	204,768
<b>Fund Balances, End of Year</b>	<b>\$ (15,545)</b>	<b>\$ 59,634</b>	<b>\$ 271,695</b>	<b>\$ 73,335</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013

(With comparative totals for the year ended June 30, 2012)

(Continued)

	Special Revenue Funds			
	Miscellaneous Grants	Developer Pass-Thru	Housing	Affordable Housing Grant
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	60	838	1,161
Other revenues	-	29,967	-	-
<b>Total Revenues</b>	<b>-</b>	<b>30,027</b>	<b>838</b>	<b>1,161</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	20,352	-	3,759
Community services	-	-	-	-
Capital outlay	19,500	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
<b>Total Expenditures</b>	<b>19,500</b>	<b>20,352</b>	<b>-</b>	<b>3,759</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,500)	9,675	838	(2,598)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	(195,699)
Other debts issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(195,699)</b>
Extraordinary gain/(loss)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ (19,500)</b>	<b>\$ 9,675</b>	<b>\$ 838</b>	<b>\$ (198,297)</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	\$ 25,598	\$ 90,431	\$ 426,564	\$ 727,581
Restatements	-	-	-	-
Beginning of year, as restated	25,598	90,431	426,564	727,581
Net change in fund balances	(19,500)	9,675	838	(198,297)
<b>Fund Balances, End of Year</b>	<b>\$ 6,098</b>	<b>\$ 100,106</b>	<b>\$ 427,402</b>	<b>\$ 529,284</b>



## CITY OF SOLANA BEACH

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for the year ended June 30, 2012)**

	Special			
	Revenue Funds	Capital Projects Funds		
	Camp Programs	City CIP	Assessment Districts CIP	Sand Replenish / Retention and
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 182,492
Intergovernmental	-	-	-	-
Charges for services	232,521	-	-	-
Use of money and property	-	1,171	(68)	689
Other revenues	725	378,465	-	-
<b>Total Revenues</b>	<b>233,246</b>	<b>379,636</b>	<b>(68)</b>	<b>183,181</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	97,735	-	-	-
Public works	-	-	48,228	-
Community development	-	195,145	-	-
Community services	2,446	-	-	-
Capital outlay	-	565,089	-	134,623
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
<b>Total Expenditures</b>	<b>100,181</b>	<b>760,234</b>	<b>48,228</b>	<b>134,623</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	133,065	(380,598)	(48,296)	48,558
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	357,208	-	-
Transfers out	-	-	-	-
Contributions to Successor Agency	-	-	-	-
Other debts issued	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>357,208</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>\$ 133,065</b>	<b>\$ (23,390)</b>	<b>\$ (48,296)</b>	<b>\$ 48,558</b>
<b>Fund Balances:</b>				
Beginning of year, as originally reported	\$ -	\$ 449,019	\$ 205,752	\$ 376,829
Restatements	-	-	-	-
Beginning of year, as restated	-	449,019	205,752	376,829
Net change in fund balances	133,065	(23,390)	(48,296)	48,558
<b>Fund Balances, End of Year</b>	<b>\$ 133,065</b>	<b>\$ 425,629</b>	<b>\$ 157,456</b>	<b>\$ 425,387</b>

## CITY OF SOLANA BEACH

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013  
(With comparative totals for the year ended June 30, 2012)**

	Capital Projects Funds		Debt Service Funds		Total Governmental Funds	
	Public Improvement Grant	City Debt Service	2013	2012	2013	2012
<b>Revenues:</b>						
Taxes and assessments	\$ -	\$ -	\$ 1,577,704	\$ 2,091,174	\$ 1,577,704	\$ 2,091,174
Intergovernmental	-	-	717,412	365,574	717,412	365,574
Charges for services	-	-	235,090	3,077	235,090	3,077
Use of money and property	577	(1)	9,781	17,140	9,781	17,140
Other revenues	-	-	466,939	169,239	466,939	169,239
<b>Total Revenues</b>	<b>577</b>	<b>(1)</b>	<b>3,006,926</b>	<b>2,646,204</b>	<b>3,006,926</b>	<b>2,646,204</b>
<b>Expenditures:</b>						
Current:						
General government	-	-	51	111,703	51	111,703
Public safety	-	-	514,662	311,772	514,662	311,772
Public works	-	-	760,722	923,908	760,722	923,908
Community development	-	-	257,600	130,579	257,600	130,579
Community services	-	-	2,446	-	2,446	-
Capital outlay	-	-	2,266,733	2,048,301	2,266,733	2,048,301
Debt service:						
Principal retirement	-	280,700	280,700	-	280,700	-
Interest and fiscal charges	-	77,283	77,283	80,679	77,283	80,679
Pass-through agreement payments	-	-	-	7,147	-	7,147
<b>Total Expenditures</b>	<b>-</b>	<b>357,983</b>	<b>4,160,197</b>	<b>3,614,089</b>	<b>4,160,197</b>	<b>3,614,089</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	577	(357,984)	(1,153,271)	(967,885)	(1,153,271)	(967,885)
<b>Other Financing Sources (Uses):</b>						
Transfers in	-	343,100	704,629	2,218,170	704,629	2,218,170
Transfers out	-	-	(71,693)	(1,901,803)	(71,693)	(1,901,803)
Contributions to Successor Agency	(638,308)	-	(834,007)	-	(834,007)	-
Other debts issued	-	-	-	818,696	-	818,696
<b>Total Other Financing Sources (Uses)</b>	<b>(638,308)</b>	<b>343,100</b>	<b>(201,071)</b>	<b>1,135,063</b>	<b>(201,071)</b>	<b>1,135,063</b>
Extraordinary gain/(loss)	-	-	-	(366,005)	-	(366,005)
<b>Net Change in Fund Balances</b>	<b>\$ (637,731)</b>	<b>\$ (14,884)</b>	<b>\$ (1,354,342)</b>	<b>\$ (198,827)</b>	<b>\$ (1,354,342)</b>	<b>\$ (198,827)</b>
<b>Fund Balances:</b>						
Beginning of year, as originally reported	\$ 643,255	\$ 39,320	\$ 6,284,232	\$ 6,548,790	\$ 6,284,232	\$ 6,548,790
Restatements	-	-	-	114,812	-	114,812
Beginning of year, as restated	643,255	39,320	6,284,232	6,663,602	6,284,232	6,663,602
Net change in fund balances	(637,731)	(14,884)	(1,354,342)	(198,827)	(1,354,342)	(198,827)
<b>Fund Balances, End of Year</b>	<b>\$ 5,524</b>	<b>\$ 24,436</b>	<b>\$ 4,929,890</b>	<b>\$ 6,464,775</b>	<b>\$ 4,929,890</b>	<b>\$ 6,464,775</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$1,010,851	\$ 1,010,851	\$ 1,010,851	\$ -
<b>Resources (Inflows):</b>				
Taxes	361,100	361,100	320,167	(40,933)
Use of money and property	1,800	1,800	1,291	(509)
<b>Amounts Available for Appropriation</b>	<b>1,373,751</b>	<b>1,373,751</b>	<b>1,332,309</b>	<b>(41,442)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	34,700	44,934	(10,234)
Capital outlay	462,500	800,888	558,324	242,564
<b>Total Charges to Appropriations</b>	<b>462,500</b>	<b>835,588</b>	<b>603,258</b>	<b>232,330</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 911,251</b>	<b>\$ 538,163</b>	<b>\$ 729,051</b>	<b>\$ 190,888</b>

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL IMPROVEMENT DISTRICTS FUND  
YEAR ENDED JUNE 30, 2013**

	<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	\$ 387,435	\$ 387,435	\$ 387,435	\$ -
<b>Resources (Inflows):</b>				
Taxes	518,100	518,100	535,846	17,746
Intergovernmental	2,500	2,500	4,455	1,955
Use of money and property	900	900	594	(306)
<b>Amounts Available for Appropriation</b>	<b>908,935</b>	<b>908,935</b>	<b>928,330</b>	<b>19,395</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	460,900	462,047	440,969	21,078
<b>Total Charges to Appropriations</b>	<b>460,900</b>	<b>462,047</b>	<b>440,969</b>	<b>21,078</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 448,035</b>	<b>\$ 446,888</b>	<b>\$ 487,361</b>	<b>\$ 40,473</b>

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
LIGHTING DISTRICT FUND  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$1,746,010	\$ 1,746,010	\$ 1,746,010	\$ -
<b>Resources (Inflows):</b>				
Taxes	415,600	415,600	447,953	32,353
Intergovernmental	3,200	3,200	8,079	4,879
Use of money and property	5,800	5,800	3,121	(2,679)
Miscellaneous	-	-	32,415	32,415
<b>Amounts Available for Appropriation</b>	<b>2,170,610</b>	<b>2,170,610</b>	<b>2,237,578</b>	<b>66,968</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	272,800	274,769	226,591	48,178
Capital outlay	212,500	946,224	887,524	58,700
Transfers out	71,000	71,000	71,000	-
<b>Total Charges to Appropriations</b>	<b>556,300</b>	<b>1,291,993</b>	<b>1,185,115</b>	<b>106,878</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$1,614,310</b>	<b>\$ 878,617</b>	<b>\$ 1,052,463</b>	<b>\$ 173,846</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 COPS FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 114,812	\$ 114,812	\$ 114,812	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	100,000	100,000
Use of money and property	200	200	-	(200)
<b>Amounts Available for Appropriation</b>	<b>115,012</b>	<b>115,012</b>	<b>214,812</b>	<b>99,800</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	100,000	100,000	100,000	-
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 15,012</b>	<b>\$ 15,012</b>	<b>\$ 114,812</b>	<b>\$ 99,800</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC SAFETY FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 39,538	\$ 39,538	\$ 39,538	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	19,500	136,431	162,672	26,241
Miscellaneous	-	-	21,218	21,218
Transfers in	-	4,321	4,321	-
<b>Amounts Available for Appropriation</b>	<b>59,038</b>	<b>180,290</b>	<b>227,749</b>	<b>47,459</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	51	(51)
Public safety	19,500	141,479	160,240	(18,761)
<b>Total Charges to Appropriations</b>	<b>19,500</b>	<b>141,479</b>	<b>160,291</b>	<b>(18,812)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 39,538</b>	<b>\$ 38,811</b>	<b>\$ 67,458</b>	<b>\$ 28,647</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 FIRE MITIGATION FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 42,472	\$ 42,472	\$ 42,472	\$ -
<b>Resources (Inflows):</b>				
Charges for services	3,000	3,000	2,569	(431)
Use of money and property	100	100	(1)	(101)
<b>Amounts Available for Appropriation</b>	<b>45,572</b>	<b>45,572</b>	<b>45,040</b>	<b>(532)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	15,000	21,891	20,831	1,060
<b>Total Charges to Appropriations</b>	<b>15,000</b>	<b>21,891</b>	<b>20,831</b>	<b>1,060</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 30,572</b>	<b>\$ 23,681</b>	<b>\$ 24,209</b>	<b>\$ 528</b>



CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 CDBG FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (15,454)	\$ (15,454)	\$ (15,454)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	131,000	131,000	101,582	(29,418)
<b>Amounts Available for Appropriation</b>	<b>115,546</b>	<b>115,546</b>	<b>86,128</b>	<b>(29,418)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	131,000	131,000	101,673	29,327
<b>Total Charges to Appropriations</b>	<b>131,000</b>	<b>131,000</b>	<b>101,673</b>	<b>29,327</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (15,454)</b>	<b>\$ (15,454)</b>	<b>\$ (15,545)</b>	<b>\$ (91)</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 CALTRANS FUND  
 YEAR ENDED JUNE 30, 2013

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

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
 COASTAL AREA BUSINESS / VISITOR ASSISTANCE AND ENHANCEMENT FUND  
 YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 214,295	\$ 214,295	\$ 214,295	\$ -
<b>Resources (Inflows):</b>				
Taxes	81,000	81,000	91,246	10,246
Use of money and property	400	400	349	(51)
Miscellaneous	-	-	4,149	4,149
<b>Amounts Available for Appropriation</b>	<b>295,695</b>	<b>295,695</b>	<b>310,039</b>	<b>14,344</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	34,500	37,500	38,344	(844)
<b>Total Charges to Appropriations</b>	<b>34,500</b>	<b>37,500</b>	<b>38,344</b>	<b>(844)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 261,195</b>	<b>\$ 258,195</b>	<b>\$ 271,695</b>	<b>\$ 13,500</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 BOATING AND WATERWAYS FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (131,433)	\$ (131,433)	\$ (131,433)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	145,000	145,000	340,624	195,624
<b>Amounts Available for Appropriation</b>	<b>13,567</b>	<b>13,567</b>	<b>209,191</b>	<b>195,624</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	120,000	410,480	135,856	274,624
<b>Total Charges to Appropriations</b>	<b>120,000</b>	<b>410,480</b>	<b>135,856</b>	<b>274,624</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (106,433)</b>	<b>\$ (396,913)</b>	<b>\$ 73,335</b>	<b>\$ 470,248</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 MISCELLANEOUS GRANTS FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 25,598	\$ 25,598	\$ 25,598	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	19,500	19,500	-	(19,500)
<b>Amounts Available for Appropriation</b>	<b>45,098</b>	<b>45,098</b>	<b>25,598</b>	<b>(19,500)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	19,500	19,500	19,500	-
<b>Total Charges to Appropriations</b>	<b>19,500</b>	<b>19,500</b>	<b>19,500</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 25,598</b>	<b>\$ 25,598</b>	<b>\$ 6,098</b>	<b>\$ (19,500)</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 DEVELOPER PASS-THRU FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 90,431	\$ 90,431	\$ 90,431	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	60	60
Miscellaneous	100,000	100,000	29,967	(70,033)
<b>Amounts Available for Appropriation</b>	<b>190,431</b>	<b>190,431</b>	<b>120,458</b>	<b>(69,973)</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	100,000	139,763	20,352	119,411
<b>Total Charges to Appropriations</b>	<b>100,000</b>	<b>139,763</b>	<b>20,352</b>	<b>119,411</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 90,431</b>	<b>\$ 50,668</b>	<b>\$ 100,106</b>	<b>\$ 49,438</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 HOUSING FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 426,564	\$ 426,564	\$ 426,564	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,400	1,400	838	(562)
<b>Amounts Available for Appropriation</b>	<b>427,964</b>	<b>427,964</b>	<b>427,402</b>	<b>(562)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 427,964</b>	<b>\$ 427,964</b>	<b>\$ 427,402</b>	<b>\$ (562)</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 AFFORDABLE HOUSING GRANT FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 727,581	\$ 727,581	\$ 727,581	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	1,161	1,161
<b>Amounts Available for Appropriation</b>	<b>727,581</b>	<b>727,581</b>	<b>728,742</b>	<b>1,161</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	-	552,306	3,759	548,547
Contributions to Successor Agency	-	-	195,699	(195,699)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>552,306</b>	<b>199,458</b>	<b>352,848</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 727,581</b>	<b>\$ 175,275</b>	<b>\$ 529,284</b>	<b>\$ 354,009</b>



CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
CITY CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 449,019	\$ 449,019	\$ 449,019	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,500	1,500	1,171	(329)
Miscellaneous	359,100	377,786	378,465	679
Transfers in	191,600	191,600	357,208	165,608
<b>Amounts Available for Appropriation</b>	<b>1,001,219</b>	<b>1,019,905</b>	<b>1,185,863</b>	<b>165,958</b>
<b>Charges to Appropriation (Outflow):</b>				
Community development	233,800	361,869	195,145	166,724
Capital outlay	528,300	795,347	565,089	230,258
<b>Total Charges to Appropriations</b>	<b>762,100</b>	<b>1,157,216</b>	<b>760,234</b>	<b>396,982</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 239,119</b>	<b>\$ (137,311)</b>	<b>\$ 425,629</b>	<b>\$ 562,940</b>

CITY OF SOLANA BEACH

BUDGETARY COMPARISON SCHEDULE  
 ASSESSMENT DISTRICT CAPITAL PROJECTS FUND  
 YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 205,752	\$ 205,752	\$ 205,752	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	800	800	(68)	(868)
<b>Amounts Available for Appropriation</b>	<b>206,552</b>	<b>206,552</b>	<b>205,684</b>	<b>(868)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public works	-	-	48,228	(48,228)
Debt service:				
Interest and fiscal charges	-	2,500	-	2,500
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>2,500</b>	<b>48,228</b>	<b>(45,728)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 206,552</b>	<b>\$ 204,052</b>	<b>\$ 157,456</b>	<b>\$ (46,596)</b>

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
SAND REPLENISH / RETENTION AND COASTAL ACCESS CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 376,829	\$ 376,829	\$ 376,829	\$ -
<b>Resources (Inflows):</b>				
Taxes	162,000	162,000	182,492	20,492
Use of money and property	1,200	1,200	689	(511)
<b>Amounts Available for Appropriation</b>	<b>540,029</b>	<b>540,029</b>	<b>560,010</b>	<b>19,981</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	110,400	152,980	134,623	18,357
<b>Total Charges to Appropriations</b>	<b>110,400</b>	<b>152,980</b>	<b>134,623</b>	<b>18,357</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 429,629</b>	<b>\$ 387,049</b>	<b>\$ 425,387</b>	<b>\$ 38,338</b>

CITY OF SOLANA BEACH

**BUDGETARY COMPARISON SCHEDULE  
CITY DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2013**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 39,320	\$ 39,320	\$ 39,320	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	(1)	(1)
Transfers in	343,100	343,100	343,100	-
<b>Amounts Available for Appropriation</b>	<b>382,420</b>	<b>382,420</b>	<b>382,419</b>	<b>(1)</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Principal retirement	259,600	259,600	280,700	(21,100)
Interest and fiscal charges	120,200	120,200	77,283	42,917
<b>Total Charges to Appropriations</b>	<b>379,800</b>	<b>379,800</b>	<b>357,983</b>	<b>21,817</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,620</b>	<b>\$ 2,620</b>	<b>\$ 24,436</b>	<b>\$ 21,816</b>

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## **FIDUCIARY FUNDS**

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

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

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

CITY OF SOLANA BEACH

COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	<b>Cedros Avenue Assessment District</b>	<b>Undergrounding Districts</b>	<b>South Solana Sewer District</b>
<b>Assets:</b>			
Pooled cash and investments	\$ 13,199	\$ 367,396	\$ 69,235
Receivables:			
Accounts	-	121	-
Taxes	-	-	767
<b>Total Assets</b>	<b>\$ 13,199</b>	<b>\$ 367,517</b>	<b>\$ 70,002</b>
Due to bondholders	\$ 13,199	\$ 367,517	\$ 70,002
<b>Total Liabilities</b>	<b>\$ 13,199</b>	<b>\$ 367,517</b>	<b>\$ 70,002</b>

CITY OF SOLANA BEACH

COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2013  
 (With comparative totals for June 30, 2012)

	<u>Total Agency Funds</u>	
	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Pooled cash and investments	\$ 449,830	\$ 449,575
Receivables:		
Accounts	121	-
Taxes	767	1,314
<b>Total Assets</b>	<b><u>\$ 450,718</u></b>	<b><u>\$ 450,889</u></b>
Due to bondholders	\$ 450,718	\$ 450,889
<b>Total Liabilities</b>	<b><u>\$ 450,718</u></b>	<b><u>\$ 450,889</u></b>



CITY OF SOLANA BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2013

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
<b><u>Cedros Avenue Assessment District</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 13,199	\$ -	\$ -	\$ 13,199
<b>Total Assets</b>	<b>\$ 13,199</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,199</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 13,199	\$ -	\$ -	\$ 13,199
<b>Total Liabilities</b>	<b>\$ 13,199</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,199</b>
<b><u>Undergrounding Districts</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 368,672	\$ 183,760	\$ 185,036	\$ 367,396
Receivables:				
Accounts	-	219	98	121
Taxes	1,314	-	1,314	-
<b>Total Assets</b>	<b>\$ 369,986</b>	<b>\$ 183,979</b>	<b>\$ 186,448</b>	<b>\$ 367,517</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 369,986	\$ 370,267	\$ 372,736	\$ 367,517
<b>Total Liabilities</b>	<b>\$ 369,986</b>	<b>\$ 370,267</b>	<b>\$ 372,736</b>	<b>\$ 367,517</b>
<b><u>South Solana Sewer District</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 67,704	\$ 39,448	\$ 37,917	\$ 69,235
Receivables:				
Taxes	-	767	-	767
<b>Total Assets</b>	<b>\$ 67,704</b>	<b>\$ 40,215</b>	<b>\$ 37,917</b>	<b>\$ 70,002</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 67,704	\$ 78,773	\$ 76,475	\$ 70,002
<b>Total Liabilities</b>	<b>\$ 67,704</b>	<b>\$ 78,773</b>	<b>\$ 76,475</b>	<b>\$ 70,002</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 449,575	\$ 223,208	\$ 222,953	\$ 449,830
Receivables:				
Accounts	-	219	98	121
Taxes	1,314	767	1,314	767
<b>Total Assets</b>	<b>\$ 450,889</b>	<b>\$ 224,194</b>	<b>\$ 224,365</b>	<b>\$ 450,718</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 450,889	\$ 449,040	\$ 449,211	\$ 450,718
<b>Total Liabilities</b>	<b>\$ 450,889</b>	<b>\$ 449,040</b>	<b>\$ 449,211</b>	<b>\$ 450,718</b>

**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			
	2004	2005	2006	2007
<b>Government activities</b>				
Net Investment in Capital				
Assets	\$ 37,489,188	\$ 509,150,966	\$ 508,883,573	\$ 508,667,761
Restricted	3,698,578	2,221,042	6,996,982	5,918,148
Unrestricted	11,645,853	11,309,650	10,976,825	10,118,438
<b>Total governmental activities net position</b>	<b>\$ 52,833,619</b>	<b>\$ 522,681,658</b>	<b>\$ 526,857,380</b>	<b>\$ 524,704,347</b>
<b>Business-type activities</b>				
Net Investment in Capital				
Assets	\$ 4,979,576	\$ 4,258,382	\$ 4,485,446	\$ 5,655,824
Restricted	809,381	850,800	1,021,293	1,021,293
Unrestricted	13,692,108	15,243,909	16,242,623	16,516,654
<b>Total business-type activities net position</b>	<b>\$ 19,481,065</b>	<b>\$ 20,353,091</b>	<b>\$ 21,749,362</b>	<b>\$ 23,193,771</b>
<b>Primary government</b>				
Net Investment in Capital				
Assets	\$ 42,468,764	\$ 513,409,348	\$ 513,369,019	\$ 514,323,585
Restricted	4,507,959	3,071,842	8,018,257	6,939,441
Unrestricted	25,337,961	26,553,559	27,219,448	26,635,092
<b>Total primary government activities net position</b>	<b>\$ 72,314,684</b>	<b>\$ 543,034,749</b>	<b>\$ 548,606,724</b>	<b>\$ 547,898,118</b>

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

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 508,786,944	\$ 506,384,350	\$ 33,268,562	\$ 32,138,178	\$ 34,301,049	\$ 39,384,623
5,634,827	6,227,639	7,086,145	6,747,340	6,370,933	4,688,776
9,696,117	9,168,682	7,537,582	4,479,958	5,275,012	1,418,151
<b>\$ 524,117,888</b>	<b>\$ 521,780,671</b>	<b>\$ 47,892,289</b>	<b>\$ 43,365,476</b>	<b>\$ 45,946,994</b>	<b>\$ 45,491,550</b>
\$ 5,300,163	\$ 9,451,570	10,679,302	6,389,844	5,470,469	5,682,518
1,021,293	1,021,293	-	-	-	-
19,961,200	16,768,741	17,901,556	22,974,310	24,794,121	25,769,871
<b>\$ 26,282,656</b>	<b>\$ 27,241,604</b>	<b>\$ 28,580,858</b>	<b>\$ 29,364,154</b>	<b>\$ 30,264,590</b>	<b>\$ 31,452,389</b>
\$ 514,087,107	\$ 515,835,920	\$ 43,947,864	\$ 38,528,022	\$ 39,771,518	\$ 45,067,141
6,656,120	7,248,932	7,086,145	6,747,340	6,370,933	4,688,776
29,657,317	25,937,423	25,439,138	27,454,268	30,069,133	27,188,022
<b>\$ 550,400,544</b>	<b>\$ 549,022,275</b>	<b>\$ 76,473,147</b>	<b>\$ 72,729,630</b>	<b>\$ 76,211,584</b>	<b>\$ 76,943,939</b>



CITY OF SOLANA BEACH

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 1,869,797	\$ 2,657,830	\$ 2,773,232	\$ 3,528,936	\$ 3,937,478
Public safety	5,426,159	5,699,742	6,087,407	6,660,964	7,295,541
Public works	4,099,736	4,725,613	4,483,800	7,956,086	3,983,378
Community development	609,010	804,491	1,089,476	1,092,010	1,318,105
Community services	272,811	413,747	393,590	447,863	3,662,205
Interest on long-term debt	148,504	138,123	330,382	440,207	464,713
Total Governmental Activities expenses	12,426,017	14,439,546	15,157,887	20,126,066	20,661,420
Business-Type Activities:					
Sanitation	2,322,722	2,798,884	2,616,081	2,893,009	3,284,109
Total Business-Type Activities Expenses	2,322,722	2,798,884	2,616,081	2,893,009	3,284,109
<b>Total Primary Government Expenses</b>	<b>\$ 14,748,739</b>	<b>\$ 17,238,430</b>	<b>\$ 17,773,968</b>	<b>\$ 23,019,075</b>	<b>\$ 23,945,529</b>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services:					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	322,410	528,680	612,036	673,678	685,091
Public works	841,104	809,414	892,979	933,500	992,150
Community development	402,152	549,425	723,716	696,403	718,504
Community services	59,007	58,192	59,245	65,554	102,620
Operating Contributions:					
General government	-	-	-	-	-
Public safety	-	-	2,460	-	-
Public works	255,956	257,689	312,172	393,644	267,943
Community development	-	-	-	-	-
Community services	-	-	-	14,944	48,393
Capital Contributions and Grants:					
Public safety	291,021	110,626	181,974	109,462	184,866
Public works	2,622,423	1,640,684	4,475,229	1,377,308	3,152,793
Community services	-	-	-	-	-
Total Governmental Activities Program Revenues	4,794,073	3,954,710	7,259,811	4,264,493	6,152,360
Business-Type Activities:					
Charges for services:					
Sanitation	3,559,721	3,530,427	3,741,212	3,860,416	5,920,865
Total Business-Type Activities Program Revenues	3,559,721	3,530,427	3,741,212	3,860,416	5,920,865
<b>Total Primary Government Program Revenues</b>	<b>\$ 8,353,794</b>	<b>\$ 7,485,137</b>	<b>\$ 11,001,023</b>	<b>\$ 8,124,909</b>	<b>\$ 12,073,225</b>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ 4,794,073	\$ 3,954,710	\$ 7,259,811	\$ (15,861,573)	\$ (14,509,060)
Business-Type Activities	(11,189,018)	(13,708,003)	(14,032,756)	967,407	2,636,756
<b>Total primary Government Net Expense</b>	<b>\$ (6,394,945)</b>	<b>\$ (9,753,293)</b>	<b>\$ (6,772,945)</b>	<b>\$ (14,894,166)</b>	<b>\$ (11,872,304)</b>
<b>General Revenues and Other Charges in Net Position</b>					
Governmental Activities:					
Taxes:					
Property taxes, levied for general purpose	\$ 3,956,173	\$ 4,031,269	\$ 4,478,992	\$ 5,565,440	\$ 5,954,582
Transient occupancy taxes	561,429	783,539	919,638	1,013,297	1,020,184
Sales taxes	2,691,127	2,661,448	2,943,359	3,070,730	3,041,726
Intergovernmental, unrestricted:					
Franchise taxes	477,870	521,996	569,936	613,222	624,153
Other taxes	1,240,834	1,756,042	2,191,678	1,821,978	1,905,408
Investment income	165,575	323,938	606,068	1,044,282	776,033
Use of money and property	30,653	34,902	26,227	31,304	56,849
Other	461,095	352,889	337,900	548,286	553,666
Loss on sale of property	-	-	-	-	-
Extraordinary Gain/(Loss) on dissolution on redevelopment agency	-	-	-	-	-
Total Governmental Activities	9,584,756	10,466,023	12,073,798	13,708,539	13,932,601
Business-Type Activities:					
Investment income	98,406	164,044	271,140	477,002	488,749
Use of money and property	-	-	-	-	-
Share in joint venture net loss	-	-	-	-	-
Other	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Business-Type Activities	98,406	164,044	271,140	477,002	488,749
<b>Total Primary Government</b>	<b>\$ 9,683,162</b>	<b>\$ 10,630,067</b>	<b>\$ 12,344,938</b>	<b>\$ 14,185,541</b>	<b>\$ 14,421,350</b>
<b>Changes in Net Position</b>					
Governmental Activities	\$ 14,378,829	\$ 14,420,733	\$ 19,333,609	\$ (2,153,034)	\$ (576,459)
Business-Type Activities	(11,090,612)	(13,543,959)	(13,761,616)	1,444,409	3,125,505
<b>Total Primary Government</b>	<b>\$ 3,288,217</b>	<b>\$ 876,774</b>	<b>\$ 5,571,993</b>	<b>\$ (708,625)</b>	<b>\$ 2,549,046</b>

		Fiscal Year				
2009	2010	2011	2012	2013		
\$ 3,518,394	\$ 4,680,495	\$ 4,943,119	\$ 3,509,970	\$ 3,521,929		
7,543,706	8,066,129	9,730,398	7,801,875	8,177,235		
6,254,133	4,350,781	4,207,981	4,499,601	5,070,916		
1,115,746	1,055,575	1,078,141	957,995	957,303		
862,778	526,188	569,907	561,563	604,445		
523,536	738,430	543,852	139,345	78,156		
19,818,293	19,417,598	21,073,398	17,470,349	18,409,984		
3,599,496	3,654,076	3,942,484	4,038,404	3,456,455		
3,599,496	3,654,076	3,942,484	4,038,404	3,456,455		
\$ 23,417,789	\$ 23,071,674	\$ 25,015,882	\$ 21,508,753	\$ 21,866,439		

\$ -	\$ -	\$ -	\$ 21,370	\$ -
804,810	397,971	471,722	439,523	376,156
923,315	571,933	689,658	251,766	511,843
508,514	447,581	506,927	796,475	648,280
105,511	248,803	151,189	229,571	357,877
-	-	14,213	-	-
-	181,174	251,237	273,048	270,428
318,590	1,000	1,351	173,664	583,136
31,725	-	-	-	-
-	76,250	13,500	30,331	-
109,194	-	65,696	78,590	162,672
1,039,257	25,500	414,003	25,000	-
-	-	21,001	-	-
3,840,916	1,950,212	2,600,497	2,319,338	2,910,392

4,296,890	4,498,181	4,501,364	4,517,005	4,708,765
4,296,890	4,498,181	4,501,364	4,517,005	4,708,765
\$ 8,137,806	\$ 6,448,393	\$ 7,101,861	\$ 6,836,343	\$ 7,619,157

\$ (15,977,377)	\$ (17,467,386)	\$ (18,472,901)	\$ (15,151,011)	\$ (15,499,592)
697,394	844,105	558,880	478,601	1,252,310
\$ (15,279,983)	\$ (16,623,281)	\$ (17,914,021)	\$ (14,672,410)	\$ (14,247,282)

\$ 6,291,314	\$ 6,880,563	\$ 6,813,559	\$ 6,597,393	\$ 6,655,138
1,015,007	929,836	978,840	1,118,592	1,186,197
2,682,769	2,515,183	2,813,228	2,963,507	3,077,691
-	-	-	52,084	-
652,107	652,485	663,660	685,336	698,672
2,016,476	2,228,379	2,353,883	2,670,333	2,643,515
401,668	175,659	161,701	-	-
87,154	-	-	102,469	84,903
493,665	345,098	218,377	494,008	722,094
-	-	(57,159)	-	-
-	-	-	2,933,995	-
13,640,160	13,727,203	13,946,089	17,617,717	15,068,210

261,554	73,634	51,294	-	-
-	-	-	152,477	78,615
-	-	-	-	-
-	-	-	269,358	46,470
-	421,515	173,122	-	-
261,554	495,149	224,416	421,835	125,085
\$ 13,901,714	\$ 14,222,352	\$ 14,170,505	\$ 18,039,552	\$ 15,193,295

\$ (2,337,217)	\$ (3,740,183)	\$ (4,526,812)	\$ 2,466,706	\$ (431,382)
958,948	1,339,254	783,296	900,436	1,377,395
\$ (1,378,269)	\$ (2,400,929)	\$ (3,743,516)	\$ 3,367,142	\$ 946,013

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 565,386	\$ 544,362	\$ 634,006	\$ 519,306	\$ 702,183
Unreserved	10,514,035	10,150,168	10,573,702	9,406,448	9,349,667
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 11,079,421</u>	<u>\$ 10,694,530</u>	<u>\$ 11,207,708</u>	<u>\$ 9,925,754</u>	<u>\$ 10,051,850</u>
All Other Governmental Funds					
Reserved	\$ 4,786,874	\$ 1,205,408	\$ 3,297,818	\$ 6,724,648	\$ 2,478,756
Unreserved, reported in nonmajor,					
Special revenue funds	(747,926)	1,677,800	2,813,527	169,154	2,944,672
Capital Projects funds	319,560	652,688	4,697,594	1,289,006	2,108,813
Debt service funds	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 4,358,508</u>	<u>\$ 3,535,896</u>	<u>\$ 10,808,939</u>	<u>\$ 8,182,808</u>	<u>\$ 7,532,241</u>

**Fiscal Year**

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 678,179	\$ 590,395	\$ -	\$ -	\$ -
9,315,645	8,836,776	-	-	-
-	-	32,550	6,482	9,276
-	-	346,990	264,534	278,377
-	-	4,553,037	4,486,177	4,579,527
-	-	1,600,449	2,573,592	4,014,144
<u>\$ 9,993,824</u>	<u>\$ 9,427,171</u>	<u>\$ 6,533,026</u>	<u>\$ 7,330,785</u>	<u>\$ 8,881,324</u>

\$ 3,297,975	\$ 2,039,729	\$ -	\$ -	\$ -
2,785,157	3,883,762	-	-	-
1,662,537	630,964	-	-	-
-	531,690	-	-	-
-	-	69,226	-	-
-	-	6,169,355	6,241,182	4,588,670
-	-	-	-	-
-	-	782,116	539,450	525,735
-	-	(273,357)	(315,857)	(5,333,420)
<u>\$ 7,745,669</u>	<u>\$ 7,086,145</u>	<u>\$ 6,747,340</u>	<u>\$ 6,464,775</u>	<u>\$ (219,015)</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Revenues:</b>					
Taxes and assessments	\$ 10,462,543	\$ 9,268,752	\$ 10,688,064	\$ 11,919,786	\$ 12,459,651
Intergovernmental	2,187,223	3,901,446	3,592,052	2,414,327	4,945,419
Licenses and permits	266,716	305,807	359,960	329,903	397,846
Charges for services	379,462	421,033	668,977	634,068	673,668
Fines and forfeitures	175,062	336,224	381,016	395,038	348,272
Contributions from property owners	-	-	2,712,563	782,564	-
Investment income	121,059	228,238	611,383	1,050,776	781,475
Use of money and property	80,056	130,602	26,853	31,304	46,849
Other	360,489	422,028	487,211	577,485	596,889
<b>Total revenues</b>	<b>14,032,610</b>	<b>15,014,130</b>	<b>19,528,079</b>	<b>18,135,251</b>	<b>20,250,069</b>
<b>Expenditures:</b>					
General government	1,945,506	2,602,447	3,074,773	3,810,327	3,562,602
Public safety	5,415,657	5,913,793	6,022,168	6,529,740	7,126,476
Public works	2,623,014	2,157,684	2,394,504	2,569,705	2,537,019
Community development	608,030	792,434	1,088,025	1,090,559	1,312,496
Community services	237,370	236,705	203,341	257,687	288,019
Capital outlay	1,890,368	4,154,864	2,091,842	7,087,294	5,208,933
Debt service:					
Principal retirement	249,403	224,025	190,000	230,000	235,000
Interest	151,102	139,681	232,203	297,973	289,795
Payment to refunded bond escrow agent	-	-	-	-	-
Pass-through payments	-	-	-	170,053	214,200
<b>Total expenses</b>	<b>13,120,450</b>	<b>16,221,633</b>	<b>15,296,856</b>	<b>22,043,338</b>	<b>20,774,540</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>912,160</b>	<b>(1,207,503)</b>	<b>4,231,223</b>	<b>(3,908,087)</b>	<b>(524,471)</b>
<b>Other financing sources (uses):</b>					
Transfers in	706,947	1,248,917	3,282,360	3,866,836	905,588
Transfers out	(706,947)	(1,248,917)	(3,282,360)	(3,866,836)	(905,588)
Contributions to Successor Agency	-	-	-	-	-
Refunding Bonds issued	-	-	-	-	-
Other Debts Issued	-	-	-	-	-
Bond Discount	-	-	-	-	-
Long-term debt issued	-	-	3,555,000	-	-
Capital leases	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>3,555,000</b>	<b>-</b>	<b>-</b>
Extraordinary Gain/(Loss) on dissolution of Redevelopment Agency (Note 16)	-	-	-	-	-
<b>Net change in fund balances/ net assets</b>	<b>\$ 912,160</b>	<b>\$ (1,207,503)</b>	<b>\$ 7,786,223</b>	<b>\$ (3,908,087)</b>	<b>\$ (524,471)</b>
<b>Capital assets used in debt service calculation*</b>	<b>\$ 2,425,081</b>	<b>\$ 3,923,659</b>	<b>\$ 2,253,161</b>	<b>\$ 4,141,490</b>	<b>\$ 2,730,022</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.7%</b>	<b>3.0%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>2.9%</b>

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

	2009	2010	2011	2012	2013
\$	12,299,829	\$ 12,299,501	\$ 12,700,086	\$ 12,881,767	\$ 13,046,917
	2,310,147	1,700,918	1,623,918	1,822,705	2,230,532
	329,118	308,284	323,091	420,339	361,573
	573,179	678,188	607,354	799,836	830,907
	322,777	349,291	385,394	342,136	323,961
	732,846	-	-	-	-
	404,348	-	-	-	-
	87,154	176,320	162,086	102,469	84,903
	593,334	421,595	1,132,388	604,953	1,099,809
	<b>17,652,732</b>	<b>15,934,097</b>	<b>16,934,317</b>	<b>16,974,205</b>	<b>17,978,602</b>
	3,373,964	3,433,354	4,363,499	3,230,362	3,057,761
	8,236,116	7,848,577	9,531,715	7,614,262	7,945,912
	2,471,621	2,278,876	2,263,950	2,301,953	2,075,777
	1,108,727	1,079,651	1,103,618	953,383	955,907
	295,651	224,884	268,603	244,955	284,884
	1,751,802	1,134,878	1,644,750	2,048,301	7,638,942
	415,000	424,079	444,385	239,900	280,700
	292,415	282,725	265,360	155,519	77,283
	-	-	-	1,545,000	-
	256,033	453,250	281,387	7,147	-
	<b>18,201,329</b>	<b>17,160,274</b>	<b>20,167,267</b>	<b>18,340,782</b>	<b>22,317,166</b>
	<b>(548,597)</b>	<b>(1,226,177)</b>	<b>(3,232,950)</b>	<b>(1,366,577)</b>	<b>(4,338,564)</b>
	946,080	857,227	874,996	2,560,970	742,322
	(946,080)	(857,227)	(874,996)	(2,560,970)	(742,322)
	-	-	-	-	(834,007)
	-	-	-	1,388,300	-
	-	-	-	818,696	-
	-	-	-	(10,650)	-
	-	-	-	(24,062)	-
	703,999	-	-	-	-
	<b>703,999</b>	<b>-</b>	<b>-</b>	<b>2,172,284</b>	<b>(834,007)</b>
	-	-	-	(366,005)	-
\$	<b>155,402</b>	<b>\$ (1,226,177)</b>	<b>\$ (3,232,950)</b>	<b>\$ 439,702</b>	<b>\$ (5,172,571)</b>
\$	390,039	\$ 963,854	\$ 1,364,025	\$ 2,055,611	\$ 7,859,585
	4.0%	4.4%	3.8%	2.4%	2.5%

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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)**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>
2004	\$ 1,916,873	\$ 223,024	\$ 131,368	\$ -
2005	2,085,753	237,780	128,736	-
2006	2,298,209	255,260	162,600	-
2007	2,514,874	265,176	175,719	-
2008	2,724,080	299,804	155,109	-
2009	2,873,115	344,271	167,089	-
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	-

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

N/A - Data not available

**Source:** San Diego County Assessor 2003/04 - 2012/13 Combined Tax Rolls  
HdL Coren & Cone.  
City of Solana Beach Finance Department

<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Taxable Value<sup>a</sup></b>	<b>Taxable Assessed Value as a Percentage of Actual Taxable Value</b>
\$ 2,271,265	0.1735%	N/A	N/A
2,452,269	0.1735%	N/A	N/A
2,716,069	0.1735%	N/A	N/A
2,955,769	0.1735%	N/A	N/A
3,178,993	0.1735%	N/A	N/A
3,384,475	0.1735%	N/A	N/A
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

**CITY OF SOLANA BEACH**

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

**City Direct Rates**

<b>Fiscal Year</b>	<b>General Basic Tax Levy</b>	<b>Municipal Improvement District</b>	<b>Lighting District</b>	<b>Total Direct Rate</b>
2004	0.1602	0.0037	0.0096	0.1735
2005	0.1602	0.0037	0.0096	0.1735
2006	0.1602	0.0037	0.0096	0.1735
2007	0.1602	0.0037	0.0096	0.1735
2008	0.1602	0.0037	0.0096	0.1735
2009	0.1602	0.0037	0.0096	0.1735
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

**Overlapping Rates**

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

(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**

<b>Educational Revenue Augmentation</b>	<b>Voter Approved (3)</b>				<b>Total Tax Rate</b>
	<b>CWA Santa Fe Irrigation Debt Service</b>	<b>Metropolitan Water District Debt Service</b>	<b>Santa Fe Irrigation Tax Rate Reduction</b>	<b>Vista Project</b>	
0.12551	0.00067	0.0061	-0.01099	-	0.995770
0.12551	-	0.0058	-0.01123	-	0.994560
0.12551	-	0.0052	-	-	1.005190
0.12551	-	0.0047	-	-	1.004690
0.12551	-	0.0045	-	-	1.004490
0.12551	-	0.0043	-	-	1.004290
0.12551	-	0.0043	-	-	1.004290
0.12551	-	0.0037	-	-	1.003690
0.12551	-	0.0037	-	-	1.003690
0.12551	-	0.0035	-	-	1.003490

**CITY OF SOLANA BEACH**

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

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
<b><u>For the Fiscal Year Ended June 30, 2013</u></b>		
SB Corporate Centre III-IV LLC	\$ 110,670,000	3.05%
Pacific Solana Beach Holdings LP	71,400,000	1.97%
SB Corporate Centre III-IV LLC	30,935,000	0.85%
Sanyo Foods Corporation of America	29,715,235	0.82%
Fenton Solana Highlands LLC	28,225,414	0.78%
E R P Operating LP	18,050,228	0.50%
Muller-Beachwalk LLC	17,800,000	0.49%
Lavida Delmar Asscs LP	16,056,366	0.44%
Urschel Laboratories INC	13,080,165	0.36%
Price Self Storage Solana Beach LLC	12,744,493	0.35%
 Total	 <u>\$ 348,676,901</u>	 <u>9.60%</u>
 <b><u>For the Fiscal Year Ended June 30, 2004</u></b>		
SB Towne Centre LLC	\$ 39,371,580	1.76%
Pacific Solana Beach Holdings LP	25,723,108	1.15%
Sanyo Foods Corporation of America	25,389,019	1.13%
Fenton Solana Highlands LLC	24,333,216	1.09%
E R P Operating LP	15,702,022	0.70%
Lavida Delmar Associates	13,777,375	0.62%
Urschel Laboratories Inc	11,364,176	0.51%
Price Enterprise Inc	11,052,517	0.49%
Generation Venture Fund IV LLC	10,450,670	0.47%
Hibiscus Investments Inc	9,741,888	0.44%
 Total	 <u>\$ 186,905,571</u>	 <u>8.35%</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
2004	\$ 4,454,612	\$ 4,398,480	98.7%	\$ 77,196	\$ 4,475,676	100%
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%

(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 Seven Fiscal Years  
(dollars in thousands, except per capita)**

Fiscal Year	Government Activities			Business-type Activities	Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	2002 ABAG Lease Revenue Bonds	Refunding Lease ABAG	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

**Notes:**

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

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

**CITY OF SOLANA BEACH**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2013**

**Fiscal Year 2012-13 Assessed Valuation :** \$3,669,445,588

<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	\$ 1,279,300	100.000%	(3) \$ 1,269,619
City of Solana Beach Capital Lease			797,631
Total Direct Debt			<u>\$ 2,067,250</u>
 <b><u>Overlapping Debt:</u></b>			
Metropolitan Water District	\$ 165,085,000	0.175%	\$ 288,899
San Dieguito Union High School District	160,000,000	7.639%	12,222,400
San Dieguito Union High School District			
Community Facilities District No. 95-1	30,067,644	3.274%	984,415
City of Solana Beach 1915 Act Bonds	2,825,000	100.000%	2,825,000
Olivenhain Municipal Water District, Assessment District No. 96-1	14,765,000	0.589%	86,966
 San Diego County General Fund Obligations	 399,780,000	 0.960%	 3,837,888
San Diego County Pension Obligations	753,897,748	0.960%	7,237,418
San Diego County Superintendent of Schools General Fund Obligations	17,462,500	0.960%	167,640
Mira Costa Community College District Certificates of Participation	2,405,000	4.699%	113,011
San Dieguito Union High School District Certificates of Participation	13,015,000	7.639%	994,216
 Overlapping Tax Increment Debt	 3,155,000	 100.000%	 <u>3,155,000</u>
Total Overlapping Debt			<u>\$ 31,912,853</u>
 Total Direct and Overlapping Debt			 (2) <u><u>\$ 33,980,103</u></u>

**Debt to Assessed Valuation Ratios :**

Direct Debt	0.06%
Overlapping Debt	0.87%
Total Debt	0.93%

**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 2013**

Assessed value	\$ 3,669,446
Debt limit (15% of assessed value)	550,417
Debt applicable to limit:	
General obligation bonds	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u><u>\$ 550,417</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>
2004	\$ 337,323	\$ -	\$ 337,323	100.00%
2005	367,897	-	367,897	100.00%
2006	407,487	-	407,487	100.00%
2007	443,421	-	443,421	100.00%
2008	476,921	-	476,921	100.00%
2009	495,650	-	495,650	100.00%
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%

**CITY OF SOLANA BEACH**

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

**2011 ABAG Refunded Lease Revenue Bonds**

<u>Fiscal Year</u>	<u>Use of Money &amp; Property</u>	<u>Lease/Rents</u>	<u>Less: Expenditures</u>	<u>Net Available Revenue</u>
2007*	\$ 12,037	\$ 323,556	\$ 1,805	\$ 333,788
2008*	11,488	319,181	1,764	328,905
2009*	9,362	324,656	240	333,778
2010*	8,291	320,756	1,676	327,371
2011*	8,210	321,263	1,627	327,846
2012*	4,122	154,349	-	158,471
2013*	-	154,280	-	154,280

<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

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

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

\* 2002 ABAG Lease Revenue Bonds

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# ***Demographic and Economic Information***

**CITY OF SOLANA BEACH**

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

<b>Calendar Year</b>	<b>Population</b>	<b>Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2003	13,404	\$ 681,145	\$ 50,817	3.1%
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%

**Sources:** HdL Coren & Cone report prepared on 11/27/13

CITY OF SOLANA BEACH

Top 25 Employers - San Diego County  
As of 2013

<u>Employer</u>	<u>Number of Employees</u>	<u>Business category</u>
U.S. Department of Defense	136,664	Defense/government
Federal Government	46,100	Federal Administration
State of California	44,700	State Government
University of California, San Diego	26,000	University
County of San Diego (CAO)	16,011	County Government
San Diego Unified School District	14,438	Public School District
Sharp HealthCare	14,390	Health care
Scripps Health	13,000	Health Care
Qualcomm Inc.	11,775	Wireless Technologies
City of San Diego	10,296	City Government
San Diego State University	9,600	State University
Kaiser Foundation Hospital	8,800	Health care
General Atomics	6,304	Defense/Technology
U.S. Postal Service, San Diego District	5,647	Mail Delivery
UCSD Medical Center Hillcrest	5,475	Hospital
Sempra Energy/SDG&E	5,028	Utility Company
California State University, San Marcos	5,000	Public University
Jack in the Box, Inc.	5,000	Franchise Restaurants
Palomar Pomerado Health	4,668	Public Health System
Rady Children's Hospital San Diego	4,650	Hospital
YMCA of San Diego County	4,522	Community Relations
The Home Depot	4,415	Home Improvement Retailer
Solar Turbines, Inc	4,310	Manufacturers
Pechanga Resort & Casino	4,100	Gaming Casino
Northrop Grumman Corp	4,000	IT systems and solutions

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

**Source:**

San Diego Sourcebook- San Diego Largest Employers Updated as of June 28, 2013



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# ***Operating Information***

**CITY OF SOLANA BEACH**

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

<b>Fiscal Years:</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Function/Program</u></b>				
General government				
City Council	5.20	0.20	0.20	0.20
City Clerk	2.87	2.75	2.75	3.00
City Manager	2.14	2.05	1.99	1.99
Legal Services	1.00	0.25	0.25	0.25
Finance	3.70	3.60	4.60	4.55
Non Departmental	-	-	-	-
Personnel	1.20	1.73	1.20	1.20
Info/Communication Systems	0.25	1.15	1.10	1.10
Community Development	5.00	5.50	6.25	6.25
Public Safety				
Fire	20.67	20.01	20.01	20.01
Code Enforcement	2.25	1.55	1.88	2.13
Marine Safety	8.31	8.45	8.67	8.67
Junior Lifeguards		1.84	1.84	1.84
Public Works				
Engineering	3.14	3.64	3.89	4.08
Environmental/Flood Control	1.49	1.69	1.69	1.69
Street Maintenance	2.77	2.96	2.96	3.10
Park Maintenance	0.75	0.94	0.94	1.14
Recreation & Community Services				
Community Services	1.05	0.62	0.64	0.83
Recreation	1.99	1.91	2.27	2.10
Sanitation	1.68	1.64	1.64	1.75
Improvement Districts	1.42	1.54	1.54	1.54
Redevelopment Agency	N/A	0.25	0.30	0.36
<b>Total Personnel</b>	<u>66.88</u>	<u>64.27</u>	<u>66.61</u>	<u>67.78</u>

N/A - Data Not Available

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

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

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

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
0.20	0.20	0.20	0.20	0.20	0.20
3.00	3.00	2.75	2.75	2.75	2.65
1.99	1.99	2.24	1.92	1.92	1.84
0.25	0.25	0.25	0.25	0.25	0.25
4.55	4.25	4.25	3.40	3.40	3.80
-	-	-	-	-	-
1.20	1.20	1.20	1.10	1.10	0.98
1.10	1.05	1.05	1.00	1.00	1.00
7.25	6.25	6.00	5.50	5.50	5.50
20.01	20.01	19.25	19.22	19.22	19.95
2.13	2.33	2.00	1.78	1.78	1.75
8.67	8.67	8.39	8.08	8.08	8.06
1.84	1.84	1.84	3.73	3.73	3.73
4.08	3.59	2.84	2.31	2.31	2.48
1.69	1.65	1.13	1.10	1.10	1.10
3.10	2.95	2.93	2.90	2.90	2.90
1.14	1.40	1.38	1.35	1.35	1.35
0.83	0.88	0.88	0.95	0.95	0.95
2.40	2.52	2.52	2.59	2.59	2.59
2.00	3.01	2.86	2.93	2.93	2.93
1.64	1.64	0.99	0.95	0.95	0.95
0.36	0.41	0.45	0.50	0.50	0.60
<u>69.43</u>	<u>69.08</u>	<u>65.39</u>	<u>64.51</u>	<u>64.51</u>	<u>65.56</u>

CITY OF SOLANA BEACH

Operating Indicators by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Community development					
Number of:					
Business licenses (A)	N/A	1272	1400	1507	1786
Plan checks (B)	328	420	457	376	380
Code violations (calendar basis)	1220	1496	1218	957	1142
Police (Calendar basis)					
Number of:					
Priority 1	18	19	14	15	13
Priority 2	711	755	718	684	648
Priority 3	2128	2205	2035	1941	1879
Priority 4	1373	1473	1398	1228	1371
FBI Index Crimes	328	346	351	303	343
Fire					
Emergency Responses	1140	1377	1300	1458	1563
Training Hours	4197	4717	4200	4644	3693
Plan Checks	109	188	125	185	159
Public works					
Miles of:					
Street resurfacing/repair	N/A	N/A	N/A	4*	8*
Street sweeping	N/A	N/A	N/A	900	900
Number of:					
Street signal maintained	N/A	N/A	N/A	180	180
Trees pruned per year	N/A	N/A	N/A	20	40
Recreation & community services					
Number of enrollees:					
Day camp (Calendar basis)	N/A	N/A	N/A	181	192
Classes	N/A	N/A	N/A	158	217
Special events	N/A	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
1634	1641	1943	1877	2023
391	322	125	211	225
821	510	1184	1277	1458
12	10	11	12	9
716	1131	1127	1195	1294
1775	1903	1778	1690	1780
1309	1154	1110	1200	1254
290	291	276	337	122
1105	1438	1588	1093	1736
4102	2634	5304	n/a	5090
89	101	62	161	335
N/A	60000**	60000**	180000**	150000**
900	900	900	900	900
180	168	168	168	168
250	287	10	158	126
171	212	271	315	385
161	78	48	35	35
9452	8200	10200	11250	N/A

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</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	1	2	2	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**

2008	2009	2010	2011	2012	2013
2	2	2	2	2	2
1	1	1	1	1	1
4	4	4	4	4	4
2	2	2	2	2	2
46	46	46	46	46	46
748	748	748	748	748	748
13	13	13	13	13	16
7	7	7	7	7	7
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	5



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