



# **CITY OF SOLANA BEACH**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR JULY 1, 2007 - JUNE 30, 2008**



CITY OF SOLANA BEACH  
CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the fiscal year ended  
June 30, 2008

Prepared by the Finance Department

Dennis M. Coleman, Finance Director

Marie Marron Berkuti, Finance Manager

David Kloz, Accountant

Sandi Lewis, Fiscal Services Specialist II

Aina Grant, Administrative Assistant II

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CITY OF SOLANA BEACH  
 Comprehensive Annual Financial Report  
 Year ended June 30, 2008

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# INTRODUCTION SECTION



## **CITY OF SOLANA BEACH**

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March 31, 2009

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

It is with great pleasure that we present to you the City of Solana Beach (City) Comprehensive Annual Financial Report (CAFR) for the Fiscal Year ended June 30, 2008.

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

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

## **Internal Controls**

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

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

## **Annual Audit**

Mayer Hoffman McCann P.C., appointed by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end June 30, 2008, 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, 2008, provided no instances of material weaknesses in the internal control structure and no violations of applicable laws and regulations. The independent auditor concluded there was a basis for rendering an unqualified opinion and the City's financial statements are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Government Profile**

The City of Solana Beach was incorporated July 1, 1986 under the general laws of the State of California and is home to a population of 13,500 per the State of California Department of Finance. Included within the City's financial statements is the financial information of the Solana Beach 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, an affluent coastal community, encompasses approximately 3.4 square miles and is located twenty-one miles north of the City of San Diego. It is bordered to the North, South, and East by the cities of Encinitas, Del Mar, and San Diego respectively, and the Pacific Ocean to the West.

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

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

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

### **Budgetary Process and Controls**

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

The process is all-inclusive as department directors work with the City Manager and representatives of the Finance Department to discuss departmental requests relative to the City's available resources. The City's overall objectives and goals, along with the economic outlook, serve as a platform for the proposed budget that is distributed to the City Council, and Budget and Finance Committee for preliminary review and analysis in preparation of public workshops and hearings. The public workshops and hearings are

held to facilitate discussions of items contained within the proposed budget and allow the citizenry to participate in the budget process.

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

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

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. The adopted budget for Fiscal Year 2007-08 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 small town 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 the San Diego County Fairgrounds and vacation tourism support a significant portion of the City's commercial base.

The California economy continued its decline during the fiscal year. It was further undermined by the State's budget uncertainties. For Fiscal Year 2007-08, evidence from a variety of economic sources suggested that the California economy would have little or no growth from the previous year and that this condition would persist in the coming months. The residential real estate market was hit hard along with other areas of the economy, including income and spending, which continuing to decline. 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 2007-08, actual dollars received in General Fund property taxes increased from 2006-07 by \$266,466 or 5.5%, while sales tax decreased for the second fiscal year in a row by \$29,004 or 0.9%. Overall, the City's General Fund increased 2.7%.

For demographic statistics and property value trends please see the Demographic and Economic Information tables in the Statistical Section of this report.

## **Major Projects and Financial Planning**

### **Fletcher Cover Master Plan**

Construction on this project began in mid-September 2006 and was park was reopened in time for summer 2007. The renovation of Fletcher Cove resulted in a more efficient utilization of the park site through a better layout and design of the facilities. The park now provides more active and passive recreational and park amenities for community residents. It also enhanced the view corridors from Plaza Street and South Sierra by relocating the existing parking to a City-owned lot on South Sierra.

### **Highway 101 Streetscape/Traffic Calming Project**

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

City Council approved a conceptual design in October 2007 for the renovation of Plaza Street, located west of Highway 101 and considered part of the Streetscape project, and a construction contract was awarded in February 2008. Work on Plaza Street was completed shortly after the end of the fiscal year.

### **I-5/Lomas Santa Fe Interchange**

The Lomas Santa Fe Interchange project, combined with the HOV (carpool) lane extension from Via de la Valle to Manchester, began construction in 2007. The auxiliary lanes and the improvements at Lomas Santa Fe Plaza are complete. The project is anticipated to be completed in 2009. Interchange related improvements fronting the Lomas Santa Fe Plaza include landscaped medians, infrastructure realignments, enlarged and signalized main entry, addition of right-in only entrance near

Starbucks, Las Banderas golf cart and pedestrian crossing, and Marine View at San Andres improvements. This project will include curb, sidewalk and storm drain improvements on Ida and Genevieve

### **Eden Gardens Pump Station**

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

Along with replacing the aging pump station, the plans include landscaping, curb, gutter and sidewalk from Highland to the existing bus stop next to the pump station, a bus stop canopy and bench and storm drain improvements. At the corner of Highland and Valley, a space for a City monument sign is reserved; this will be a project conducted in accordance with the recently adopted Master Arts Plan process

The contract for construction was awarded in April 2008 and it is anticipated that the project will be completed by January 2010.

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

## **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 4.37% as compared to 5.11% 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 \$1,264,782.

## **Risk Management**

The City of Solana Beach 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. Insurance activities are financed by charges to member cities and no long-term debt has been incurred.

As of June 30, 2008, the City is self-insured for each loss up to \$100,000. Losses between \$100,000 and \$2,000,000 are self-funded through the SANDPIPA pool with excess layers between \$2,000,000 and \$45,000,000 purchased through several layers of insurance policies.

The City has created a risk management fund that aims to maintain a minimum fund balance of \$500,000 to fund adequately losses that are within the self-insured retention level of \$100,000. The balance in this fund as of June 30, 2008 was \$661,127.

Beginning October 1, 2003, the City put in place a program of self-insurance for worker's compensation and employer's liability exposures insurance claims and canceled its coverage with State Fund. Each claim/occurrence will have a self-insured retention of \$125,000 with pooled coverage from \$125,000 through \$145 million with the California State of Association of Counties (CSAC). The balance in this fund as of June 30, 2008 is \$411,302.

In January 2009, the City transferred \$89,000 from the risk management fund to the workers compensation fund.

Employee health benefits are provided by the City through participation in the Public Employee's Retirement System Health Benefits Program that is commonly referred to as PEMCHA.

All claims are investigated, valued, reserved, defended, and/or settled in accordance with generally accepted insurance industry practices.

### **Pension and Other Post-Employment Benefits**

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. The City participates in three separate plans for its Miscellaneous, Fire, and Marine Safety employees. Each year an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution received from PERS. PERS

compiles an actuarial valuation annually which reflects status of the City's three employee groups' funding. The valuations are compiled a year after the collection of the annual required contributions and because of the time lag the City's retirement plans are sometimes underfunded or superfunded. The latest valuation reports received from the PERS actuary, dated October 2008 for the period ended June 30, 2007, reflects that the Miscellaneous plan is under funded by 12.6%; the Fire plan is under funded by 14.5%; and the Marine plan is under funded by 14.5% using an actuarial value of assets calculation (AVA).

The City also provides post-retirement health benefits for certain retirees. As of the end of the current fiscal year there were sixteen retired employees receiving this benefit that is financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. On September 13, 2006, the City Council took adopted Resolution No. 2006-162 which capped the retiree health benefits for eligible retirees, current and employees hired after January 1, 2007. Eligible retirees can receive benefits which are capped at \$325 per month, current employees hired before January 1, 2007 receive can receive benefits capped at \$290 per month and employees hired after January 2007 can receive benefits at the PEMCHA minimum currently at \$97 per month.

Additional information on the City's pension arrangements and post employment benefits can be found in the Notes to the Financial Statements.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Solana Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the eighth consecutive year that the City has received this award. The Certificate of Achievement is a prestigious national award

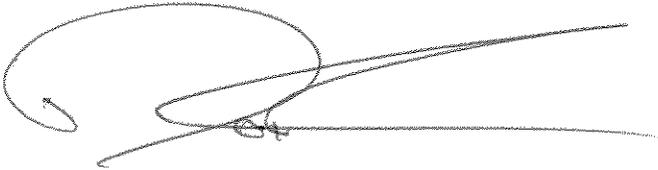
recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

David Ott  
City Manager/Director of Public Safety

Respectfully submitted,

A handwritten signature in black ink, consisting of a small, tight loop followed by a horizontal line extending to the right.

Dennis M. Coleman  
Finance Director/City Treasurer

**CITY OF SOLANA BEACH  
FISCAL YEAR 2007-2008  
DIRECTORY OF OFFICIALS AND ADVISORY BODIES**

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**CITY COUNCIL**

**TERM EXPIRES**

David W. Roberts, Mayor	November 2008
Mike Nichols, Deputy Mayor	November 2010
Thomas M. Campbell, Council Member	November 2010
Lesa Heebner, Council Member	November 2008
Joe G. Kellejian, Council Member	November 2008

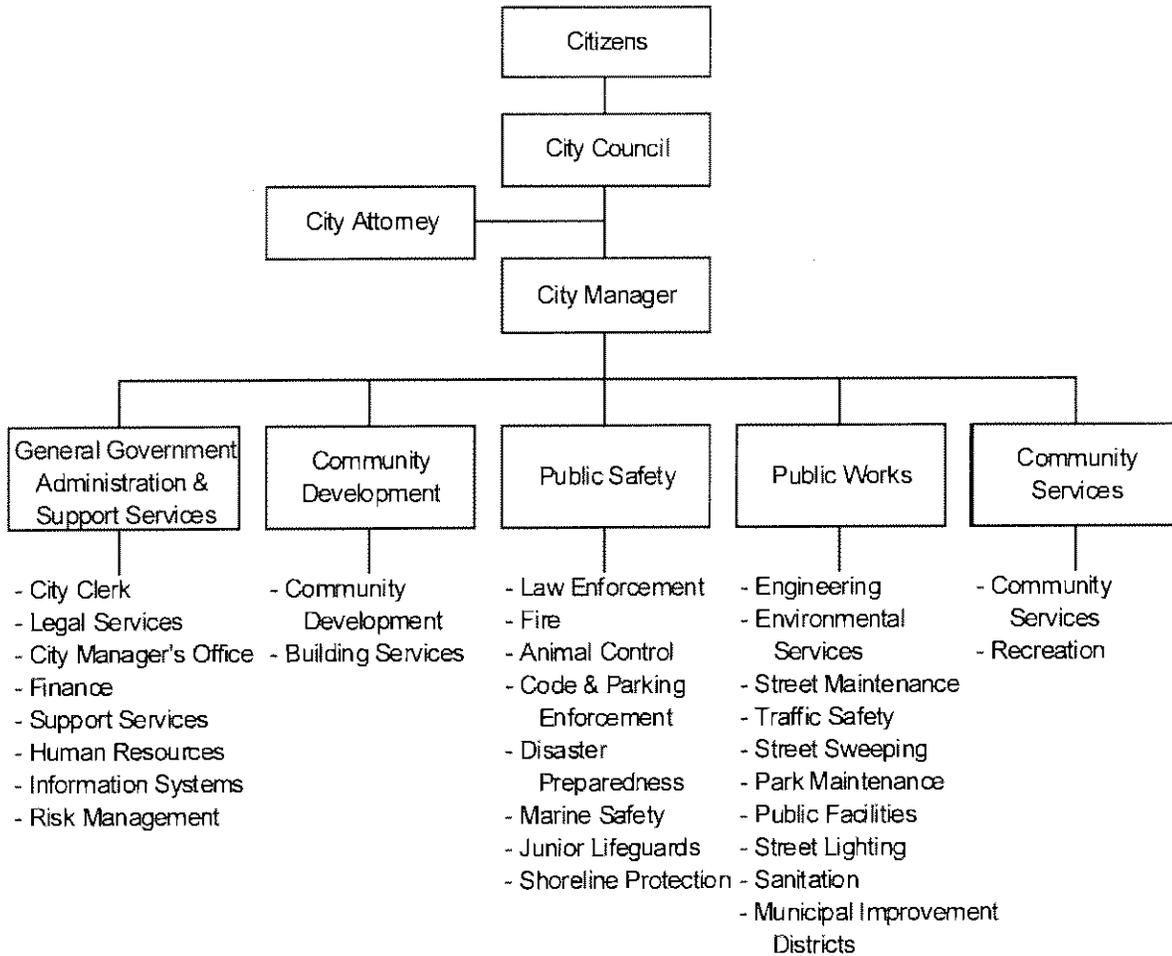
**COMMITTEES AND COMMISSIONS**

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

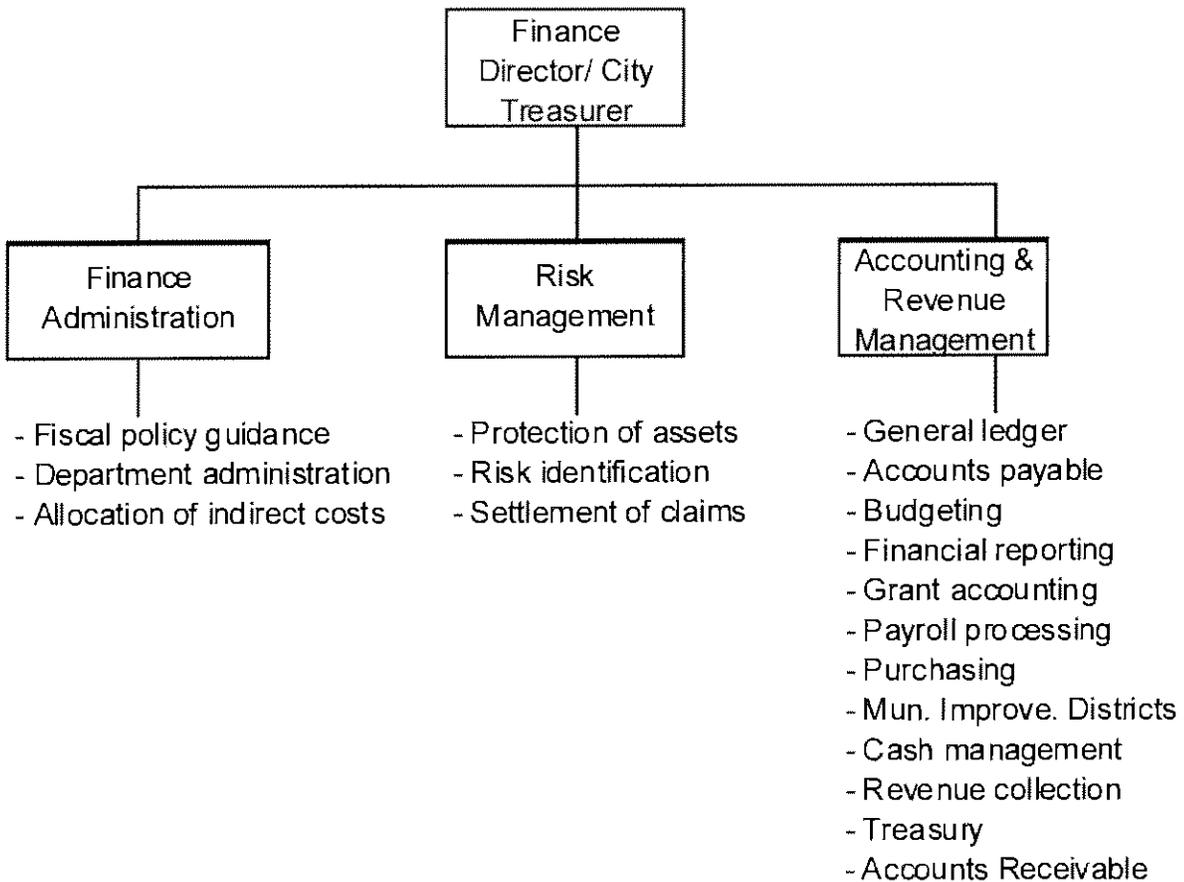
**APPOINTED OFFICIALS AND DEPARTMENT DIRECTORS**

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

CITY OF SOLANA BEACH  
 CITY GOVERNMENT  
 ORGANIZATIONAL CHART  
 FISCAL YEAR 2007/2008



CITY OF SOLANA BEACH  
FINANCE DEPARTMENT  
ORGANIZATIONAL CHART  
FISCAL YEAR 2007/2008



# 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, 2007

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



*Oliver S. Cox*

President

*Jeffrey R. Emer*

Executive Director

## FINANCIAL SECTION



Mayer Hoffman McCann P.C.

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Conrad Government Services Division

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Honorable Mayor and City Council  
City of Solana Beach, California

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach, California, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Solana Beach. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Solana Beach for the year ended June 30, 2007, and in our report dated November 30, 2007, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Solana Beach, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, of the City of Solana Beach, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009 on our consideration of the City of Solana Beach's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
March 31, 2009

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## **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, 2008. It should be read in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **FINANCIAL HIGHLIGHTS**

- The City's net assets increased to \$550,400, or by \$2,502, as a result of this year's operations.
- During the year, the City's taxes, other governmental revenues, and business activity revenues exceeded expenses by \$2,539.
- Governmental net assets were \$524,118.
- The total revenues from all sources were \$26,485.
- The total cost of all City programs was \$23,946.
- The General Fund reported an excess of revenues over expenditures and other financing uses of \$126.
- The General Fund's final revenue budget exceeded actual resources received by \$87 while actual expenditures were \$1,294 less than final budget before other financing uses.
- At the end of the fiscal year, the undesignated fund balance for the General Fund was \$2,501 or 18.2% of total General Fund expenditures (excluding other financing uses).

### **USING THIS ANNUAL REPORT**

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

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

## Reporting the City as a Whole

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

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

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

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

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

## Reporting the City's Most Significant Funds

### Fund Financial Statements

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

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

## The City as Trustee

### Reporting the City's Fiduciary Responsibilities

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

## THE CITY AS A WHOLE

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

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

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Current and other assets	\$ 20,395	\$ 20,807	\$ 36,731	\$ 34,819	\$ 57,126	\$ 55,626
Capital assets, net	513,131	513,079	7,476	7,582	520,607	520,661
<b>Total assets</b>	533,526	533,886	44,207	42,401	577,733	576,287
<b>Liabilities:</b>						
Long-term debt outstanding	6,168	6,098	16,633	17,325	22,801	23,423
Other liabilities	3,240	3,084	1,292	1,882	4,532	4,966
<b>Total liabilities</b>	9,408	9,182	17,925	19,207	27,333	28,389
<b>Net assets:</b>						
Invested in capital assets, net of debt	508,787	508,668	5,300	5,656	514,087	514,324
Restricted	5,635	5,918	1,021	1,021	6,656	6,939
Unrestricted	9,696	10,118	19,961	16,517	29,657	26,635
<b>Total net assets</b>	\$ 524,118	\$ 524,704	\$ 26,282	\$ 23,194	\$ 550,400	\$ 547,898

The City's combined net assets for the fiscal year ended June 30, 2008 were \$550,400. The City has chosen to account for its sanitation operations in an enterprise fund, which is shown as Business Activities on Table 1. The City's net assets for governmental activities decreased from \$524,704 to \$524,118. The following is an explanation of the governmental activity changes between fiscal years as shown in Table 1:

- Current and other assets decreased \$412 or 1.9% because of reduced fiscal year end tax and interest revenue receivables as compared to the prior fiscal year due to decreases in property tax receipts and interest rates.
- Capital assets increased \$52 (net of \$31,878 depreciation and disposition) as detailed in Table 4. During fiscal year 2007-08, the Fletcher Cove Park renovation was completed. The renovation removed 60 parking spaces within a 93-space public beach asphalt parking lot and replaced it with grass and park amenities.
- Governmental long-term debt increased \$70 due to increased claims payable. See Table 5 for additional detail.
- Other liabilities increased \$70 primarily due to an increase in developer deposits received by the City.
- Investment in capital assets net of debt increased \$119 due to the addition of the Fletcher Cove Park renovation to the City's capital asset records.
- Restricted net assets decreased \$283 primarily due to increased construction payments made from the Transnet special revenue fund.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements, decreased from \$10,118 at June 30, 2007 to \$9,696 at the end of this fiscal year. This net decrease of \$422 is due principally to lower than budgeted property tax, sales tax, and interest income revenue; costs associated with upgrading the City's financial systems hardware and software; increased liability premiums and worker compensation payments; and increased legal services costs.

## **Governmental Activities**

The cost of all Governmental activities this year was \$20,661 as shown on Tables 2 and 2.1. \$2,498 of this cost was paid for by those who directly benefited from the programs; \$3,654 was subsidized by grants received from other governmental organizations for both capital and operating activities; and \$13,923 was financed through general City revenues. Overall governmental program revenues, including intergovernmental aid and fees for services were \$6,152. Items of significance within Table 2 are:

#### Revenues:

- Charges for services increased by 5.4% as a result of increased revenue received for business certificate registrations, building permits, and the junior lifeguards summer program.
- Grants and contributions increased by 92.7% due to the receipt in this fiscal year of monies received from the Federal Regional Surface Transportation Program (TEA) and Transportation Development Act (TDA) grants for the I-5 Interchange Project and the inherent nature of timing differences between actual project expenditures and when reimbursements are received. The City makes every effort to request reimbursement from granting agencies shortly after project expenditures are known and paid.
- The general revenue categories rose 1.6% predominantly because of increased property tax revenues received as compared to the previous fiscal year, even though the amount received was less than the amount budgeted.

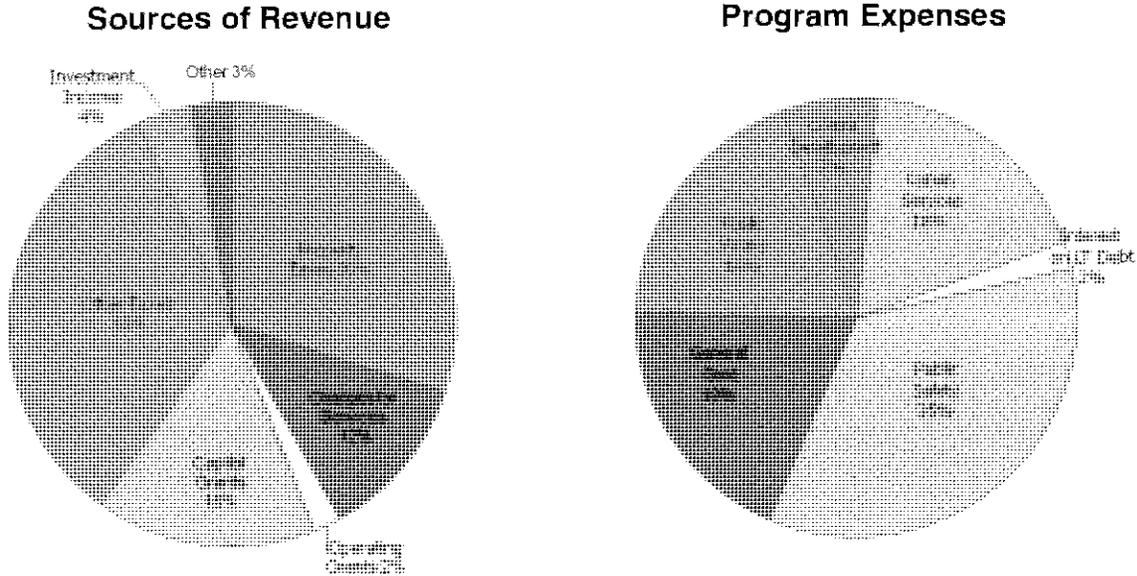
#### Expenses:

- General Government expenses increased 11.6% due to costs for the upgrades to the financial reporting systems hardware and software, increased liability and workers compensation payments, increased legal services expense, and an increase in claims payable.
- The Public Safety line item increased 9.5% due to the annual increase in the County of San Diego's Sheriff contract for police protection and increased costs for firefighter overtime, retirement costs, and professional services.
- Public Works experienced a 50.1% decrease in expenses primarily due to the completion of the undergrounding of utilities paid for by assessment districts and the Cliff Street Pedestrian Bridge funded by the Solana Beach Redevelopment District.
- There was a 20.7% increase in Community Development costs. The Planning department increased its expenses from the prior fiscal year due to personnel vacancies and work done on the Train Station being staffed by outside professional consultants. Increases in the Building department resulted from an increase in private construction building permit processing and professional services costs.
- Community Services increased over eight times as compared to last fiscal year due to the addition of the Fletcher Cove Park renovation expenses.
- Interest on Long-term Debt increased by 5.7% due to the interest payments increases stated in the bond amortization schedules.

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

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,498	\$ 2,369	\$ 4,099	\$ 3,861	\$ 6,597	\$ 6,230
Operating grants and contributions	316	409			316	409
Capital grants and contributions	3,338	1,487	1,822		5,160	1,487
General revenues:						
Property taxes	5,955	5,565			5,955	5,565
Other taxes	6,591	6,519			6,591	6,519
Other	1,377	1,624	488	477	1,865	2,101
<b>Total revenues</b>	<b>20,075</b>	<b>17,973</b>	<b>6,409</b>	<b>4,338</b>	<b>26,484</b>	<b>22,311</b>
<b>Expenses:</b>						
General government	3,938	3,529			3,938	3,529
Public safety	7,295	6,661			7,295	6,661
Public works	3,983	7,956			3,983	7,956
Community development	1,318	1,092			1,318	1,092
Community services	3,662	448			3,662	448
Interest on long-term debt	465	440			465	440
Sanitation			3,321	2,893	3,321	2,893
<b>Total expenses</b>	<b>20,661</b>	<b>20,126</b>	<b>3,321</b>	<b>2,893</b>	<b>23,982</b>	<b>23,019</b>
<b>Increase/(decrease) in net assets</b>	<b>(586)</b>	<b>(2,153)</b>	<b>3,088</b>	<b>1,445</b>	<b>2,502</b>	<b>(708)</b>
<b>Net assets - 07/01/07</b>	<b>524,704</b>	<b>526,857</b>	<b>23,194</b>	<b>21,749</b>	<b>547,898</b>	<b>548,606</b>
<b>Net assets - 06/30/08</b>	<b>\$ 524,118</b>	<b>\$ 524,704</b>	<b>\$ 26,282</b>	<b>\$ 23,194</b>	<b>\$ 550,400</b>	<b>\$ 547,898</b>

**Fiscal Year 2007**  
**Governmental Activities**  
 (Graphic representation of Table 2 in percentages)



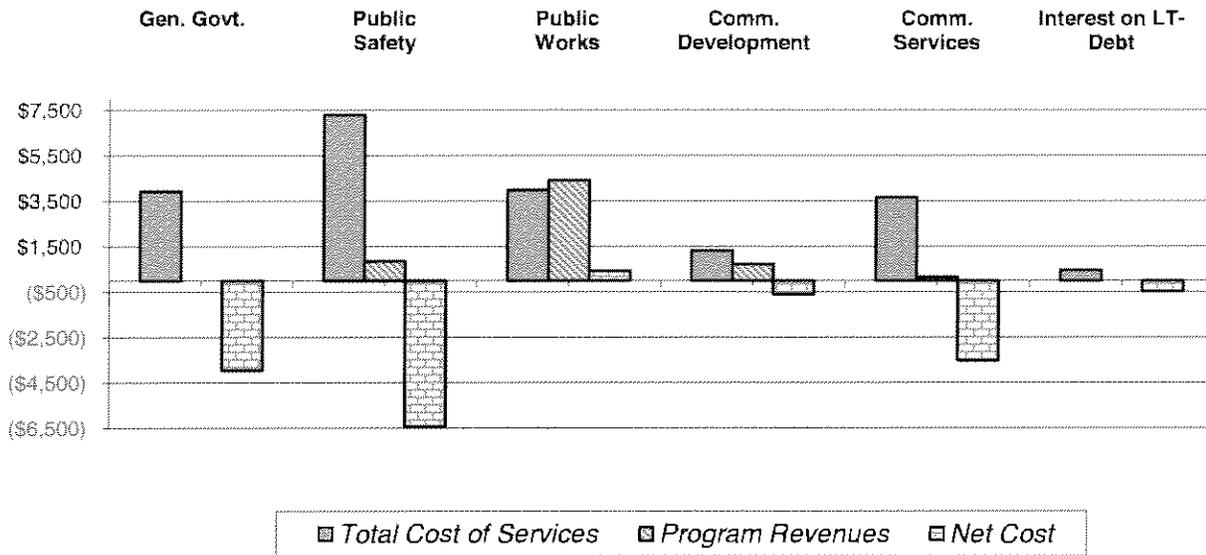
**Net Cost of Governmental Activities**

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	
	2008	2007	2008	2007	2008	2007
General government	\$ 3,938	\$ 3,529	\$ -	\$ -	\$ (3,938)	\$ (3,529)
Public safety	7,295	6,661	870	783	(6,425)	(5,878)
Public works	3,983	7,956	4,413	2,705	430	(5,251)
Community development	1,318	1,092	718	696	(600)	(396)
Community services	3,662	448	151	81	(3,511)	(367)
Interest on long-term debt	465	440	-	-	(465)	(440)
<b>Totals</b>	<b>\$ 20,661</b>	<b>\$ 20,126</b>	<b>\$ 6,152</b>	<b>\$ 4,265</b>	<b>\$ (14,509)</b>	<b>\$ (15,861)</b>

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



Total resources available during the year to finance governmental operations were \$544,779 consisting of net assets at July 1, 2007 of \$524,704, program revenues of \$6,152, and general revenues of \$13,923. Total governmental activities during the year were \$20,661; thus net assets decreased by \$586 to \$524,118.

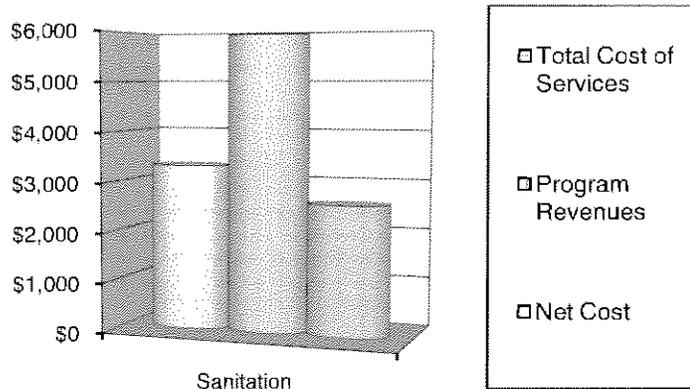
**Business Type Activities**

Net assets of the Proprietary Fund (Business Type activities) at June 30, 2008 as reflected in Table 1 were \$26,282. As shown in Table 3, amounts paid by users of the system and capital grants were \$5,921 while the cost of providing all Proprietary (Business Type) activities this year was \$3,321 resulting in a net gain of \$2,600. With the addition of non-operating revenues of \$488, assets increased by \$3,088 or 13.3%, primarily due to the receipt of federal grant monies from the Environmental Protection Agency for the construction of the Solana Beach Force Main improvement project as well as 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	
	2008	2007	2008	2007	2008	2007
Sanitation	\$ 3,321	\$ 2,893	\$ 5,921	\$ 3,861	\$ 2,600	\$ 968

**Fiscal Year 2008**  
**Total Cost of Services, Program Revenues & Net Cost – Business Activities**  
**(in thousands)**



**General Fund Budgetary Highlights**

The final appropriations for the City’s General Fund at year-end were \$1,294 less than actual expenditures prior to other financing uses. The budget to actual variance in appropriations was principally due to conservative estimates at mid-year by management. Actual revenues were \$87 less than the final budget (excluding other financing sources). Budget amendments and supplemental appropriations were made during the normal course of business to increase appropriations for unanticipated expenditures after adoption of the original budget. Significant supplemental appropriations were:

- \$225 for increased overtime in the Fire department budget,
- \$186 for the start-up costs of bringing the Building department in-house,
- \$137 for software and hardware upgrades for the City’s financial management system,
- \$130 to increase the budget for the City’s contract building services provider,
- \$65 for professional services to evaluate the Solana Beach Train Station Project’s Environmental Impact Report, and
- \$28 for the services of an on-call arborist.

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

- Information systems: savings occurred in a lower than expected cost for the projection and voting display in the city council chamber, maintenance of equipment, and professional services for broadcasting council meetings and technical support.
- Law enforcement: negotiations with the County of San Diego's Sheriff Department resulted in less than expected costs.
- Fire: purchase of a new fire apparatus was delayed until the following fiscal year.
- Streets and other public works: professional service expense was lower than budgeted in street maintenance, traffic safety, and park maintenance.
- Planning: work performed on projects by outside consultants was moved into the next fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

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

At June 30, 2008, net capital assets of the governmental activities totaled \$513,131 and the net capital assets of the business-type activities totaled \$7,476. Depreciation on capital assets is recognized in the government-wide financial statements. (See Table 4 and Note 5 to the financial statements.)

The City's five-year Capital Improvement Plan projects spending \$14,610 through fiscal 2012-13. Over the next five years, funding will come from current fund balances, projected revenues, and the Redevelopment Agency. Significant projects are the Interstate 5 and Lomas Santa Fe Interchange, rebuilding the Eden Gardens Pump Station, the Solana Beach Pump Station, the Highway 101 Streetscape and Traffic Calming project, and replacement of the Del Mar Shores Staircase.

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

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 473,451	\$ 473,451	\$ 112	\$ 112	\$ 473,563	\$ 473,563
Buildings & Improvements	11,144	8,459	3,569	3,738	14,713	12,197
Equipment & Vehicles	933	1,029	19	21	952	1,050
Infrastructure	24,769	25,821	-	-	24,769	25,821
Work in Progress	2,834	4,319	3,776	3,711	6,610	8,030
	<u>\$ 513,131</u>	<u>\$ 513,079</u>	<u>\$ 7,476</u>	<u>\$ 7,582</u>	<u>\$ 520,607</u>	<u>\$ 520,661</u>

## Debt

At year-end, the City had \$6,560 in governmental type debt and \$17,319 in proprietary debt (including premium on debt issuance). The debt is a liability of the government and amounts to \$1,768 per capita. (See Table 5 and Note 6 to the financial statements for detailed descriptions).

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

	Governmental Activities		Business Activities		Total	
	2008	2007	2008	2007	2008	2007
Lease Revenue						
Bonds	\$ 2,320	\$ 2,525	\$ -	\$ -	\$ 2,320	\$ 2,525
Tax Allocation Bonds	3,495	3,525			3,495	3,525
JPA Loan Payable	-	-	7,610	8,095	7,610	8,095
Sewer Revenue Bond	-	-	9,695	9,825	9,695	9,825
Compensated Absences	286	271	14	22	300	293
Claims Payable	459	126	-	-	459	126
	<u>\$ 6,560</u>	<u>\$ 6,447</u>	<u>\$ 17,319</u>	<u>\$ 17,942</u>	<u>\$ 23,879</u>	<u>\$ 24,389</u>

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

In considering the City Budget for fiscal year 2008-2009, the focus of the City Council and management was fiscal sustainability. Budget decisions were made with the understanding that given the current economic downturn, the City's growth rate for revenues had slowed and that the rate of any expenditure cost increase needed to be closely evaluated and monitored. The result was that no new programs or services were added and managers were successful in holding their operational expenditure budgets to no more than a 1% increase with some additional items added that the City believed were needed to meet regulatory and service level requirements.

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

Overall, the budget anticipates General Fund revenue to decrease slightly compared to the prior fiscal year's adopted budget. Property Tax revenue is expected to increase 7.0 % while Sales Tax revenues were estimated to decrease 9.2%. The CIP budget was set to be \$4,381 for the upcoming year.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF SOLANA BEACH**  
**Statement of Net Assets**  
**June 30, 2008**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments (Note 2)	\$ 16,863,590	8,438,529	25,302,119
Receivables:			
Accounts	254,701	682,012	936,713
Taxes	208,994	14,555	223,549
Interest	120,346	49,190	169,536
Prepaid expense	5,666	-	5,666
Due from other governments	1,470,820	580,821	2,051,641
Restricted cash with fiscal agent (Note 2)	1,470,819	8,380,786	9,851,605
Deferred debt issuance cost	-	963,996	963,996
Investment in joint venture (including unamortized premium of \$238,948) (Note 8)	-	17,620,636	17,620,636
Capital assets (Note 5):		-	
Non-depreciable capital assets	476,285,398	3,887,878	480,173,276
Depreciable capital assets	68,724,353	7,334,440	76,058,793
Less: Accumulated depreciation	<u>(31,878,626)</u>	<u>(3,745,900)</u>	<u>(35,624,526)</u>
Total assets	<u>533,526,061</u>	<u>44,206,943</u>	<u>577,733,004</u>
<b>Liabilities</b>			
Accounts payable	1,435,871	42,399	1,478,270
Accrued salaries and benefits	79,318	5,099	84,417
Accrued interest payable	15,913	252,239	268,152
Deposits payable	1,160,424	-	1,160,424
Unearned revenue	156,348	-	156,348
Premium on debt issuance	-	305,702	305,702
Noncurrent liabilities (Note 6):			
Due within one year	392,569	686,154	1,078,723
Due in more than one year	<u>6,167,730</u>	<u>16,632,694</u>	<u>22,800,424</u>
Total liabilities	<u>9,408,173</u>	<u>17,924,287</u>	<u>27,332,460</u>
<b>Net assets</b>			
Invested in capital assets, net of accumulated depreciation and related debt	508,786,944	5,300,163	514,087,107
Restricted for:			
Community development	569,669		569,669
Public safety	167,225		167,225
Public works	3,248,558		3,248,558
Redevelopment activities	1,649,375		1,649,375
Debt service		1,021,293	1,021,293
Unrestricted	<u>9,696,117</u>	<u>19,961,200</u>	<u>29,657,317</u>
Total net assets	<u>524,117,888</u>	<u>26,282,656</u>	<u>550,400,544</u>

See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH**  
**Statement of Activities**  
**Year ended June 30, 2008**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Total Program Revenues</u>
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>	
Governmental activities:					
General government	\$ 3,937,478	-	-	-	-
Public safety	7,295,541	685,091	-	184,866	869,957
Public works	3,983,378	992,150	267,943	3,152,793	4,412,886
Community development	1,318,105	718,504	-	-	718,504
Community services	3,662,205	102,620	48,393	-	151,013
Interest on long-term debt and other fiscal charges	464,713	-	-	-	-
Total governmental activities	<u>20,661,420</u>	<u>2,498,365</u>	<u>316,336</u>	<u>3,337,659</u>	<u>6,152,360</u>
Business-type activities:					
Sanitation	<u>3,320,729</u>	<u>4,098,895</u>	<u>-</u>	<u>1,821,970</u>	<u>5,920,865</u>
Total business-type activities					
Total primary government	<u>\$ 23,982,149</u>	<u>6,597,260</u>	<u>316,336</u>	<u>5,159,629</u>	<u>12,073,225</u>

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

Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

See accompanying notes to basic financial statements.

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Primary Government</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
(3,937,478)	-	(3,937,478)
(6,425,584)	-	(6,425,584)
429,508	-	429,508
(599,601)	-	(599,601)
(3,511,192)	-	(3,511,192)
<u>(464,713)</u>	<u>-</u>	<u>(464,713)</u>
<u>(14,509,060)</u>	<u>-</u>	<u>(14,509,060)</u>
<u>-</u>	<u>2,600,136</u>	<u>2,600,136</u>
<u>(14,509,060)</u>	<u>2,600,136</u>	<u>(11,908,924)</u>
5,954,582	-	5,954,582
3,041,726	-	3,041,726
1,020,184	-	1,020,184
1,151,945	-	1,151,945
624,153	-	624,153
753,463	-	753,463
776,033	488,749	1,264,782
46,849	-	46,849
553,666	-	553,666
<u>13,922,601</u>	<u>488,749</u>	<u>14,411,350</u>
(586,459)	3,088,885	2,502,426
<u>524,704,347</u>	<u>23,193,771</u>	<u>547,898,118</u>
<u>\$ 524,117,888</u>	<u>26,282,656</u>	<u>550,400,544</u>

See accompanying notes to basic financial statements.

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## FUND FINANCIAL STATEMENTS

**CITY OF SOLANA BEACH**  
**Governmental Fund Types**  
**Balance Sheet**  
**June 30, 2008**

Assets	General Fund	Other Governmental Funds	Totals	
			2008	2007
Cash and investments (Note 2)	\$ 10,180,940	6,682,650	16,863,590	18,279,428
Receivables:				
Accounts	227,042	27,659	254,701	75,750
Tax	160,803	48,191	208,994	517,716
Interest	90,564	29,782	120,346	230,775
Prepaid items	5,666	-	5,666	5,331
Due from other governments	151,802	1,319,018	1,470,820	59,916
Restricted cash with fiscal agent (Note 2)	-	1,470,819	1,470,819	1,638,941
Due from other funds (Note 3)	1,375,931	-	1,375,931	613,718
Total assets	<u>\$ 12,192,748</u>	<u>9,578,119</u>	<u>21,770,867</u>	<u>21,421,575</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 981,173	454,698	1,435,871	1,525,798
Accrued liabilities	74,376	4,942	79,318	94,952
Deposits payable	1,085,349	75,075	1,160,424	942,448
Deferred revenue	-	135,232	135,232	136,097
Due to other funds (Note 3)	-	1,375,931	1,375,931	613,718
Total liabilities	<u>2,140,898</u>	<u>2,045,878</u>	<u>4,186,776</u>	<u>3,313,013</u>
Fund balances:				
Reserved for encumbrances	366,077	552,869	918,946	2,318,672
Reserved for debt service	-	1,160,530	1,160,530	1,079,556
Reserved for housing	-	765,357	765,357	596,532
Reserved for capital projects	-	-	-	2,969,175
Reserved for developer fees	336,106	-	336,106	280,019
Unreserved:				
Designated for:				
Specific projects and programs reported in:				
General fund	6,848,716	-	6,848,716	6,994,205
Special revenue funds	-	313,210	313,210	312,085
Undesignated, reported in:				
General fund	2,500,951	-	2,500,951	2,412,243
Special revenue funds	-	2,631,462	2,631,462	(142,931)
Capital projects funds	-	2,108,813	2,108,813	1,289,006
Total fund balances (deficit)	<u>10,051,850</u>	<u>7,532,241</u>	<u>17,584,091</u>	<u>18,108,562</u>
Total liabilities and fund balances	<u>\$ 12,192,748</u>	<u>9,578,119</u>	<u>21,770,867</u>	<u>21,421,575</u>

See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2008**

Fund balances of governmental funds	\$ 17,584,091
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Capital assets net of depreciation have not been included as financial resources in governmental fund activity.</p>	
Capital assets	545,009,751
Accumulated depreciation	(31,878,626)
<p>Long term debt and compensated absences that have not been included in the governmental fund activity.</p>	
Bonds payable	(5,815,000)
Claims payable	(459,588)
Compensated absences	(285,711)
<p>Accrued interest payable for the current portion of interest due on debt service has not been reported in the governmental funds.</p>	
	(15,913)
<p>The annual business license revenue collected in January each fiscal year pertains to a license period extending six months into the following fiscal year. Therefore, six months revenue is recorded as deferred revenue.</p>	
	(21,116)
Net assets of governmental activities	\$ 524,117,888

See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH**  
**Governmental Fund Types**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year ended June 30, 2008**

	General Fund	Other Governmental Funds	Totals	
			2008	2007
<b>Revenues:</b>				
Taxes and assessments	\$ 10,674,821	1,784,830	12,459,651	11,919,786
Intergovernmental	1,453,801	3,491,618	4,945,419	2,414,327
Licenses and permits	397,846	-	397,846	329,903
Charges for services	662,684	10,984	673,668	634,068
Fines and forfeitures	348,272	-	348,272	395,038
Contributions from property owners	-	-	-	782,564
Investment income	492,964	288,511	781,475	1,050,776
Uses of money and property	46,849	-	46,849	31,304
Other	413,722	183,167	596,889	577,485
<b>Total revenues</b>	<b>14,490,959</b>	<b>5,759,110</b>	<b>20,250,069</b>	<b>18,135,251</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	3,391,356	171,246	3,562,602	3,810,327
Public safety	7,012,369	114,107	7,126,476	6,529,740
Public works	1,763,823	773,196	2,537,019	2,569,705
Community development	1,297,496	15,000	1,312,496	1,090,559
Community services	288,019	-	288,019	257,687
Capital outlay	-	5,208,933	5,208,933	7,087,294
<b>Debt service (Note 6):</b>				
Principal retirement	-	235,000	235,000	230,000
Interest	-	289,795	289,795	297,973
Pass-through payments	-	214,200	214,200	170,053
<b>Total expenditures</b>	<b>13,753,063</b>	<b>7,021,477</b>	<b>20,774,540</b>	<b>22,043,338</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>737,896</b>	<b>(1,262,367)</b>	<b>(524,471)</b>	<b>(3,908,087)</b>
<b>Other financing sources (uses):</b>				
Transfers in (Note 4 )	-	905,588	905,588	3,866,836
Transfers out (Note 4 )	(611,800)	(293,788)	(905,588)	(3,866,836)
<b>Total other financing sources (uses)</b>	<b>(611,800)</b>	<b>611,800</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>126,096</b>	<b>(650,567)</b>	<b>(524,471)</b>	<b>(3,908,087)</b>
Fund balances (deficit), beginning of year	9,925,754	8,182,808	18,108,562	22,016,649
Fund balances (deficit), end of year	\$ 10,051,850	7,532,241	17,584,091	18,108,562

See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year ended June 30, 2008**

Net change in fund balances - total governmental funds \$ (524,471)

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

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

Capital outlay, net of disposals	2,730,022
Depreciation, net of accumulated depreciation disposals	(2,677,717)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	235,000
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Accrued interest for debt service. This is the net change in accrued interest for the current period.	8,210
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Compensated absences and claims payable 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.	(347,867)
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Since the amount of business license revenue collected in January of each fiscal year pertains to a license period extending six months into the following fiscal year, it is recorded as deferred revenue on the statement of net assets.	(9,636)
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Change in net assets of governmental activities	\$ (586,459)
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See accompanying notes to basic financial statements.



**CITY OF SOLANA BEACH**  
**Proprietary Fund**  
**Statement of Revenues,**  
**Expenses and Changes in Fund Net Assets**  
**Year ended June 30, 2008**

	<u>Enterprise Fund - Sanitation</u>	
	<u>2008</u>	<u>2007</u>
Operating revenues:		
Charges for sales and services:		
Sewer service and connection fees	\$ 4,084,886	3,846,613
Other	14,009	-
Intergovernmental	1,821,970	13,803
Total operating revenues	<u>5,920,865</u>	<u>3,860,416</u>
Operating expenses:		
Cost of sales and services	1,916,925	1,809,123
Administration	241,609	232,986
Depreciation	170,429	169,845
Total operating expenses	<u>2,328,963</u>	<u>2,211,954</u>
Total operating income	<u>3,591,902</u>	<u>1,648,462</u>
Nonoperating revenues (expenses):		
Investment income	488,749	451,527
Interest expense	(785,782)	(542,867)
Amortization of bond issuance costs	(36,620)	(31,066)
Amortization of investment premium	(10,945)	(10,945)
Share in joint venture net loss/capital contribution	(158,419)	(70,702)
Total nonoperating revenues (expenses)	<u>(503,017)</u>	<u>(204,053)</u>
Net change in net assets	<u>3,088,885</u>	<u>1,444,409</u>
Net assets, beginning of year	<u>23,193,771</u>	<u>21,749,362</u>
Net assets, end of year	<u>\$ 26,282,656</u>	<u>\$ 23,193,771</u>

See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH  
Proprietary Fund  
Statement of Cash Flows  
Year ended June 30, 2008**

	<u>Enterprise Fund -Sanitation</u>	
	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from customers and other governments	\$ 8,288,245	599,696
Cash payments to suppliers for goods and services	(2,434,443)	(1,539,817)
Cash payments to employees for services	(248,381)	(227,475)
Cash received for other operating activities	14,009	13,803
Net cash provided by operating activities	<u>5,619,430</u>	<u>(1,153,793)</u>
Cash flows from capital related and financing activities:		
Principal payments on long-term liabilities	(615,000)	(470,000)
Issuance of long-term debt	-	9,825,000
Interest paid on long-term liabilities	(824,810)	(465,007)
Payments on issuance of debt	-	(477,896)
Purchase of capital assets	(65,148)	(3,266,098)
Net cash used for capital related and financing activities	<u>(1,504,958)</u>	<u>5,145,999</u>
Cash flows from investing activities-interest income	<u>487,237</u>	<u>474,553</u>
Net increase (decrease) in cash and cash equivalents	4,601,709	4,466,759
Cash and cash equivalents, beginning of year	<u>11,191,264</u>	<u>6,724,505</u>
Cash and cash equivalents, end of year	<u>\$15,792,973</u>	<u>11,191,264</u>
Reconciliation of cash equivalents to the statement of net assets		
Cash and investments reported on statement of net assets	8,438,529	3,468,280
Cash and investments with fiscal agent reported on statement of net assets	8,380,786	8,749,326
Less: Investments that do not qualify as cash equivalents	<u>(849,939)</u>	<u>(849,939)</u>
Cash and cash equivalents	<u>\$15,969,376</u>	<u>11,367,667</u>
Reconciliation of operating income to net cash used for operating activities:		
Operating income	\$ 3,591,902	1,648,462
Adjustments to reconcile operating income to net cash used for operating activities:		
Depreciation	170,429	169,845
(Increase) decrease in sewer fees receivable	2,933,369	(3,230,677)
(Increase) decrease in other accounts receivable	(21,952)	(16,240)
(Increase) decrease in due from other governments	(530,028)	-
(Increase) decrease in due from SEPA joint venture	79,242	(64,913)
Increase (decrease) in accounts payable and other liabilities	(595,754)	334,784
Increase (decrease) in compensated absences	(7,778)	4,946
Net provided by operating activities	<u>\$ 5,619,430</u>	<u>(1,153,793)</u>

Noncash investing, capital and financing activities:

During the year June 30, 2008, there were noncash investment activities of: \$158,419 which related to the decrease in share of joint venture equity; and \$10,945 which related to the amortization of debt premium.

See accompanying notes to basic financial statements.

**CITY OF SOLANA BEACH**  
**Agency Funds**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2008**

	Totals	
	2008	2007
<b>Assets</b>		
Cash and investments	\$ 624,294	287,822
Interest receivable	1,275	1,163
Taxes receivable	1,431	43
Total assets	627,000	289,028
<b>Liabilities</b>		
Due to bondholders	627,000	289,028

See accompanying notes to basic financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year ended June 30, 2008

(1) Reporting Entity and Summary of Significant Accounting Policies

(a) Summary of Significant Accounting Policies

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

The Financial Reporting Entity

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

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

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

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

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

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

(b) Basis of Accounting and Measurement Focus

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

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

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

Government-wide Financial Statements

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

Fund Financial Statements

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

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

Governmental Funds

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

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

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

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

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

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

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

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

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

Proprietary and Fiduciary Funds

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

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

(c) Fund Classifications

The City reports the following major funds:

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

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

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

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

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

The "total fund balances" of \$17,584,091 in the City's governmental funds differs from the "net assets" of governmental activities of \$524,117,888 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

CITY OF SOLANA BEACH  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

Capital Related Items

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

Cost of capital assets	\$545,009,751
Accumulated depreciation	<u>(31,878,626)</u>
Total capital assets, net	<u>\$513,131,125</u>

Long-term Debt Transactions

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

Bonds payable	\$5,815,000
Claims payable	459,588
Compensated absences	<u>285,711</u>
Total long-term liabilities	<u>\$6,560,299</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

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

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

Accrued Interest

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

Accrued interest added	<u>\$15,913</u>
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Certain Revenue

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

Business license deferred revenue	<u>\$21,116</u>
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Reclassifications and Eliminations

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

<b>Assets</b>	<b>Total Governmental Funds</b>	<b>Capital Related Items</b>	<b>Accumulated Depreciation</b>	<b>Long-term Debt Transactions</b>
Cash and investments	\$ 16,863,590	-	-	-
Receivables:				
Accounts	254,701	-	-	-
Tax	208,994	-	-	-
Interest	120,346	-	-	-
Prepaid expense	5,666	-	-	-
Due from other governments	1,470,820	-	-	-
Restricted cash with fiscal agent	1,470,819	-	-	-
Due from other funds	1,375,931	-	-	-
Capital assets	-	545,009,751	-	-
Less: Accumulated depreciation	-	-	(31,878,626)	-
<b>Total assets</b>	<b><u>\$ 21,770,867</u></b>	<b><u>545,009,751</u></b>	<b><u>(31,878,626)</u></b>	<b><u>-</u></b>
<b>Liabilities and Fund Balances/Net Assets</b>				
Liabilities:				
Accounts payable	\$ 1,435,871	-	-	-
Accrued salaries and benefits	79,318	-	-	-
Accrued interest payable	-	-	-	-
Deposits payable	1,160,424	-	-	-
Deferred revenue	135,232	-	-	-
Due to other funds	1,375,931	-	-	-
Long-term liabilities	-	-	-	5,815,000
<b>Total liabilities</b>	<b><u>4,186,776</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>5,815,000</u></b>
<b>Fund balances/net assets</b>	<b><u>17,584,091</u></b>	<b><u>545,009,751</u></b>	<b><u>(31,878,626)</u></b>	<b><u>(5,815,000)</u></b>
<b>Total liabilities and and fund balances/net assets</b>	<b><u>\$ 21,770,867</u></b>	<b><u>545,009,751</u></b>	<b><u>(31,878,626)</u></b>	<b><u>-</u></b>

<u>Interest Payable</u>	<u>Claims Payable</u>	<u>Compensated Absences</u>	<u>Certain Revenue</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Net Assets</u>
-	-	-	-	-	16,863,590
-	-	-	-	-	254,701
-	-	-	-	-	208,994
-	-	-	-	-	120,346
-	-	-	-	-	5,666
-	-	-	-	-	1,470,820
-	-	-	-	-	1,470,819
-	-	-	-	(1,375,931)	-
-	-	-	-	-	545,009,751
-	-	-	-	-	(31,878,626)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,375,931)</u>	<u>533,526,061</u>
-	-	-	-	-	1,435,871
-	-	-	-	-	79,318
15,913	-	-	-	-	15,913
-	-	-	-	-	1,160,424
-	-	-	21,116	-	156,348
-	-	-	-	(1,375,931)	-
-	459,588	285,711	-	-	6,560,299
<u>15,913</u>	<u>459,588</u>	<u>285,711</u>	<u>21,116</u>	<u>(1,375,931)</u>	<u>9,408,173</u>
<u>(15,913)</u>	<u>(459,588)</u>	<u>(285,711)</u>	<u>(21,116)</u>	<u>-</u>	<u>524,117,888</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,375,931)</u>	<u>533,526,061</u>

CITY OF SOLANA BEACH  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

The "net change in fund balances" for governmental funds of \$(527,471) differs from the "change in net assets" for governmental activities of \$(586,459) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Related Items

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

Capital additions, net of disposals	\$2,730,022
Depreciation expenses, net of disposals	<u>(2,677,717)</u>
Difference	<u>\$ 52,305</u>

Long-term Debt Transactions

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

Net change in compensated absences	\$( 14,256)
Net change in claims payable	(333,611)

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

Bond principle payment made	<u>\$235,000</u>
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CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

Accrued Interest

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

Accrued interest added	<u>\$8,210</u>
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Certain Revenue

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

Net change in business license deferred revenue	<u>\$(9,636)</u>
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Reclassification and Eliminations

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

CITY OF SOLANA BEACH

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

	<b>Total Governmental Funds</b>	<b>Capital Related Items</b>	<b>Accumulated Depreciation</b>	<b>Long-term Debt Transactions</b>
Revenues:				
Taxes and assessments	\$ 12,459,651	-	-	-
Intergovernmental	4,945,419	-	-	-
Licenses and permits	397,846	-	-	-
Charges for services	673,668	-	-	-
Fines and forfeitures	348,272	-	-	-
Contributions from property owners	-	-	-	-
Investment income	781,475	-	-	-
Uses of money and property	46,849	-	-	-
Other	596,889	-	-	-
<b>Total revenues</b>	<b>20,250,069</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures:				
Current:				
General government	\$ 3,562,602	-	161,409	-
Public safety	7,126,476	-	169,065	-
Public works	2,537,019	(607,929)	2,054,288	-
Community development	1,312,496	-	5,609	-
Community services	288,019	3,086,840	287,346	-
Capital outlay	5,208,933	(5,208,933)	-	-
Debt service:				
Principal retirement	235,000	-	-	(235,000)
Interest	289,795	-	-	-
Pass-through payments	214,200	-	-	-
<b>Total expenses</b>	<b>20,774,540</b>	<b>(2,730,022)</b>	<b>2,677,717</b>	<b>(235,000)</b>
Other financing sources (uses):				
Transfers in	905,588	-	-	-
Transfers out	(905,588)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances/net assets</b>	<b>(524,471)</b>	<b>2,730,022</b>	<b>(2,677,717)</b>	<b>235,000</b>
Fund balances/net assets beginning of year	18,108,562	542,279,729	(29,200,909)	(6,050,000)
Fund balances/net assets, end of year	17,584,091	545,009,751	(31,878,626)	(5,815,000)

<u>Accrued Interest</u>	<u>Claims Payable</u>	<u>Compensated Absences</u>	<u>Certain Revenue</u>	<u>Reclassifications and Eliminations</u>	<u>Statement of Activities</u>
-	-	-	-	(25,630)	12,434,021
-	-	-	-	-	4,945,419
-	-	-	(9,636)	-	388,210
-	-	-	-	(134,400)	539,268
-	-	-	-	-	348,272
-	-	-	-	-	-
-	-	-	-	(5,442)	776,033
-	-	-	-	-	46,849
-	-	-	-	-	596,889
<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,636)</u>	<u>(165,472)</u>	<u>20,074,961</u>
-	333,611	14,256	-	(134,400)	3,937,478
-	-	-	-	-	7,295,541
-	-	-	-	-	3,983,378
-	-	-	-	-	1,318,105
-	-	-	-	-	3,662,205
-	-	-	-	-	-
-	-	-	-	-	-
(8,210)	-	-	-	(5,442)	276,143
-	-	-	-	(25,630)	188,570
<u>(8,210)</u>	<u>333,611</u>	<u>14,256</u>	<u>-</u>	<u>(165,472)</u>	<u>20,661,420</u>
-	-	-	-	(905,588)	-
-	-	-	-	905,588	-
-	-	-	-	-	-
8,210	(333,611)	(14,256)	(9,636)	-	(586,459)
<u>(24,123)</u>	<u>(125,977)</u>	<u>(271,455)</u>	<u>(11,480)</u>	<u>-</u>	<u>524,704,347</u>
<u>(15,913)</u>	<u>(459,588)</u>	<u>(285,711)</u>	<u>(21,116)</u>	<u>-</u>	<u>524,117,888</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

(f) Cash and Investments

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

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

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

(g) Statement of Cash Flows

For purposes of the statement of cash flows the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool is considered cash equivalents. At June 30, 2008, cash and cash equivalents reported in the Sanitation Enterprise Fund of \$16,819,315 consisted of deposits in the California Local Agency Investment Fund of \$8,438,529 and cash and investments with fiscal agent of \$8,380,786.

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

(h) Capital Assets

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

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

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

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

(i) Property Taxes

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

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

CITY OF SOLANA BEACH  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

(j) Amortization Expense in Enterprise Fund

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

(k) Compensated Absences

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

(2) Cash and Investments

Cash and investments at June 30, 2008 are reported as follows in the financial statements:

Statement of Net Assets:	
Cash and investments	\$25,302,119
Restricted cash and investments with fiscal agent	9,851,605
Statement of Fiduciary Net Assets:	
Cash and investments	<u>624,294</u>
	<u>\$35,778,018</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

(2) Cash and Investments, (Continued)

Cash and investments at June 30, 2008 consisted of the following:

Imprest cash on hand	\$ 1,283
Demand deposits held by City	2,298,229
Investments held by City:	
Local Agency Investment Fund	23,626,901
Investments held by fiscal agent:	
Money market fund	8,737,717
Federal Agency Securities	<u>1,113,888</u>
Total cash and investments	<u>\$35,778,018</u>

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

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

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

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

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

CITY OF SOLANA BEACH  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 (Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

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

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk (continued)

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Years)</u>			
		<u>1 Year Or Less</u>	<u>1 to 2 Years</u>	<u>2 to 3 Years</u>	<u>3 to 5 Years</u>
Held by City:					
LAIF	\$ 23,626,901	\$ 23,626,901	-	-	-
Held by Fiscal Agent:					
Money market funds	8,737,717	8,737,717	-	-	-
Federal Agency (FNMA)	<u>1,113,888</u>	<u>1,113,888</u>	-	-	-
Total	<u>\$33,478,506</u>	<u>33,478,506</u>	-	-	-

Disclosures Relating to Credit Risk

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

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Ratings as of Year End</u>			
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Not Rated</u>
Held by City:						
LAIF	\$23,626,901	N/A	-	-	-	23,626,901
Held by fiscal agent:						
Money market funds	8,737,717	N/A	8,737,717	-	-	-
Federal agency	<u>1,113,888</u>	N/A	<u>1,113,888</u>	-	-	-
Total	<u>\$33,478,506</u>		<u>9,851,605</u>	-	-	<u>23,626,901</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(2) Cash and Investments, (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk

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

Investment in State Investment Pool

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

CITY OF SOLANA BEACH  
 NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(3) Interfund Balances

Interfund balances at June 30, 2008 consisted of the following:

	<u>Due from: Nonmajor Funds</u>	<u>Total</u>
Due to: General Fund	<u>1,375,931</u>	<u>1,375,931</u>
Total	<u>1,375,931</u>	<u>1,375,931</u>

The Interfund Balances arise from the advance payment by the City's General Fund for projects, which are reimbursable through various Federal and State Grant Programs. In accordance with the requirements of the Grant Programs, the above expenditures have been incurred and reimbursement is expected to be received within the next fiscal year.

(4) Interfund Transfers

Interfund transfers at June 30, 2008 consisted of the following:

	<u>Transfers In: Nonmajor Funds</u>	<u>Total</u>
Transfers Out: General Fund	611,800	611,800
Nonmajor Funds	<u>293,788</u>	<u>293,788</u>
Total	<u>905,588</u>	<u>905,588</u>

The most significant interfund transfers were from the General Fund and the Solana Beach Redevelopment Agency Debt Service fund to the City Capital Projects and Solana Beach Redevelopment Agency Capital Improvement Project funds in order to provide available funds for capital projects. During the fiscal year ended June 30, 2008, there were no significant interfund transfers that were not expected, budgeted for, unusual nor of a non-routine nature.

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

Governmental Activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	\$ 473,451,238	-	-	473,451,238
Infrastructure construction in progress	4,318,899	4,283,358	5,768,097	2,834,160
Depreciable:				
Buildings	5,434,448	-	-	5,434,448
Improvements	5,609,950	3,086,840	-	8,696,790
Equipment	1,843,007	117,407	8,198	1,952,216
Vehicles	1,456,193	32,972	-	1,489,165
Infrastructure	50,165,994	985,740	-	51,151,734
 Totals at historical cost	 <u>542,279,729</u>	 <u>8,506,317</u>	 <u>5,776,295</u>	 <u>545,009,751</u>
 Less accumulated depreciation for:				
Buildings	1,596,578	109,143	-	1,705,721
Improvements	989,321	292,148	-	1,281,469
Equipment	1,344,546	161,245	8,198	1,497,593
Vehicles	925,246	85,967	-	1,011,213
Infrastructure	24,345,218	2,037,412	-	26,382,630
 Total accumulated depreciation	 <u>29,200,909</u>	 <u>2,685,915</u>	 <u>8,198</u>	 <u>31,878,626</u>
 Total capital assets, net	 <u>\$513,078,820</u>	 <u>5,820,402</u>	 <u>5,768,097</u>	 <u>513,131,125</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(5) Capital Assets, (Continued)

Business-type Activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable:				
Land	111,706	-	-	111,706
Construction in progress	3,711,085	65,148	61	3,776,172
Depreciable:				
Buildings and improvements	6,804,640	61	-	6,804,701
Equipment	529,739	-	-	529,739
	<u>11,157,170</u>	<u>65,209</u>	<u>61</u>	<u>11,222,318</u>
Less accumulated depreciation for:				
Buildings and improvements	3,067,281	167,620	-	3,234,901
Equipment	508,190	2,809	-	510,999
	<u>3,575,471</u>	<u>170,429</u>	<u>-</u>	<u>3,745,900</u>
Total capital assets, net	<u>7,581,699</u>	<u>(105,220)</u>	<u>61</u>	<u>7,476,418</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
General Government	\$ 169,607	-
Public Safety	169,065	-
Public Works	2,054,288	-
Community Development	5,609	-
Community Services	287,346	-
Sanitation	<u>-</u>	<u>170,429</u>
Total	<u>\$2,685,915</u>	<u>170,429</u>

There were no significant construction commitments at June 30, 2008.

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds:					
2006 tax allocation bonds	\$ 3,525,000	-	30,000	3,495,000	60,000
Lease revenue bond-ABAG	2,525,000	-	205,000	2,320,000	220,000
Total bonds	<u>6,050,000</u>	<u>-</u>	<u>235,000</u>	<u>5,815,000</u>	<u>280,000</u>
Other liabilities:					
Compensated absences	271,455	220,751	206,495	285,711	24,630
Claims payable	125,977	382,677	49,066	459,588	87,939
Total other liabilities	<u>397,432</u>	<u>603,428</u>	<u>255,561</u>	<u>745,299</u>	<u>112,569</u>
Total governmental activities	<u>6,447,432</u>	<u>603,428</u>	<u>490,561</u>	<u>6,560,299</u>	<u>392,569</u>
Business-type Activities					
Loans payable:					
JPA loan payable-2003	8,095,000	-	485,000	7,610,000	500,000
Sewer revenue bond-2006	9,825,000	-	130,000	9,695,000	185,000
Total bonds	<u>17,920,000</u>	<u>-</u>	<u>615,000</u>	<u>17,305,000</u>	<u>685,000</u>
Other liabilities:					
Compensated absences	21,626	17,587	25,365	13,848	1,154
Total other liabilities	<u>21,626</u>	<u>17,587</u>	<u>25,365</u>	<u>13,848</u>	<u>1,154</u>
Total business-type activities	<u>17,941,626</u>	<u>17,587</u>	<u>640,365</u>	<u>17,318,848</u>	<u>686,154</u>
TOTAL	<u>\$ 24,389,058</u>	<u>621,015</u>	<u>1,130,926</u>	<u>23,879,147</u>	<u>1,078,723</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Balance  
June 30, 2008

Governmental Activities:

2006 Tax Allocation Bonds:

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

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

As defined in the Indenture, "Reserve Requirement" means, excluding therefrom in the case of the Bonds an amount equal to the amount then on deposit in the Escrow Fund and in the case of any Parity Bonds an amount equal to the amount then on deposit in any escrow fund created with respect to such Parity Bonds created pursuant to the Indenture, as of the date of calculation an amount equal to the lesser of (i) 10% of the initial outstanding principal amount of such Bonds; (ii) Maximum Annual Debt Service on such Bonds; or (iii) 125% of average Annual Debt Service on such Bonds. As of June 30, 2007, \$204,682 was held in reserve.

\$3,495,000

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Lease Revenue Bonds:

On January 10, 2002, the City issued \$3,465,000 of Series 2002 ABAG Lease Revenue Bonds to advance refund \$2,185,000 of the outstanding Certificates of Participation, Series 1992, and \$1,125,000 of the outstanding Certificates of Participation, Series 1995, establish a reserve account for the bonds, and to pay the cost of issuing the bonds. \$3,504,499 of the 2002 series proceeds were used to purchase U.S. Government securities to advance refund the 1992 and 1995 series. Those securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 and 1995 series. As a result, the 1992 and 1995 series certificates of participation are considered to be defeased and the liability for the 1992 and 1995 series has been removed from the Government-wide Statement of Net Assets. The 2002 bonds have annual interest ranging from 3.00% to 5.00% and annual principal installments ranging from \$95,000 to \$235,000 through December 1, 2023.

\$2,320,000

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The following liability at June 30, 2008 is expected to be paid in future years from future resources. Compensated absences have been typically liquidated from the General Fund.

285,711

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Claims Payable

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

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

459,588

Total long-term liabilities - governmental activities

\$6,560,299

Business-Type Activities:

San Elijo Joint Powers Authority Loan Payable-2003:

Balance  
June 30, 2008

On April 16, 2003, the City of Solana Beach and the San Elijo Joint Powers Authority (JPA) amended a loan agreement whereby the JPA loaned \$9,905,000 to the City to refund the 1993 Refunding Revenue Bonds. The 1993 Bonds were originally issued to refinance the cost of acquiring and constructing certain improvements to the San Elijo Wastewater Treatment Facilities owned by the JPA. Funding for the loan was provided through the issuance of Revenue Bonds by the JPA in the amount of \$18,640,000. \$10,282,918 of the 2003 Series proceeds were used to purchase U.S. Government Securities to advance refund the 1993 Series. As a result, the 1993 Series is considered defeased and the liability has been removed from the Government-wide Statement of Net Assets.

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

\$7,610,000

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)

(6) Long-term Liabilities, (Continued)

2006 Subordinate Wastewater Revenue Bonds

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

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

\$9,695,000

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. The following liability at June 30, 2008 is expected to be paid from future years from future resources.

13,848

Total long-term liabilities – business-type activities

\$17,318,848

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Annual Amortization Requirements of Long-Term Liabilities

The annual requirements to amortize loan revenue bonds payable as of June 30, 2008 are as follows:

Governmental Activities:

2006 Tax Allocation Bonds

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 60,000	\$ 169,063	\$ 229,063
2010	65,000	166,723	231,723
2011	70,000	164,158	234,158
2012	70,000	161,357	231,357
2013	75,000	158,330	233,330
2014-2018	430,000	738,477	1,168,477
2019-2023	545,000	628,077	1,173,077
2024-2028	685,000	483,565	1,168,565
2029-2033	865,000	296,320	1,161,320
2034-2036	<u>630,000</u>	<u>65,280</u>	<u>695,280</u>
	<u>\$3,495,000</u>	<u>3,031,350</u>	<u>6,526,350</u>

Lease Revenue Bonds Payable:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 220,000	104,656	324,656
2010	225,000	95,756	320,756
2011	235,000	86,263	321,263
2012	95,000	78,894	173,894
2013	100,000	74,019	174,019
2014-2018	565,000	290,934	855,934
2019-2023	715,000	133,625	848,625
2024	<u>165,000</u>	<u>4,125</u>	<u>169,125</u>
	<u>\$2,320,000</u>	<u>868,272</u>	<u>3,188,272</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(6) Long-term Liabilities, (Continued)

Business-type Activities:

San Elijo JPA Loan Payable-2003:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 500,000	351,100	851,100
2010	515,000	333,600	848,600
2011	535,000	313,000	848,000
2012	560,000	291,600	851,600
2013	580,000	269,200	849,200
2014-2018	3,340,000	912,250	4,252,250
2019-2020	<u>1,580,000</u>	<u>119,500</u>	<u>1,699,500</u>
	<u>\$7,610,000</u>	<u>2,590,250</u>	<u>10,200,250</u>

2006 Subordinate Wastewater Revenue Bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 185,000	\$ 405,617	\$ 590,617
2010	190,000	399,143	589,143
2011	200,000	392,492	592,492
2012	205,000	385,493	590,493
2013	210,000	378,318	588,318
2014-2018	1,180,000	1,769,370	2,949,370
2019-2023	1,435,000	1,515,450	2,950,450
2024-2028	1,775,000	1,183,031	2,958,031
2029-2033	2,190,000	760,375	2,950,375
2034-2037	<u>2,125,000</u>	<u>237,125</u>	<u>2,362,125</u>
	<u>\$9,695,000</u>	<u>7,426,414</u>	<u>17,121,414</u>

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(7) Defined Benefit Pension Plan (PERS)

Plan Description

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

Contributions

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

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The City's covered payroll for PERS was \$1,527,485 for fire safety, \$222,836 for marine safety and \$2,590,405 for miscellaneous employees for the year ended June 30, 2008, while the City's total payroll during the same period was \$2,019,610 for fire safety employees, \$433,764 for marine safety employees and \$2,757,857 for miscellaneous employees. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2008, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2007 to June 30, 2008.

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

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

*Annual Pension Cost (Fire Safety)*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	22.753%	\$332,392	100%	-
6/30/07	32.714%	449,658	100%	-
6/30/08	32.510%	496,585	100%	-

*Annual Pension Cost (Marine Safety)*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	21.563%	\$55,403	100%	-
6/30/07	33.735%	67,629	100%	-
6/30/08	31.999%	71,305	100%	-

*Annual Pension Cost (Miscellaneous)*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	10.302%	\$261,122	100%	-
6/30/07	14.944%	368,844	100%	-
6/30/08	15.484%	401,098	100%	-

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) 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, 2008 is as follows:

Operating revenues	\$ 4,900,680
Operating expenses	(5,505,544)
Non-operating revenues (net of expenses)	(197,101)
Capital grants	<u>485,128</u>
Net change in net assets	<u>\$ (316,837)</u>
Total assets	<u>\$61,103,097</u>
Total liabilities	<u>\$26,317,830</u>
Fund equity:	
Net assets - total fund equity	<u>\$34,785,267</u>

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(8) Investment in Joint Venture, (Continued)

A summary of the changes in the City's investment in the San Elijo Joint Powers Authority for the year ended June 30, 2008 is as follows:

June 30, 2007 Balance	\$17,551,052
Add: Unamortized premium	<u>238,948</u>
	17,790,000
FYE June 30, 2008 activity:	
Increase (decrease) in investment in joint venture	(158,419)
Less: Amortization of premium	<u>(10,945)</u>
Total investment at June 30, 2008	<u>\$17,620,636</u>

At June 30, 2008 the SEJPA had \$14,720,000 in 2003 Refunding Revenue Bonds outstanding (See Note 6). The financial statements of the SEJPA can be obtained from the Solana Beach Finance Department located at Solana Beach City Hall, 635 S. Highway 101, Solana Beach, California 92075.

(9) Solana Beach Sanitation Enterprise Fund Debt Service Coverage

2003 San Elijo JPA Refunding Revenue Bonds:

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

Fiscal Year 2007-08

Revenues:	
Operating revenues-service charges and connection fees	\$4,084,886
Intergovernmental revenue	1,821,970
Other operating	14,009
Non-operating revenues	<u>488,749</u>
Gross revenues	6,409,614
Less: Operations, non-operations and maintenance expenses	<u>3,320,729</u>
Net income	3,088,885
Deduct from:	
Intergovernmental revenue	(1,821,970)
Add back:	
Interest expense (accrual method of accounting)	785,782
Depreciation and amortization	170,429
Amortization of bond issuance costs	36,620
Amortization of investment in JPA	<u>10,945</u>
Net revenues available for debt service	2,270,691
Debt service:	
2003 Refunding Revenue bonds:	
Interest charges	360,800
Principal repayment	<u>485,000</u>
Total debt service	845,800
Coverage by net revenues available for debt service	2.68

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

2006 Subordinate Wastewater Revenue Bonds:

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

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

Using net revenues available for debt service of \$2,270,691, the 2006 Subordinate Wastewater Revenue bonds debt service coverage requirement for fiscal year ended June 30, 2008 is calculated as follows:

Net revenues available for debt service	\$2,270,691
Less: 2003 Refunding Revenue bonds debt service	<u>(845,800)</u>
Net revenues available for 2006 Sewer Revenue bonds debt service	1,424,891
Debt service:	
2006 Sewer Revenue bonds:	
Interest charges	424,982
Principal repayment	<u>130,000</u>
Total debt service	554,982
Coverage by net revenues available for debt service	2.57

(10) Risk Management

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

1. General Liability: The City self-insures for the first \$100,000 of each occurrence. Specific coverage includes property damage, municipal errors and omissions, automobile, and personal injury. This coverage is limited to \$15,000,000 in annual aggregate claims per policy year.

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(10) Risk Management, (Continued)

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

Worker's Compensation Insurance coverage was carried with the State Compensation Insurance Fund for all work-related injuries through September 30, 2004. As of October 1, 2004, the City began to self-insure itself for workers compensation coverage.

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

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

SANDPIPA monitors the progress of claims/suits that are reported. The City records a liability up to the amount of its self-insurance retention (See Note 6). The City has not knowledge of any material liability in excess of insurance coverage for known suits or claims.

The following represents changes in the claims liability for the two years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Unpaid claim liabilities, beginning of year	\$125,977	122,419
Incurred claims and claims adjustment	382,677	59,567
Net decrease in provision for insured events in prior fiscal years	<u>(49,066)</u>	<u>( 56,009)</u>
Unpaid claim liabilities, end of year	<u>\$459,588</u>	<u>125,977</u>

There was no significant reduction in insurance coverage by major categories of risk from fiscal year 2006-2007 to fiscal year 2007-2008. Furthermore, there was no settlement that exceeded the insurance coverage for the past three fiscal years.

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(11) Other Required Disclosures

Deficit Fund Balances

The following Special Revenue funds reported a deficit fund balance at June 30, 2008

Proposition A	\$ 596
TEA 21 and TEA	168,970
CDBG	16,357

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

(12) Assessment Districts

Cedros Avenue Assessment District:

During July 1989, the Cedros Avenue Assessment District No. 1 issued Improvement Bonds totaling \$216,939 (less bond issuance costs of \$19,807) to finance various capital improvements. The outstanding bonds at June 30, 2008 were approximately \$12,700.

Undergrounding Districts:

During July 2006, the Solana Beach Public Financing Authority issued Assessment District Revenue Bonds totaling \$2,112,000 (less bond issuance costs of \$244,393) to finance the undergrounding of utility lines for the Barbara/Granados Avenue Utility Undergrounding District and the Pacific Avenue/East and West Circle Drive Utility Underground Assessment District. The outstanding bonds at June 30, 2008 were \$2,095,000.

South Solana Sewer District:

In November 2006, the Solana Beach Public Financing Authority issued Limited Obligation Improvement Bonds totalizing \$570,000 (less bond issuance costs of \$5,742) to finance the construction of sewer improvements to connect 51 properties of the South Solana Beach Sewer District assessment district to the City's sewer system. The outstanding bonds at June 30, 2008 were \$570,000.

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

CITY OF SOLANA BEACH  
NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

(13) Reserves and Designations for Fund Equity

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

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

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

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

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

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

## REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF SOLANA BEACH**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			2007	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
<b>Revenues:</b>					
<b>Taxes and assessments:</b>					
Property	\$ 5,301,000	5,261,000	5,075,313	(185,687)	4,808,847
Sales	3,210,000	3,125,000	3,041,726	(83,274)	3,070,730
Franchise and other	2,541,600	2,553,600	2,557,782	4,182	2,520,151
Intergovernmental	1,265,700	1,427,700	1,453,801	26,101	1,383,366
Licenses and permits	316,000	410,200	397,846	(12,354)	329,903
Charges for services	500,000	633,800	662,684	28,884	624,235
Fines and forfeitures	386,000	331,000	348,272	17,272	395,038
Investment income	470,500	395,500	492,964	97,464	616,242
Revenues from use of money and property	25,000	32,000	46,849	14,849	31,304
Other	321,000	408,000	413,722	5,722	336,621
<b>Total revenues</b>	<b>14,336,800</b>	<b>14,577,800</b>	<b>14,490,959</b>	<b>(86,841)</b>	<b>14,116,437</b>
<b>Expenditures:</b>					
<b>General government:</b>					
City council	270,000	299,189	257,462	41,727	312,909
City clerk	316,900	347,311	342,544	4,767	448,744
Legal services	377,100	444,100	471,677	(27,577)	485,778
Manager	421,200	441,450	451,157	(9,707)	456,188
Finance	657,200	803,536	746,102	57,434	636,209
Personnel	258,700	233,700	223,767	9,933	195,141
Information systems	391,200	401,366	296,723	104,643	498,538
Support services	434,000	434,000	601,924	(167,924)	503,627
<b>Total general government</b>	<b>3,126,300</b>	<b>3,404,652</b>	<b>3,391,356</b>	<b>13,296</b>	<b>3,537,134</b>
<b>Public safety:</b>					
Junior lifeguard	124,100	128,790	112,919	15,871	81,902
Marine safety	668,500	688,582	637,872	50,710	570,033
Law enforcement	2,879,800	2,879,800	2,705,602	174,198	2,604,203
Code & parking enforcement	238,400	273,513	201,795	71,718	192,674
Fire	3,453,700	3,645,728	3,167,235	478,493	2,767,304
Animal regulation	69,600	69,600	76,668	(7,068)	64,168
Civil defense	41,600	50,500	40,387	10,113	42,178
Environmental services	69,900	78,339	69,891	8,448	79,256
<b>Total public safety</b>	<b>7,545,600</b>	<b>7,814,852</b>	<b>7,012,369</b>	<b>802,483</b>	<b>6,401,718</b>

**CITY OF SOLANA BEACH**  
**General Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**  
**(Continued)**

	2008			2007	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Public works:					
Street and other	1,265,700	1,333,381	1,146,693	186,688	1,050,484
Public facility	171,200	193,114	127,745	65,369	142,915
Engineering	484,000	516,662	489,385	27,277	436,490
Total public works	<u>1,920,900</u>	<u>2,043,157</u>	<u>1,763,823</u>	<u>279,334</u>	<u>1,629,889</u>
Community development:					
Planning	842,000	965,195	841,435	123,760	764,726
Building services	268,000	494,915	456,061	38,854	325,833
Total community development	<u>1,110,000</u>	<u>1,460,110</u>	<u>1,297,496</u>	<u>162,614</u>	<u>1,090,559</u>
Community services:					
Community services	134,900	134,900	120,342	14,558	85,065
Recreation programs	182,000	189,400	167,677	21,723	172,622
Total community services	<u>316,900</u>	<u>324,300</u>	<u>288,019</u>	<u>36,281</u>	<u>257,687</u>
Total expenditures	<u>14,019,700</u>	<u>15,047,071</u>	<u>13,753,063</u>	<u>1,294,008</u>	<u>12,916,987</u>
Excess (deficiency) of revenues over expenditures	317,100	(469,271)	737,896	1,207,167	1,199,450
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(455,600)	(611,800)	(611,800)	-	(2,479,300)
Net change in fund balance	<u>(138,500)</u>	<u>(1,081,071)</u>	<u>126,096</u>	<u>1,207,167</u>	<u>(1,279,850)</u>
Fund balance, July 1	<u>9,925,754</u>	<u>9,925,754</u>	<u>9,925,754</u>	<u>-</u>	<u>11,205,604</u>
Fund balance, June 30	<u>\$ 9,787,254</u>	<u>8,844,683</u>	<u>10,051,850</u>	<u>1,207,167</u>	<u>9,925,754</u>

CITY OF SOLANA BEACH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

(1) Budgets and Budgetary Accounting

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

(2) Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following major fund department:

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Favorable <u>(Unfavorable)</u>
General Fund Department:			
Legal Services	\$ 444,100	471,677	( 27,577)
Manager	441,450	451,157	( 9,707)
Support Services	434,000	601,924	(167,924)
Animal regulation	69,600	76,688	( 7,068)

Expenditures exceeded appropriation in the following nonmajor funds:

Solana Beach RDA Debt Service	390,200	423,864	( 33,664)
Assessment Districts Capital Projects	6,105	124,262	(118,157)

## SUPPLEMENTARY SCHEDULES

**CITY OF SOLANA BEACH  
Non-Major Funds  
Combining Balance Sheet  
June 30, 2008**

<b>Assets</b>	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Totals	
				2008	2007
Cash and investments	\$ 4,081,062	580,970	2,020,618	6,682,650	7,655,949
Receivables:					
Accounts	-	-	27,659	27,659	58,886
Tax	16,624	16,361	15,206	48,191	32,364
Interest	15,199	2,430	12,153	29,782	68,393
Due from other governments	1,237,907	-	81,111	1,319,018	-
Restricted cash with fiscal agent	-	881,790	589,029	1,470,819	1,638,941
Due from other funds	-	-	-	-	123,303
<b>Total assets</b>	<b>\$ 5,350,792</b>	<b>1,481,551</b>	<b>2,745,776</b>	<b>9,578,119</b>	<b>9,577,836</b>
 <b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 185,604	186,146	82,948	454,698	565,888
Accrued liabilities	3,118	-	1,824	4,942	4,250
Deposits payable	-	-	75,075	75,075	75,075
Deferred revenue	135,232	-	-	135,232	136,097
Due to other funds	931,889	134,875	309,167	1,375,931	613,718
<b>Total liabilities</b>	<b>1,255,843</b>	<b>321,021</b>	<b>469,014</b>	<b>2,045,878</b>	<b>1,395,028</b>
Fund balances:					
Reserved for encumbrances	384,920	-	167,949	552,869	2,079,385
Reserved for debt service	-	1,160,530	-	1,160,530	1,079,556
Reserved for housing	765,357	-	-	765,357	596,532
Reserved for capital projects	-	-	-	-	2,969,175
Unreserved:					
Designated for specific projects and programs reported in:					
Special revenue funds	313,210	-	-	313,210	312,085
Undesignated, reported in:					
Special revenue funds	2,631,462	-	-	2,631,462	(142,931)
Capital projects fund	-	-	2,108,813	2,108,813	1,289,006
<b>Total fund balances</b>	<b>4,094,949</b>	<b>1,160,530</b>	<b>2,276,762</b>	<b>7,532,241</b>	<b>8,182,808</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,350,792</b>	<b>1,481,551</b>	<b>2,745,776</b>	<b>9,578,119</b>	<b>9,577,836</b>

**CITY OF SOLANA BEACH**  
**Non-Major Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Year ended June 30, 2008**

	Special Revenue Funds	Debt Service Fund	Capital Project Fund	Totals	
				2008	2007
Revenues:					
Taxes and assessments	\$ 943,105	744,917	96,808	1,784,830	1,520,058
Intergovernmental	3,491,618	-	-	3,491,618	1,030,961
Charges for services	10,984	-	-	10,984	9,833
Contributions from property owners	-	-	-	-	782,564
Investment income	134,152	50,654	103,705	288,511	434,534
Other	23,129	-	160,038	183,167	240,864
Total revenues	<u>4,602,988</u>	<u>795,571</u>	<u>360,551</u>	<u>5,759,110</u>	<u>4,018,814</u>
Expenditures:					
Current:					
General government	-	5,814	165,432	171,246	273,193
Public safety	114,107	-	-	114,107	128,022
Public works	755,369	-	17,827	773,196	939,816
Community development	15,000	-	-	15,000	-
Capital outlay	4,135,079	-	1,073,854	5,208,933	7,087,294
Debt service:					
Principal retirement	-	235,000	-	235,000	230,000
Interest	-	289,795	-	289,795	297,973
Pass-through payments	-	214,200	-	214,200	170,053
Total expenditures	<u>5,019,555</u>	<u>744,809</u>	<u>1,257,113</u>	<u>7,021,477</u>	<u>9,126,351</u>
Excess (deficiency) of revenues over (under) expenditures	(416,567)	50,762	(896,562)	(1,262,367)	(5,107,537)
Other financing sources:					
Transfers in	148,983	324,000	432,605	905,588	3,866,836
Transfers out	-	(293,788)	-	(293,788)	(1,387,536)
Net change in fund balances	<u>(267,584)</u>	<u>80,974</u>	<u>(463,957)</u>	<u>(650,567)</u>	<u>(2,628,237)</u>
Fund balances, July 1	<u>4,362,533</u>	<u>1,079,556</u>	<u>2,740,719</u>	<u>8,182,808</u>	<u>10,811,045</u>
Fund balances, June 30	<u>\$ 4,094,949</u>	<u>1,160,530</u>	<u>2,276,762</u>	<u>7,532,241</u>	<u>8,182,808</u>

## NON-MAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

## **NON-MAJOR SPECIAL REVENUE FUNDS, (CONTINUED)**

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

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

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

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

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

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

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

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**CITY OF SOLANA BEACH  
Non-Major Special Revenue Funds  
Combining Balance Sheet  
June 30, 2008**

Assets	Gas Tax	Municipal Improvement Districts	SEEG	Lighting District	TRANSNET
Cash and investments	\$ 181,749	400,924	693	1,106,921	1,274,294
Accounts receivable	-	-	-	-	-
Taxes receivable	-	2,492	-	2,449	-
Interest receivable	724	1,285	-	7,390	591
Due from other governmental agencies	82,361	-	-	-	-
<b>Total assets</b>	<b>\$ 264,834</b>	<b>404,701</b>	<b>693</b>	<b>1,116,760</b>	<b>1,274,885</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	88,558	-	13,230	66,646
Accrued liabilities	-	680	-	2,438	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>89,238</b>	<b>-</b>	<b>15,668</b>	<b>66,646</b>
<b>Fund balances (deficit):</b>					
Reserved for encumbrances	160,000	2,253	-	200	56,591
Reserved for low and moderate income housing	-	-	-	-	-
Unreserved; designated for specific projects and programs	-	313,210	-	-	-
Unreserved; undesignated	104,834	-	693	1,100,892	1,151,648
<b>Total fund balances (deficit)</b>	<b>264,834</b>	<b>315,463</b>	<b>693</b>	<b>1,101,092</b>	<b>1,208,239</b>
<b>Total liabilities and fund balances</b>	<b>\$ 264,834</b>	<b>404,701</b>	<b>693</b>	<b>1,116,760</b>	<b>1,274,885</b>

Proposition A	TEA 21 & TEA	COPS	Fire Mitigation	Transportation Development Act	CDBG	CALTRANS
-	-	150,879	83,216	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	998	534	-	-	-
-	-	-	-	-	-	-
-	-	-	-	750,000	-	5,546
-	-	<u>151,877</u>	<u>83,750</u>	<u>750,000</u>	-	<u>5,546</u>
-	-	16,645	-	-	-	-
-	-	-	-	-	-	-
-	-	135,232	-	-	-	-
596	168,970	-	-	741,463	16,357	4,503
596	168,970	<u>151,877</u>	-	<u>741,463</u>	<u>16,357</u>	<u>4,503</u>
-	3,277	-	-	-	162,599	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(596)	(172,247)	-	83,750	8,537	(178,956)	1,043
(596)	(168,970)	-	83,750	8,537	(16,357)	1,043
-	-	<u>151,877</u>	<u>83,750</u>	<u>750,000</u>	-	<u>5,546</u>

(continued)

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

Assets	Coastal/ Business Visitors	Dept. of Boating & Waterways	Miscellaneous Grants Fund	Redevelopment Agency Low/Mod Housing
Cash and investments	40,745	\$ 84,000	52	349,666
Accounts receivable	-	-	-	-
Taxes receivable	7,592	-	-	4,091
Interest receivable	-	-	-	607
Due from other governmental agencies	-	-	400,000	-
<b>Total assets</b>	<b>48,337</b>	<b>\$ 84,000</b>	<b>400,052</b>	<b>354,364</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	-	\$ 525	-	-
Accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>525</b>	<b>-</b>	<b>-</b>
<b>Fund balances (deficit):</b>				
Reserved for encumbrances	-	-	-	-
Reserved for low and moderate income housing	-	-	-	354,364
Unreserved; designated for specific projects and programs	-	-	-	-
Unreserved; undesignated	48,337	83,475	400,052	-
<b>Total fund balances (deficit)</b>	<b>48,337</b>	<b>83,475</b>	<b>400,052</b>	<b>354,364</b>
<b>Total liabilities and fund balances</b>	<b>48,337</b>	<b>\$ 84,000</b>	<b>400,052</b>	<b>354,364</b>

Housing Fund	Totals	
	2008	2007
407,923	4,081,062	4,815,886
-	-	50,381
-	16,624	16,091
3,070	15,199	53,603
-	-	-
-	1,237,907	-
<u>410,993</u>	<u>5,350,792</u>	<u>4,935,961</u>
-	185,604	78,831
-	3,118	2,960
-	135,232	136,097
-	931,889	355,540
-	1,255,843	573,428
-	384,920	1,143,884
410,993	765,357	596,532
-	313,210	312,085
-	2,631,462	2,310,032
<u>410,993</u>	<u>4,094,949</u>	<u>4,362,533</u>
<u>410,993</u>	<u>5,350,792</u>	<u>4,935,961</u>

**CITY OF SOLANA BEACH**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Year ended June 30, 2008**

	Gas Tax	Municipal Improvement Districts	SEEG	Lighting District	TRANSNET
<b>Revenues:</b>					
Taxes and assessments	-	495,583	-	399,129	-
Intergovernmental	244,814	2,786	-	3,167	445,000
Charges for services	-	-	-	-	-
Investment income	5,455	9,212	-	41,497	49,791
Other income	23,129	-	-	-	-
<b>Total revenues</b>	<b>273,398</b>	<b>507,581</b>	<b>-</b>	<b>443,793</b>	<b>494,791</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Public safety	-	-	-	-	-
Public works	-	511,708	-	243,661	-
Community development	-	-	-	-	-
Capital outlay	255,042	-	-	83,705	1,739,515
<b>Total expenditures</b>	<b>255,042</b>	<b>511,708</b>	<b>-</b>	<b>327,366</b>	<b>1,739,515</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>18,356</b>	<b>(4,127)</b>	<b>-</b>	<b>116,427</b>	<b>(1,244,724)</b>
<b>Other financing sources:</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Net change in fund balances</b>	<b>18,356</b>	<b>(4,127)</b>	<b>-</b>	<b>116,427</b>	<b>(1,244,724)</b>
<b>Fund balances (deficit), July 1</b>	<b>246,478</b>	<b>319,590</b>	<b>693</b>	<b>984,665</b>	<b>2,452,963</b>
<b>Fund balances (deficit), June 30</b>	<b>264,834</b>	<b>315,463</b>	<b>693</b>	<b>1,101,092</b>	<b>1,208,239</b>

Proposition A	TEA 21 & TEA	COPS	Fire Mitigation	Transportation Development Act	CDBG	CALTRANS
-	-	-	-	-	-	-
-	1,060,985	100,866	-	1,150,000	-	-
-	-	-	10,984	-	-	-
-	-	5,473	2,882	-	-	-
-	-	-	-	-	-	-
-	1,060,985	106,339	13,866	1,150,000	-	-
-	-	106,339	7,243	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	905,289	-	-	1,150,000	1,528	-
-	905,289	106,339	7,243	1,150,000	1,528	-
-	155,696	-	6,623	-	(1,528)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	155,696	-	6,623	-	(1,528)	-
(596)	(324,666)	-	77,127	8,537	(14,829)	1,043
(596)	(168,970)	-	83,750	8,537	(16,357)	1,043

(continued)

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

	Coastal/ Business Visitors	Dept. of Boating & Waterways	Miscellaneous Grants Fund	Redevelopment Agency Low/Mod Housing
Revenues:				
Taxes and assessments	48,393	-	-	-
Intergovernmental	-	84,000	400,000	-
Charges for services	-	-	-	-
Investment income	-	-	-	3,279
Other income	-	-	-	-
<b>Total revenues</b>	<b>48,393</b>	<b>84,000</b>	<b>400,000</b>	<b>3,279</b>
Expenditures:				
Current:				
Public safety	-	525	-	-
Public works	-	-	-	-
Community development	15,000	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>15,000</b>	<b>525</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	33,393	83,475	400,000	3,279
Other financing sources:				
Transfers in	-	-	-	148,983
Transfers out	-	-	-	-
<b>Net change in fund balances</b>	<b>33,393</b>	<b>83,475</b>	<b>400,000</b>	<b>152,262</b>
Fund balances (deficit), July 1, as restated	14,944	-	52	202,102
Fund balances (deficit), June 30	<u>48,337</u>	<u>83,475</u>	<u>400,052</u>	<u>354,364</u>

Housing Fund	Totals	
	2008	2007
-	943,105	877,615
-	3,491,618	1,030,961
-	10,984	9,833
16,563	134,152	210,374
-	23,129	43,087
<u>16,563</u>	<u>4,602,988</u>	<u>2,171,870</u>
-	114,107	128,022
-	755,369	839,746
-	15,000	-
-	<u>4,135,079</u>	<u>607,540</u>
-	<u>5,019,555</u>	<u>1,575,308</u>
16,563	(416,567)	596,562
-	148,983	122,511
-	-	-
16,563	(267,584)	719,073
<u>394,430</u>	<u>4,362,533</u>	<u>3,643,460</u>
<u>410,993</u>	<u>4,094,949</u>	<u>4,362,533</u>

**CITY OF SOLANA BEACH  
Gas Tax Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 256,300	256,300	244,814	(11,486)	350,557
Investment income	3,000	3,000	5,455	2,455	6,125
Other income	-	-	23,129	23,129	43,087
	259,300	259,300	273,398	14,098	399,769
Total revenues					
Expenditures:					
Current:					
Capital outlay	250,000	494,283	255,042	239,241	294,948
Net change in fund balance	9,300	(234,983)	18,356	253,339	104,821
Fund balance, July 1	246,478	246,478	246,478	-	141,657
Fund balance (deficit), June 30	<u>\$ 255,778</u>	<u>11,495</u>	<u>264,834</u>	<u>253,339</u>	<u>246,478</u>

**CITY OF SOLANA BEACH**  
**Municipal Improvement Districts Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Taxes and assessments	\$ 492,700	492,700	495,583	2,883	481,518
Intergovernmental	3,000	3,000	2,786	(214)	2,865
Investment income	14,200	14,200	9,212	(4,988)	14,326
Total revenues	509,900	509,900	507,581	(2,319)	498,709
Expenditures:					
Current:					-
Public works	542,600	550,105	511,708	38,397	556,742
Net change in fund balance	(32,700)	(40,205)	(4,127)	36,078	(58,033)
Fund balance, July 1	319,590	319,590	319,590	-	377,623
Fund balance, June 30	<u>\$ 286,890</u>	<u>279,385</u>	<u>315,463</u>	<u>36,078</u>	<u>319,590</u>

**CITY OF SOLANA BEACH**  
**SEEG Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	-	-	-
Expenditures:					
Current:					
Capital outlay	-	-	-	-	-
Net change in fund balance	-	-	-	-	-
Fund balance (deficit), July 1	<u>693</u>	<u>693</u>	<u>693</u>	<u>-</u>	<u>693</u>
Fund balance (deficit), June 30	<u><u>\$ 693</u></u>	<u><u>693</u></u>	<u><u>693</u></u>	<u><u>-</u></u>	<u><u>693</u></u>

**CITY OF SOLANA BEACH**  
**Lighting District Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Taxes and assessments	\$ 375,500	375,500	399,129	23,629	381,153
Intergovernmental	3,200	3,200	3,167	(33)	3,221
Investment income	30,000	30,000	41,497	11,497	45,362
Total revenues	408,700	408,700	443,793	35,093	429,736
Expenditures:					
Current:					
Public works	276,000	284,331	243,661	40,670	274,755
Capital outlay	157,000	157,000	83,705	73,295	-
Total expenditures	433,000	441,331	327,366	113,965	274,755
Net change in fund balance	(24,300)	(32,631)	116,427	149,058	154,981
Fund balance, July 1	984,665	984,665	984,665	-	829,684
Fund balance, June 30	<u>\$ 960,365</u>	<u>952,034</u>	<u>1,101,092</u>	<u>149,058</u>	<u>984,665</u>

**CITY OF SOLANA BEACH**  
**TRANSNET Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 475,000	616,000	445,000	(171,000)	409,200
Investment income	90,000	90,000	49,791	(40,209)	114,249
Total revenues	<u>565,000</u>	<u>706,000</u>	<u>494,791</u>	<u>(211,209)</u>	<u>523,449</u>
Expenditures:					
Current:					
Capital outlay	<u>1,792,100</u>	<u>2,293,485</u>	<u>1,739,515</u>	<u>553,970</u>	<u>94,168</u>
Excess (deficiency) of revenues over (under) expenditures	(1,227,100)	(1,587,485)	(1,244,724)	342,761	429,281
Other financing uses:					
Transfers out	-	-	-	-	-
Net change in fund balance	(1,227,100)	(1,587,485)	(1,244,724)	342,761	429,281
Fund balance, July 1	<u>2,452,963</u>	<u>2,452,963</u>	<u>2,452,963</u>	-	<u>2,023,682</u>
Fund balance, June 30	<u>\$ 1,225,863</u>	<u>865,478</u>	<u>1,208,239</u>	<u>342,761</u>	<u>2,452,963</u>

**CITY OF SOLANA BEACH**  
**Proposition A Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			2007	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Intergovernmental	\$ 900,000	900,000	-	(900,000)	-
Investment income	-	-	-	-	-
Total revenues	900,000	900,000	-	(900,000)	-
Expenditures:					
Current:					
Public works	-	-	-	-	8,249
Capital outlay	900,000	903,865	-	903,865	-
Total expenditures	900,000	903,865	-	903,865	8,249
Excess (deficiency) of revenues over (under) expenditures	-	(3,865)	-	3,865	(8,249)
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balance	-	(3,865)	-	3,865	(8,249)
Fund balance, July 1	(596)	(596)	(596)	-	7,653
Fund balance (deficit), June 30	<u>\$ (596)</u>	<u>(4,461)</u>	<u>(596)</u>	<u>3,865</u>	<u>(596)</u>

**CITY OF SOLANA BEACH**  
**TEA 21 and TEA Special Revenue Funds**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	913,400	1,060,985	147,585	-
Expenditures:					
Capital outlay	-	921,983	905,289	16,694	144,516
Net change in fund balance	-	(8,583)	155,696	164,279	(144,516)
Fund balance (deficit), July 1	<u>(324,666)</u>	<u>(324,666)</u>	<u>(324,666)</u>	<u>-</u>	<u>(180,150)</u>
Fund balance (deficit), June 30	<u>\$ (324,666)</u>	<u>(333,249)</u>	<u>(168,970)</u>	<u>164,279</u>	<u>(324,666)</u>

**CITY OF SOLANA BEACH  
COPS Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 100,000	100,000	100,866	866	109,462
Investment income	4,200	4,200	5,473	1,273	2,842
Total revenues	104,200	104,200	106,339	2,139	112,304
Expenditures:					
Current:					
Public safety	114,000	114,000	106,339	7,661	112,304
Net change in fund balance	(9,800)	(9,800)	-	9,800	-
Fund balance, July 1	-	-	-	-	-
Fund balance (deficit), June 30	<u>\$ (9,800)</u>	<u>(9,800)</u>	<u>-</u>	<u>9,800</u>	<u>-</u>

**CITY OF SOLANA BEACH**  
**Fire Mitigation Fees Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	-	-	-
Charges for services	14,000	14,000	10,984	(3,016)	9,833
Investment income	3,000	3,000	2,882	(118)	3,748
Total revenues	17,000	17,000	13,866	(3,134)	13,581
Expenditures:					
Current:					-
Public safety	15,000	15,000	7,243	7,757	15,718
Excess (deficiency) of revenues over (under) expenditures	2,000	2,000	6,623	4,623	(2,137)
Other financing sources:					
Transfers in	-	-	-	-	-
Net change in fund balance	2,000	2,000	6,623	4,623	(2,137)
Fund balance, July 1	77,127	77,127	77,127	-	79,264
Fund balance, June 30	<u>\$ 79,127</u>	<u>79,127</u>	<u>83,750</u>	<u>4,623</u>	<u>77,127</u>

**CITY OF SOLANA BEACH**  
**Transportation Development Act Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	1,150,000	1,150,000	-
Investment income	-	-	-	-	234
Total revenues	-	-	1,150,000	1,150,000	234
Expenditures:					
Current:					
Capital outlay	58,885	1,208,885	1,150,000	58,885	50,582
Net change in fund balance	(58,885)	(1,208,885)	-	1,208,885	(50,348)
Fund balance, July 1, as restated	8,537	8,537	8,537	-	58,885
Fund balance (deficit), June 30	<u>\$ (50,348)</u>	<u>(1,200,348)</u>	<u>8,537</u>	<u>1,208,885</u>	<u>8,537</u>

**CITY OF SOLANA BEACH**  
**CDBG Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ 53,400	53,400	-	(53,400)	35,369
Expenditures:					
Current:					
Capital outlay	108,100	161,265	1,528	159,737	23,326
Net change in fund balance	(54,700)	(107,865)	(1,528)	106,337	12,043
Fund balance (deficit), July 1	(14,829)	(14,829)	(14,829)	-	(26,872)
Fund balance (deficit), June 30	<u>\$ (69,529)</u>	<u>(122,694)</u>	<u>(16,357)</u>	<u>106,337</u>	<u>(14,829)</u>

**CITY OF SOLANA BEACH**  
**CALTRANS Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	-	-	-	21,227
Investment income	-	-	-	-	-
Total revenues	-	-	-	-	21,227
Expenditures:					
Current:					
Capital outlay	-	-	-	-	-
Net change in fund balance	-	-	-	-	21,227
Fund balance (deficit), July 1	1,043	1,043	1,043	-	(20,184)
Fund balance (deficit), June 30	<u>\$ 1,043</u>	<u>1,043</u>	<u>1,043</u>	<u>-</u>	<u>1,043</u>

**CITY OF SOLANA BEACH**  
**Coastal Business/Visitors Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Taxes and assessments	\$ 49,700	49,700	48,393	(1,307)	14,944
Expenditures:					
Current:					
Community development	20,000	43,000	15,000	28,000	-
Net change in fund balance	29,700	6,700	33,393	(29,307)	14,944
Fund balance (deficit), July 1	14,944	14,944	14,944	-	-
Fund balance (deficit), June 30	<u>\$ 44,644</u>	<u>21,644</u>	<u>48,337</u>	<u>(29,307)</u>	<u>14,944</u>

**CITY OF SOLANA BEACH**  
**Dept. of Boating & Waterways Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$ -	74,800	84,000	9,200	-
Investment income	-	-	-	-	118
Total revenues	-	74,800	84,000	9,200	118
Expenditures:					
Current:					
Public safety	234,000	308,800	525	308,275	-
Excess (deficiency) of revenues over (under) expenditures	(234,000)	(234,000)	83,475	317,475	118
Other financing uses:					
Transfers out	-	-	-	-	-
Net change in fund balance	(234,000)	(234,000)	83,475	317,475	118
Fund balance, July 1	-	-	-	-	(118)
Fund balance (deficit), June 30	<u>\$ (234,000)</u>	<u>(234,000)</u>	<u>83,475</u>	<u>317,475</u>	<u>-</u>

**CITY OF SOLANA BEACH**  
**Miscellaneous Grants Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Intergovernmental	\$425,000	425,000	400,000	(25,000)	99,060
Investment income	-	-	-	-	-
Total revenues	425,000	425,000	400,000	(25,000)	99,060
Expenditures:					
Current:					
Capital outlay	-	400,000	-	400,000	-
Net change in fund balance	425,000	25,000	400,000	375,000	99,060
Fund balance (deficit), July 1	52	52	52	-	(99,008)
Fund balance (deficit), June 30	<u>\$425,052</u>	<u>25,052</u>	<u>400,052</u>	<u>375,000</u>	<u>52</u>

**CITY OF SOLANA BEACH**  
**Solana Beach Redevelopment Agency Low/Mod Housing Special Revenue Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			2007	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Investment income	\$ 6,000	6,000	3,279	(2,721)	3,862
Expenditures:					
Current:					
Community development	25,000	25,000	-	25,000	-
Excess (deficiency) of revenues over (under) expenditures	(19,000)	(19,000)	3,279	(27,721)	3,862
Other financing sources:					
Transfers in	130,000	130,000	148,983	18,983	122,511
Net change in fund balance	111,000	111,000	152,262	41,262	126,373
Fund balance, July 1	202,102	202,102	202,102	-	75,729
Fund balance, June 30	<u>\$ 313,102</u>	<u>313,102</u>	<u>354,364</u>	<u>41,262</u>	<u>202,102</u>

**CITY OF SOLANA BEACH  
Housing Special Revenue Fund  
Budgetary Comparison Schedule  
Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ 16,000	16,000	16,563	563	19,508
Expenditures:					
Current:					
Capital outlay	-	-	-	-	-
Net change in fund balance	16,000	16,000	16,563	563	19,508
Fund balance, July 1	394,430	394,430	394,430	-	374,922
Fund balance, June 30	<u>\$ 410,430</u>	<u>410,430</u>	<u>410,993</u>	<u>563</u>	<u>394,430</u>

## NON-MAJOR DEBT SERVICE FUNDS

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

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

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

**CITY OF SOLANA BEACH  
Debt Service Funds  
Combining Balance Sheet  
June 30, 2008**

	City Debt Service Fund	Solana Beach Redevelopment Agency	Totals	
			2008	2007
<b>Assets</b>				
Cash and investments	\$ 39,828	541,142	580,970	266,646
Taxes receivable	-	16,361	16,361	16,273
Interest receivable	-	2,430	2,430	3,911
Restricted cash with fiscal agent	251,390	630,400	881,790	951,278
Due from other funds	-	-	-	123,303
<b>Total assets</b>	<u>291,218</u>	<u>1,190,333</u>	<u>1,481,551</u>	<u>1,361,411</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	186,146	186,146	146,980
Due to other funds	-	134,875	134,875	134,875
<b>Total liabilities</b>	<u>-</u>	<u>321,021</u>	<u>321,021</u>	<u>281,855</u>
<b>Fund balances (deficit):</b>				
Reserved for debt service	<u>291,218</u>	<u>869,312</u>	<u>1,160,530</u>	<u>1,079,556</u>
<b>Total liabilities and fund balances</b>	<u>\$ 291,218</u>	<u>\$ 1,190,333</u>	<u>\$ 1,481,551</u>	<u>\$ 1,361,411</u>

**CITY OF SOLANA BEACH**  
**Debt Service Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Year ended June 30, 2008**

	City Debt Service Fund	Solana Beach Redevelopment Agency	Totals	
			2008	2007
<b>Revenues:</b>				
Taxes and assessments	\$ -	744,917	744,917	612,555
Investment income	11,488	39,166	50,654	108,518
<b>Total revenues</b>	<b>11,488</b>	<b>784,083</b>	<b>795,571</b>	<b>721,073</b>
<b>Expenditures:</b>				
Current:				
General government	1,764	4,050	5,814	9,965
Debt service:				
Principal	205,000	30,000	235,000	230,000
Interest & fiscal charges	114,181	175,614	289,795	297,973
Pass-through payments	-	214,200	214,200	170,053
<b>Total expenditures</b>	<b>320,945</b>	<b>423,864</b>	<b>744,809</b>	<b>707,991</b>
(Deficiency) of revenues over (under) expenditures	(309,457)	360,219	50,762	13,082
<b>Other financing sources:</b>				
Transfers in	324,000	-	324,000	328,000
Transfers out	-	(293,788)	(293,788)	(1,387,536)
<b>Net change in fund balance</b>	<b>14,543</b>	<b>66,431</b>	<b>80,974</b>	<b>(1,046,454)</b>
Fund balance, July 1	276,675	802,881	1,079,556	2,126,010
Fund balance, June 30	291,218	869,312	1,160,530	1,079,556

**CITY OF SOLANA BEACH**  
**City Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Investment income	\$ 10,000	10,000	11,488	1,488	12,037
Expenditures:					
Current:					
General government	4,800	4,800	1,764	3,036	1,805
Debt service:					
Principal	205,000	205,000	205,000	-	200,000
Interest	114,200	114,200	114,181	19	123,556
Total expenditures	324,000	324,000	320,945	3,055	325,361
(Deficiency) of revenues over (under) expenditures	(314,000)	(314,000)	(309,457)	4,543	(313,324)
Other financing sources:					
Transfers in	324,000	324,000	324,000	-	328,000
Net change in fund balance	10,000	10,000	14,543	4,543	14,676
Fund balance, July 1	276,675	276,675	276,675	-	261,999
Fund balance, June 30	<u>\$ 286,675</u>	<u>286,675</u>	<u>291,218</u>	<u>4,543</u>	<u>276,675</u>

**CITY OF SOLANA BEACH**  
**Solana Beach Redevelopment Agency Debt Service Fund**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Taxes and assessments	\$ 650,000	650,000	744,917	94,917	612,555
Investment income	45,000	45,000	39,166	(5,834)	96,481
<b>Total revenues</b>	<b>695,000</b>	<b>695,000</b>	<b>784,083</b>	<b>89,083</b>	<b>709,036</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	10,000	10,000	4,050	5,950	8,160
<b>Debt service:</b>					
Principal	30,000	30,000	30,000	-	30,000
Interest & fiscal charges	178,000	178,000	175,614	2,386	174,417
Pass-through payments	172,200	172,200	214,200	(42,000)	170,053
<b>Total expenditures</b>	<b>390,200</b>	<b>390,200</b>	<b>423,864</b>	<b>(33,664)</b>	<b>382,630</b>
(Deficiency) of revenues over (under) expenditures	304,800	304,800	360,219	55,419	326,406
<b>Other financing sources:</b>					
Transfers out	(245,700)	(245,700)	(293,788)	(48,088)	(1,387,536)
<b>Net change in fund balance</b>	<b>59,100</b>	<b>59,100</b>	<b>66,431</b>	<b>7,331</b>	<b>(1,061,130)</b>
Fund balance, July 1	802,881	802,881	802,881	-	1,864,011
Fund balance, June 30	<u>\$ 861,981</u>	<u>861,981</u>	<u>869,312</u>	<u>7,331</u>	<u>802,881</u>

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## NON-MAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

**CITY OF SOLANA BEACH**  
**Non-Major Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2008**

Assets	City Capital Projects	Assessment Districts	Solana Beach Redevelopment Agency	Sand Replenishment & Retention
Cash and investments	\$ 1,546,610	192,844	169,674	111,490
Accounts receivable	27,659	-	-	-
Taxes receivable	-	-	-	15,206
Interest receivable	10,634	1,519	-	-
Due from other governments	81,111	-	-	-
Restricted cash with fiscal agent	-	-	589,029	-
<b>Total assets</b>	<b>\$ 1,666,014</b>	<b>194,363</b>	<b>758,703</b>	<b>126,696</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 59,818	1,117	22,013	-
Accrued liabilities	-	-	1,824	-
Deposits payable	-	75,075	-	-
Due to other funds	-	-	309,167	-
<b>Total liabilities</b>	<b>59,818</b>	<b>76,192</b>	<b>333,004</b>	<b>-</b>
<b>Fund balances:</b>				
Reserved for encumbrances	134,968	-	32,981	-
Reserved for capital projects	-	-	-	-
Unreserved; undesignated	1,471,228	118,171	392,718	126,696
<b>Total fund balances</b>	<b>1,606,196</b>	<b>118,171</b>	<b>425,699</b>	<b>126,696</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,666,014</b>	<b>194,363</b>	<b>758,703</b>	<b>126,696</b>

Totals	
2008	2007
2,020,618	2,573,417
27,659	-
15,206	8,505
12,153	10,879
81,111	-
589,029	687,663
<u>2,745,776</u>	<u>3,280,464</u>

82,948	340,077
1,824	1,290
75,075	75,075
309,167	123,303
<u>469,014</u>	<u>539,745</u>

167,949	935,501
-	117,647
2,108,813	1,687,571
<u>2,276,762</u>	<u>2,740,719</u>
<u>2,745,776</u>	<u>3,280,464</u>

**CITY OF SOLANA BEACH**  
**Non-Major Capital Projects Funds**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Year ended June 30, 2008**

	City Capital Projects	Assessment Districts	Solana Beach Redevelopment Agency	Sand Replenishment & Retention
<b>Revenues:</b>				
Taxes and assessments	-	-	-	96,808
Contributions from property owners	-	-	-	-
Investment income	68,938	10,561	24,206	-
Other	160,038	-	-	-
<b>Total revenues</b>	<b>228,976</b>	<b>10,561</b>	<b>24,206</b>	<b>96,808</b>
<b>Expenditures:</b>				
Current:				
General government	-	20,094	145,338	-
Public works	17,827	-	-	-
Capital outlay	880,738	104,168	88,948	-
<b>Total expenditures</b>	<b>898,565</b>	<b>124,262</b>	<b>234,286</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(669,589)</b>	<b>(113,701)</b>	<b>(210,080)</b>	<b>96,808</b>
<b>Other financing sources:</b>				
Transfers in	287,800	-	144,805	-
Transfers out	-	-	-	-
<b>Net change in fund balance</b>	<b>(381,789)</b>	<b>(113,701)</b>	<b>(65,275)</b>	<b>96,808</b>
Fund balances (deficit), July 1	1,987,985	231,872	490,974	29,888
Fund balances (deficit), June 30	<u>\$ 1,606,196</u>	<u>118,171</u>	<u>425,699</u>	<u>126,696</u>

<u>Totals</u>	
<u>2008</u>	<u>2007</u>
96,808	29,888
-	782,564
103,705	115,642
<u>160,038</u>	<u>197,777</u>
<u>360,551</u>	<u>1,125,871</u>

165,432	263,228
17,827	100,070
<u>1,073,854</u>	<u>6,479,754</u>
<u>1,257,113</u>	<u>6,843,052</u>

(896,562) (5,717,181)

432,605	3,416,325
<u>-</u>	<u>-</u>

(463,957) (2,300,856)

<u>2,740,719</u>	<u>5,041,575</u>
<u>2,276,762</u>	<u>2,740,719</u>

**CITY OF SOLANA BEACH**  
**City Capital Projects**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			2007	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Investment income	\$ 45,000	45,000	68,938	23,938	38,478
Other	-	167,802	160,038	(7,764)	197,777
Total revenues	<u>45,000</u>	<u>212,802</u>	<u>228,976</u>	<u>16,174</u>	<u>236,255</u>
Expenditures:					
Current:					
Community development	-	8,837	17,827	(8,990)	100,070
Capital outlay	2,254,100	3,264,473	880,738	2,383,735	1,271,741
Total expenditures	<u>2,254,100</u>	<u>3,273,310</u>	<u>898,565</u>	<u>2,374,745</u>	<u>1,371,811</u>
Excess (deficiency) of revenues over (under) expenditures	(2,209,100)	(3,060,508)	(669,589)	(2,358,571)	(1,135,556)
Other financing sources:					
Transfers in	131,600	287,800	287,800	-	2,151,300
Net change in fund balance	(2,077,500)	(2,772,708)	(381,789)	(2,358,571)	1,015,744
Fund balances (deficit), July 1	1,987,985	1,987,985	1,987,985	-	972,241
Fund balances (deficit), June 30	<u>(89,515)</u>	<u>(784,723)</u>	<u>1,606,196</u>	<u>(2,358,571)</u>	<u>1,987,985</u>

**CITY OF SOLANA BEACH**  
**Assessment Districts Capital Projects**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			Variance with Final Budget Positive (Negative)	2007
	Adopted Budget	Final Budget	Actual		Actual
Revenues:					
Contributions from property owners \$	-	-	-	-	782,564
Investment income	-	-	10,561	10,561	16,770
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>10,561</b>	<b>10,561</b>	<b>799,334</b>
Expenditures:					
Current:					
General government	-	-	20,094	(20,094)	162,862
Capital outlay	-	6,105	104,168	(98,063)	2,982,319
<b>Total expenditures</b>	<b>-</b>	<b>6,105</b>	<b>124,262</b>	<b>(118,157)</b>	<b>3,145,181</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>(6,105)</b>	<b>(113,701)</b>	<b>128,718</b>	<b>(2,345,847)</b>
Fund balances (deficit), July 1	231,872	231,872	231,872	-	2,577,719
Fund balances (deficit), June 30	231,872	225,767	118,171	128,718	231,872

**CITY OF SOLANA BEACH**  
**Solana Beach Redevelopment Agency Capital Projects**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			2007	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Investment income	\$ 25,000	25,000	24,206	(794)	60,394
Expenditures:					
Current:					
General government	115,700	153,865	145,338	8,527	100,366
Capital outlay	510,600	782,212	88,948	693,264	2,225,694
Total expenditures	<u>626,300</u>	<u>936,077</u>	<u>234,286</u>	<u>701,791</u>	<u>2,326,060</u>
Excess (deficiency) of revenues over (under) expenditures	(601,300)	(911,077)	(210,080)	(702,585)	(2,265,666)
Other financing sources:					
Transfers in	115,700	115,700	144,805	(29,105)	1,265,025
Net change in fund balance	(485,600)	(795,377)	(65,275)	(731,690)	(1,000,641)
Fund balances (deficit), July 1	490,974	490,974	490,974	-	1,491,615
Fund balances (deficit), June 30	<u>\$ 5,374</u>	<u>(304,403)</u>	<u>425,699</u>	<u>(731,690)</u>	<u>490,974</u>

**CITY OF SOLANA BEACH**  
**Sand Replenishment and Retention Capital Projects**  
**Budgetary Comparison Schedule**  
**Year ended June 30, 2008**

	2008			2007	
	Adopted Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Revenues:					
Taxes and assessments	\$ 99,500	-	96,808	96,808	29,888
Expenditures:					
Capital outlay	-	-	-	-	-
Net change in fund balance	99,500	-	96,808	96,808	29,888
Fund balances (deficit), July 1	<u>29,888</u>	<u>29,888</u>	<u>29,888</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), June 30	<u>\$ 129,388</u>	<u>29,888</u>	<u>126,696</u>	<u>96,808</u>	<u>29,888</u>

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## AGENCY FUNDS

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

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

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

**CITY OF SOLANA BEACH**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**Year ended June 30, 2008**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b><u>Cedros Avenue Assessment District</u></b>				
Assets:				
Cash and investments	\$ 13,199	-	-	13,199
Interest receivable	-	-	-	-
Total assets	<u>\$ 13,199</u>	<u>0</u>	<u>0</u>	<u>13,199</u>
Liabilities:				
Due to bondholders	<u>\$ 13,199</u>	<u>0</u>	<u>0</u>	<u>13,199</u>
<b><u>Undergrounding Districts</u></b>				
Assets:				
Cash and investments	\$ 233,222	449,261	(122,252)	560,231
Interest receivable	1,163	1,195	(1,310)	1,048
Taxes receivable	43	712	(43)	712
Cash and investments	<u>\$ 234,428</u>	<u>451,168</u>	<u>(123,605)</u>	<u>561,991</u>
Liabilities:				
Due to bondholders	<u>\$ 234,428</u>	<u>451,168</u>	<u>(123,605)</u>	<u>561,991</u>
<b><u>South Solana Sewer District</u></b>				
Assets:				
Cash and investments	\$ 41,401	39,465	(30,002)	50,864
Interest receivable	-	227	-	227
Taxes receivable	-	719	-	719
Cash and investments	<u>\$ 41,401</u>	<u>40,411</u>	<u>(30,002)</u>	<u>51,810</u>
Liabilities:				
Due to bondholders	<u>\$ -</u>	<u>719</u>	<u>-</u>	<u>719</u>
<b><u>Total - All Agency Funds</u></b>				
Assets:				
Cash and investments	\$ 287,822	488,726	(152,254)	624,294
Interest receivable	1,163	1,422	(1,310)	1,275
Taxes receivable	43	1,431	(43)	1,431
Total assets	<u>\$ 289,028</u>	<u>491,579</u>	<u>(153,607)</u>	<u>627,000</u>
Liabilities:				
Due to bondholders	<u>\$ 289,028</u>	<u>491,579</u>	<u>(153,607)</u>	<u>627,000</u>

STATISTICAL SECTION

## Statistical Section

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

### Contents

#### **Financial Trends**

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

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

#### **Revenue Capacity**

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

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

#### **Debt Capacity**

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

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

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

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

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

#### **Operating Information**

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

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

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

CITY OF SOLANA BEACH

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

	Fiscal Year		
	2004	2005	2006
<b>Government activities</b>			
Invested in capital assets, net of related debt	\$ 37,489,188	\$ 509,150,966	\$ 508,883,573
Restricted	3,698,578	2,221,042	6,996,982
Unrestricted	11,645,853	11,309,650	10,976,825
<b>Total governmental activities net assets</b>	<b>\$ 52,833,619</b>	<b>\$ 522,681,658</b>	<b>\$ 526,857,380</b>
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 4,979,576	\$ 4,258,382	\$ 4,485,446
Restricted	809,381	850,800	1,021,293
Unrestricted	13,692,108	15,243,909	16,242,623
<b>Total business-type activities net assets</b>	<b>\$ 19,481,065</b>	<b>\$ 20,353,091</b>	<b>\$ 21,749,362</b>
<b>Primary government</b>			
Invested in capital assets, net of related debt	\$ 42,468,764	\$ 513,409,348	\$ 513,369,019
Restricted	4,507,959	3,071,842	8,018,275
Unrestricted	25,337,961	26,553,559	27,219,448
<b>Total primary government activities net assets</b>	<b>\$ 72,314,684</b>	<b>\$ 543,034,749</b>	<b>\$ 548,606,742</b>

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

Fiscal Year	
2007	2008
\$ 508,667,761	\$ 508,786,944
5,918,148	5,634,827
10,118,438	9,696,117
<b>\$ 524,704,347</b>	<b>\$ 524,117,888</b>
\$ 5,655,824	\$ 5,300,163
1,021,293	1,021,293
16,516,654	19,961,200
<b>\$ 23,193,771</b>	<b>\$ 26,282,656</b>
\$ 514,323,585	\$ 514,087,107
6,939,441	6,656,120
26,635,092	29,657,317
<b>\$ 547,898,118</b>	<b>\$ 550,400,544</b>

CITY OF SOLANA BEACH

Changes in Net Assets  
Last Five 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	<u>12,426,017</u>	<u>14,439,546</u>	<u>15,157,887</u>	<u>20,126,066</u>	<u>20,661,420</u>
Business-Type Activities:					
Sanitation	2,322,722	2,798,884	2,616,081	2,893,009	3,284,109
Total Business-Type Activities Expenses	<u>2,322,722</u>	<u>2,798,884</u>	<u>2,616,081</u>	<u>2,893,009</u>	<u>3,284,109</u>
<b>Total Primary Government Expenses</b>	<u>\$ 14,748,739</u>	<u>\$ 17,238,430</u>	<u>\$ 17,773,968</u>	<u>\$ 23,019,075</u>	<u>\$ 23,945,529</u>
<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:					
Public safety	-	-	2,460	-	-
Public works	255,956	257,689	312,172	393,644	267,943
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
Total Governmental Activities Program Revenues	<u>4,794,073</u>	<u>3,954,710</u>	<u>7,259,811</u>	<u>4,264,493</u>	<u>6,152,360</u>
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	<u>3,559,721</u>	<u>3,530,427</u>	<u>3,741,212</u>	<u>3,860,416</u>	<u>5,920,865</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 8,353,794</u>	<u>\$ 7,485,137</u>	<u>\$ 11,001,023</u>	<u>\$ 8,124,909</u>	<u>\$ 12,073,225</u>
<b>Net (Expense)/Revenue</b>					
Governmental Activities	(7,631,944)	(10,484,836)	(7,898,076)	(15,861,573)	(14,509,060)
Business-Type Activities	1,236,999	731,543	1,125,131	967,407	2,636,756
<b>Total primary Government Net Expense</b>	<u>(6,394,945)</u>	<u>(9,753,293)</u>	<u>(6,772,945)</u>	<u>(14,894,166)</u>	<u>(11,872,304)</u>

CITY OF SOLANA BEACH

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>General Revenues and Other Charges in Net Assets</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
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
<b>Total Governmental Activities</b>	<b>9,584,756</b>	<b>10,466,023</b>	<b>12,073,798</b>	<b>13,708,539</b>	<b>13,932,601</b>
Business-Type Activities:					
Investment income	98,406	164,044	271,140	477,002	488,749
Share in joint venture net loss	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>98,406</b>	<b>164,044</b>	<b>271,140</b>	<b>477,002</b>	<b>488,749</b>
<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 Assets</b>					
Governmental Activities	1,952,812	(18,813)	4,175,722	(2,153,034)	(576,459)
Business-Type Activities	1,335,405	895,587	1,396,271	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>

CITY OF SOLANA BEACH

Fund Balances of Governmental Funds  
Last Five 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
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
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>

**CITY OF SOLANA BEACH**

**Changes In Fund Balances Of Governmental Funds  
Last Five 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
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)
Long-term debt issued	-	-	3,555,000	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>3,555,000</b>	<b>-</b>	<b>-</b>
<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.

**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>
1999	1,288,485	122,712	146,957	-
2000	1,445,902	183,841	100,330	-
2001	1,560,492	197,667	104,361	-
2002	1,681,838	202,768	130,772	-
2003	1,795,862	215,156	119,715	-
2004	1,916,873	223,024	131,368	-
2005	2,085,753	237,780	128,736	-
2006	2,298,209	255,260	162,600	-
2007	2,514,874	265,176	175,719	-
2008	2,724,080	299,804	155,109	-

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

N/A - Data not available

**Source:** San Diego County Assessor 1998/99 - 2007/08 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>
1,558,154	0.1735%	N/A	N/A
1,730,073	0.1735%	N/A	N/A
1,862,520	0.1735%	N/A	N/A
2,015,378	0.1735%	N/A	N/A
2,130,733	0.1735%	N/A	N/A
2,271,265	0.1735%	N/A	N/A
2,452,269	0.1735%	N/A	N/A
2,716,069	0.1735%	N/A	N/A
2,955,769	0.1735%	N/A	N/A
3,178,993	0.1735%	N/A	N/A

**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>
1999	0.1602	0.0037	0.0096	0.1735
2000	0.1602	0.0037	0.0096	0.1735
2001	0.1602	0.0037	0.0096	0.1735
2002	0.1602	0.0037	0.0096	0.1735
2003	0.1602	0.0037	0.0096	0.1735
2004	0.1602	0.0037	0.0096	0.1735
2005	0.1602	0.0037	0.0096	0.1735
2006	0.1602	0.0037	0.0096	0.1735
2007	0.1602	0.0037	0.0096	0.1735
2008	0.1602	0.0037	0.0096	0.1735

**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>
1999	0.167550	0.0004	0.402810	0.10486	0.025340
2000	0.167550	0.0004	0.402810	0.10486	0.025340
2001	0.167550	0.0004	0.402810	0.10486	0.025340
2002	0.167550	0.0004	0.402810	0.10486	0.025340
2003	0.167550	0.0004	0.402810	0.10486	0.025340
2004	0.167550	0.0004	0.402810	0.10486	0.025340
2005	0.167550	0.0004	0.402810	0.10486	0.025340
2006	0.167550	0.0004	0.402810	0.10486	0.025340
2007	0.167550	0.0004	0.402810	0.10486	0.025340
2008	0.167550	0.0004	0.402810	0.10486	0.025340

(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 1998/99 - 2007/08 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	0.00107	0.0089	-0.00822	0.000140	1.001880
0.12551	0.00100	0.0089	-0.00851	-	1.001380
0.12551	0.00091	0.0088	-0.00926	-	1.000440
0.12551	0.00083	0.0077	-0.01009	-	0.998430
0.12551	0.00075	0.0067	-0.01048	-	0.996960
0.12551	0.00067	0.0061	-0.01099	-	0.995770
0.12551	-	0.0058	-0.01123	-	0.994560
0.12551	-	0.0052	-	-	1.005190
0.12551	-	0.0047	-	-	1.004690
0.12551	-	0.0045	-	-	1.004490

**CITY OF SOLANA BEACH**

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

<u><b>Taxpayer</b></u>	<b>2008</b>		
	<u><b>Taxable Assessed Value</b></u>	<u><b>Rank</b></u>	<u><b>Percentage of Total City Taxable Assessed Value</b></u>
S B Towne Centre LLC	\$ 30,481,606	1	0.97%
Sanyo Foods Corporation of America	28,496,398	2	0.91%
Pacific Solana Beach Holdings LP	27,899,199	3	0.89%
Fenton Solana Highlands LLC	26,155,878	4	0.83%
SB Corporate Centre III-IV LLC	22,933,588	5	0.73%
E R P Operating Limited Partnership	16,953,500	6	0.54%
Lavida Delmar Associates Limited Partnership	14,888,167	7	0.47%
445 Marine View LLC	13,716,113	8	0.44%
Urschel Laboratories Inc.	12,278,180	9	0.39%
Price Self Storage Solana Beach LLC	11,947,993	10	0.38%
Solana Beach Towe Centres Investments	-		0.00%
Solana Beach Partners	-		0.00%
Espirit Del Sol LLC	-		0.00%
Pacifica Solana LLC	-		0.00%
Generation Properties Limited Partnership	-		0.00%
Growth Income & Growth Reit	-		0.00%
<b>Total</b>	<u><u><b>\$ 205,750,622</b></u></u>		<u><u><b>6.56%</b></u></u>

**Source:** HdL Coren & Cone and San Diego County Assessor 1998/99 & 2007/08 Combined Tax Rolls

1999

	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
	-		0.00%
\$	21,833,223	3	1.39%
	22,972,745	2	1.46%
	-		0.00%
	-		0.00%
	9,641,751	5	0.61%
	-		0.00%
	7,822,378	7	0.50%
			0.00%
	31,673,479	1	2.01%
	12,552,249	4	0.80%
	9,428,580	6	0.60%
	7,067,902	8	0.45%
	6,398,460	9	0.41%
	5,484,702	10	0.35%
\$	<u>134,875,469</u>		<u>8.56%</u>

**CITY OF SOLANA BEACH**

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

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>
1999	3,204,457	3,150,016	98.3%
2000	3,462,536	3,400,773	98.2%
2001	3,753,666	3,691,387	98.3%
2002	4,002,562	3,941,924	98.5%
2003	4,203,037	4,144,738	98.6%
2004	4,454,612	4,398,480	98.7%
2005	4,630,963 <b>(1)</b>	4,584,653	99.0%
2006	5,071,474 <b>(1)</b>	4,829,420	95.2%
2007	5,151,898	4,996,716	97.0%
2008	5,263,487	4,990,142	94.8%

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

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

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
90,799	3,240,815	101%
75,399	3,476,172	100%
80,799	3,772,186	100%
83,602	4,025,526	101%
76,910	4,221,648	100%
77,196	4,475,676	100%
49,173	4,633,826	100%
75,012	4,904,432	97%
150,466	5,147,182	100%
-	4,990,142	95%

CITY OF SOLANA BEACH

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

Fiscal Year	Government Activities		Business-type	Total Primary Government	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	2002 ABAG Lease Revenue Bonds	Capital Leases	Activities Loans			
2004	3,100,000	39,025	9,475,000	12,614,025	0.01%	332
2005	2,915,000	-	9,025,000	11,940,000	N/A	N/A
2006	2,725,000	-	8,565,000	11,290,000	N/A	N/A
2007	2,525,000	-	17,920,000	20,445,000	N/A	N/A
2008	2,320,000	-	17,305,000	19,625,000	N/A	N/A

N/A - Data not available

**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, 2008**

**Fiscal Year 2007-08 Assessed Valuation :** \$3,113,667,713 (includes deduction of \$65,807,932 of Redevelopment Incremental Valuation)

	<u>Gross Bonded Debt Balance</u>	<u>Percent Applicable to City (1)</u>	<u>Net Bonded Debt</u>
<b><u>Direct Debt:</u></b>			
City of Solana Beach Certificates of Participation	\$ 2,320,000	100.000%	\$ 2,320,000
Total Direct Debt			<u>\$ 2,320,000</u>
<b><u>Overlapping Debt:</u></b>			
Metropolitan Water District	\$ 327,215,000	0.176%	\$ 575,898
San Dieguito Union High School District Community Facilities District No. 95-1	16,796,982	3.274%	549,933
San Dieguito Union High School District Combined Community Facilities District	48,440,000	1.256%	608,406
City of Solana Beach 1915 Act Bonds	2,672,700	100.000%	2,672,700
Olivenhain Municipal Water District, Assessment District No. 96-1	17,965,000	0.549%	98,628
San Diego County General Fund Obligations	357,645,000	0.908%	3,247,417
San Diego County Pension Obligations	1,053,187,916	0.908%	9,562,946
San Diego County Superintendent of Schools General Fund Obligations	17,267,500	0.908%	156,789
Mira Costa Community College District Certificates of Participation	4,240,000	4.252%	180,285
Solana Beach School District Certificates of Participation	775,000	25.181%	195,153
Total Overlapping Debt			<u>\$ 17,848,155</u>
Total Direct and Overlapping Debt		(2)	<u>\$ 20,168,155</u>

**Debt to Assessed Valuation Ratios :**

Direct Debt	0.07%
Overlapping Debt	0.57%
Total Debt	0.65%

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

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

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

**CITY OF SOLANA BEACH**

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

**Legal Debt Margin Calculation for Fiscal Year 2008**

Assessed value	\$ 3,179,476
Debt limit (15% of assessed value)	476,921
Debt applicable to limit:	
General obligation bonds	<u>          -</u>
Total net debt applicable to limit	<u>          -</u>
Legal debt margin	<u><u>\$ 476,921</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total net debt Applicable to Limit</u>	<u>Legal Debt Limit</u>	<u>Legal Debt Limit as a Percentage of Debt limit</u>
1999	230,673	-	230,673	100.00%
2000	276,069	-	276,069	100.00%
2001	275,786	-	275,786	100.00%
2002	298,866	-	298,866	100.00%
2003	316,259	-	316,259	100.00%
2004	337,323	-	337,323	100.00%
2005	367,897	-	367,897	100.00%
2006	407,487	-	407,487	100.00%
2007	443,421	-	443,421	100.00%
2008	476,921	-	476,921	100.00%

**CITY OF SOLANA BEACH**

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

**2002 ABAG 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>
2004	\$ 11,151	\$ 319,918	\$ 2,580	\$ 328,489
2005	11,899	323,412	2,466	332,845
2006	12,135	321,600	1,845	331,890
2007	12,037	323,556	1,805	333,788
2008	11,488	319,181	1,764	328,905

<u>Fiscal Year</u>	<u>Debt Service</u>		<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	
2004	\$ 175,000	\$ 144,918	1.03
2005	185,000	138,412	1.03
2006	190,000	131,606	1.03
2007	200,000	123,556	1.03
2008	205,000	114,181	1.03

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

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

## CITY OF SOLANA BEACH

### Demographic and Economic Statistics Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income * (2) <i>(thousands of dollars)</i></u>	<u>Per Capita * Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1999	14,152	84,346,910	30,236	3.5%
2000	14,360	92,654,006	32,803	2.7%
2001	13,247	97,009,480	33,886	3.1%
2002	13,280	100,655,726	34,719	3.1%
2003	13,329	104,630,453	35,620	2.8%
2004	13,431	113,062,259	37,965	2.3%
2005	13,400	119,135,889	40,569	2.3%
2006	13,327	N/A	N/A	2.4%
2007	13,427	N/A	N/A	2.7%
2008	13,500	N/A	N/A	3.6%

N/A - Data not available

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

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

CITY OF SOLANA BEACH

Principal Employers  
Current Year and Nine Years Ago

Employer	2007-08*			2005-06 **		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lomas Santa Fe Country Club	220	1	2.60%	-	-	-
Fish Market Restaurant	150	2	1.77%	-	-	-
Santa Fe Christian School	100	3	1.18%	90	7	0.93%
Vons	95	4	1.12%	-	-	-
All Aboard Mini Storage	80	5	0.95%	-	-	-
Marshalls	80	6	0.95%	-	-	-
Wild Note Cafe	80	7	0.95%	-	-	-
Skyline Elementary School	70	8	0.83%	-	-	-
Earl Warren Middle School	66	9	0.78%	-	-	-
Dixieline Pro Build	60	10	0.71%	66	9	0.68%
American Golf Corp.	-	-	-	150	1	1.55%
Ducket-Wilson Development Co.	-	-	-	125	2	1.29%
Belly Up Tavern	-	-	-	110	3	1.14%
Fidel's Little Mexico Inc.	-	-	-	100	4	1.03%
Wild Oats Markets	-	-	-	100	5	1.03%
Bridge Medical	-	-	-	90	6	0.93%
Kesdee Inc.	-	-	-	80	8	0.83%
Club One Inc.	-	-	-	65	10	0.67%
	<u>1,001</u>		<u>11.84%</u>	<u>-</u>		<u>10.10%</u>

80

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

Source:

\* InfoUSA

\*\* Dun & Bradstreet Selectory Business Data Service

**CITY OF SOLANA BEACH**

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

<b>Fiscal Years:</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b><u>Function/Program</u></b>				
General government				
City Council	5.00	5.15	5.20	5.20
City Clerk	1.50	2.65	2.65	2.87
City Manager	1.24	1.94	2.04	2.14
Legal Services			0.81	1.00
Finance	4.75	4.15	4.00	4.00
Non Deptmental	1.88	0.25	-	-
Personnel	0.75	1.00	1.20	1.20
Info/Communication Systems	N/A	0.15	0.25	0.25
Community Development	4.00	5.00	5.00	5.00
Public Safety				
Fire	20.62	21.00	20.62	20.62
Code Enforcement	2.50	2.50	3.25	3.25
Marine Safety	7.44	7.59	7.96	7.96
Junior Lifeguards	2.09	2.25	2.45	2.45
Public Works				
Engineering	2.94	4.19	3.52	3.87
Environmental/Flood Control	0.52	0.27	0.27	0.44
Street Maintenance	2.21	2.21	2.21	2.77
Park Maintenance	0.75	0.75	0.75	0.75
Recreation & Community Services				
Community Services	1.50	1.67	2.16	1.75
Recreation	2.03	2.03	1.99	1.99
Sanitation	2.95	3.60	1.64	1.95
Improvement Districts	1.04	1.19	1.19	1.47
Redevelopment Agency	0.10	0.15	N/A	N/A
<b>Total Personnel</b>	<b>65.81</b>	<b>69.69</b>	<b>69.16</b>	<b>70.93</b>

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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
5.20	5.20	0.20	0.20	0.20	0.20
2.87	2.87	2.75	2.75	3.00	3.00
2.14	2.14	2.05	1.99	1.99	1.99
1.00	1.00	0.25	0.25	0.25	0.25
4.00	3.70	3.60	4.60	4.55	4.55
-	-	-	-	-	-
1.20	1.20	1.73	1.20	1.20	1.20
0.25	0.25	1.15	1.10	1.10	1.10
5.00	5.00	5.50	6.25	7.25	7.25
20.62	20.67	20.01	20.01	20.01	20.01
3.25	2.25	1.55	1.88	2.13	2.13
8.30	8.31	8.45	8.67	8.67	8.67
2.46		1.84	1.84	1.84	1.84
3.59	3.14	3.64	3.89	4.08	4.08
0.69	1.49	1.69	1.69	1.69	1.69
2.77	2.77	2.96	2.96	3.10	3.10
0.75	0.75	0.94	0.94	1.14	1.14
1.75	1.05	0.62	0.64	0.83	0.83
1.99	1.99	1.91	2.27	2.10	2.40
1.98	1.68	1.64	1.64	1.75	1.75
1.47	1.42	1.54	1.54	1.54	1.64
N/A	N/A	0.25	0.30	0.36	0.36
<u>71.28</u>	<u>66.88</u>	<u>64.27</u>	<u>66.61</u>	<u>68.78</u>	<u>69.18</u>

CITY OF SOLANA BEACH

Operating Indicators by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Community development				
Number of:				
Business licenses (A)	N/A	N/A	N/A	N/A
Plan checks (B)	N/A	N/A	N/A	N/A
Code violations (calendar basis)	N/A	N/A	N/A	N/A
Police (Calendar basis)				
Number of:				
Priority 1	N/A	N/A	N/A	N/A
Priority 2	N/A	N/A	N/A	N/A
Priority 3	N/A	N/A	N/A	N/A
Priority 4	N/A	N/A	N/A	N/A
FBI Index Crimes	N/A	N/A	N/A	N/A
Fire				
Emergency Responses	N/A	N/A	N/A	N/A
Training Hours	N/A	N/A	N/A	N/A
Plan Checks	N/A	N/A	N/A	N/A
Public works				
Miles of:				
Street resurfacing/repair	N/A	N/A	N/A	N/A
Street sweeping	N/A	N/A	N/A	N/A
Number of:				
Street signal maintained	N/A	N/A	N/A	N/A
Trees pruned per year	N/A	N/A	N/A	N/A
Recreation & community services				
Number of enrollees:				
Day camp (Calendar basis)	N/A	N/A	N/A	N/A
Classes	N/A	N/A	N/A	N/A
Special events	N/A	N/A	N/A	N/A

N/A - Data not available

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

(B) - Excludes temporary plan checks.

Sources: Various city departments.

Fiscal Year

2003	2004	2005	2006	2007	2008
N/A	N/A	1272	1400	1507	1786
N/A	328	420	457	376	380
489	1220	1496	1218	957	1142
23	18	19	14	15	13
593	711	755	718	684	648
3105	2128	2205	2035	1941	1879
2133	1373	1473	1398	1228	1371
401	328	346	351	303	343
1128	1140	1377	1300	1458	1563
3019	4197	4717	4200	4644	3693
118	109	188	125	185	159
N/A	N/A	N/A	N/A	4	8
N/A	N/A	N/A	N/A	900	900
N/A	N/A	N/A	N/A	180	180
N/A	N/A	N/A	N/A	20	40
N/A	N/A	N/A	N/A	181	192
N/A	N/A	N/A	N/A	158	217
N/A	N/A	N/A	N/A	4400	4300

CITY OF SOLANA BEACH

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</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	1	1	1
Marine Safety				
Lifeguard Stations	3	3	3	3
Vehicles	5	5	5	5

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

**Sources:** Various city departments.

Fiscal Year

2003	2004	2005	2006	2007	2008
2	2	2	2	2	2
1	1	1	1	1	1
4	4	4	4	4	4
2	2	2	2	2	2
46	46	46	46	46	46
748	748	748	748	748	748
13	13	13	13	13	13
7	7	7	7	7	7
1	1	1	1	1	1
2	2	2	2	2	2
1	1	2	2	3	3
3	3	3	3	3	3
5	5	5	5	5	5

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