



# **CITY OF DEL MAR, CALIFORNIA**

**Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2018**

**CITY OF DEL MAR, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**YEAR ENDED JUNE 30, 2018**

**Prepared by**  
**Finance Department**  
**Monica Molina**  
**Finance Manager**

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February 27, 2019

Honorable Mayor, Councilmembers, and the Citizens of the City of Del Mar, California

**LETTER OF TRANSMITTAL  
FISCAL YEAR 2017-2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) for the City of Del Mar. These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

To provide a reasonable basis for making the representations shown in this report and to compile sufficient reliable information for the preparation of the City's financial statements, the management of the City has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse. Because the costs of internal controls should not exceed their benefits, the City's internal controls have been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by White Nelson Diehl Evans LLP, certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2018.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

**Profile of the City of Del Mar**

Del Mar is a coastal charter City incorporated in 1959. Its charter permits it to collect admission taxes on events but it is a general law city in every other respect. It borders the City of San Diego on the south and the City of Solana Beach on the north. The City is governed by a five-member City Council under the Council/Manager form of government. The City Council is elected at large with staggered four-year terms and the position of Mayor is rotated amongst Council members annually.

Del Mar is a small city of 4,322 residents and is primarily a residential community with substantial tourist appeal covering approximately two square miles and noted for its beautiful beaches. The City is predominantly built-out; however, redevelopment and revitalization opportunities exist in

its commercial areas, and replacement of existing houses with larger and more elaborate dwellings is commonplace in its residential areas. The 22<sup>nd</sup> District Agricultural Association (DAA), which manages and operates the Del Mar Fairgrounds and is home to the Del Mar Thoroughbred Club, has a significant presence in the City, encompassing approximately one-fifth of the City's area. The 22<sup>nd</sup> DAA is a State of California agency and is managed by a board of directors appointed by the Governor.

This report includes financial statements for the City and the financial activity related to the Del Mar Public Facilities Corporation. As a full service City, Del Mar provides its citizens and customers with fire; marine safety; parks; planning; public works; water, wastewater, and clean water services; and contracts for waste collection with Coast Waste Management, fire management services with the cities of Encinitas and Solana Beach, and for law enforcement with the San Diego County Sheriff.

### **Budgetary Process**

The City adopted and implemented the City's two-year Operating and Capital Budget for Fiscal Years 2017-2018 and 2018-2019. The budget process began with the City Council developing priorities and initiatives which provided the framework around which staff resourced and proposed a budget for Council consideration. The proposed budget was presented to the Council and discussed at public workshops. The final budget was adopted by the City Council in June 2017. The budget is monitored monthly by the Finance Department and department directors using financial reports which compare actual revenues and expenditures to date with budgeted amounts. Semi-annual financial reports are presented and reviewed by the City's Finance Committee before being presented to the Council at regularly-scheduled meetings. Other financial management tools used in conjunction with the budget process are the City's reserve policies, the ten-year Capital Improvement Program (CIP), and the 30-year financial forecast.

Throughout each fiscal year, the Council may increase or decrease the budget, as needed, through a resolution. The City Manager has the authority to move appropriations within a fund between programs; however, any adjustments between funds must be approved by the City Council.

### **Factors Affecting the City's Financial Condition**

Del Mar relies heavily on the local real estate market, specifically property tax revenues, and tourism, as major revenue sources. Over the last decade, Del Mar has continued to see increases in assessed valuations even during the last recessionary period. Property taxes increased approximately seven-percent (7%) in Fiscal Year 2017-2018 compared to the previous year. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value; increases in value due to new construction; and the two-percent (2%) annual increases permitted under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains quite strong. In addition, since Del Mar has been largely built-out for many years, with properties occupied by long-time residents, many of Del Mar's residential properties carry very low assessed values compared to current market value; and as these properties turn over, they are reassessed at higher values.

Tourism is a significant industry and a major source of revenue for the City. With its beautiful beaches and moderate climate, Del Mar is usually a popular destination for both local visitors and vacationing travelers. Starting in Fiscal Year 2016-2017, the City started contributing one-percent (1%) of Transient Occupancy Tax (TOT) to the Del Mar Village Association (DMVA) for destination marketing efforts. This was an outgrowth of the City Council's discontinuation of the Tourism Business Improvement District (TBID) in FY 2015-2016, and increasing the TOT on overnight hotel stays by one-percent (1%). This amounted to \$240,104 in Fiscal Year 2017-2018. This allows the City

to foster and encourage broader efforts to market the Del Mar village, including hotels, as well as restaurants and retailers. An annual report is provided to the City Council on the status of these efforts. Transient Occupancy Tax (TOT) collections, increased by 11 percent during Fiscal Year 2017-2018 when compared to the previous fiscal year. This was largely due to Del Mar hosting the Breeders' Cup in November 2017. Based on a decline in fine dining, sales tax receipts indicate a decrease of approximately four percent (4%) compared to the prior fiscal year.

In November 2016, Del Mar voters approved Measure Q, a one-percent (1%) sales tax measure, which was recommended by the City's Finance Committee as an alternative additional revenue source. Measure Q was originally projected to generate approximately \$2 million annually in revenue. The new sales tax was implemented in April 2017, and amounted to approximately \$700,000 in Fiscal Year 2016-2017, and \$2,700,000 in Fiscal Year 2017-2018. Though no specific projects or uses were officially designated as part of the voter-approved Measure, one of the benefits discussed was that the Measure would provide an additional revenue source for community reinvestment/infrastructure types of projects, such as the Downtown Streetscape project, implementation of the Shores Park Master Plan, and/or utility pole undergrounding. With the passage of Measure Q, a focus for the City Council in Fiscal Year 2017-2018 was prioritization and planning for how these funds will be used. The focus for use of these funds continues to be completion of the Downtown Streetscape project, utility pole undergrounding, and implementation of the Shores Park Master Plan.

Del Mar has positioned itself well to weather periods of economic instability. The City's strategic approach has been to continue fiscal conservatism by identifying new revenue sources while examining ways to reduce expenditures through alternative approaches. The City has always maintained a low level of fixed obligations and has maintained prudent reserve policies. In Fiscal Year 2014-15, the Pension Reserve Fund was established as a way to set-aside monies for future anticipated employee pension obligation costs. At the conclusion of Fiscal Year 2017-2018, that Fund has a balance of approximately \$1,100,000. The City continues to pursue grant opportunities and low-cost financing for its projects. In Fiscal Year 2015-2016, staff secured a loan through the California Infrastructure and Economic Development Bank (iBank), which in Fiscal Years 2016-2017 and 2017-2018 funded the construction of the new City Hall/Town Hall. In addition, other projects in progress during Fiscal Year 2017-2018 funded using grants and/or alternative financing included a grant for more than \$70,000 from the California Coastal Commission (CCC) to address the effects of sea-level rise; and a grant for nearly \$400,000 from the California Energy Commission for the inclusion of solar panels and battery storage as part of the new City Hall project. Additionally, the City has been able to fund certain projects through the generosity of its residents and community. We believe that the projects undertaken this fiscal year and the accomplishments highlighted as follows not only help us better serve our residents and businesses, but assist in building a solid foundation towards keeping the City fiscally sound and well positioned to sustain its financial health.

### **Accomplishments**

Based on direction by the City Council, highlighted below are the City's accomplishments this fiscal year.

#### *City Hall/Town Hall Project*

During Fiscal Year 2017-2018, construction of the new Del Mar Civic Center was completed and the facility opened for business on May 29, 2018, with a ribbon cutting dedication ceremony on Saturday, June 30, 2018. The project was completed on schedule and within budget.

### *Capital Improvement Projects*

Work was completed or continued on a number of capital improvement projects during Fiscal Year 2017-2018. For example:

- Construction of Segment 5 of the Citywide Streetscape Plan was completed along Camino del Mar between Carmel Valley Road and Del Mar Heights Road/4<sup>th</sup> Street, which included roadway/intersection configuration changes, construction of a new multi-use path, new landscaping and roadway paving. This project was selected as Outstanding Public Works Project for the San Diego Region for 2018.
- Final design work for the Downtown Streetscape project, which is Segment 1 of the Citywide Streetscape Plan, along Camino del Mar between 9<sup>th</sup> Street and Plaza Drive.
- Completion of the wastewater force main pipeline connection to Solana Beach and the transition to sending Del Mar wastewater flow to the San Elijo Water Reclamation Facility in Cardiff which will be a more cost-effective service option for the City long-term.

### *Coordinated Citywide Utility System and Pavement Rehabilitation Projects*

Work continues on the City's multi-year effort to systematically identify, prioritize, and implement underground utility system (water and wastewater) rehabilitation projects in coordination with (in advance of/preparation for) roadway pavement rehabilitation projects. The City completed \$400,000 worth of roadway paving during FY 2017-18.

### *Environmental Sustainability*

Long-term environmental sustainability continued to be a focus for the City in FY 2017-2018, including continued work to implement the recommendations of the Climate Action Plan (CAP) adopted by the City Council in June 2016. This included embarking upon a feasibility study to explore implementation of Community Choice Energy (CCE) in partnership with the cities of Encinitas, Carlsbad, and Oceanside and adoption of a Complete Streets Policy in October 2017. Another focus was exploring the possibility of implementing a bikeshare program, in a coordinated effort with the other north county coastal cities.

Additionally, work also continued to develop a Sea Level Rise Adaptation Plan, which has been adopted by the City Council, that will be a long-range planning tool to assist the community in addressing the effects of sea-level rise and increased flooding and erosion.

### *Technological & Administrative Improvements*

During Fiscal Year 2017-2018, significant progress was made towards the implementation of a new electronic time keeping/payroll software. The elimination of paper timesheets will improve efficiency for managers and payroll staff in reviewing and approving timesheets, and processing payroll.

In addition, considerable efforts were made in the technology planning and design for the new City Hall relating to security, audio-visual systems, wireless, networking, and server room design. The Parking Division also made multiple advances with technology during Fiscal Year 2017-2018. Six E-Cite Handheld units were purchased and deployed to replace handwritten tickets. The units integrate well with our smart meters and other technologies under consideration to create greater efficiencies, reliability, validity, and speed. Multiple aging parking 'Pay and Display' machines were also replaced.

### *Public Policy Issues Addressed by the City Council*

In Fiscal Year 2017-2018, the City Council worked on a number of important public policy matters, such as short-term vacation rentals; completing a review of the Design Review process and adopting Design Guidelines for residential and commercial development thanks to the work of a Council-appointed citizen ad-hoc advisory committee; and adopting a public art policy and forming a Public Art Advisory Committee. Another focus area has been the topic of developing affordable housing, which included completing a housing fee nexus study, adopting a pilot program to incentivize construction of Accessory Dwelling Units (ADU), and adoption of a condo conversion housing mitigation fee.

In November 2017, the Del Mar Thoroughbred Club hosted the Breeders' Cup, which is a premier thoroughbred horse racing event that draws participation from all over the world. The City of Del Mar was on center stage with a weeklong series of events in advance of the official Breeders' Cup race weekend both at a temporary event space erected in Powerhouse Park ("the Barn at the Beach") and at other various venues in town. Feedback from the local business community was that this event was very beneficial financially and it was recently announced that the Breeders' Cup plans to return to Del Mar in 2021.

### **Looking Forward -- Citywide Planning Efforts**

#### *Upcoming Capital Improvement Projects*

As part of the City's 10-year Capital Improvement Program (CIP), there will be continued reinvestment in Del Mar infrastructure. Several planned projects for Fiscal Year 2018-2019 include:

- Completion of minor outstanding items related to the City Hall construction project;
- Construction of the Downtown Streetscape improvements (Segment 1 of the Citywide Streetscape Plan along Camino del Mar from 9<sup>th</sup> Street to Plaza);
- The Annual Citywide Pavement Rehabilitation Program will continue through which City streets in many neighborhoods will be repaved based on a system-wide condition assessment and prioritization effort;
- Planning efforts for the Phase 3 Riverpath Extension Project, which includes topographic/biological surveys and constraint analysis;
- Environmental studies, and preliminary engineering/design for the Camino del Mar San Dieguito Lagoon bridge replacement project;

#### *Utility Undergrounding Project*

Extensive work is underway to plan for the City's utility undergrounding project. A consultant was hired in October 2018 to complete an assessment of existing overhead infrastructure and to prepare a project delivery plan and preliminary cost estimate. The focus in 2019 will be to determine how to proceed, phase, and finance the project.

#### *Del Mar Shores Park Master Plan*

In 2014, the City initiated the master planning process for the Del Mar Shores Park, located on 5.3 acres immediately south of downtown property, to help envision future activities for the site. The site currently is home to Winston School (occupying buildings leased from the City), community

offices used by two Del Mar nonprofit groups, and park land. The master plan process will determine a long-term vision for this prominent open space and develop a strategy to implement the community's desires.

Phase 1 of the master plan effort was completed in Fiscal Year 2015-2016, which included assessing community interests and recreational needs through a registered voter community survey (conducted by phone and online), stakeholder interviews, and two community workshops. Using this feedback, a list of "preferred amenities" for the park was developed. Opportunities and constraints of the site were also assessed and three concept "bubble diagrams" were presented to the City Council. In 2017, the City Council approved a memorandum of understanding with the Winston School to take more of a collaborative approach to working with the school on a combined the long-term master planning effort for the overall site. During 2017-2018, the City continued working with the Winston School and design team as well as the Shores Advisory Committee solidifying some guidepost recommendations for the planning effort, as well as a quantitative evaluation of the amount of necessary space for indoor recreational programming for an activity building. Looking ahead, the second part of 2018 has been focused on negotiations with the School regarding their long-term lease at their request.

#### *Housing Element Implementation and Affordable Housing Program*

The Del Mar City Council adopted a required update to the Community Plan's Housing Element in 2013. During Fiscal Year 2016-2017, the City focused on completing the remaining ordinances and code amendments and initiated an affordable housing program implementation study ("22 in 5") to explore opportunities for moving forward towards completion of actual projects to generate affordable housing units with the goal of developing 22 low income units in five years. The study was completed during Fiscal Year 2017-2018, and the City Council has given direction to continue working in Fiscal Year 2018-2019 on several specific strategies including exploration of partnering with the Fairgrounds to develop affordable housing on some of their property and to explore rezoning the North Commercial and Planned Commercial areas to allow for housing.

#### *Sustainability Initiatives*

During Fiscal Year 2018-2019, results of the Community Choice Energy (CCE) feasibility study will be presented to the community and the City Council in order to determine the manner in which the City would like to proceed. Work will also continue toward implementing other recommendations from the Climate Action Plan. Another focus will be starting to move forward with some of the recommendations identified in the Sea Level Rise Adaptation Plan, such as developing a sand replenishment program.

#### *Private Development*

Three major private commercial development projects are currently proceeding through the review process, including 941 Camino del Mar, a mixed-use project at Camino del Mar and 10<sup>th</sup> Street; Watermark, a multi-family residential project; and the Del Mar Resort, located at Border Avenue/Via de la Valle and Camino del Mar. These three projects represent the most potential commercial development the City of Del Mar has experienced in approximately 30 years and necessitate extensive community engagement and staff time for review.

#### *Technological & Administrative Enhancements*

Looking ahead, for Fiscal Year 2018-2019, other initiatives underway related to technological and administrative enhancements include launching a refreshed web page for the City; implementation of new software to assist with administration of an ever increasing volume of public records requests; completing a cost of service study for the City's utility enterprise funds (water, wastewater,

and clean water); and continued implementation of changes to cost-effectively enhance law enforcement services, including hiring a part-time Law Enforcement Manager to foster improved collaboration with the City's law enforcement-related positions (e.g., Park Ranger, parking enforcement, code compliance) and the Sheriff's Department.

### **Financial Policies**

#### *General Fund Contingency Reserve*

It is the City's policy and practice to establish a budget that is balanced and has a minimum contingency reserve of 10% of annual operating expenditures in the General Fund in order to ensure the City's continuing financial health. Since 2000, the City Council has abided by an expanded reserve policy providing for a mandatory review of reserves, followed by the transfer of reserve funds in excess of the 20% level to the Capital Improvement Program (CIP) reserve.

#### *Finnell Plan*

In 2007, the City Council adopted a financial objective, referred to as the Finnell Plan, to provide funding for future capital projects. The Finnell plan was created in order to provide an automatic funding mechanism for capital projects, by constraining the growth in operating expenditures to be below the growth in revenues. The difference is then transferred to the CIP Reserve to assist in cash funding the City's capital projects.

### **Awards**

The Government Finance Officers' Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for 20 consecutive years. In order to receive an award, the City must publish an easily readable and comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

### **Acknowledgments**

We would like to thank the City Council of the City of Del Mar and the Executive Team for their continued leadership in the pursuit of excellence in financial reporting and for maintaining the highest level of professional standards in the management of Del Mar's finances. We would also like to thank the City's Finance Committee for their oversight and contributions. This report could not have been accomplished without the professionalism and dedicated services of the entire staff of the Finance Department including Finance Officer Rosanna Arguelles; Administrative Assistant Jay Lipscomb; and Accounting Technicians Adele Crawford and Les Middleton.

Respectfully submitted,



Scott W. Huth  
City Manager



Monica Molina  
Finance Manager/Treasurer



Government Finance Officers Association

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

Presented to

**City of Del Mar  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morrill*

Executive Director/CEO

**CITY COUNCIL**

*Dave Druker*  
**Mayor**

*Ellie Haviland*  
**Deputy Mayor**

*Terry Gaasterland*  
**Councilmember**

*Sherryl Parks*  
**Councilmember**

*Dwight Worden*  
**Councilmember**

**CITY MANAGER**

*Scott W. Huth*

**ASSISTANT CITY MANAGER**

*Kristen M. Crane*

**CITY ATTORNEY**

*Leslie Devaney*

**DIRECTOR OF PLANNING AND  
COMMUNITY DEVELOPMENT**

*Kathy Garcia*

**ADMINISTRATIVE  
SERVICES DIRECTOR**

*Ashley Jones*

**FINANCE MANAGER/  
TREASURER**

*Monica Molina*

**DIRECTOR OF COMMUNITY SERVICES  
AND LIFEGUARD CHIEF**

*Jon Edelbrock*

**MANAGEMENT SERVICES  
DIRECTOR**

*Kristen M. Crane*

**PUBLIC WORKS DIRECTOR**

*Joe Bride*

**CITY ENGINEER**

*Tim Thiele*

**FIRE CHIEF**

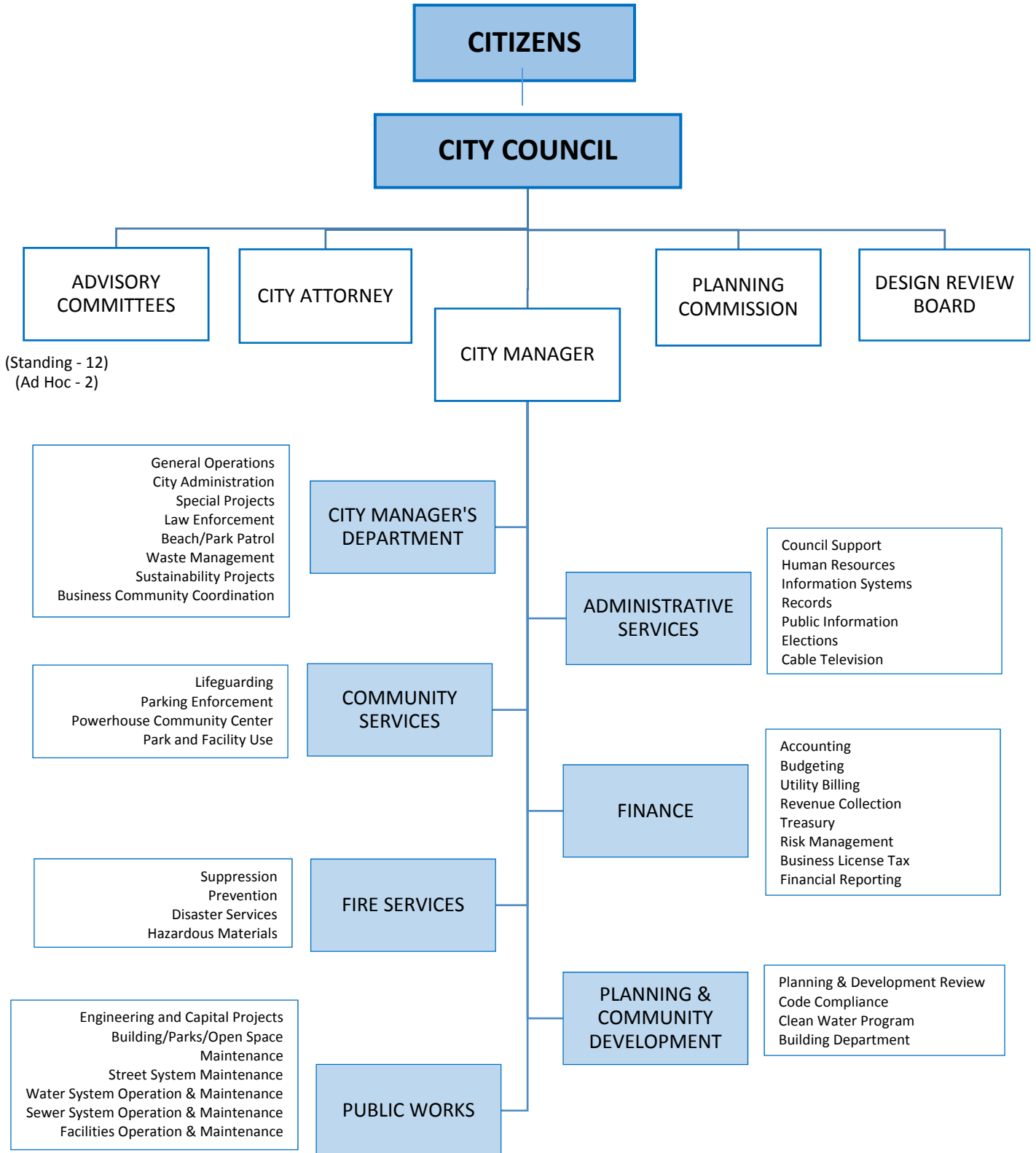
*Mike Stein*

**SHERIFF CAPTAIN**

*Herbert Taft*



# City of Del Mar Organizational Chart



## INDEPENDENT AUDITORS' REPORT

City Council  
City of Del Mar  
Del Mar, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **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, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – general fund and related notes, and the miscellaneous and safety pension plans schedules of proportionate share of the net pension liability and schedules of contributions, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

## **Other Matters (Continued)**

### *Other Information (Continued)*

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
February 27, 2019

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Del Mar (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2018. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the Introductory Section of this report, and with the City's financial statements, which follow this discussion.

### FINANCIAL HIGHLIGHTS

#### Economic Background

The City of Del Mar continues to be in a strong financial position with the stable activity in the housing market and in the overall economy. The City's largest revenue source is its very stable property tax base, which has increased each year since 1995. Due to the City's excellent location on the coast, immediately north of the City of San Diego, its real estate market does not experience the downturns that the inland areas experience in periods of economic decline. As the San Diego regional develops, Del Mar has become increasingly desirable, and this is reflected in its property values. The two next largest revenues, transient occupancy tax (TOT), and sales and use tax, are heavily tourist based, and reflect the increased economic activity experienced by the nation. Due to the Breeder's Cup in November 2017, TOT had a large increase compared to previous years, this revenue category is about 11% higher compared to last year. A slight decrease in sales tax is reflected on the report, in comparison to prior year taxable sales by approximately four percent. In November 2016, Del Mar voters approved a one-percent (1%) sales tax measure. This was the first complete year of receiving these revenue sources and generated approximately \$2.71 million this year. Although no official use was designated, the discussed benefits of the measure can provide funding for projects, such as Downtown Streetscape, utility pole undergrounding, and Shores Park Master Plan. The City continues to embark on an aggressive CIP program and has done extremely well taking advantage of low-cost financing loans, grants, and contributions. Some of these projects for Fiscal Year 2017-2018 include, the California Energy Commission grant for the inclusion of solar panels and battery storage as part of the new City Hall project, and the California Coastal Commission grant to address the effects of sea-level rise.

This year Governmental Accounting Standards Board (GASB) implemented various Statements, none of which had an impact on the City. All Statements will be discussed in detail in Note 1 in the Notes to Basic Financial Statements section of this report.

The discussion and analysis below compares Fiscal Year 2017-2018 to Fiscal Year 2016-2017. All variances are expressed relative to Fiscal Year 2016-2017 results. Fiscal Year 2017-2018 financial highlights include the following:

### **Financial Highlights**

- The City's total assets in excess of its liabilities as of June 30, 2018 was \$96.40 million.
- Citywide total net position increased by \$4.68 million, or 4.99 percent, during the current fiscal year, indicating an improved financial condition. The positive change in net position is largely due to the increase in unrestricted cash in comparison to the prior year. City Hall project reimbursement for expenses incurred during Fiscal Year 2016-2017 were received in the current year and are reflected in the available unrestricted cash.
- A net increase in total assets of \$18.05 million, or 15.25 percent, is primarily due to the completion of City Hall/Town Hall building. Liabilities had a net increase of \$15.29 million, or 55.61 percent in comparison to the prior year amount of \$27.51 million, due to the outstanding loan related to City Hall/Town Hall project. Current liabilities increased by \$1.22 million and non-current liabilities increased by \$14.07 million.
- As of June 30, 2018, the City's governmental funds reported combined fund balances of \$10.50 million, an increase of \$5.08 million, or 93.92 percent, from June 30, 2017. The increase in fund balance is mainly attributable to the timing of the City Hall/Town Hall loan reimbursement request. On June 30, 2017, the Capital Improvement Fund reported a negative fund balance. The reimbursement request received in the current year, for prior year expenditures was reported in the current year, which is reflected in the higher than usual increase in fund balance. Of the \$10.50 million in fund balance, \$0.006 million is non-spendable for prepaid items, \$0.76 million is restricted, \$0.19 million is committed to the parks and community center, \$5.91 million is assigned for specific activities, and \$3.63 million, is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$8.74 million. This balance is available for spending at City management's discretion, and is equal to 73.15 percent of the total fiscal year expenditures of \$11.95 million, and 45.77 percent of total revenues of \$19.09 million, before other financing sources (uses). The Capital Projects Fund has a fund balance of \$0.81 million, and other non-major governmental funds have fund balances of \$0.95 million, at June 30, 2018.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are composed of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements.** The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on the City's assets and deferred outflows of resources and total liabilities, and deferred inflows of resources, with the difference between the two reported as *total net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and compensated time leaves).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and parks and recreation. The business-type activities (proprietary fund type) of the City include the Water, Wastewater, and Clean Water Funds.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. However, this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship or differences between governmental funds and governmental activities following each of the governmental funds statements.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for two funds that are considered to be major funds. These two funds consist of the General Fund, and the Capital Improvement Program Fund. Data from the other ten governmental funds are combined into a single, aggregated presentation and are considered non-major funds.

A budgetary comparison statement has been provided for the funds that have an adopted budget to demonstrate compliance with this budget.

**Proprietary Funds.** The City of Del Mar maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Enterprise funds are used to account for the City's Water, Wastewater, and Clean Water activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insured Workers' Compensation activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water and Wastewater, which are considered to be major funds, and Clean Water, which is considered a non-major enterprise fund. Conversely, the Internal Service Fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

**Fiduciary Funds.** The City maintains one type of fiduciary fund, the *Agency Funds*. The fiduciary fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The *Agency Funds* account for five Assessment District (A.D.) bond issues, Stratford and Luneta Undergrounding A.D. 1989-01, Seawall Refinance A.D. 1999-01, Ocean View/Pines A.D. 2005-01, North Hills Undergrounding A.D. 2007-01, and Sunset Undergrounding A.D. 2007-02.

Since the resources of the fiduciary fund are not available to support the City's own programs, they are not reflected in the government-wide and primary governmental fund financial statements but are reported in the financial section.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found in this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the City's progress as compared to the budget. The *Required Supplementary Information* section can be found in this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### *Net Position*

The analysis that follows focuses on total net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The City's net position are made up of three components: net investment in capital assets, restricted net position, and unrestricted net position.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Del Mar, combined net position

(governmental and business-type activities) totaled \$96.40 million as of June 30, 2018. This is an increase of \$4.68 million, or 4.99 percent, compared to June 30, 2017.

**TABLE 1  
CITY OF DEL MAR  
NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$15,559,549	\$10,404,910	\$5,471,857	\$4,175,860	\$21,031,406	\$14,580,770
Capital assets	87,954,344	77,222,442	27,423,286	26,557,138	115,377,630	103,779,580
Total assets	103,513,893	87,627,352	32,895,143	30,732,998	136,409,036	118,360,350
Deferred outflows of resources	2,675,629	1,885,403	790,431	575,994	3,466,060	2,461,397
Current liabilities	4,494,477	4,466,566	2,099,746	899,145	6,594,223	5,365,711
Non-current liabilities	27,419,791	15,105,673	8,795,587	7,039,138	36,215,378	22,144,811
Total liabilities	31,914,268	19,572,239	10,895,333	7,938,283	42,809,601	27,510,522
Deferred inflows of resources	491,182	429,099	182,381	62,988	673,563	492,087
Net investment in capital assets	70,478,246	70,677,865	21,388,165	21,782,050	91,866,411	92,459,915
Restricted	755,945	779,035	-	-	755,945	779,035
Unrestricted	2,549,881	(1,945,483)	1,219,695	1,425,671	3,769,576	(519,812)
Total net position	<b>\$73,784,072</b>	<b>\$69,511,417</b>	<b>\$22,607,860</b>	<b>\$23,207,721</b>	<b>\$96,391,932</b>	<b>\$92,719,138</b>

The largest component of the City's net position, \$91.87 million, is net investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), and is less any related debt, used to acquire those assets, that is outstanding. This increased prior to the restatement \$3.68 million, or 3.97 percent, from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The restricted portion of the City's total net position, which represents resources subject to external restrictions on how they may be used by the City, is \$0.76 million. This is a decrease of \$0.02 million from the prior fiscal year's amount of \$0.78 million. The remaining unrestricted net position of \$3.77 million is used to meet the City's ongoing obligations for the following fiscal year.

As of June 30, 2018, the City has positive balances in both categories of governmental and business-type net position. The total net position in the governmental activities increased by \$4.27 million, or 6.16 percent. A total net position in business-type activities decreased by \$0.60 million, or 2.58 percent, prior to the restatement.

### Changes in Net Position

The analysis that follows focuses on the changes in net position (Table 2) of the City's governmental and business-type activities.

TABLE 2  
CITY OF DEL MAR'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017*	2018	2017
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$4,094,468	\$3,519,506	\$7,084,160	\$6,845,876	\$11,178,628	\$10,365,382
Operating grants and contributions	481,814	522,338	5,000	5,000	486,814	527,338
Capital grants and contributions	585,058	885,773	-	-	585,058	885,773
<i>General Revenues:</i>						
Property taxes	6,491,063	6,018,608	-	-	6,491,063	6,018,608
Sales and other taxes	5,766,298	5,623,980	-	-	5,766,298	5,623,980
Intergovernmental/unrestricted	2,930,504	734,344	-	-	-	734,344
Investment Income	386,787	245,548	-	-	386,787	245,548
Other	211,161	570,703	34,566	21,501	245,727	592,204
Total revenues	20,947,153	18,120,800	7,123,726	6,872,377	25,140,375	24,993,177
<b>Expenses:</b>						
General government	6,360,890	6,676,027	-	-	6,360,890	6,676,027
Public safety	6,861,913	6,676,661	-	-	6,861,913	6,676,661
Public works	1,889,260	1,892,772	-	-	1,889,260	1,892,772
Parks and recreation	894,067	951,289	-	-	894,067	951,289
Interest and fiscal charges	668,368	719,263	-	-	668,368	719,263
Enterprise operations	-	-	6,818,187	6,349,180	6,818,187	6,349,180
Total expenses	16,674,498	16,916,012	6,818,187	6,349,180	23,492,685	23,265,192
Increase (decrease) in Net Position before other revenues and transfers	4,272,655	1,204,788	305,539	523,197	4,578,194	1,727,985
Transfers	-	26,239	-	(26,239)	-	-
Change in net position	4,272,655	1,231,027	305,539	496,958	4,578,194	1,727,985
Net position - beginning of year, as restated*	69,511,417	68,280,390	22,302,321	22,710,763	91,813,738	90,991,153
Net position - end of year	<b>\$73,784,072</b>	<b>\$69,511,417</b>	<b>\$22,607,860</b>	<b>\$23,207,721</b>	<b>\$96,391,932</b>	<b>\$92,719,138</b>

## **Governmental Activities:**

The City's net position from governmental activities, increased by \$4.27 million, or 6.15 percent, in the current fiscal year, accounting for 93.25 percent of the total \$4.58 million growth, in the City's total net position. Total revenues from governmental activities of \$20.95 million increased 15.62 percent compared to the prior fiscal year. This growth in revenues was largely due to a full year collection of district tax (Measure Q revenues) of \$2.7 million in comparison to \$0.73 million the prior year. The cost of all governmental activities in Fiscal Year 2017-2018 was \$16.67 million, a decrease of \$0.25 million, or 1.43 percent, over the prior fiscal year. As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$4.09 million, which were generated by service revenues received from the performance of these activities, and increased by \$0.57 million, or 16.34 percent, compared to Fiscal Year 2016-2017. Another \$0.48 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. In addition, another \$0.59 million in revenues came from capital grants and contributions, which decreased by \$0.30 million, or 33.95 percent, compared to the prior fiscal year. Overall, the City's governmental program revenues amounted to \$5.16 million, an increase of \$0.23 million, or 4.75 percent, compared to the prior fiscal year. General revenues of \$15.79 million increased by \$2.60 million, or 19.65 percent, in comparison to the prior fiscal year. The City had an increase in property taxes of \$0.47 million, or 7.85 percent, an increase of sales and other taxes of \$0.14 million, or 2.53 percent, an increase in Measure Q revenues of \$1.98 million, and an increase in investment income revenue of \$0.14 million compared to the prior fiscal year. In total, City Governmental Activities reported an increase of \$4.27 million in net position. In comparison to the prior fiscal year, the key elements contributing to the \$0.24 million decrease in expenditures from governmental activities are as follows:

- A total decrease of \$0.32 million in general government, and \$0.006 million in the parks and recreation category, largely due to salary and benefit savings based on partial year vacancies of the Director of Finance, Administrative Assistant, Facilities Specialist, and Planning Assistant positions.
- An increase of \$0.19 million in public safety largely due to an increase of 6.78 percent in law enforcement cost, based on cost of living increase and additional law enforcement services during special events.

## **Business-type Activities:**

The City's business-type activities as restated, increased in net position by \$0.30 million, or 1.38 percent, for the fiscal year ended June 30, 2018, accounting for 6.67 percent of the total \$4.59 million growth, in the City's net position. Business-type activities' total revenue increased by \$0.25 million, or 3.66 percent, during the current fiscal year to a total of \$7.12 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.24 million, or 3.48 percent. Prior year related business-type activity costs were restated by \$0.91 million to account for true-up payments due to the City of San Diego for previous year Wastewater expenses. Not including the restated expenses, business-type activity costs also increased during the fiscal year by \$0.47 million, or 7.39 percent, compared to the prior fiscal year. The increase in revenues, expenses, and transfers resulted in a change in net position of \$0.60 million, or a 2.58 percent decrease, from the prior fiscal year.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Del Mar uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### *Governmental Funds:*

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing the City of Del Mar's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$10.50 million, which is a \$5.08 million, or 93.91 percent increase, in comparison to the prior fiscal year of \$5.41 million. The \$10.50 million governmental fund balance is composed of \$0.006 million in nonspendable; \$0.76 million in *restricted*; \$0.19 million in *committed*; \$5.91 million in *assigned* which indicate that it is not available for new spending; and \$3.63 million in *unassigned* funds.

Table 3 shows the governmental fund balances for the two fiscal years ended June 30, 2018 and June 30, 2017.

**TABLE 3**  
**CITY OF DEL MAR**  
**SUMMARY STATEMENT OF REVENUES, EXPENDITURES, and CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

<b>FISCAL YEAR 2017-2018</b>	<b>General</b>	<b>Capital Improvement</b>	<b>Non-Major Governmental Funds</b>	<b>Totals</b>
Total revenues	\$19,092,457	\$445,997	\$1,408,699	\$20,947,153
Total expenditures	11,947,707	13,061,418	2,268,201	27,277,326
Excess (deficiency) of revenues over expenditures	7,144,750	(12,615,421)	(859,502)	(6,330,173)
Total other financing sources (uses)	(6,309,259)	16,992,319	730,119	11,413,179
Net change in fund balance	835,491	4,376,898	(129,383)	5,083,006
Fund balance - beginning	7,904,815	(3,571,263)	1,078,723	5,412,275
Fund balance - ended	<b>\$8,740,306</b>	<b>\$805,635</b>	<b>\$949,340</b>	<b>\$10,495,281</b>
<b>FISCAL YEAR 2016-2017</b>				
Total revenues	\$16,090,245	\$278,731	\$1,751,824	\$18,120,800
Total expenditures	11,971,965	11,531,286	3,387,343	26,890,594
Excess (deficiency) of revenues over expenditures	4,118,280	(11,252,555)	(1,635,519)	(8,769,794)
Total other financing sources (uses)	(1,935,635)	3,943,947	1,705,893	3,714,205
Net change in fund balance	2,182,645	(7,308,608)	70,374	(5,055,589)
Fund balance - beginning	5,722,170	3,737,345	1,008,349	10,467,864
Fund balance - ended	<b>\$7,904,815</b>	<b>(\$3,571,263)</b>	<b>\$1,078,723</b>	<b>\$5,412,275</b>

**General Fund:**

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$8.74 million as of June 30, 2018. This is an increase of \$0.84 million, or 10.57 percent, in comparison to the prior fiscal year. This increase is due to an increase in total revenues of \$3.00 million, or 18.66 percent, a decrease in operating costs of \$0.02 million, or 0.20 percent, and an increase in other financing uses of \$4.37 million, or 225.95 percent. Revenues increased primarily due to increases in Measure Q revenues, property taxes, charges for services, fines and forfeitures, and use of money and property, offset by decreases in licenses, fees and permits, intergovernmental, and other revenues.

Total expenditures decreased by \$0.02 million, or 0.20 percent, as compared to the prior fiscal year, in which the decrease was based on the net result of an increase to public safety of \$0.41 million, or 7.21 percent and a decrease in general government expenditures of \$0.39 million, or 14.38 percent. The ending fund balance is composed of \$0.006 million nonspendable for prepaid items, \$5.90 million assigned for specific expenditures, and the unassigned amount of \$3.64 million, which is available for spending at the City's discretion.

Additional detailed information regarding combined fund balance reserves is presented in Note 7 to the Basic Financial Statements.

#### ***Major Funds:***

As of June 30, 2018, the Capital Improvement Program's fund balance of \$0.81 million, increased by \$4.38 million from the prior fiscal year, due to the timing and reporting of other financing sources. In recent years, the City took advantage of low-cost financing through the California Infrastructure and Economic Development Bank (iBank) program for its City Hall/Town Hall project. This financing source allowed the City to request reimbursement of project cost after expenditures are paid. Due to reporting requirements, issuance of debt is only recorded if received by end of year. A reimbursement in the amount of \$4.11 million was received after June 30, 2017, resulting in a negative fund balance at the end of the prior year.

#### ***Non-major Funds:***

The fund balances for other governmental funds or non-major governmental funds decreased \$0.13 million, or 12.00 percent, from the Fiscal Year 2016-2017 balance of \$1.08 million to \$0.95 million at the end of the current fiscal year. The other non-major funds are composed of the special revenue funds including Gas Tax, Road Maintenance and Rehabilitation Account (RMRA), Open Space, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, AB 939, Regional Transportation, Transnet II, and Wildfire Debt Service funds. The fund balance of \$0.95 million is restricted or committed for specific purposes.

#### ***Proprietary Funds:***

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

*Enterprise Funds:* The total net position restated in the enterprise funds, increased over the prior fiscal year by \$0.30 million, or 1.37 percent. The City's Water Fund increased by \$0.14 million, while the Wastewater Fund decreased by \$1.1 million.

At the end of Fiscal Year 2017-2018, the Internal Service fund reported a net position of \$0.53 million, which is a \$0.06 million, or 10.07 percent decrease from last fiscal year, due to lower charges for services, offset by higher claims activity.

### **General Fund Budgetary Highlights**

The City adopts annual appropriated operating budgets for its governmental funds and reports the results of operations on a budget comparison basis.

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of revenues to allow for expansion of existing programs.

The General Fund reflected a net total favorable budget variance of \$2.04 million when comparing actual excess revenues over expenditures amounts of \$7.14 million to the final budget of \$5.11 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$1.26 million due to higher tax revenues of \$1.08 million, higher intergovernmental of \$0.03 million, higher fines and forfeitures of \$0.11 million, and higher use of money and property of \$0.24 million. The actual expenditures were less than the fiscal year's final appropriation by \$0.78 million primarily due to less than anticipated expenditures in general government of \$0.72 million, lower expenditures in public safety of \$0.07 million, and lower expenditures in public works of \$0.03 million.

## **CAPITAL ASSET and DEBT ADMINISTRATION**

### *Capital Assets:*

The City of Del Mar's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$115.38 million, net of accumulated depreciation. Amounts invested in capital assets includes land, buildings and improvements, machinery and equipment, bridges, roadway networks, water lines, and sewer and storm drainage systems. The total increase in the City's capital assets, net of depreciation, for the current fiscal year was \$11.60 million, compared to the prior fiscal year, in which \$10.73 million, 92.53 percent, of the increase is related to governmental activities and a \$0.87 million, or 7.47 percent, increase in business-type activities. For capital assets by category, refer to Table 4.

- For governmental activities, the increase in capital assets during the fiscal year is primarily due to the construction costs related to the City Hall/Town Hall Project development of \$10.12 million, and roadway and sidewalk improvements of \$1.34 million. Overall, total capital assets increased \$10.73 million in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets increased by \$0.87 million, or 3.26 percent, during the fiscal year. This was primarily attributable to an increase in construction in progress of \$1.66 million, largely due to the Citywide Wastewater Infrastructure project, offset by an increase in accumulated depreciation of \$0.98 million.

Additional information on the City of Del Mar's capital assets can be located in Note 3 of the financial statements in this report.

**TABLE 4**  
**CITY OF DEL MAR'S CAPITAL ASSETS**  
**(Net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Non-depreciable assets:						
Land	\$18,289,250	\$18,289,250	\$1,365,688	\$1,365,688	\$19,654,938	\$19,654,938
Construction in progress	4,664,626	12,682,071	2,720,098	1,060,862	7,384,724	13,742,933
Total non-depreciable assets	<u>22,953,876</u>	<u>30,971,321</u>	<u>4,085,786</u>	<u>2,426,550</u>	<u>27,039,662</u>	<u>33,397,871</u>
Capital assets, being depreciated:						
Buildings/structures and improvement	24,133,238	5,529,931	6,025,922	6,240,017	30,159,160	11,769,948
Machinery and equipment	1,090,001	970,248	765,980	869,599	1,855,981	1,839,847
Streets	10,539,270	9,540,132	-	-	10,539,270	9,540,132
Traffic signals	39,736	32,444	-	-	39,736	32,444
Roadway network	2,664,784	2,715,841	-	-	2,664,784	2,715,841
Bridge	24,940,822	25,798,426	-	-	24,940,822	25,798,426
Storm drainage system	1,592,617	1,664,099	-	-	1,592,617	1,664,099
Water line system	-	-	7,677,665	7,772,370	7,677,665	7,772,370
Sewer line system	-	-	8,867,933	9,248,602	8,867,933	9,248,602
Total depreciable assets, net of accumulated depreciation	<u>65,000,468</u>	<u>46,251,121</u>	<u>23,337,500</u>	<u>24,130,588</u>	<u>88,337,968</u>	<u>70,381,709</u>
Total capital assets	<u><b>\$87,954,344</b></u>	<u><b>\$77,222,442</b></u>	<u><b>\$27,423,286</b></u>	<u><b>\$26,557,138</b></u>	<u><b>\$115,377,630</b></u>	<u><b>\$103,779,580</b></u>

***Debt Service Administration:***

A complete detail of outstanding debt is shown in Note 6 of the financial statements in this report. As of June 30, 2018, the City had total long-term debt outstanding of \$24.29 million in bonds, loan payable, note payable, compensated absences, and claims payable as shown in Table 5.

For governmental activities, long-term debt accounts for \$18.14 million, or 74.66 percent, of the City's total long-term debt, as of June 30, 2018. Total long-term debt is comprised of the loan through IBank, for City Hall/Town Hall project of \$14.22 million, a loan through SANDAG of \$2.83 million, a loan with the County of San Diego of \$0.36 million, compensated absences of \$0.42 million, claims payable of \$0.25 million, and capital leases of \$0.06 million. All long-term debt in governmental activities is secured solely by specified revenue sources.

In August 2016, the City entered into a finance agreement with the County of San Diego for the City's portion of the regional communication system upgrade. The total cost of the City's portion of the upgraded system will be \$0.44 million of which \$0.04 million was paid in the current fiscal year.

**TABLE 5**  
**CITY OF DEL MAR'S OUTSTANDING DEBT**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Note payable	\$ 17,419,394	\$ 6,444,870	\$ 6,037,965	\$ 4,667,547	\$ 23,457,359	\$ 11,112,417
Compensated absences	416,190	407,813	117,438	105,442	533,628	513,255
Claims payable	247,704	148,859	-	-	247,704	148,859
Capital leases	56,704	99,707	-	-	56,704	99,707
	<b>\$ 18,139,992</b>	<b>\$ 7,101,249</b>	<b>\$ 6,155,403</b>	<b>\$ 4,772,989</b>	<b>\$ 24,295,395</b>	<b>\$ 11,874,238</b>

For business-type activities, long-term debt accounts for \$6.16 million, or 25.34 percent, of the City's total long-term debt, as of June 30, 2018. The Wastewater fund has a note payable outstanding with the State of California for the replacement of the 21st Street Pump Station with an outstanding balance of \$4.14 million, and a note with IBank with an outstanding balance of \$1.90 million. Compensated absences in business-type activities accounts for \$0.12 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues.

The City's long-term debt increased by \$12.4 million, or 104.61 percent, compared to the prior fiscal year, due to an increase in notes payable based on the new IBank loans for the Wastewater Infrastructure Project, and the construction of the City Hall/Town Hall, an increase of \$0.02 million in compensated absences, an increase in claims payable of \$0.10 million, and an increase of \$0.04 million in claims payable.

### **Economic Factors and Next Year's Budget**

Local governments throughout the State of California must continually find new ways to survive economically in order to meet their obligation of serving their communities. The City maintains a conservative approach to budgeting revenues and expenditures. Management takes an active role in monitoring the application of the budget during the fiscal year to apply any necessary changes to projected revenues as well as appropriated expenditures.

Facing increasing costs in pension, as well as the need for infrastructure rehabilitation, management looked at the following key economic factors while preparing the two-year budget for Fiscal Years 2017-2018 and 2018-2019. The explanations that follow relate to Fiscal Year 2018-2019:

#### **Revenues:**

The City's projected revenues for Fiscal Year 2018-2019 is \$25.89 million, which is \$0.93 million, or 3.72 percent, higher than Fiscal Year 2017-2018 original projected revenues of \$24.96 million. During the course of Fiscal Year 2017-2018, however, revenues were adjusted to \$41.63 million, an increase of \$16.67 million, or 66.79 percent. The majority of the increase in revenues in Fiscal Year 2017-2018 are largely due to the adjustment on the City Hall/Town Hall loan proceeds of \$13.22 million Wastewater loan proceeds of \$3.08 million for the force main connection to San Elijo Joint Powers Authority project and citywide wastewater infrastructure rehabilitation.

The Fiscal Year 2018-2019 revenue projections focus on the following factors:

- The three primary supporting revenues in the General Fund are property taxes, sales tax, and transient occupancy taxes, which make-up 66.21 percent of the overall General Fund revenue. This does not include the additional Measure Q transaction tax of \$2.70 million expected to be received in Fiscal Year 2018-2019.
- Revenues in the business-type funds are projected to see a slight increase. Although rates did increase by six percent, the community continues to conserve and is reflected on the received revenues.

***Expenditures:***

The City's Fiscal Years 2017-2018 and 2018-2019 Operating and Capital Budget has expenditures of \$23.86 million for Fiscal Year 2018-2019, which is a decrease of \$1.73 million, or 6.75 percent, lower than the prior fiscal year's original adopted budget.

The budget is composed of the General Fund for \$12.26 million, or 51.37 percent, other governmental funds of \$1.80 million, or 7.54 percent, Capital Projects Fund of \$1.47 million, or 6.16 percent, and the Workers' Compensation Fund of \$0.32 million, or 1.33 percent. The business-type funds account for \$8.02 million, or 33.60 percent.

The budget for Fiscal Year 2018-2019 is focused on the following objectives:

- Maintaining our services to our residents, businesses, and visitors without increasing expenditures.
- Continuing to complete the ambitious list of goals and priorities.

The City's Adopted Fiscal Years 2017-2018 and 2018-2019 Operating and Capital Budget is a reflection of the City's commitment to the residents of Del Mar. A copy of the budget can be obtained by contacting the City's Finance Department.

**Request for Information**

This financial report is designed to provide a general overview of the City of Del Mar's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Del Mar, Finance Department, 1050 Camino Del Mar, Del Mar, California 92014, (858) 755-9354, or by visiting the City website at [www.delmar.ca.us](http://www.delmar.ca.us).

CITY OF DEL MAR

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 12,942,949	\$ 4,138,536	\$ 17,081,485
Receivables:			
Accounts, net	327,432	1,187,297	1,514,729
Taxes	1,277,539	-	1,277,539
Accrued interest	119,879	46,124	166,003
Inventory	-	79,987	79,987
Internal balances	28,180	(28,180)	-
Due from other agencies	131,981	38,092	170,073
Prepaid expenses	6,579	-	6,579
Restricted cash and investments	725,010	10,001	735,011
Total current assets	<u>15,559,549</u>	<u>5,471,857</u>	<u>21,031,406</u>
Non-current assets:			
Capital assets:			
Not being depreciated	22,953,876	4,085,786	27,039,662
Being depreciated (net of accumulated depreciation)	65,000,468	23,337,500	88,337,968
Total capital assets	<u>87,954,344</u>	<u>27,423,286</u>	<u>115,377,630</u>
Total non-current assets	<u>87,954,344</u>	<u>27,423,286</u>	<u>115,377,630</u>
Total assets	<u>103,513,893</u>	<u>32,895,143</u>	<u>136,409,036</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amounts from pension plans	<u>2,675,629</u>	<u>790,431</u>	<u>3,466,060</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	2,692,874	1,895,015	4,587,889
Deposits payable	716,583	56,288	772,871
Due to other agencies	6,236	-	6,236
Retention payable	867,853	10,001	877,854
Accrued interest payable	210,931	138,442	349,373
Total current liabilities	<u>4,494,477</u>	<u>2,099,746</u>	<u>6,594,223</u>
Non-current liabilities:			
Due within one year	782,273	402,746	1,185,019
Due in more than one year	17,357,719	5,752,657	23,110,376
Net pension liability - due in more than one year	9,279,799	2,640,184	11,919,983
Total non-current liabilities	<u>27,419,791</u>	<u>8,795,587</u>	<u>36,215,378</u>
Total liabilities	<u>31,914,268</u>	<u>10,895,333</u>	<u>42,809,601</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred amounts from pension plans	<u>491,182</u>	<u>182,381</u>	<u>673,563</u>
<b>NET POSITION</b>			
Net investment in capital assets	70,478,246	21,388,165	91,866,411
Restricted for			
Public works	262,841	-	262,841
Public safety	60,677	-	60,677
Community development	432,427	-	432,427
Unrestricted	<u>2,549,881</u>	<u>1,219,695</u>	<u>3,769,576</u>
Total net position	<u>\$ 73,784,072</u>	<u>\$ 22,607,860</u>	<u>\$ 96,391,932</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,360,890	\$ 1,894,634	\$ 238,714	\$ -
Public safety	6,861,913	1,778,983	121,762	-
Public works	1,889,260	2,404	121,338	585,058
Parks and recreation	894,067	418,447	-	-
Interest on long-term debt	668,368	-	-	-
Total governmental activities	16,674,498	4,094,468	481,814	585,058
Business-type activities:				
Water	3,323,365	3,440,656	-	-
Wastewater	2,996,746	3,096,774	-	-
Cleanwater	498,076	546,730	5,000	-
Total business-type activities	6,818,187	7,084,160	5,000	-
Total	\$ 23,492,685	\$ 11,178,628	\$ 486,814	\$ 585,058

General revenues:

Taxes:

Property tax

Transient occupancy tax

Franchise tax

Business license tax

Intergovernmental - Sales and use tax

Intergovernmental/unrestricted

Investment income

Other

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

See accompanying notes to the basic financial statements.

Net Revenue (Expense) and Change in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (4,227,542)	\$ -	\$ (4,227,542)
(4,961,168)	-	(4,961,168)
(1,180,460)	-	(1,180,460)
(475,620)	-	(475,620)
(668,368)	-	(668,368)
(11,513,158)	-	(11,513,158)
-	117,291	117,291
-	100,028	100,028
-	53,654	53,654
-	270,973	270,973
(11,513,158)	270,973	(11,242,185)
6,491,063	-	6,491,063
3,001,300	-	3,001,300
387,466	-	387,466
241,008	-	241,008
4,854,514	-	4,854,514
212,514	-	212,514
386,787	34,566	421,353
211,161	-	211,161
15,785,813	34,566	15,820,379
4,272,655	305,539	4,578,194
69,511,417	22,302,321	91,813,738
\$ 73,784,072	\$ 22,607,860	\$ 96,391,932

See accompanying notes to the basic financial statements.

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CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	General Fund	Capital Projects Fund Capital Improvement	Non-Major Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 7,445,427	\$ 3,734,646	\$ 984,396	\$ 12,164,469
Receivables:				
Taxes	1,277,539	-	-	1,277,539
Accrued interest	38,155	77,214	2,268	117,637
Accounts, net	224,468	38,868	64,096	327,432
Due from other agencies	18,431	-	113,550	131,981
Due from other funds	1,761,927	-	-	1,761,927
Prepaid items	6,579	-	-	6,579
Restricted cash and investments	-	725,010	-	725,010
Total assets	<u>\$ 10,772,526</u>	<u>\$ 4,575,738</u>	<u>\$ 1,164,310</u>	<u>\$ 16,512,574</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,341,821	\$ 1,240,580	\$ 110,473	\$ 2,692,874
Deposits payable	684,163	-	32,420	716,583
Due to other agencies	6,236	-	-	6,236
Due to other funds	-	1,670,948	62,799	1,733,747
Retention payable	-	858,575	9,278	867,853
Total liabilities	<u>2,032,220</u>	<u>3,770,103</u>	<u>214,970</u>	<u>6,017,293</u>
Fund Balances:				
Nonspendable	6,579	-	-	6,579
Restricted	-	-	755,945	755,945
Committed	-	-	193,395	193,395
Assigned	5,100,305	805,635	-	5,905,940
Unassigned	3,633,422	-	-	3,633,422
Total fund balances	<u>8,740,306</u>	<u>805,635</u>	<u>949,340</u>	<u>10,495,281</u>
Total liabilities and fund balances	<u>\$ 10,772,526</u>	<u>\$ 4,575,738</u>	<u>\$ 1,164,310</u>	<u>\$ 16,512,574</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2018

Fund balances of governmental funds	\$ 10,495,281
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of \$11,409,190 of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	87,954,344
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(210,931)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	
Note payable	(17,419,394)
Capital lease	(56,704)
Compensated absences	(416,190)
An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position.	533,018
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to these amounts effects only the government-wide statements for governmental activities:	
Deferred outflows of resources	2,675,629
Deferred inflows of resources	(491,182)
Pension liability	<u>(9,279,799)</u>
Net position of governmental activities	<u>\$ 73,784,072</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Capital Projects Fund			
	General Fund	Capital Improvement	Non-Major Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 14,933,027	\$ -	\$ 186,835	\$ 15,119,862
Licenses, fees and permits	994,087	-	566,383	1,560,470
Intergovernmental	120,601	311,365	508,795	940,761
Charges for services	1,760,952	-	-	1,760,952
Fines and forfeitures	716,505	-	-	716,505
Use of money and property	478,783	3,132	14,938	496,853
Contributions	-	131,500	30,000	161,500
Other	88,502	-	101,748	190,250
Total revenues	<u>19,092,457</u>	<u>445,997</u>	<u>1,408,699</u>	<u>20,947,153</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,578,238	48,483	294,704	5,921,425
Public safety	6,150,748	-	254,720	6,405,468
Public works	173,792	-	440,147	613,939
Parks and recreation	-	-	834,530	834,530
Capital outlay	-	12,150,662	196,685	12,347,347
Debt service:				
Principal	43,003	344,233	94,422	481,658
Interest	1,926	518,040	152,993	672,959
Total expenditures	<u>11,947,707</u>	<u>13,061,418</u>	<u>2,268,201</u>	<u>27,277,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,144,750</u>	<u>(12,615,421)</u>	<u>(859,502)</u>	<u>(6,330,173)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	-	11,413,179	-	11,413,179
Transfers in	91,231	5,579,140	821,350	6,491,721
Transfers out	(6,400,490)	-	(91,231)	(6,491,721)
Total other financing sources (uses)	<u>(6,309,259)</u>	<u>16,992,319</u>	<u>730,119</u>	<u>11,413,179</u>
Net change in fund balances	835,491	4,376,898	(129,383)	5,083,006
Fund balances, beginning of year	<u>7,904,815</u>	<u>(3,571,263)</u>	<u>1,078,723</u>	<u>5,412,275</u>
Fund balances, end of year	<u>\$ 8,740,306</u>	<u>\$ 805,635</u>	<u>\$ 949,340</u>	<u>\$ 10,495,281</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances of governmental funds	\$ 5,083,006
Amount reported for governmental activities in the Statement of Activities that are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over its estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital outlay expense	12,471,868
Depreciation expense	(1,739,966)
Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	438,655
Some expenses reported in the Statement of Activities do not require the use of current available resources and, therefore, are not reported as expenditures in the governmental funds:	
Change in capital lease	43,003
Change in compensated absences	(8,377)
Accrued interest on debt service is recorded as expense in the government-wide statements. Interest expense is not accrued in the fund statements but recorded when paid. This is the net change in accrued interest for the current period.	4,591
The issuance of long-term debt provides current financial resources to governmental funds, but is reported as long-term debt in the statement of Net Position.	
Note payable	(11,413,179)
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.	(547,232)
An internal service fund is used by management to charge the cost of workers' compensation activities to individual funds. The net revenues (expenses) of the internal service fund are reported with governmental activities.	<u>(59,714)</u>
Change in net position of governmental activities	<u>\$ 4,272,655</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major: Clean Water	Total	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 1,807,920	\$ 2,327,623	\$ 2,993	\$ 4,138,536	\$ 778,480
Receivables:					
Accounts	599,070	493,409	94,818	1,187,297	-
Interest	5,278	40,789	57	46,124	2,242
Due from other agencies	38,092	-	-	38,092	-
Inventory	73,514	6,473	-	79,987	-
Restricted cash and investments	-	10,001	-	10,001	-
Total current assets	2,523,874	2,878,295	97,868	5,500,037	780,722
Non-current assets:					
Capital assets:					
Land	782,025	583,663	-	1,365,688	-
Construction in progress	167,057	2,553,041	-	2,720,098	-
Water and wastewater system	13,868,353	15,692,041	-	29,560,394	-
Buildings and improvements	4,039,761	4,293,450	-	8,333,211	-
Machinery and equipment	310,965	1,604,889	37,685	1,953,539	-
Less: Accumulated depreciation	(7,873,015)	(8,618,696)	(17,933)	(16,509,644)	-
Total capital assets (net of accumulated depreciation)	11,295,146	16,108,388	19,752	27,423,286	-
Total non-current assets	11,295,146	16,108,388	19,752	27,423,286	-
Total assets	13,819,020	18,986,683	117,620	32,923,323	780,722
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts from pension plans	394,173	396,258	-	790,431	-
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	407,319	1,468,951	18,745	1,895,015	-
Due to other funds	-	-	28,180	28,180	-
Retention payable	-	10,001	-	10,001	-
Customer deposits	56,288	-	-	56,288	-
Claims payable	-	-	-	-	198,163
Accrued interest payable	-	138,442	-	138,442	-
Current portion of long-term liabilities	12,183	387,180	3,383	402,746	-
Total current liabilities	475,790	2,004,574	50,308	2,530,672	198,163
Long-term liabilities:					
Claims payable	-	-	-	-	49,541
Compensated absences	36,549	41,380	10,148	88,077	-
Notes payable	-	5,664,580	-	5,664,580	-
Net pension liability	1,316,608	1,323,576	-	2,640,184	-
Total non-current liabilities	1,353,157	7,029,536	10,148	8,392,841	49,541
Total liabilities	1,828,947	9,034,110	60,456	10,923,513	247,704
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts from pension plans	90,950	91,431	-	182,381	-
<b>NET POSITION</b>					
Net investment in capital assets	11,295,146	10,073,267	19,752	21,388,165	-
Unrestricted	998,150	184,133	37,412	1,219,695	533,018
Total net position	\$ 12,293,296	\$ 10,257,400	\$ 57,164	\$ 22,607,860	\$ 533,018

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major: Clean Water	Total	
<b>OPERATING REVENUES</b>					
Water sales	\$ 3,402,598	\$ -	\$ -	\$ 3,402,598	\$ -
Clean water services	-	-	543,135	543,135	-
Sewer service	-	3,052,400	-	3,052,400	-
Charges for services	-	-	-	-	223,413
Customer penalties	10,318	10,211	3,595	24,124	-
Other	27,740	34,163	5,000	66,903	-
Total operating revenues	3,440,656	3,096,774	551,730	7,089,160	223,413
<b>OPERATING EXPENSES</b>					
Source of supply	1,480,926	-	-	1,480,926	-
Water treatment	300,985	-	-	300,985	-
Sewer collection	-	122,081	-	122,081	-
Maintenance and operation	-	580,127	-	580,127	-
General and administrative	1,170,387	1,565,920	495,861	3,232,168	292,406
Depreciation	371,067	608,082	2,215	981,364	-
Total operating expenses	3,323,365	2,876,210	498,076	6,697,651	292,406
Operating income (loss)	117,291	220,564	53,654	391,509	(68,993)
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	21,996	11,888	682	34,566	9,279
Interest expense	-	(120,536)	-	(120,536)	-
Total non-operating revenues (expenses)	21,996	(108,648)	682	(85,970)	9,279
Changes in net position	139,287	111,916	54,336	305,539	(59,714)
Net position, beginning of year, as restated	12,154,009	10,145,484	2,828	22,302,321	592,732
Net position, end of year	\$ 12,293,296	\$ 10,257,400	\$ 57,164	\$ 22,607,860	\$ 533,018

See accompanying notes to the basic financial statements.

**CITY OF DEL MAR**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major: Clean Water	Total	
Cash flows from operating activities:					
Cash received from water, sewer and clean water customers	\$ 3,513,637	\$ 3,056,814	\$ 535,284	\$ 7,105,735	\$ -
Cash received from other operating receipts	27,740	34,163	5,000	66,903	223,413
Cash payments for water purchases, distribution and treatment	(1,781,911)	-	-	(1,781,911)	-
Cash payments for sewer collection and maintenance	-	(702,208)	-	(702,208)	-
Cash payments for services and supplies	(544,817)	(564,995)	(539,835)	(1,649,647)	(171,313)
Cash payment to employees for services	(534,658)	(574,082)	1,840	(1,106,900)	(28,497)
Net cash provided by (used for) operating activities	679,991	1,249,692	2,289	1,931,972	23,603
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(347,643)	(1,499,868)	-	(1,847,511)	-
Proceeds from long-term debt	-	1,734,317	-	1,734,317	-
Interest payments on long-term debt	-	(153,079)	-	(153,079)	-
Principal payments on long-term debt	-	(363,899)	-	(363,899)	-
Net cash provided by (used for) capital and related financing activities	(347,643)	(282,529)	-	(630,172)	-
Cash flows from investing activities:					
Interest received	20,756	13,391	704	34,851	8,443
Net cash provided by (used for) investing activities	20,756	13,391	704	34,851	8,443
Net increase (decrease) in cash and cash equivalents	353,104	980,554	2,993	1,336,651	32,046
Cash and cash equivalents, beginning of year	1,454,816	1,357,070	-	2,811,886	746,434
Cash and cash equivalents, end of year	\$ 1,807,920	\$ 2,337,624	\$ 2,993	\$ 4,148,537	\$ 778,480
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 117,291	\$ 220,564	\$ 53,654	\$ 391,509	\$ (68,993)
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:					
Depreciation	371,067	608,082	2,215	981,364	-
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
(Increase) decrease in accounts receivable	101,456	(5,797)	(11,446)	84,213	-
(Increase) decrease in prepaid expense	262	-	-	262	-
(Increase) decrease in inventory	4,078	32	-	4,110	-
(Increase) decrease in deferred outflows of resources	(106,936)	(107,501)	-	(214,437)	-
Increase (decrease) in claims payable	-	-	-	-	98,845
Increase (decrease) in accounts payable	11,931	339,484	(23,775)	327,640	(6,249)
Increase (decrease) in due to other funds	-	-	(20,199)	(20,199)	-
Increase (decrease) in retentions payable	(13,650)	(6,910)	-	(20,560)	-
Increase (decrease) in customer deposits	(4,813)	-	-	(4,813)	-
Increase (decrease) in net pension liability	186,524	187,511	-	374,035	-
Increase (decrease) in compensated absences	3,110	4,505	1,840	9,455	-
Increase (decrease) in deferred inflows of resources	9,671	9,722	-	19,393	-
Total adjustments	562,700	1,029,128	(51,365)	1,540,463	92,596
Net cash provided by (used for) operating activities	\$ 679,991	\$ 1,249,692	\$ 2,289	\$ 1,931,972	\$ 23,603
Non-cash investing, capital and financing related activity:					
Non-cash changes in fair value of investments	\$ 2,083	\$ 3,310	\$ -	\$ 5,393	\$ 752

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2018

	Agency Fund
<b>ASSETS</b>	
Account receivable	\$ 38,161
Restricted assets:	
Cash and investments	<u>358,059</u>
Total assets	<u>\$ 396,220</u>
<b>LIABILITIES</b>	
Due to bond holders	<u>\$ 396,220</u>
Total liabilities	<u>\$ 396,220</u>

See accompanying notes to the basic financial statements.

## ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The financial statements of the City of Del Mar, California (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant City accounting policies are described below.

### **A. Reporting Entity**

The City of Del Mar, California was incorporated in 1959 under the general laws of the State of California and enjoys all the rights and privileges pertaining to “Chartered” cities. The City operates under an elected Council/City Manager form of government. The City provides basic government services to its citizens including: general government, public safety, public works, and parks and recreation.

As required by GAAP, these financial statements present the City of Del Mar and its component unit, an entity for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization’s governing body and the City is able to impose its will on that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e. it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationships with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete. A brief description of the City’s component unit is as follows:

The Del Mar Public Facilities Corporation (the Corporation) was formed on August 16, 1993, under the Nonprofit Public Benefit Corporation Law of the State of California to provide financial assistance to the City of Del Mar by acquiring, leasing, constructing or financing public sewer and/or water facilities and improvements. The financial activities of the Corporation have been aggregated and merged (termed “blending”) with those of the City in the accompanying financial statements, since the City Council serves as the governing board for the Corporation. The City does not produce separate financial statements for the Corporation.

### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**B. Government-Wide and Fund Financial Statements (Continued)**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses for a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included as program revenues are reported as general revenues.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statements of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The City's fiduciary fund financial statements report agency funds. Agency funds are used to account for situations where the government's role is purely custodial. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. Agency funds are reported on the accrual basis of accounting and have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance 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 fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 180 days of the end of the current fiscal period with the exception of property taxes which are considered available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service payments (principal and interest), compensatory time and claims and judgments are recorded only when payment is due.

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

C. Measurement Focus and Basis of Accounting (Continued)

Property taxes, sales and use tax, transient occupancy tax (TOT), franchise taxes, vehicle license fees, highway user's tax, interest associated with the current period, and some grants are all susceptible to accrual and have been recognized as revenue in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- The **General Fund** is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Capital Improvement Capital Projects Fund** is used to account for the financial resources used for the acquisition or construction of major property, equipment, or facilities (other than those financed by the proprietary funds).

The City reports the following major proprietary funds:

- The **Water Fund** is used to account for the operation, maintenance, and capital facility financing of the City's water system.
- The **Wastewater Fund** is used to account for the operation, maintenance, and capital facility financing of the City's wastewater system.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The non-major Enterprise Fund accounts for the mandated costs of the City's National Pollution Discharge Eliminations System (NPDES) permit.
- The Internal Service Fund is used to account for the workers' compensation services provided to other departments of the City.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Measurement Focus and Basis of Accounting (Continued)

- Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The current City's Fiduciary Funds include: Stratford and Luneta Undergrounding Assessment District 1989-01; Seawall Refinance Assessment District 1999-01; Ocean View/Pines Assessment District 2005-01; North Hills Undergrounding Assessment District 2007-01; and the Sunset Undergrounding Assessment District 2007-02.

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this rule is the charges between the Del Mar Public Facilities Corporation (Enterprise Funds) and the other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the funds principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service fund are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of revenues and expenses.

D. New Accounting Pronouncements

Current Year Standards

GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for periods beginning after June 15, 2017. This standard did not impact the City.

GASB 82 - Pension Issues, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This standard did not impact the City.

GASB 85 - Omnibus 2017, effective for periods beginning after June 15, 2017. This standard did not impact the City.

GASB 86 - Certain Debt Extinguishment Issues, effective for periods beginning after June 15, 2017. This standard did not impact the City.

## ***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

### **D. New Accounting Pronouncements (Continued)**

#### Pending Accounting Standards

GASB has issued the following statements, which may impact the City's financial reporting requirements in the future:

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

### **E. Investments**

Investments are reported in the accompanying financial statements at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The City pools investments of all funds, except assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis, based on each fund's average cash and investment balance.

### **F. Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents have been defined as demand deposits and highly liquid investments purchased with an original maturity of 90 days or less.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Receivables and Payables**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (short-term interfund loans) or “advances to/from other funds” (long-term interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

The portion of fund balance associated with amounts that have been disbursed to other funds in the form of long-term interfund advances have been classified as non-spendable unless the funds associated with repayment of the advances are otherwise restricted for specific purposes.

All accounts, taxes, and service receivables are shown net of an allowance for uncollectible accounts. The City’s fiscal year end falls in the middle of a billing cycle for water, sewer, trash, and recycling revenue. In order to accrue the amount of the year end receivables the City estimates the amount of unbilled receivables based on that portion of the billing cycle that has elapsed as of the fiscal year end.

**H. Capital Assets**

Capital assets, which include land, buildings, buildings and improvements, machinery, equipment and infrastructure are depreciated (except for land) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life greater than one year. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Construction in progress costs are capitalized and transferred to their respective capital asset category upon completion of the project.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. Land and construction in progress are not depreciated.

Water system	40-50 years
Wastewater system	40 years
Structures	33 years
Meters and hydrants	25 years
Machinery and equipment	5-15 years
Infrastructure	33 years

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

I. Compensated Absences

Vacation pay is payable to employees at the time used or upon termination of employment. In the Statement of Net Position, compensated absences are recorded as a liability. On the Statement of Activities, the cost of vacation is recorded when earned for both governmental and business-type activities. The City expects 25 percent of the compensated absence balance to be paid within the next 12 months and has accordingly recorded this portion as a current liability. The remaining portion is recorded as a noncurrent liability. For the enterprise funds, compensated absences, once exercised, are paid out of the same fund as they were originally accrued. For governmental activities, the General Fund is used primarily to pay the liability.

J. Inventory and Prepays

The enterprise fund inventories are valued at average cost. The inventory consists of meters, pipes and other parts required providing water and wastewater services to customers. The City uses the consumption method which means that the inventory is expensed as the item is used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Restricted Assets

Restricted assets consist of cash held in escrow accounts related to construction projects.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflow related to pensions resulting from the net difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.
- Deferred outflow from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

L. Deferred Outflows/Inflows of Resources (Continued)

- Deferred outflow related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to pension plans for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

M. Property Taxes

Under California law, property taxes are assessed and collected by the County of San Diego up to one percent of assessed value, plus other increases approved by the voters. The County bills and collects the taxes and remits them to the City in installments. The City of Del Mar accrues these taxes as a receivable and revenue as of the levy date.

Lien date	January 1
Levy date	June 30
Due dates	November 1 and February 1
Collection dates	December 10 and April 10

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Long-term Obligations**

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

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

**O. Claims and Judgments**

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. Small dollar claims and judgments are recorded as expenditures when paid. Depending on the nature of the claims, they may be paid out of a number of funds. General claims are paid from the General Fund, workers' compensation claims are paid from the internal service fund, and claims specific to an enterprise fund are paid out of the respective enterprise fund (Water, Wastewater, or Clean Water).

**P. Net Position and Fund Equity**

The governmental and business-type activities in the government-wide financial statements and proprietary funds financial statements utilize a net position presentation. Net position is classified in the following categories:

Net investment in capital assets - this amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position - this amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - this amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

P. Net Position and Fund Equity (Continued)

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

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance - this includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to be maintained intact.

Restricted Fund Balance - this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Council action limiting the use of funds is included in the same action that created the funding source, then it is restricted.

Committed Fund Balance - this includes amounts that can be used only for the specific purposes determined by a formal action of the Council. It includes Council action that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Council action limiting the use of the funds is separate from the action that created the funding source, then it is committed, not restricted. The City considers a resolution to constitute a formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance - this includes amounts that are designated or expressed by the Council, but does not require a formal action like a resolution or ordinance. The Council may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes. Such delegation of authority has been granted to the City Manager by resolution of the City Council.

Unassigned Fund Balance - this classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Council.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Pensions**

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

**R. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and assumptions.

**NOTE 2 - CASH AND INVESTMENTS**

**Cash and Investments**

Cash and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 17,081,485
Restricted cash and investments	735,011
Statement of Fiduciary Assets and Liabilities:	
Restricted cash and investments	<u>358,059</u>
Total cash and investments	<u>\$ 18,174,555</u>

Cash and investments as of June 30, 2018, consist of the following:

Cash and deposits:	
Petty cash on hand	\$ 1,400
Demand deposits	356,664
Restricted escrow accounts	<u>735,011</u>
Total cash and deposits	<u>1,093,075</u>
Investments:	
Federal agency securities	434,240
State investment pool	10,368,805
Investment in County pool	2,610,645
Negotiable certificates of deposit	<u>3,667,790</u>
Total investments	<u>17,081,480</u>
Total cash and investments	<u>\$ 18,174,555</u>

## ***NOTE 2 - CASH AND INVESTMENTS (CONTINUED)***

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

The table below 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, credit risk, and concentration of credit risk. The limits expressed below apply at the time of purchase of the investment (rather than at year end). This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's Investment Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer*</u>
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	None	\$250,000
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	None
Supranationals	5 years	15%	5%
County Pooled Investment Funds	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	\$50 million	None

\*Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

### 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.

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
Federal agency securities	\$ -	\$ -	\$ 434,240	\$ 434,240
State investment pool	10,368,805	-	-	10,368,805
Investment in County pool	2,610,645	-	-	2,610,645
Negotiable certificates of deposit	944,365	598,071	2,125,354	3,667,790
Total	<u>\$ 13,923,815</u>	<u>\$ 598,071</u>	<u>\$ 2,559,594</u>	<u>\$ 17,081,480</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City held no investments, which were highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

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 Standard and Poor's actual rating as of year end for each investment type.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year-End		
			AAA	AA+	Not Rated
Federal agency securities	\$ 434,240	A	\$ -	\$ 434,240	\$ -
State investment pool	10,368,805	N/A	-	-	10,368,805
Investment in County pool	2,610,645	AA	2,610,645	-	-
Negotiable certificates of deposit	3,667,790	N/A	-	-	3,667,790
	<u>\$ 17,081,480</u>		<u>\$ 2,610,645</u>	<u>\$ 434,240</u>	<u>\$ 14,036,595</u>

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. There are no investments in any one issuer other than external investment pools that represent five percent or more of the City's investments.

## ***NOTE 2 - CASH AND INVESTMENTS (CONTINUED)***

### 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 a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party in the event of the failure of the counterparty (e.g., broker-dealer).

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 the 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 percent 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 percent of the secured public deposits. At June 30, 2018, the City deposits (bank balances) were either insured by the Federal Deposit Insurance Corporation or collateralized as described above.

### Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's prorated 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.

### Investment in County Pool

The City is a voluntary participant in the San Diego County Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company and does not have any binding guarantees for share values. An oversight committee monitors the management of the Pool.

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

Fair Value Measurement

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements), inputs are quoted price of similar assets in active markets (Level 2 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The City has the following recurring fair value measurements as of June 30, 2018:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal agency securities	\$ -	\$ 434,240	\$ -	\$ 434,240
Negotiable certificates of deposit	-	3,667,790	-	3,667,790
Total Leveled Investments	<u>\$ -</u>	<u>\$ 4,102,030</u>	<u>\$ -</u>	4,102,030
State investment pool*				10,368,805
Investment in County pool*				<u>2,610,645</u>
Total Investment Portfolio				<u>\$ 17,081,480</u>

\* Not subject to fair value measurement hierarchy.

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in the governmental activities capital assets for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 18,289,250	\$ -	\$ -	\$ 18,289,250
Construction in progress	12,682,071	12,347,541	(20,364,986)	4,664,626
Total capital assets, not being depreciated	<u>30,971,321</u>	<u>12,347,541</u>	<u>(20,364,986)</u>	<u>22,953,876</u>
Capital assets, being depreciated:				
Buildings and improvements	8,880,083	18,856,427	-	27,736,510
Machinery and equipment	2,192,305	259,813	-	2,452,118
Infrastructure	44,847,957	1,373,073	-	46,221,030
Total capital assets, being depreciated	<u>55,920,345</u>	<u>20,489,313</u>	<u>-</u>	<u>76,409,658</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,350,152)	(253,120)	-	(3,603,272)
Machinery and equipment	(1,222,057)	(140,060)	-	(1,362,117)
Infrastructure	(5,097,015)	(1,346,786)	-	(6,443,801)
Total accumulated depreciation	<u>(9,669,224)</u>	<u>(1,739,966)</u>	<u>-</u>	<u>(11,409,190)</u>
Total capital assets, being depreciated, net	<u>46,251,121</u>	<u>18,749,347</u>	<u>-</u>	<u>65,000,468</u>
Total governmental activities capital assets, net	<u>\$ 77,222,442</u>	<u>\$ 31,096,888</u>	<u>\$ (20,364,986)</u>	<u>\$ 87,954,344</u>

**NOTE 3 - CAPITAL ASSETS**

A summary of changes in the business-type activities capital assets for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,365,688	\$ -	\$ -	\$ 1,365,688
Water rights	1,060,862	1,830,282	(171,046)	2,720,098
Total capital assets, not being depreciated	<u>2,426,550</u>	<u>1,830,282</u>	<u>(171,046)</u>	<u>4,085,786</u>
Capital assets, being depreciated:				
Buildings	4,080,948	-	-	4,080,948
Improvements	4,252,263	-	-	4,252,263
Machinery and equipment	1,934,466	19,073	-	1,953,539
Water system	13,697,306	171,046	-	13,868,352
Wastewater system	15,693,885	-	(1,843)	15,692,042
Total capital assets, being depreciated	<u>39,658,868</u>	<u>190,119</u>	<u>(1,843)</u>	<u>39,847,144</u>
Less accumulated depreciation for:				
Buildings	(640,643)	(121,968)	-	(762,611)
Improvements	(1,452,551)	(92,127)	-	(1,544,678)
Machinery and equipment	(1,064,867)	(122,692)	-	(1,187,559)
Water system	(5,924,936)	(265,751)	-	(6,190,687)
Wastewater system	(6,445,283)	(378,826)	-	(6,824,109)
Total accumulated depreciation	<u>(15,528,280)</u>	<u>(981,364)</u>	<u>-</u>	<u>(16,509,644)</u>
Total capital assets, being depreciated, net	<u>24,130,588</u>	<u>(791,245)</u>	<u>(1,843)</u>	<u>23,337,500</u>
Total business-type activities capital assets, net	<u>\$ 26,557,138</u>	<u>\$ 1,039,037</u>	<u>\$ (172,889)</u>	<u>\$ 27,423,286</u>

During fiscal year 2017-2018, the City removed \$1,843 in non-capitalizable costs related to a prior year asset in the wastewater system.

**NOTE 3 - CAPITAL ASSETS**

Depreciation expense was charged to functions for the fiscal year ended June 30, 2018 as follows:

Governmental activities:		
General government	\$	246,724
Public safety		67,503
Public works		1,380,765
Parks and recreation		44,974
Total depreciation expense - governmental activities	\$	<u>1,739,966</u>
Business-type activities:		
Water	\$	371,067
Wastewater		608,082
Clean Water		2,215
Total depreciation expense - business-type activities	\$	<u>981,364</u>

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2018, interfund receivables and payables are as follows:

	Due From	Due To
General Fund	\$ 1,761,927	\$ -
Capital Improvement	-	1,670,948
Non-Major Governmental Funds	-	62,799
Non-Major Enterprise Fund Clean Water Fund	-	28,180
	<u>\$ 1,761,927</u>	<u>\$ 1,761,927</u>

The above balances are primarily due to the reclassification of negative cash balances in the city-wide cash pool.

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2018 are as follows:

Transfers In	Transfers Out		Total
	General Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 91,231	\$ 91,231
Capital Improvement Capital Projects Fund (A)	5,579,140	-	5,579,140
Non-Major Governmental Funds (B)	821,350	-	821,350
	<u>\$ 6,400,490</u>	<u>\$ 91,231</u>	<u>\$ 6,491,721</u>

Purpose of Interfund Transfers

Transfers were needed:

- A) To fund current and future capital improvement projects.
- B) For the costs of street and road maintenance that exceeded the gas tax revenues received from the State; revenues collected from facility use permits from Seagrove Park and the Powerhouse Community Center that do not cover the costs of maintaining open space; and revenues from the State for Supplemental Law Enforcement that do not cover the costs for the park ranger and part-time support.

**NOTE 6 - CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
Note payable	\$ 2,887,500	\$ -	\$ (55,000)	\$ 2,832,500	\$ 55,000
Note payable - City Hall	3,160,286	11,413,179	(344,233)	14,229,232	355,386
Note payable -					
Regional Communications	397,084	-	(39,422)	357,662	40,522
Compensated absences	407,813	391,438	(383,061)	416,190	104,048
Capital lease	99,707	-	(43,003)	56,704	29,154
Claims payable (Note 13)	148,859	228,206	(129,361)	247,704	198,163
<b>Total governmental activities</b>	<u>\$ 7,101,249</u>	<u>\$ 12,032,823</u>	<u>\$ (994,080)</u>	<u>\$ 18,139,992</u>	<u>\$ 782,273</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 4,667,547	\$ 1,734,317	\$ (363,899)	\$ 6,037,965	\$ 373,385
Compensated absences	105,442	90,781	(78,785)	117,438	29,361
<b>Total business-type activities</b>	<u>\$ 4,772,989</u>	<u>\$ 1,825,098</u>	<u>\$ (442,684)</u>	<u>\$ 6,155,403</u>	<u>\$ 402,746</u>

**NOTE 6 - CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

**Governmental Long-Term Debt**

Note Payable

Del Mar will borrow up to \$3,000,000 for its Sidewalk, Street, and Drainage Project. Part of the proceeds were used to refinance a previous loan from San Diego Association of Governments (SANDAG) through SANDAG’s debt financing program. Loan proceeds are requested as funds are expensed. Future principal and interest will be paid annually using the City’s annual TransNet revenue allocations received from SANDAG. The interest rate will be 3.85 percent per year.

\$ 2,832,500

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 55,000	\$ 142,250	\$ 197,250
2020	60,000	139,500	199,500
2021	60,000	136,500	196,500
2022	65,000	133,500	198,500
2023	70,000	130,250	200,250
2024 - 2028	390,000	596,500	986,500
2029 - 2033	500,000	488,750	988,750
2034 - 2038	640,000	350,500	990,500
2039 - 2043	815,000	173,500	988,500
2044	177,500	9,500	187,000
Totals	<u>\$ 2,832,500</u>	<u>\$ 2,300,750</u>	<u>\$ 5,133,250</u>

**NOTE 6 - CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

**Governmental Long-Term Debt (Continued)**

Note Payable - City Hall

Del Mar will borrow up to \$16,161,000 for its City Hall Project. Loan proceeds are requested as funds are expensed. For the current year, the City requested drawdowns of \$11,413,179. Annual payments began on February 1, 2017, are to be paid through August 2045 at an interest rate of 3.24 percent per annum

\$ 14,229,232

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 355,386	\$ 506,706	\$ 862,092
2020	366,901	495,005	861,906
2021	378,788	482,925	861,713
2022	391,061	470,453	861,514
2023	403,731	457,578	861,309
2024 - 2028	2,223,555	2,079,670	4,303,225
2029 - 2033	2,607,882	1,689,117	4,296,999
2034 - 2038	3,058,637	1,231,061	4,289,698
2039 - 2043	3,587,301	693,231	4,280,532
2044	2,443,525	120,438	2,563,963
Totals	<u>\$ 15,816,767</u>	<u>\$ 8,226,184</u>	<u>\$ 24,042,951</u>
Less: Remaining amount to be drawn down	<u>(1,587,535)</u>		
Balance at 6/30/18	<u>\$ 14,229,232</u>		

Note Payable - Regional Communication System

The City entered into a finance agreement in August 2016 with the County of San Diego for \$435,436 plus accrued interest for its portion of the regional communication system upgrade. Annual payments began on June 30, 2017, are to be paid through June 2026 at an interest rate of 2.79 percent per annum

\$ 357,662

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 40,522	\$ 9,979	\$ 50,501
2020	41,653	8,848	50,501
2021	42,815	7,686	50,501
2022	44,009	6,492	50,501
2023	45,237	5,264	50,501
2024 - 2026	143,426	8,077	151,503
Totals	<u>\$ 357,662</u>	<u>\$ 46,346</u>	<u>\$ 404,008</u>

**NOTE 6 - CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

**Governmental Long-Term Debt (Continued)**

Capital Lease

In August 2015, the City entered into a capital lease agreement for equipment. The lease term commenced in September 2015 for a term of five years. Lease expense for the year ended June 30, 2018 was \$43,003. This equipment is included as governmental machinery and equipment in the statement of net position with a net book value of \$125,945 at June 30, 2018. Depreciation expense for the year ended June 30, 2018 was \$15,743.

Minimum annual lease payments under capital leases are as follows:

2019		\$	29,154
2020			27,550
	Total Minimum Lease Payments	\$	<u>56,704</u>

**Business-Type Long-Term Debt**

Note Payable 21st Street Sewer Pump Station

The City entered into a finance agreement in February 2010 with the State Water Resources Control Board and was approved for financial assistance in the amount of \$5,000,000 plus accrued interest provided through the Clean Water State Revolving Fund. These funds were used for the replacement of the 21st Street Sewer Pump Station. This note is secured by net revenues and is secured on parity with existing 1993 Sewer System Improvements Certificates of Participation. Annual payments of \$344,017, which began on August 1, 2013, are to be paid through August 2032 at an interest rate of 2.9 percent per annum.

\$ 4,136,717

Future debt service requirements are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 224,052	\$ 119,965	\$ 344,017
2020	230,550	113,467	344,017
2021	237,236	106,781	344,017
2022	244,116	99,901	344,017
2023	251,195	92,822	344,017
2024 - 2028	1,369,562	350,523	1,720,085
2029 - 2033	1,580,006	140,079	1,720,085
Totals	<u>\$ 4,136,717</u>	<u>\$ 1,023,538</u>	<u>\$ 5,160,255</u>

**NOTE 6 - CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

**Business-Type Long-Term Debt (Continued)**

This note payable is secured by the net revenues generated by the Wastewater Enterprise Fund. Net revenue is defined as all revenues received less operations and maintenance costs (excluding depreciation) for the fiscal year. Net revenues for the fiscal year ended June 30, 2018 totaled (\$64,552) and total debt service (principal and interest) paid during the year was \$344,017 for the note payable.

Note Payable San Elijo Joint Powers Authority (SEJPA) Pipeline

The City entered into a finance agreement in June 2015 with the California Infrastructure and Economic Development Bank (IBank) and was approved for financial assistance in the amount of \$3,535,354 plus accrued interest provided through the Infrastructure State Revolving Fund Program. These funds were used for the replacement of a sewage pipeline. This note is secured by net revenues. Annual payments began on August 1, 2016, are to be paid through August 2035 at an interest rate of 2.17 percent per annum.

\$ 1,901,248

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 149,333	\$ 68,821	\$ 218,154
2020	152,573	65,545	218,118
2021	155,884	62,198	218,082
2022	159,267	58,779	218,046
2023	162,723	55,285	218,008
2024 - 2028	868,138	221,312	1,089,450
2029 - 2033	966,509	121,874	1,088,383
2034 - 2036	631,709	20,758	652,467
Totals	<u>\$ 3,246,136</u>	<u>\$ 674,572</u>	<u>\$ 3,920,708</u>

Less: Remaining amount  
to be drawn down (1,344,888)

Balance at 6/30/18 \$ 1,901,248

**NOTE 7 - FUND BALANCES**

	General Fund	Capital Improvement Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Prepaid items	\$ 6,579	\$ -	\$ -	\$ 6,579
Total nonspendable	<u>6,579</u>	<u>-</u>	<u>-</u>	<u>6,579</u>
Restricted for:				
Public safety	-	-	60,677	60,677
Public works	-	-	232,574	232,574
Street projects	-	-	30,267	30,267
Low-income housing	-	-	432,427	432,427
Total restricted	<u>-</u>	<u>-</u>	<u>755,945</u>	<u>755,945</u>
Committed to:				
Parks and community center	-	-	193,395	193,395
Total committed	<u>-</u>	<u>-</u>	<u>193,395</u>	<u>193,395</u>
Assigned to:				
Compensated absences	100,000	-	-	100,000
Equipment replacement	800,000	-	-	800,000
Public television	21,925	-	-	21,925
Self-insurance	500,000	-	-	500,000
Pension reserve	662,694	-	-	662,694
Measure Q	3,015,686	-	-	3,015,686
Capital projects	-	805,635	-	805,635
Total assigned	<u>5,100,305</u>	<u>805,635</u>	<u>-</u>	<u>5,905,940</u>
Unassigned	<u>3,633,422</u>	<u>-</u>	<u>-</u>	<u>3,633,422</u>
Total Fund Balances	<u>\$ 8,740,306</u>	<u>\$ 805,635</u>	<u>\$ 949,340</u>	<u>\$ 10,495,281</u>

***NOTE 7 - FUND BALANCES (CONTINUED)***

**Nonspendable for Prepaid Items** represents amounts that cannot be spent because they are not spendable in form.

**Restricted for Public Safety** accounts for grant funds received for public safety programs, equipment, or supplies, and represents funds to maintain the City's portion of the San Diego County and Imperial County Regional Communications System.

**Restricted for Public Works** represents funds received through the City's solid waste franchise agreement to implement the countywide integrated waste management plan and program.

**Restricted for Street Projects** are designated for the specific purposes as restricted by law or administrative action.

**Restricted for Low-Income Housing** represents funds to provide for low and moderate income housing as required by the State Housing Law. These funds are collected as a fee from developers when building permits are issued.

**Committed to Parks and Community Center** represents funds received from facility use permits of the community center designated for park and beach maintenance, and Powerhouse Community Center maintenance and operations.

**Assigned to Compensated Absences** are funds set aside for unpaid vacation time due to employees. See note 1I for additional information.

**Assigned to Equipment Replacement** are funds set aside to provide for the replacement of capital equipment currently owned.

**Assigned to Public Television** represents funds received through the City's local cable company agreement to provide television production equipment, airtime on local cable system, and to televise public information and meetings.

**Assigned to Self-Insurance** are funds established for payment of the deductible portions of claims not covered by insurance policies.

**Assigned to Pension Reserve** are funds set aside to pay for unfunded accrued pension liability or current pension obligations.

**Assigned to Measure Q** are funds set aside from a voter's approved one-percent sales tax measure that are set aside for community reinvestment/infrastructure types of projects

**Assigned to Capital Projects** are funds used for the acquisition and construction of major capital facilities.

**NOTE 8 - RETIREMENT PLANS**

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (lifeguard and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of services. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the California Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous		
	Classic Members Prior to January 1, 2013	Classic Members On or After January 1, 2013	New Members On or After January 1, 2013
Hire date			
Benefit formula - Active	3%@60	2%@60	2%@62
Benefit formula - Inactive	2%@55	N/A	N/A
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.50%
Required employer contribution rates:			
Normal cost rate	12.376%	7.540%	6.625%
Payment of unfunded liability	\$ 288,334	\$ 189	\$ 38

**NOTE 8 - RETIREMENT PLANS (CONTINUED)**

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

	Safety	
	Fire	Lifeguard
	Prior to January 1, 2013	Prior to January 1, 2013
Hire date		
Benefit formula	3%@50	2%@50
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3.00%	3.00%
Required employee contribution rates	9.00%	9.00%
Required employer contribution rates:		
Normal cost rate	18.615%	14.971%
Payment of unfunded liability	\$ 166,544	\$ 29,924

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

**NOTE 8 - RETIREMENT PLANS (CONTINUED)**

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 6,966,181
Safety	4,953,802
Total Net Pension Liability	<u>\$ 11,919,983</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2016	0.17212%	0.08286%
Proportion - June 30, 2017	0.17671%	0.08291%
Change - Increase (Decrease)	0.00459%	0.00005%

**NOTE 8 - RETIREMENT PLANS (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2018, the City recognized pension expense of \$1,743,211 (\$1,090,064 – Miscellaneous Plan and \$653,147 – Safety Plan). At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 617,792	\$ -	\$ 399,196	\$ -
Differences between expected and actual experience	9,585	(137,319)	52,575	(13,708)
Change in assumptions	1,189,237	(90,680)	762,469	(58,499)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(253,219)	-	(120,138)
Net differences between projected and actual earnings on plan investments	268,956	-	166,250	-
Total	<u>\$ 2,085,570</u>	<u>\$ (481,218)</u>	<u>\$ 1,380,490</u>	<u>\$ (192,345)</u>

\$1,016,988 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2019	\$ 130,773	\$ 166,011
2020	639,192	447,212
2021	376,281	273,001
2022	(159,686)	(97,275)
2023	-	-
Thereafter	-	-

**NOTE 8 - RETIREMENT PLANS (CONTINUED)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
- (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

**NOTE 8 - RETIREMENT PLANS (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed that the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11-60 years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

**NOTE 8 - RETIREMENT PLANS (CONTINUED)**

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 10,886,246	\$ 7,472,680
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 6,966,181	\$ 4,953,802
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 3,719,513	\$ 2,894,737

***NOTE 8 - RETIREMENT PLANS (CONTINUED)***

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Pension Plans Fiduciary Net Position

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

C. Payable to the Pension Plans

At June 30, 2018, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2018.

***NOTE 9 - DEFERRED COMPENSATION***

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 whereby employees authorize the City to withhold funds from their salary to be invested in the plan's investment options. The plan, organized as a trust for the exclusive benefit of the participants and available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of this plan are not the property of the City and are not subject to the claims of the City's general creditors. As a result, the assets of this plan are not reported in the financial statements.

***NOTE 10 - GOVERNMENTAL MONEY PURCHASE PLAN***

On November 15, 1999, the City adopted a money purchase pension plan. The plan was created in accordance with Internal Revenue Code Section 401(a). The plan is organized as a trust for the exclusive benefit of the participants and is available to the City's management employees. The plan allows the participants to defer a portion of their salary to future years. The City does not require participants to contribute a minimum percentage of participant earnings. The participants have the option to determine a percentage of earnings to contribute into the plan.

Contributions are paid for by the employees. The plan allows the participants to become immediately fully vested in their accounts and has a normal retirement age of 60. The participants will not have access to funds until termination, retirement, or death. Plan assets are held by a trustee on behalf of City employees. The assets of this plan are not reported in the financial statements.

## ***NOTE 11 - LITIGATION AND COMMITMENTS***

### Litigation

The City is presently involved in other matters of litigation that have arisen in the normal course of the City's business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to have a material adverse financial impact on the City. Additionally, City management believes that sufficient reserves are available to the City to cover any potential losses, should an unfavorable outcome materialize. See Note 13 for additional information regarding the City's risk management and Note 7 for the amount of fund balance assigned to self-insurance.

### Construction Contracts and Commitments

As of June 30, 2018, construction contracts totaled \$2,366,573 of which \$1,814,495 has been expended. City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental funds is \$552,078 for paving and pathway improvements in the City and is shown as committed or restricted.

The City has a 25-year lease with the State of California's 22<sup>nd</sup> District Agricultural Association for use of the City's fire station that ends on June 30, 2025. The annual rent is payable every July 1<sup>st</sup> and is the greater of a) \$40,000 multiplied by the percentage which the Consumer's Price Index (CPI) for the preceding April increased compared to the base period in April 2000; or five percent annum. The annual rental increase may not exceed ten percent. For fiscal year 2017-2018, the fire lease payment was \$91,681.

## ***NOTE 12 - POST EMPLOYMENT HEALTH CARE BENEFITS***

The City has no obligation to provide post employment health care benefits for retirees. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), eligible employees may elect to pay for a continuation of insurance to provide healthcare benefits. Certain requirements are outlined by the federal government for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

## ***NOTE 13 - RISK MANAGEMENT***

The City is a member of the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) beginning July 2015. CSAC-EIA is a consortium of other agencies in California 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. The City does not own an equity interest in CSAC-EIA and separate financial statements are prepared for CSAC-EIA. Copies of CSAC-EIA's annual financial report may be obtained by writing to 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

***NOTE 13 - RISK MANAGEMENT (CONTINUED)***

General Liability

As a member of CSAC Excess Insurance Authority (EIA), the City is self-insured for the first \$100,000 of each occurrence. The difference between the City's \$100,000 self-insurance retention and \$5,000,000 of pooled liability insurance for each occurrence is covered by CSAC EIA, with an additional \$45,000,000 of purchased liability for a total of \$50,000,000. Specific coverage includes bodily injury, property damage, municipal errors and omissions and personal injury.

The City accounts for general liability claims that are under their \$100,000 insurance threshold as accounts payable in the general fund.

Workers' Compensation

The City uses a risk management self-insurance workers' compensation fund (an internal service fund) to account for and finance its uninsured risk of loss. All funds of the City make payments based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish appropriate reserves. The City is self-insured for the first \$125,000 for each occurrence and has excess insurance up to \$50,000,000.

General liability and workers' compensation claims were as follows for June 30, 2018:

	<u>General Liability</u>	<u>Workers' Compensation</u>
Unpaid claims, July 1, 2016	\$ -	\$ 280,376
Incurred claims (including IBNR)	6,145	(79,392)
Claims payments	<u>(6,145)</u>	<u>(52,125)</u>
Unpaid claims, June 30, 2017	-	148,859
Incurred claims (including IBNR)	2,019	226,187
Claims payments	<u>(2,019)</u>	<u>(127,342)</u>
Unpaid claims, June 30, 2018	<u>-</u>	<u>247,704</u>

The general liability claims are recorded in the general fund accounts payable and accrued liabilities. The workers' compensation claims are recorded in the internal service fund.

Settled claims have not exceeded any of the City's coverage amounts in any of the last three years and there were no reductions in the City's insurance coverage during the fiscal year ended June 30, 2018.

***NOTE 13 - RISK MANAGEMENT (CONTINUED)***

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.

***NOTE 14 - ASSESSMENT DISTRICT BOND ISSUES***

The City has issued Special Assessment Bonds as allowed under the State of California Special Improvement Act. The City has no obligation beyond the balances in the designated Agency fund for any delinquent assessment district bond payments. The City acts solely as an agent for those paying assessments and the bondholders of the obligations outstanding. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit, nor taxing power of the City is pledged to the payment of the bonds. Therefore, such bonds are not an appropriate liability of the City and are not included in the accompanying financial statements.

At June 30, 2018, the outstanding special assessment district bonds are as follows:

- The Seawall Refinance Assessment District No. 1999-01 Bonds of \$1,350,000 were issued June 17, 1999 to finance seawall improvements. These bonds outstanding at June 30, 2018 were \$210,000.
- The Ocean View/Pines Assessment District No. 2005-01 Bonds of \$932,201 were issued October 1, 2005, to finance the removal of overhead utilities in the Ocean View Pines neighborhood area. The bonds outstanding at June 30, 2018 were \$360,000.

***NOTE 15 - EXPENDITURES EXCEEDING APPROPRIATIONS***

The Supplemental Law Enforcement Special Revenue Fund, Regional Communications System Special Revenue Fund, Grants Special Revenue Fund, Housing Special Revenue Fund, and Transnet II Capital Improvement Capital Projects Fund exceeded its budgets by \$27,351, \$39,774, \$131,438, \$3,394, and \$195,285, respectively. These funds have adequate resources to cover its budget overages.

***NOTE 16 – RESTATEMENT OF NET POSITION***

The net position at July 1, 2017 of the Wastewater Enterprise Fund and Business-Type Activities was reduced by \$905,400 to record expenses related to a prior period.

***NOTE 17 - SUBSEQUENT EVENT***

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 27, 2019, the date the financial statements were available to be issued, and determined that there were no events requiring disclosure.

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 13,512,660	\$ 13,855,360	\$ 14,933,027	\$ 1,077,667
Licenses, fees and permits	1,061,860	1,061,860	994,087	(67,773)
Intergovernmental	76,380	86,920	120,601	33,681
Charges for services	1,726,640	1,811,640	1,760,952	(50,688)
Fines and forfeitures	565,600	605,600	716,505	110,905
Use of money and property	192,570	242,570	478,783	236,213
Other	54,500	169,850	88,502	(81,348)
<b>Total revenues</b>	<b>17,190,210</b>	<b>17,833,800</b>	<b>19,092,457</b>	<b>1,258,657</b>
<b>EXPENDITURES</b>				
Current:				
General government	5,600,660	6,299,698	5,578,238	721,460
Public safety	6,131,380	6,224,482	6,150,748	73,734
Public works	185,470	204,120	173,792	30,328
Debt service:				
Principal	-	-	43,003	(43,003)
Interest	-	-	1,926	(1,926)
<b>Total expenditures</b>	<b>11,917,510</b>	<b>12,728,300</b>	<b>11,947,707</b>	<b>780,593</b>
Excess (deficiency) of revenues over (under) expenditures	5,272,700	5,105,500	7,144,750	2,039,250
<b>OTHER FINANCING USES</b>				
Transfers in	-	-	91,231	(91,231)
Transfers out	-	(406,000)	(6,400,490)	(5,994,490)
<b>Total other financing uses</b>	<b>-</b>	<b>(406,000)</b>	<b>(6,309,259)</b>	<b>(6,085,721)</b>
Net change in fund balance	5,272,700	4,699,500	835,491	(4,046,471)
Fund balance, beginning of year	7,904,815	7,904,815	7,904,815	-
Fund balance, end of year	<u>\$ 13,177,515</u>	<u>\$ 12,604,315</u>	<u>\$ 8,740,306</u>	<u>\$ (4,046,471)</u>

***NOTE 1 – BUDGET AND BUDGETARY ACCOUNTING***

The City follows these procedures in establishing the City’s budget:

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers City expenditures in the General, Special Revenue, and Capital Projects Funds. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between individual accounts within a fund. Supplemental budgetary increases in appropriations for the General, Special Revenue, and Capital Project Funds in the amount of \$15,693,252 were made during the year ended June 30, 2018.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Unencumbered appropriations at year end automatically lapse. Those appropriations may be re-encumbered in the following year only after reconsideration.
4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds (for which annual budgets were adopted) are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

**CITY OF DEL MAR**

**MISCELLANEOUS PLAN**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS\***

Fiscal year ended	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Measurement period	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Plan's proportion of the net pension liability	0.06345%	0.16365%	0.06910%	0.07024%
Plan's proportionate share of the net pension liability	\$ 3,948,228	\$ 4,489,625	\$ 5,979,285	\$ 6,966,181
Plan's covered payroll	\$ 2,825,926	\$ 2,850,725	\$ 3,083,838	\$ 3,198,271
Plan's proportionate share of the net pension liability as a percentage of covered payroll	139.71%	157.49%	193.89%	217.81%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	83.03%	81.70%	74.06%	73.31%
Plan's proportionate share of aggregate employer contributions	\$ 522,334	\$ 693,302	\$ 746,689	\$ 814,756

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

\*Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

**CITY OF DEL MAR**

**MISCELLANEOUS PLAN**

**SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN**

**LAST TEN FISCAL YEARS\***

Fiscal year ended	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 411,954	\$ 529,486	\$ 579,144	\$ 617,792
Contributions in relation to the actuarially determined contribution	<u>(411,954)</u>	<u>(529,486)</u>	<u>(579,144)</u>	<u>(617,792)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,850,725	\$ 3,083,838	\$ 3,198,271	\$ 3,211,144
Contributions as a percentage of covered payroll	14.45%	17.17%	18.11%	19.24%

Notes to Schedule:

Valuation Date	6/30/2012	6/30/2013	6/30/2014	6/30/2015
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value ***
Inflation	2.75%**
Salary increases	Depending on age, service and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years for 3.00%@50 and 2.0%60, 52 years for 2.0%@62**
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS

\* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

\*\* The valuation for June 30, 2012, 2013 and 2014 (applicable to fiscal year ended June 30, 2015, 2016, and 2017, respectively) included the same actuarial assumptions.

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018, respectively)

**CITY OF DEL MAR**

**SAFETY PLAN**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**LAST TEN FISCAL YEARS\***

Fiscal year ended	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Measurement period	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Plan's proportion of the net pension liability	0.04522%	0.08038%	0.04959%	0.04995%
Plan's proportionate share of the net pension liability	\$ 2,814,100	\$ 3,311,865	\$ 4,291,288	\$ 4,953,802
Plan's covered payroll	\$ 1,271,501	\$ 1,305,573	\$ 1,336,570	\$ 1,289,037
Plan's proportionate share of the net pension liability as a percentage of covered payroll	221.32%	253.67%	321.07%	384.30%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	81.74%	79.38%	74.06%	73.31%
Plan's proportionate share of aggregate employer contributions	\$ 356,577	\$ 361,590	\$ 412,874	\$ 450,318

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

\*Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

**CITY OF DEL MAR**

**SAFETY PLAN**

**SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN**

**LAST TEN FISCAL YEARS\***

Fiscal year ended	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 303,598	\$ 336,247	\$ 370,167	\$ 399,196
Contributions in relation to the actuarially determined contribution	<u>(303,598)</u>	<u>(336,247)</u>	<u>(370,167)</u>	<u>(399,196)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,305,573	\$ 1,336,570	\$ 1,289,037	\$ 1,225,539
Contributions as a percentage of covered payroll	23.25%	25.16%	28.72%	32.57%

Notes to Schedule:

Valuation Date	6/30/2012	6/30/2013	6/30/2014	6/30/2015
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value ***
Inflation	2.75%**
Salary increases	Depending on age, service and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years for 3.00%@50 and 2.0%@50
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS

\* Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

\*\* The valuation for June 30, 2012, 2013 and 2014 (applicable to fiscal year ended June 30, 2015, 2016, and 2017, respectively) included the same actuarial assumptions.

\*\*\* The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018, respectively)

**CITY OF DEL MAR, CALIFORNIA**  
**Non-Major Governmental Fund**  
**For Fiscal Year Ended June 30, 2018**

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Special Revenue Funds

The **Gasoline Tax Special Revenue Fund** is used to account for state gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition, and street construction.

The **Open Space Special Revenue Fund** accounts for park and beach maintenance, and the Powerhouse Community Center maintenance and operations. It is partially funded by facility use permits for the community center.

The **Supplemental Law Enforcement Special Revenue Fund** is used to account for grant revenue received by the City from the State of California for supplemental law enforcement expenditures.

The **Regional Communications System Special Revenue Fund** is used to account for revenue received by the City to maintain its portion of the San Diego County and Imperial County Regional Communications System.

The **Grants Special Revenue Fund** accounts for federal, state and local grants received by the City and the expenditure of those funds.

The **Housing Special Revenue Fund** accounts for in-lieu payments from developers and expenditures in support of low-income housing.

The **AB 939 Special Revenue Fund** accounts for the costs of implementing the countywide integrated waste management plan and programs.

The **Road Maintenance and Rehabilitation Account (RMRA) Special Revenue Fund** accounts for the City's share of gas tax monies for the purpose of construction, reconstruction, maintenance, and right-of-way acquisition relating to streets and highways.

Capital Projects Funds

The **Transnet II Capital Improvement Capital Projects Fund** is used to account for the financial resources for the City's Sidewalk, Street and Drainage Project.

The **Regional Transportation Congestion Improvement Program (RTCIP) Capital Projects Fund** accounts for fees received on new development used to mitigate the impacts of residential development.

CITY OF DEL MAR

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018

	Special Revenue Funds					
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing
<b>ASSETS</b>						
Cash and investments	\$ 24,721	\$ 251,616	\$ 291	\$ 23,580	\$ -	\$ 440,409
Receivables:						
Accrued interest	-	-	-	-	330	1,268
Accounts, net	3,737	40,337	-	-	6,428	-
Due from other agencies	7,999	-	48,747	-	51,433	-
Total assets	<u>\$ 36,457</u>	<u>\$ 291,953</u>	<u>\$ 49,038</u>	<u>\$ 23,580</u>	<u>\$ 58,191</u>	<u>\$ 441,677</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 33,797	\$ 56,860	\$ 7,149	\$ -	\$ 184	\$ 9,250
Deposits payable	-	32,420	-	-	-	-
Due to other funds	-	-	41,889	-	20,910	-
Retention payable	-	9,278	-	-	-	-
Total liabilities	<u>33,797</u>	<u>98,558</u>	<u>49,038</u>	<u>-</u>	<u>21,094</u>	<u>9,250</u>
Fund balances (deficit):						
Restricted for:						
Public safety	-	-	-	23,580	37,097	-
Low-income housing	-	-	-	-	-	432,427
Public works	-	-	-	-	-	-
Street projects	2,660	-	-	-	-	-
Committed to:						
Parks and recreation	-	193,395	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>2,660</u>	<u>193,395</u>	<u>-</u>	<u>23,580</u>	<u>37,097</u>	<u>432,427</u>
Total liabilities and fund balances	<u>\$ 36,457</u>	<u>\$ 291,953</u>	<u>\$ 49,038</u>	<u>\$ 23,580</u>	<u>\$ 58,191</u>	<u>\$ 441,677</u>

Special Revenue Funds		Capital Projects Funds			
AB 939	RMRA	Transnet II Capital Improvement	RTCIP	Total	
\$ 221,550	\$ 19,808	\$ -	\$ 2,421	\$ 984,396	
663	-	-	7	2,268	
13,594	-	-	-	64,096	
-	5,371	-	-	113,550	
<u>\$ 235,807</u>	<u>\$ 25,179</u>	<u>\$ -</u>	<u>\$ 2,428</u>	<u>\$ 1,164,310</u>	
\$ 3,233	\$ -	\$ -	\$ -	\$ 110,473	
-	-	-	-	32,420	
-	-	-	-	62,799	
-	-	-	-	9,278	
<u>3,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,970</u>	
-	-	-	-	60,677	
-	-	-	-	432,427	
232,574	-	-	-	232,574	
-	25,179	-	2,428	30,267	
-	-	-	-	193,395	
-	-	-	-	-	
<u>232,574</u>	<u>25,179</u>	<u>-</u>	<u>2,428</u>	<u>949,340</u>	
<u>\$ 235,807</u>	<u>\$ 25,179</u>	<u>\$ -</u>	<u>\$ 2,428</u>	<u>\$ 1,164,310</u>	

CITY OF DEL MAR

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Special Revenue Funds					
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing
<b>REVENUES</b>						
Taxes	\$ 96,159	\$ 20,911	\$ -	\$ 44,586	\$ -	\$ -
Licenses, fees and permits	-	369,406	-	-	-	141,048
Intergovernmental	-	36,126	100,000	-	166,544	-
Use of money and property	-	1,148	-	439	872	5,753
Contributions	-	30,000	-	-	-	-
Other	128	52,873	48,747	-	-	-
<b>Total revenues</b>	<b>96,287</b>	<b>510,464</b>	<b>148,747</b>	<b>45,025</b>	<b>167,416</b>	<b>146,801</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	135,351	114,554
Public safety	-	-	215,490	23,773	15,457	-
Public works	440,147	-	-	-	-	-
Parks and recreation	-	834,530	-	-	-	-
Capital outlay	-	190,314	-	-	-	-
Debt service:						
Principal	-	-	-	39,422	-	-
Interest	-	-	-	11,079	-	-
<b>Total expenditures</b>	<b>440,147</b>	<b>1,024,844</b>	<b>215,490</b>	<b>74,274</b>	<b>150,808</b>	<b>114,554</b>
Excess (deficiency) of revenues over (under) expenditures	(343,860)	(514,380)	(66,743)	(29,249)	16,608	32,247
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	346,520	408,087	66,743	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>346,520</b>	<b>408,087</b>	<b>66,743</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	2,660	(106,293)	-	(29,249)	16,608	32,247
Fund balances, beginning of year	-	299,688	-	52,829	20,489	400,180
<b>Fund balances (deficit), end of year</b>	<b>\$ 2,660</b>	<b>\$ 193,395</b>	<b>\$ -</b>	<b>\$ 23,580</b>	<b>\$ 37,097</b>	<b>\$ 432,427</b>

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>		
<u>AB 939</u>	<u>RMRA</u>	<u>Transnet II Capital Improvement</u>	<u>RTCIP</u>	<u>Total</u>
\$ -	\$ 25,179	\$ -	\$ -	\$ 186,835
53,525	-	-	2,404	566,383
-	-	206,125	-	508,795
3,042	-	3,660	24	14,938
-	-	-	-	30,000
-	-	-	-	101,748
<u>56,567</u>	<u>25,179</u>	<u>209,785</u>	<u>2,428</u>	<u>1,408,699</u>
44,799	-	-	-	294,704
-	-	-	-	254,720
-	-	-	-	440,147
-	-	-	-	834,530
-	-	6,371	-	196,685
-	-	55,000	-	94,422
-	-	141,914	-	152,993
<u>44,799</u>	<u>-</u>	<u>203,285</u>	<u>-</u>	<u>2,268,201</u>
<u>11,768</u>	<u>25,179</u>	<u>6,500</u>	<u>2,428</u>	<u>(859,502)</u>
-	-	-	-	821,350
-	-	(91,231)	-	(91,231)
-	-	(91,231)	-	730,119
11,768	25,179	(84,731)	2,428	(129,383)
<u>220,806</u>	<u>-</u>	<u>84,731</u>	<u>-</u>	<u>1,078,723</u>
<u>\$ 232,574</u>	<u>\$ 25,179</u>	<u>\$ -</u>	<u>\$ 2,428</u>	<u>\$ 949,340</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
GASOLINE TAX SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 100,380	\$ 100,380	\$ 96,159	\$ (4,221)
Other	-	-	128	128
Total revenues	100,380	100,380	96,287	(4,093)
<b>EXPENDITURES</b>				
Current:				
Public works	501,510	598,050	440,147	157,903
Total expenditures	501,510	598,050	440,147	157,903
Excess (deficiency) of revenues over (under) expenditures	(401,130)	(497,670)	(343,860)	153,810
<b>OTHER FINANCING SOURCES</b>				
Transfers in	392,710	398,710	346,520	(52,190)
Total other financing sources	392,710	398,710	346,520	(52,190)
Net change in fund balance	(8,420)	(98,960)	2,660	101,620
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ (8,420)	\$ (98,960)	\$ 2,660	\$ 101,620

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
OPEN SPACE SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 10,710	\$ 10,710	\$ 20,911	\$ 10,201
Licenses, fees and permits	315,000	315,000	369,406	54,406
Intergovernmental	15,670	15,670	36,126	20,456
Use of money and property	2,020	2,020	1,148	(872)
Contributions	-	30,000	30,000	-
Other	32,370	32,370	52,873	20,503
<b>Total revenues</b>	<b>375,770</b>	<b>405,770</b>	<b>510,464</b>	<b>104,694</b>
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	863,890	901,390	834,530	66,860
Capital outlay	200,000	545,512	190,314	355,198
<b>Total expenditures</b>	<b>1,063,890</b>	<b>1,446,902</b>	<b>1,024,844</b>	<b>422,058</b>
Excess (deficiency) of revenues over (under) expenditures	(688,120)	(1,041,132)	(514,380)	526,752
<b>OTHER FINANCING SOURCES</b>				
Transfers in	723,380	723,380	408,087	(315,293)
<b>Total other financing sources</b>	<b>723,380</b>	<b>723,380</b>	<b>408,087</b>	<b>(315,293)</b>
Net change in fund balance	35,260	(317,752)	(106,293)	211,459
Fund balance, beginning of year	299,688	299,688	299,688	-
<b>Fund balance, end of year</b>	<b>\$ 334,948</b>	<b>\$ (18,064)</b>	<b>\$ 193,395</b>	<b>\$ 211,459</b>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Other	-	-	48,747	48,747
Total revenues	100,000	100,000	148,747	48,747
<b>EXPENDITURES</b>				
Current:				
Public safety	188,140	188,140	215,490	(27,350)
Total expenditures	188,140	188,140	215,490	(27,350)
Excess (deficiency) of revenues over (under) expenditures	(88,140)	(88,140)	(66,743)	21,397
<b>OTHER FINANCING SOURCES</b>				
Transfers in	90,930	90,930	66,743	(24,187)
Total other financing sources	90,930	90,930	66,743	(24,187)
Net change in fund balance	2,790	2,790	-	(2,790)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 2,790	\$ 2,790	\$ -	\$ (2,790)

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
REGIONAL COMMUNICATIONS SYSTEM SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 45,000	\$ 45,000	\$ 44,586	\$ (414)
Use of money and property	-	-	439	439
	<u>45,000</u>	<u>45,000</u>	<u>45,025</u>	<u>25</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	34,500	34,500	23,773	10,727
Debt service:				
Principal	-	-	39,422	(39,422)
Interest	-	-	11,079	(11,079)
	<u>34,500</u>	<u>34,500</u>	<u>74,274</u>	<u>(39,774)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,500</u>	<u>10,500</u>	<u>(29,249)</u>	<u>(39,749)</u>
Net change in fund balance	10,500	10,500	(29,249)	(39,749)
Fund balance, beginning of year	<u>52,829</u>	<u>52,829</u>	<u>52,829</u>	<u>-</u>
Fund balance, end of year	<u>\$ 63,329</u>	<u>\$ 63,329</u>	<u>\$ 23,580</u>	<u>\$ (39,749)</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
GRANTS SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 19,370	\$ 19,370	\$ 166,544	\$ 147,174
Use of money and property	-	-	872	872
Total revenues	<u>19,370</u>	<u>19,370</u>	<u>167,416</u>	<u>148,046</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	135,351	(135,351)
Public safety	<u>19,370</u>	<u>19,370</u>	<u>15,457</u>	<u>3,913</u>
Total expenditures	<u>19,370</u>	<u>19,370</u>	<u>150,808</u>	<u>(131,438)</u>
Net change in fund balance	-	-	16,608	16,608
Fund balance, beginning of year	<u>20,489</u>	<u>20,489</u>	<u>20,489</u>	-
Fund balance, end of year	<u>\$ 20,489</u>	<u>\$ 20,489</u>	<u>\$ 37,097</u>	<u>\$ 16,608</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
HOUSING SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses, fees and permits	\$ 47,000	\$ 141,050	\$ 141,048	\$ (2)
Use of money and property	3,600	3,600	5,753	2,153
Total revenues	<u>50,600</u>	<u>144,650</u>	<u>146,801</u>	<u>2,151</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>92,660</u>	<u>111,160</u>	<u>114,554</u>	<u>(3,394)</u>
Total expenditures	<u>92,660</u>	<u>111,160</u>	<u>114,554</u>	<u>(3,394)</u>
Net change in fund balance	(42,060)	33,490	32,247	(1,243)
Fund balance, beginning of year	<u>400,180</u>	<u>400,180</u>	<u>400,180</u>	<u>-</u>
Fund balance, end of year	<u>\$ 358,120</u>	<u>\$ 433,670</u>	<u>\$ 432,427</u>	<u>\$ (1,243)</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 AB 939 SPECIAL REVENUE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, fees and permits	\$ 50,000	\$ 50,000	\$ 53,525	\$ 3,525
Use of money and property	2,000	2,000	3,042	1,042
Total revenues	52,000	52,000	56,567	4,567
<b>EXPENDITURES</b>				
Current:				
General government	71,510	71,510	44,799	26,711
Total expenditures	71,510	71,510	44,799	26,711
Net change in fund balance	(19,510)	(19,510)	11,768	31,278
Fund balance, beginning of year	220,806	220,806	220,806	-
Fund balance, end of year	<u>\$ 201,296</u>	<u>\$ 201,296</u>	<u>\$ 232,574</u>	<u>\$ 31,278</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE**  
**Road Maintenance and Rehabilitation Account (RMRA)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 25,179</u>	<u>\$ 1,179</u>
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>25,179</u>	<u>1,179</u>
Net change in fund balance	24,000	24,000	25,179	1,179
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 24,000</u>	<u>\$ 24,000</u>	<u>\$ 25,179</u>	<u>\$ 1,179</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 TRANSNET II CAPITAL IMPROVEMENT  
 CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 8,000	\$ 206,125	\$ 198,125
Use of money and property	-	-	3,660	3,660
Total revenues	-	8,000	209,785	201,785
<b>EXPENDITURES</b>				
Capital outlay	-	8,000	6,371	1,629
Debt service:				
Principal	-	-	55,000	(55,000)
Interest	-	-	141,914	(141,914)
Total expenditures	-	8,000	203,285	(195,285)
Excess (deficiency) of revenues over (under) expenditures	-	-	6,500	6,500
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(91,231)	(91,231)
Total other financing sources	-	-	(91,231)	(91,231)
Net change in fund balance	-	-	(84,731)	(84,731)
Fund balance, beginning of year	84,731	84,731	84,731	-
Fund balance, end of year	\$ 84,731	\$ 84,731	\$ -	\$ (84,731)

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM  
 CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses, fees and permits	\$ -	\$ 2,400	\$ 2,404	\$ 4
Use of money and property	-	-	24	24
Total revenues	-	2,400	2,428	28
Net change in fund balance	-	2,400	2,428	28
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 2,400</u>	<u>\$ 2,428</u>	<u>\$ 28</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT CAPITAL  
PROJECTS FUND - MAJOR FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 15,000	\$ 620,551	\$ 311,365	\$ (309,186)
Use of money and property	-	-	3,132	3,132
Contributions	-	-	131,500	131,500
<b>Total revenues</b>	<b>15,000</b>	<b>620,551</b>	<b>445,997</b>	<b>(174,554)</b>
<b>EXPENDITURES</b>				
General government	-	-	48,483	(48,483)
Capital outlay	2,140,790	14,174,821	12,150,662	2,024,159
Debt service:				
Principal	392,730	392,730	344,233	48,497
Interest	-	-	518,040	(518,040)
<b>Total expenditures</b>	<b>2,533,520</b>	<b>14,567,551</b>	<b>13,061,418</b>	<b>1,506,133</b>
Excess (deficiency) of revenues over (under) expenditures	(2,518,520)	(13,947,000)	(12,615,421)	1,331,579
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	-	13,000,713	11,413,179	1,587,534
Transfers in	2,436,550	2,836,550	5,579,140	2,742,590
<b>Total other financing sources</b>	<b>2,436,550</b>	<b>2,836,550</b>	<b>16,992,319</b>	<b>14,155,769</b>
Net change in fund balance	(81,970)	(11,110,450)	4,376,898	15,487,348
Fund balance (deficit), beginning of year	(3,571,263)	(3,571,263)	(3,571,263)	-
Fund balance (deficit), end of year	\$ (3,653,233)	\$ (14,681,713)	\$ 805,635	\$ 15,487,348

**CITY OF DEL MAR, CALIFORNIA**  
**Agency Funds**  
**For Fiscal Year Ended June 30, 2018**

---

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

The City of Del Mar has the following Agency Funds:

- Stratford and Luneta Undergrounding Assessment District 1989-01
- Seawall Refinance Assessment District 1999-01
- Ocean View/Pines Assessment District 2005-01
- North Hills Undergrounding Assessment District 2007-01
- Sunset Undergrounding Assessment District 2007-02

CITY OF DEL MAR

AGENCY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 JUNE 30, 2018

	Stratford and Luneta Undergrounding Assessment District 1989-01	Seawall Refinance Assessment District 1999-01	Ocean View/Pines Assessment District 2005-01
<b>ASSETS</b>			
Accounts receivable	\$ 287	\$ 469	\$ 247
Restricted assets:			
Cash and investments	<u>99,597</u>	<u>162,959</u>	<u>85,719</u>
Total assets	<u><u>\$ 99,884</u></u>	<u><u>\$ 163,428</u></u>	<u><u>\$ 85,966</u></u>
<b>LIABILITIES</b>			
Due to bond holders	<u>\$ 99,884</u>	<u>\$ 163,428</u>	<u>\$ 85,966</u>
Total liabilities	<u><u>\$ 99,884</u></u>	<u><u>\$ 163,428</u></u>	<u><u>\$ 85,966</u></u>

North Hills Undergrounding Assessment District 2007-01	Sunset Undergrounding Assessment District 2007-02	Total
\$ 37,130	\$ 28	\$ 38,161
1	9,783	358,059
<u>\$ 37,131</u>	<u>\$ 9,811</u>	<u>\$ 396,220</u>
<u>\$ 37,131</u>	<u>\$ 9,811</u>	<u>\$ 396,220</u>
<u><u>\$ 37,131</u></u>	<u><u>\$ 9,811</u></u>	<u><u>\$ 396,220</u></u>

CITY OF DEL MAR

AGENCY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Stratford and Luneta Undergrounding Assessment District 1989-01</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 185	\$ 287	\$ (185)	\$ 287
Restricted assets:				
Cash and investments	98,401	2,015	(819)	99,597
Total assets	<u>\$ 98,586</u>	<u>\$ 2,302</u>	<u>\$ (1,004)</u>	<u>\$ 99,884</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 98,586	\$ 2,302	\$ (1,004)	\$ 99,884
Total liabilities	<u>\$ 98,586</u>	<u>\$ 2,302</u>	<u>\$ (1,004)</u>	<u>\$ 99,884</u>
<u>Seawall Refinance Assessment District 1999-01</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 339	\$ 469	\$ (339)	\$ 469
Restricted assets:				
Cash and investments	180,691	95,437	(113,169)	162,959
Total assets	<u>\$ 181,030</u>	<u>\$ 95,906</u>	<u>\$ (113,508)</u>	<u>\$ 163,428</u>
<b>LIABILITES</b>				
Due to bond holders	\$ 181,030	\$ 95,906	\$ (113,508)	\$ 163,428
Total liabilities	<u>\$ 181,030</u>	<u>\$ 95,906</u>	<u>\$ (113,508)</u>	<u>\$ 163,428</u>
<u>Ocean View/Pines Assessment District 2005-01</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 164	\$ 247	\$ (164)	247
Restricted assets:				
Cash and investments	87,485	56,456	(58,222)	85,719
Total assets	<u>\$ 87,649</u>	<u>\$ 56,703</u>	<u>\$ (58,386)</u>	<u>\$ 85,966</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 87,649	\$ 56,703	\$ (58,386)	\$ 85,966
Total liabilities	<u>\$ 87,649</u>	<u>\$ 56,703</u>	<u>\$ (58,386)</u>	<u>\$ 85,966</u>

CITY OF DEL MAR

AGENCY FUNDS, (CONTINUED)  
 STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>North Hills Undergrounding</u>				
<u>Assessment District 2007-01</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 37,130	\$ 37,428	\$ (37,428)	\$ 37,130
Restricted assets:				
Cash and investments	-	1	-	1
Total assets	<u>\$ 37,130</u>	<u>\$ 37,429</u>	<u>\$ (37,428)</u>	<u>\$ 37,131</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 37,130</u>	<u>\$ 37,429</u>	<u>\$ (37,428)</u>	<u>\$ 37,131</u>
Total liabilities	<u>\$ 37,130</u>	<u>\$ 37,429</u>	<u>\$ (37,428)</u>	<u>\$ 37,131</u>
<u>Sunset Undergrounding Assessment District 2007-02</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 18	\$ 28	\$ (18)	\$ 28
Restricted assets:				
Cash and investments	9,666	197	(80)	9,783
Total assets	<u>\$ 9,684</u>	<u>\$ 225</u>	<u>\$ (98)</u>	<u>\$ 9,811</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 9,684</u>	<u>\$ 225</u>	<u>\$ (98)</u>	<u>\$ 9,811</u>
Total liabilities	<u>\$ 9,684</u>	<u>\$ 225</u>	<u>\$ (98)</u>	<u>\$ 9,811</u>
<u>Total Agency Funds</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 37,836	\$ 38,459	\$ (38,134)	\$ 38,161
Restricted assets:				
Cash and investments	376,243	154,106	(172,290)	358,059
Total assets	<u>\$ 414,079</u>	<u>\$ 192,565</u>	<u>\$ (210,424)</u>	<u>\$ 396,220</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 414,079</u>	<u>\$ 192,565</u>	<u>\$ (210,424)</u>	<u>\$ 396,220</u>
Total liabilities	<u>\$ 414,079</u>	<u>\$ 192,565</u>	<u>\$ (210,424)</u>	<u>\$ 396,220</u>

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# CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2017-2018



This part of the City of Del Mar's (City) Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, notes to the basic financial statements, and required supplementary information report about the City's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	98
<b>Revenue Capacity</b> These tables contain information that may help in assessing the viability of the City's most significant revenue sources - property taxes, transient occupancy tax (TOT), and sales and use tax.	110
<b>Debt Capacity</b> These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	124
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	130
<b>Operating Information</b> These tables contain service and infrastructure indicators that may inform one's understanding on how the information in the City's financial statements relate to the services that the City provides and the activities it performs.	133

**City of Del Mar**

**Net Position by Component<sup>(1)</sup>**

**Last Ten Fiscal Years Ended June 30, 2018**

**(Accrual basis of accounting)**

	Fiscal Year				
	2008-2009 <sup>(2)</sup>	2009-2010	2010-2011	2011-2012	2012-2013 <sup>(3)</sup>
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 29,850,840	\$ 30,313,422	\$ 37,944,461	\$ 47,943,072	\$ 55,606,641
Restricted	1,693,192	1,371,099	2,968,749	2,143,980	965,813
Unrestricted	3,731,430	3,997,451	4,573,211	5,025,740	4,743,258
Total governmental activities net position	\$ 35,275,462	\$ 35,681,972	\$ 45,486,421	\$ 55,112,792	\$ 61,315,712
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 19,924,858	\$ 19,503,704	\$ 20,873,821	\$ 19,876,130	\$ 20,592,138
Restricted	-	-	-	-	-
Unrestricted	2,976,453	3,823,049	2,623,531	3,845,994	2,697,664
Total business-type activities net position	\$ 22,901,311	\$ 23,326,753	\$ 23,497,352	\$ 23,722,124	\$ 23,289,802
<b>Primary Government</b>					
Net investment in capital assets	\$ 49,775,698	\$ 49,817,126	\$ 58,818,282	\$ 67,819,202	\$ 76,198,779
Restricted	1,693,192	1,371,099	2,968,749	2,143,980	965,813
Unrestricted	6,707,883	7,820,500	7,196,742	8,871,734	7,440,922
Total primary government net position	\$ 58,176,773	\$ 59,008,725	\$ 68,983,773	\$ 78,834,916	\$ 84,605,514

Notes:

(1) Accounting standards require that the net position be reported in three components in the financial statements: investment in capital assets, net of related debt, restricted, and unrestricted.

The net position is considered restricted only when -

- (a) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or
- (b) enabling legislation is enacted by the City.

(2) Fiscal Year 2008-2009 amounts were restated to record the write down of land in business-type activities.

(3) Fiscal Year 2012-2013 amounts were restated to record expense related to the pension debt for CalPERS side fund, and to remove unamortized bond issuance costs for the implementation of GASB Statement 65.

(4) Fiscal Year 2013-2014 amounts were restated to measure and recognize pension liabilities for the implementation of GASB 68 and GASB 71.

Source: City of Del Mar, Finance Department

<b>Fiscal Year</b>				
<b>2013-2014 <sup>(4)</sup></b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
\$ 59,605,566	\$ 59,266,263	\$ 63,917,170	\$ 70,677,865	\$ 70,478,246
980,148	795,930	706,189	779,035	755,945
217,804	3,680,641	3,657,031	(1,945,483)	2,549,881
<u>\$ 60,803,518</u>	<u>\$ 63,742,834</u>	<u>\$ 68,280,390</u>	<u>\$ 69,511,417</u>	<u>\$ 73,784,072</u>
\$ 18,867,190	\$ 19,468,010	\$ 21,145,247	\$ 21,782,050	\$ 21,388,165
-	-	-	-	-
2,730,948	2,532,915	1,565,516	1,425,671	1,219,695
<u>\$ 21,598,138</u>	<u>\$ 22,000,925</u>	<u>\$ 22,710,763</u>	<u>\$ 23,207,721</u>	<u>\$ 22,607,860</u>
\$ 78,472,756	\$ 78,734,273	\$ 85,062,417	\$ 92,459,915	\$ 91,866,411
980,148	795,930	706,189	779,035	755,945
2,948,752	6,213,556	5,222,547	(519,812)	3,769,576
<u>\$ 82,401,656</u>	<u>\$ 85,743,759</u>	<u>\$ 90,991,153</u>	<u>\$ 92,719,138</u>	<u>\$ 96,391,932</u>

**City of Del Mar**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**

	Fiscal Year				
	2008-2009	2009-2010	-2011	2011-2012	2012-2013 <sup>(2)</sup>
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 4,386,669	\$ 4,313,697		\$ 4,817,999	\$ 4,577,084
Public safety	5,080,611	5,115,313		5,365,983	6,463,932
Public works	934,974	1,511,201		491,439	923,784
Parks and recreation	672,742	686,835		732,882	776,639
Community services	-	-		-	-
Interest on long-term debt	119,312	128,910		22,603	15,813
Total governmental activities expenses	<u>11,194,308</u>	<u>11,755,956</u>		<u>11,430,906</u>	<u>12,757,252</u>
<b>Business-type Activities</b>					
Water	2,113,510	2,323,776		2,544,512	2,759,682
Wastewater	2,236,764	2,299,233		2,608,785	2,786,105
Clean water	439,010	429,372		416,849	425,569
Total business-type activities expenses	<u>4,789,284</u>	<u>5,052,381</u>		<u>5,570,146</u>	<u>5,971,356</u>
Total primary government expenses	<u>\$ 15,983,592</u>	<u>\$ 16,808,337</u>		<u>\$ 17,001,052</u>	<u>\$ 18,728,608</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for services:					
General government	\$ 920,795	\$ 1,017,198		\$ 1,112,124	\$ 1,117,178
Public safety	1,172,189	1,268,801		1,382,429	1,312,948
Public works	14,000	-		-	2,165
Parks and recreation	406,236	404,801		466,632	414,556
Operating grants and contributions	323,436	343,777		282,071	277,781
Capital grants and contributions	1,762,742	703,612		8,474,616	7,358,463
Total governmental activities program revenues	<u>4,599,398</u>	<u>3,738,189</u>		<u>11,717,872</u>	<u>10,483,091</u>
<b>Business-type Activities</b>					
Charges for services:					
Water	2,344,156	2,234,510		2,477,171	2,711,877
Wastewater	2,345,933	2,584,404		2,874,751	2,998,521
Clean water	306,266	383,946		382,709	404,313
Capital grants and contributions	-	-		5,000	-
Total business-type activities program revenues	<u>4,996,355</u>	<u>5,202,860</u>		<u>5,739,631</u>	<u>6,114,711</u>
Total primary government revenues	<u>\$ 9,595,753</u>	<u>\$ 8,941,049</u>		<u>\$ 17,457,503</u>	<u>\$ 16,597,802</u>
<b>Net revenues/(expenses): <sup>(1)</sup></b>					
Governmental activities	\$ (6,594,910)	\$ (8,017,767)		\$ 286,966	\$ (2,274,161)
Business-type activities	207,071	150,479		169,485	143,355
Total net revenues/(expenses)	<u>\$ (6,387,839)</u>	<u>\$ (7,867,288)</u>		<u>\$ 456,451</u>	<u>\$ (2,130,806)</u>
<b>General Revenue and Other Changes in Net Position</b>					
<b>Governmental activities</b>					
Taxes:					
Property taxes	\$ 4,215,519	\$ 4,433,968		\$ 4,647,145	\$ 4,971,265
Sales and use tax	1,362,060	1,367,739		1,628,442	1,674,709
Transient occupancy tax	1,418,345	1,505,530		1,805,475	1,939,699
Franchise tax	375,033	342,989		421,518	384,220
Business license tax	197,696	188,535		210,243	191,786
Motor vehicle in-lieu tax	-	-		-	-
Intergovernmental, unrestricted	211,868	163,473		117,062	205,319
Use of money and property	260,440	199,148		83,424	161,140
Sale of capital assets	-	-		18,811	-
Other	341,428	271,953		424,070	412,954
Transfers	(171,135)	(49,063)		(16,785)	(108,563)
Total governmental activities	<u>8,211,254</u>	<u>8,424,272</u>		<u>9,339,405</u>	<u>9,832,529</u>
<b>Business-type activities</b>					
Unrestricted investment earnings	90,967	28,378		13,260	24,395
Other	127,207	197,522		25,242	26,060
Transfers	171,254	49,063		16,785	108,563
Total business-type activities	<u>389,428</u>	<u>274,963</u>		<u>55,287</u>	<u>159,017</u>
Total primary government	<u>\$ 8,600,682</u>	<u>\$ 8,699,235</u>		<u>\$ 9,394,692</u>	<u>\$ 9,991,546</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,616,344	\$ 406,510		\$ 9,626,371	\$ 7,558,368
Business-type activities	596,499	425,442		224,772	323,493
Total primary government	<u>\$ 2,212,843</u>	<u>\$ 831,952</u>		<u>\$ 9,851,143</u>	<u>\$ 7,881,861</u>

Note:

(1) Net revenues/(expenses) is the difference between program revenues and expenses of a function or program. It indicates the degree to which a function or program is supported with its own fees and program specific grants versus its reliance upon funding from taxes and other general revenues.

- Amounts in parentheses are net expenses, indicating that expenses were greater than program revenues, and therefore, general revenues were needed to finance that function or program.

- Amounts without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

Source: City of Del Mar, Finance Department

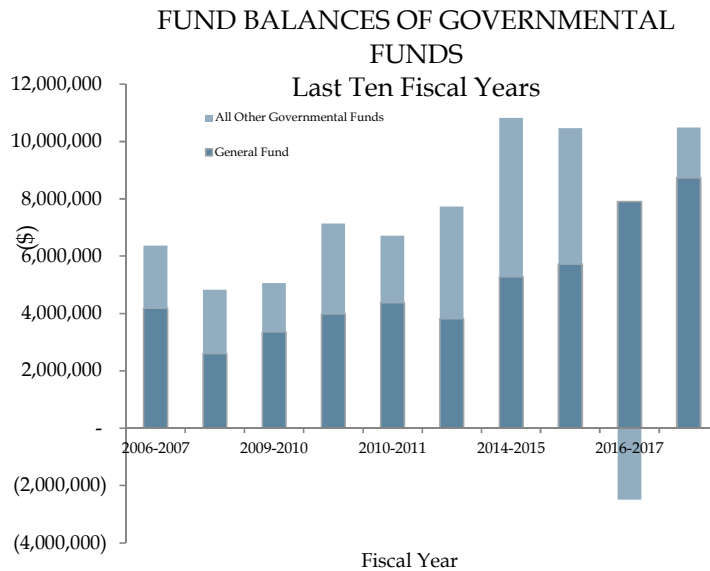
<b>Fiscal Year</b>				
<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>	<b>2017-2018</b>
\$ 4,328,963	\$ 4,748,943	\$ 5,362,200	\$ 6,676,027	\$ 6,360,890
5,472,799	5,705,795	5,716,667	6,676,661	6,861,913
943,013	1,649,191	1,410,511	1,892,772	1,889,260
839,063	835,545	936,586	951,289	894,067
-	-	-	-	-
8,438	158,679	155,143	719,263	668,368
<u>11,592,276</u>	<u>13,098,153</u>	<u>13,581,107</u>	<u>16,916,012</u>	<u>16,674,498</u>
2,964,821	3,165,994	3,072,195	3,286,281	3,323,365
2,759,107	2,965,384	2,500,851	2,530,107	2,996,746
411,143	439,752	464,373	532,792	498,076
6,135,071	6,571,130	6,037,419	6,349,180	6,818,187
<u>\$ 17,727,347</u>	<u>\$ 19,669,283</u>	<u>\$ 19,618,526</u>	<u>\$ 23,265,192</u>	<u>\$ 23,492,685</u>
\$ 1,388,029	\$ 1,646,441	\$ 1,547,069	\$ 1,735,309	\$ 1,894,634
1,318,815	1,457,029	1,382,501	1,405,751	1,778,983
2,209	-	-	-	2,404
443,169	410,206	383,027	378,446	418,447
311,393	285,416	231,257	522,338	481,814
3,874,226	951,754	1,802,911	885,773	585,058
<u>7,337,841</u>	<u>4,750,846</u>	<u>5,346,765</u>	<u>4,927,617</u>	<u>5,161,340</u>
2,861,908	2,822,138	2,745,721	3,085,668	3,440,656
3,048,006	3,675,632	3,486,362	3,283,228	3,096,774
395,404	408,037	420,388	476,980	546,730
5,000	5,000	5,000	5,000	5,000
<u>6,310,318</u>	<u>6,910,807</u>	<u>6,657,471</u>	<u>6,850,876</u>	<u>7,089,160</u>
<u>\$ 13,648,159</u>	<u>\$ 11,661,653</u>	<u>\$ 12,004,236</u>	<u>\$ 11,778,493</u>	<u>\$ 12,250,500</u>
\$ (4,254,435)	\$ (8,347,307)	\$ (8,234,342)	\$ (11,988,395)	\$ (11,513,158)
175,247	339,677	620,052	501,696	270,973
<u>\$ (4,079,188)</u>	<u>\$ (8,007,630)</u>	<u>\$ (7,614,290)</u>	<u>\$ (11,486,699)</u>	<u>\$ (11,242,185)</u>
\$ 5,329,825	\$ 5,291,352	\$ 5,640,285	\$ 6,752,952	\$ 6,491,063
1,700,688	1,998,279	2,332,522	2,227,309	4,854,514
2,101,634	2,444,275	2,617,866	2,697,297	3,001,300
373,589	367,471	369,524	459,271	387,466
191,734	208,898	226,508	240,103	241,008
-	-	-	-	-
209,226	278,081	182,140	133,399	212,514
190,457	239,734	298,974	245,548	386,787
-	-	108,023	-	-
228,085	493,914	1,050,341	437,304	211,161
(19,615)	(35,381)	(54,285)	26,239	-
<u>10,305,623</u>	<u>11,286,623</u>	<u>12,771,898</u>	<u>13,219,422</u>	<u>15,785,813</u>
5,591	27,729	35,501	21,501	34,566
-	-	-	-	-
19,615	35,381	54,285	(26,239)	-
<u>25,206</u>	<u>63,110</u>	<u>89,786</u>	<u>(4,738)</u>	<u>34,566</u>
<u>\$ 10,330,829</u>	<u>\$ 11,349,733</u>	<u>\$ 12,861,684</u>	<u>\$ 13,214,684</u>	<u>\$ 15,820,379</u>
\$ 6,051,188	\$ 2,939,316	\$ 4,537,556	\$ 1,231,027	\$ 4,272,655
200,453	402,787	709,838	496,958	305,539
<u>\$ 6,251,641</u>	<u>\$ 3,342,103</u>	<u>\$ 5,247,394</u>	<u>\$ 1,727,985</u>	<u>\$ 4,578,194</u>

(2) Fiscal Year 2012-2013 amounts were restated to remove unamortized bond issuance costs for the implementation of GASB Statement 65.

**City of Del Mar**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year				
	2008-2009	2009-2010	2010-2011 <sup>(1)</sup>	2011-2012	2012-2013
General Fund					
Reserved	\$ 30,334	\$ 36,396	\$ -	\$ -	\$ -
Unreserved	2,572,399	3,320,829	-	-	-
Nonspendable	-	-	-	525,151	-
Assigned	-	-	1,681,273	1,470,192	1,475,704
Unassigned	-	-	2,305,009	2,384,635	1,446,003
Total general fund	<u>\$ 2,602,733</u>	<u>\$ 3,357,225</u>	<u>\$ 3,986,282</u>	<u>\$ 4,379,978</u>	<u>\$ 2,921,707</u>
All Other Governmental Funds					
Reserved	\$1,482,888	\$ 963,355	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	67,058	342,232	-	-	-
Debt service funds	-	-	-	-	-
Capital projects fund	683,550	409,384	-	-	-
Restricted	-	-	976,173	976,276	965,812
Committed	-	-	190,215	181,806	167,503
Assigned	-	-	1,992,576	1,180,204	1,535,486
Total all other governmental funds	<u>\$ 2,233,496</u>	<u>\$ 1,714,971</u>	<u>\$ 3,158,964</u>	<u>\$ 2,338,286</u>	<u>\$ 2,668,801</u>

Source: City of Del Mar, Finance Department



(Concluded)

Fiscal Year				
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	23,338	6,579
1,471,791	1,471,791	1,530,159	2,233,502	5,100,305
2,345,865	3,806,755	4,192,011	5,647,975	3,633,422
<u>\$ 3,817,656</u>	<u>\$ 5,278,546</u>	<u>\$ 5,722,170</u>	<u>\$ 7,904,815</u>	<u>\$ 8,740,306</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
980,148	795,930	706,189	779,035	755,945
207,819	299,415	302,160	299,688	193,395
2,729,399	4,451,680	3,737,345	(3,571,263)	805,635
<u>\$ 3,917,366</u>	<u>\$ 5,547,025</u>	<u>\$ 4,745,694</u>	<u>\$ (2,492,540)</u>	<u>\$ 1,754,975</u>

Note:

(1) The City implemented GASB Number 54 in Fiscal Year 2010-2011. Information before implementation is not available.

**City of Del Mar**  
**Changes In Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Revenues:</b>					
Taxes	\$ 7,676,829	\$ 7,937,072	\$ 8,521,081	\$ 8,858,700	\$ 9,284,503
Licenses and permits	1,005,220	916,254	1,185,430	1,047,420	1,036,973
Intergovernmental	2,230,841	1,022,692	4,470,137	8,077,378	7,638,143
Charges for services	794,002	992,813	1,091,028	1,098,148	1,190,559
Fines and forfeitures	761,014	781,733	891,019	815,617	669,665
Use of money and property	225,747	188,513	117,942	79,311	154,539
Contributions	325,389	108,559	181,627	657,875	36,921
Other revenues	358,876	253,253	153,538	416,689	411,397
Total revenues	<u>13,377,918</u>	<u>12,200,889</u>	<u>16,611,802</u>	<u>21,051,138</u>	<u>20,422,700</u>
<b>Expenditures:</b>					
General government	4,376,664	4,158,473	4,134,195	4,848,423	5,903,824
Public safety	5,068,992	4,994,026	5,105,353	5,380,136	6,457,063
Public works	475,670	557,557	530,892	544,546	767,200
Parks and recreation	671,207	670,548	700,050	734,815	775,814
Capital outlays	2,807,876	1,039,393	4,526,067	9,796,937	7,664,337
Debt service:					
Principal	435,778	363,293	3,637,212	150,000	155,000
Interest and fiscal charges	111,144	132,569	67,774	25,290	18,655
Cost of issuance	-	-	-	-	-
Total expenditures	<u>13,947,331</u>	<u>11,915,859</u>	<u>18,701,543</u>	<u>21,480,147</u>	<u>21,741,893</u>
Excess of revenues over (under) expenditures	<u>(569,413)</u>	<u>285,030</u>	<u>(2,089,741)</u>	<u>(429,009)</u>	<u>(1,319,193)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from capital lease	-	-	-	-	-
Issuance of debt	3,763,000	-	-	-	-
Sale of capital assets	-	-	4,171,104	18,811	-
Transfers-in	1,287,803	584,915	5,695,089	1,183,682	1,779,347
Transfers-out	(1,459,056)	(633,978)	(5,703,402)	(1,200,466)	(1,587,910)
Total other financing sources (uses)	<u>3,591,747</u>	<u>(49,063)</u>	<u>4,162,791</u>	<u>2,027</u>	<u>191,437</u>
Net change in fund balances	<u>\$ 3,022,334</u>	<u>\$ 235,967</u>	<u>\$ 2,073,050</u>	<u>\$ (426,982)</u>	<u>\$ (1,127,756)</u>
Debt service as a percentage of noncapital expenditures	<u>4.91%</u>	<u>4.56%</u>	<u>26.14%</u> <sup>1</sup>	<u>1.50%</u>	<u>1.27%</u>

Note:

- (1) The increased debt service percentage is due to the payoff of the loan on the Shores Property which came from the sale of the Balboa lot.
- (2) The increase in expenditures is due to the payoff of the California Employees' Retirement System (CalPERS) Side Fund liability.

Source: City of Del Mar, Finance Department

(Concluded)

Fiscal Year				
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
\$ 9,865,474	\$ 10,469,129	\$ 11,291,573	\$ 12,483,838	\$ 15,119,862
1,320,317	1,432,809	1,313,261	1,473,672	1,560,470
4,165,489	1,167,061	2,049,910	640,435	940,761
1,296,138	1,447,608	1,471,767	1,537,125	1,760,952
586,367	633,259	579,364	561,080	716,505
190,457	239,733	298,973	245,548	496,853
17,368	26,100	13,612	77,464	161,500
221,469	657,152	1,046,464	1,101,638	190,250
17,663,079	16,072,851	18,064,924	18,120,800	20,947,153
4,326,650	4,465,857	5,055,390	6,212,785	5,921,425
5,442,607	5,707,066	5,769,859	6,411,309	6,405,468
486,619	565,436	589,870	646,739	613,939
809,797	796,933	907,484	910,515	834,530
4,960,745	2,652,017	6,620,181	11,952,324	12,347,347
165,000	886,500	50,000	88,352	481,658
11,532	158,718	155,143	506,960	672,959
-	-	-	161,610	-
16,202,950	15,232,527	19,147,927	26,890,594	27,277,326
1,460,129	840,324	(1,083,003)	(8,769,794)	(6,330,173)
-	-	157,431	-	-
704,000	2,285,606	622,150	3,687,966	11,413,179
-	-	-	-	-
2,180,793	2,739,389	3,642,313	2,156,104	6,491,721
(2,200,408)	(2,774,770)	(3,696,598)	(2,129,865)	(6,491,721)
684,385	2,250,225	725,296	3,714,205	11,413,179
\$ 2,144,514	\$ 3,090,549	\$ (357,707)	\$ (5,055,589)	\$ 5,083,006
<sup>(2)</sup> 1.58%	8.33%	1.65%	2.21%	7.54%

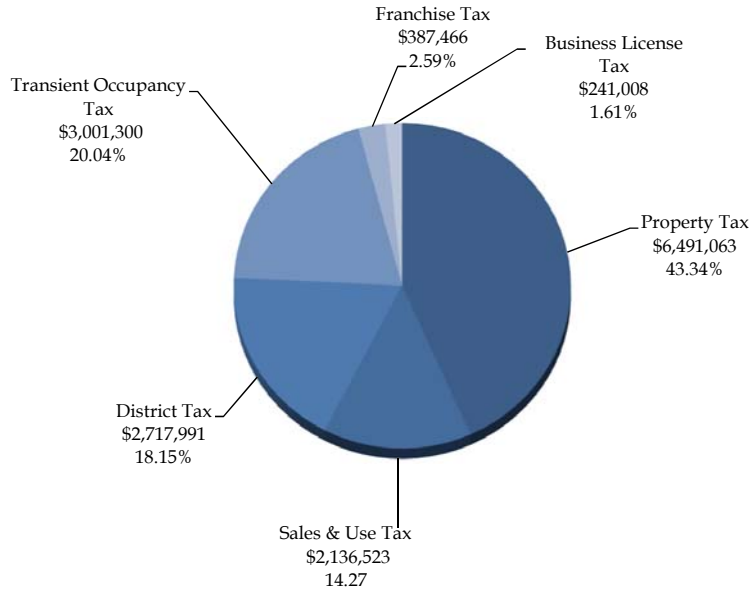
**City of Del Mar**  
**Governmental Activities Tax Revenues By Sources**  
**Last Ten Fiscal Years**

Fiscal Year	Property Taxes (1)	Sales & Use Tax (2)	District Tax (3)	Transient Occupancy Tax	Franchise Tax	Business License Tax	Total
2017-2018	\$ 6,491,063	\$ 2,136,523	\$ 2,717,991	\$ 3,001,300	\$ 387,466	\$ 241,008	\$ 14,975,351
2016-2017	6,752,952	1,492,965	734,344	2,697,297	459,271	240,103	12,376,932
2015-2016	5,640,285	2,332,522	-	2,617,866	369,524	226,508	11,186,705
2014-2015	5,291,352	1,998,279	-	2,444,275	367,471	208,898	10,310,275
2013-2014	5,329,825	1,700,688	-	2,101,634	373,589	191,734	9,697,470
2012-2013	4,971,265	1,674,709	-	1,939,699	384,220	191,786	9,161,679
2011-2012	4,647,145	1,628,442	-	1,805,475	421,518	210,243	8,712,823
2010-2011	4,510,439	1,551,454	-	1,704,696	402,677	197,639	8,366,905
2009-2010	4,433,968	1,367,739	-	1,505,530	342,989	188,535	7,838,761
2008-2009	4,215,519	1,362,060	-	1,418,345	375,033	197,696	7,568,653
Change from Base Year 2009	53.98%	56.86%	-100.00%	111.61%	3.32%	21.91%	97.86%

Notes:

- (1) Includes Property Tax In-lieu of Vehicle License Fee (VLF) as part of the State's VLF for Property Tax Swap Adjustment.
- (2) Includes Property Tax In-Lieu of Sales Tax as part of the State's Sales and Use Tax Triple Flip Adjustment.
- (3) Measure Q for 1% District tax was passed in Fiscal year 2016-17

**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Fiscal Year Ended June 30, 2018**



Source: City of Del Mar, Finance Department

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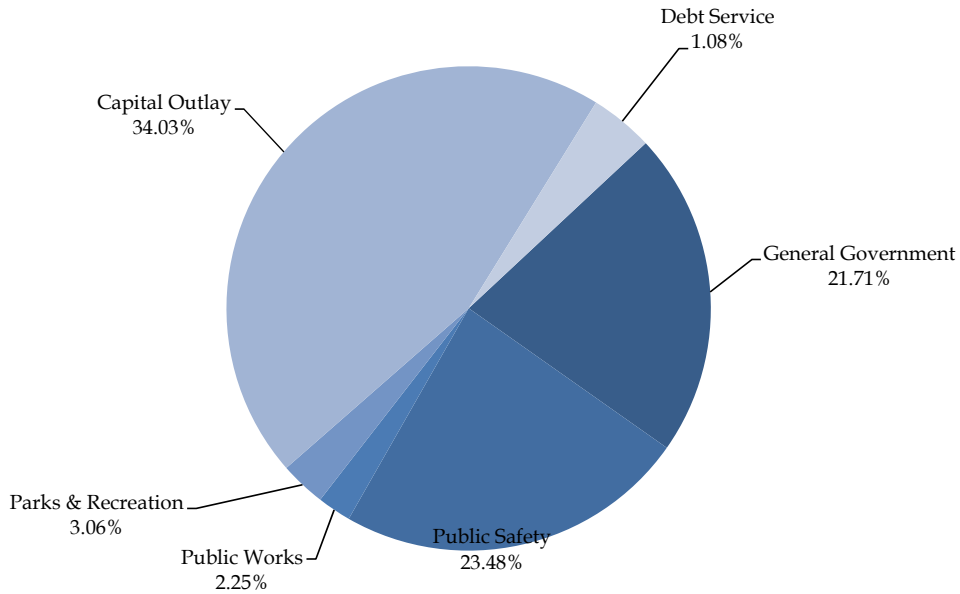
**City of Del Mar**

**General Governmental Expenditures By Function <sup>(1)</sup>**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>
2017-2018	5,921,425	6,405,468	613,939
2016-2017	6,212,785	6,411,309	646,739
2015-2016	5,055,390	5,769,859	589,870
2014-2015	4,465,857	5,707,066	565,436
2013-2014	4,326,650	5,442,607	486,619
2012-2013	5,903,824	6,457,063	767,200
2011-2012	4,848,423	5,380,136	544,546
2010-2011	4,134,195	5,105,353	530,892
2009-2010	4,158,473	4,994,026	557,557
2008-2009	4,376,664	5,068,992	475,670

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
Fiscal Year Ended June 30, 2018**



Notes:

- (1) These amounts include all governmental fund types and exclude other financing sources (uses).
- (2) These amounts include lease and bond payments toward debt service.

Source: City of Del Mar, Finance Department

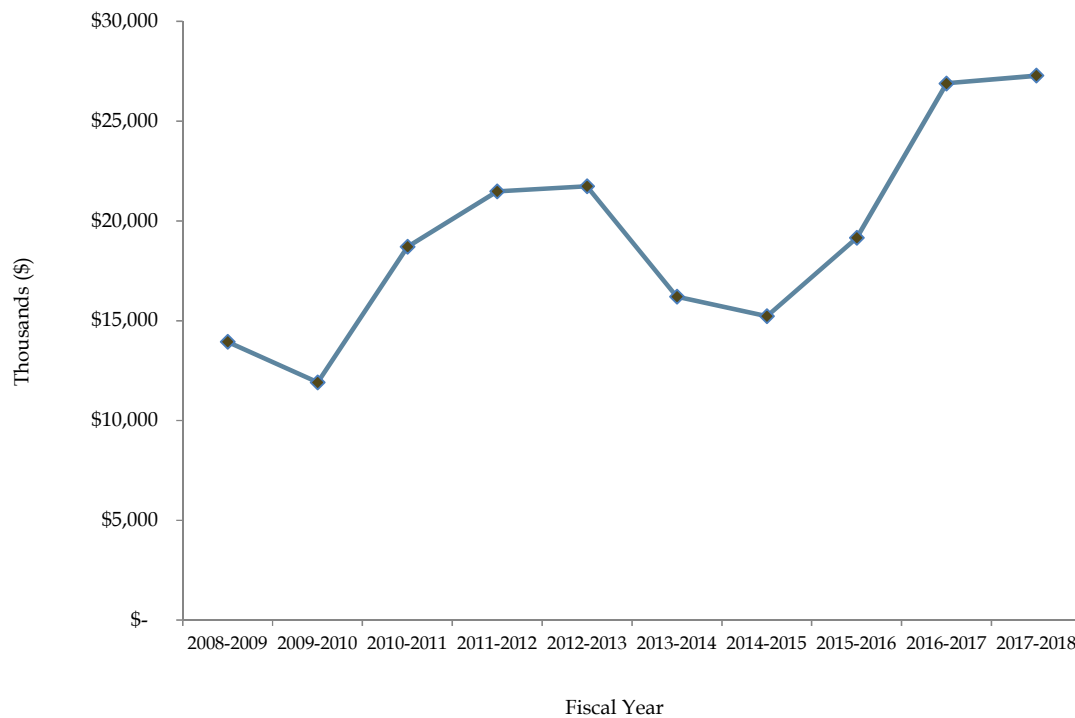
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<b>Parks and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service <sup>(2)</sup></b>	<b>Total</b>
834,530	12,347,347	1,154,617	\$ 27,277,326
910,515	11,952,324	756,922	26,890,594
907,484	6,620,181	205,143	19,147,927
796,933	2,652,017	1,045,218	15,232,527
809,797	4,960,745	176,532	16,202,950
775,814	7,664,337	173,655	21,741,893
734,815	9,796,937	175,290	21,480,147
700,050	4,526,067	3,704,986	18,701,543
670,548	1,039,393	495,862	11,915,859
671,207	2,807,876	546,922	13,947,331

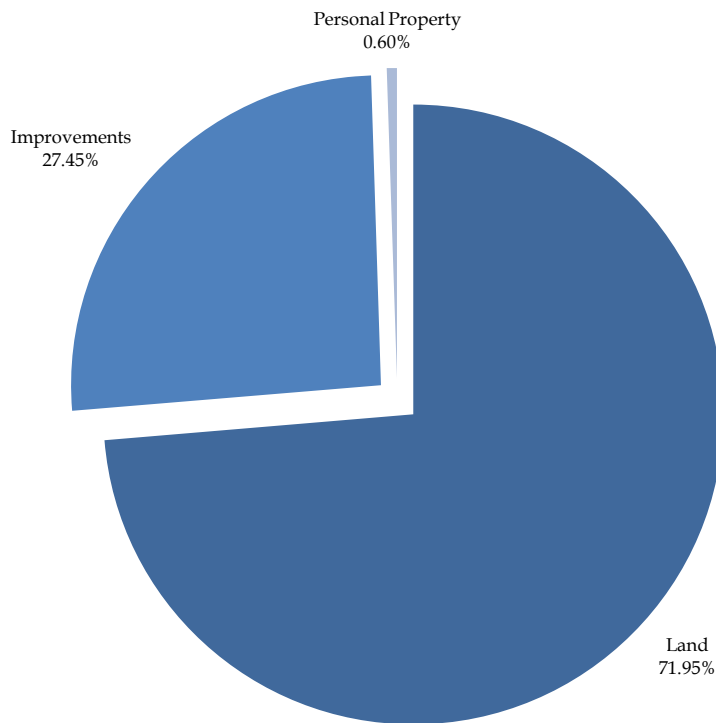
**TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
Last Ten Fiscal Years**



**City of Del Mar**  
**Assessed Valuation <sup>(1)</sup> and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	State Assessed				Locally Assessed			Total Before Exemptions
	Secured - Utility				Secured			
	Land	Improvements	Personal Property	Total	Land	Improvements	Personal Property	
2017-2018	\$ -	\$ -	\$ -	\$ -	\$ 2,635,240,948	\$ 916,630,647	\$ 2,276,279	\$ 3,554,147,874
2016-2017	-	-	-	-	2,491,586,010	882,844,518	2,419,711	3,376,850,239
2015-2016	-	-	-	-	2,311,411,842	845,516,967	2,516,792	3,159,445,601
2014-2015	-	-	-	-	2,156,012,588	811,418,979	-	2,967,431,567
2013-2014	-	-	-	-	2,070,200,773	783,962,779	-	2,854,163,552
2012-2013	-	-	-	-	1,954,149,908	714,731,656	5,494	2,668,887,058
2011-2012	-	-	-	-	1,918,194,704	683,506,497	169,279	2,601,870,480
2010-2011	-	-	-	-	1,880,114,480	655,122,496	206,702	2,535,443,678
2009-2010	-	-	-	-	1,806,702,397	642,006,171	237,875	2,448,946,443
2008-2009	-	-	-	-	1,721,203,056	596,285,611	296,677	2,317,785,344

**ASSESSED VALUATION BY CATEGORIES**  
**(TOTAL LOCALLY ASSESSED - BEFORE EXEMPTIONS)**  
**Fiscal Year Ended June 30, 2018**



In 1978, California voters passed Proposition 13 which set the property tax at a fixed amount of one percent. This amount is shared by all taxing agencies for which the subject property resides within. In addition to the one percent fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds. Assessed valuation is based on 100 percent full value in accordance with Section 135 of the California Revenue and Taxation Code.

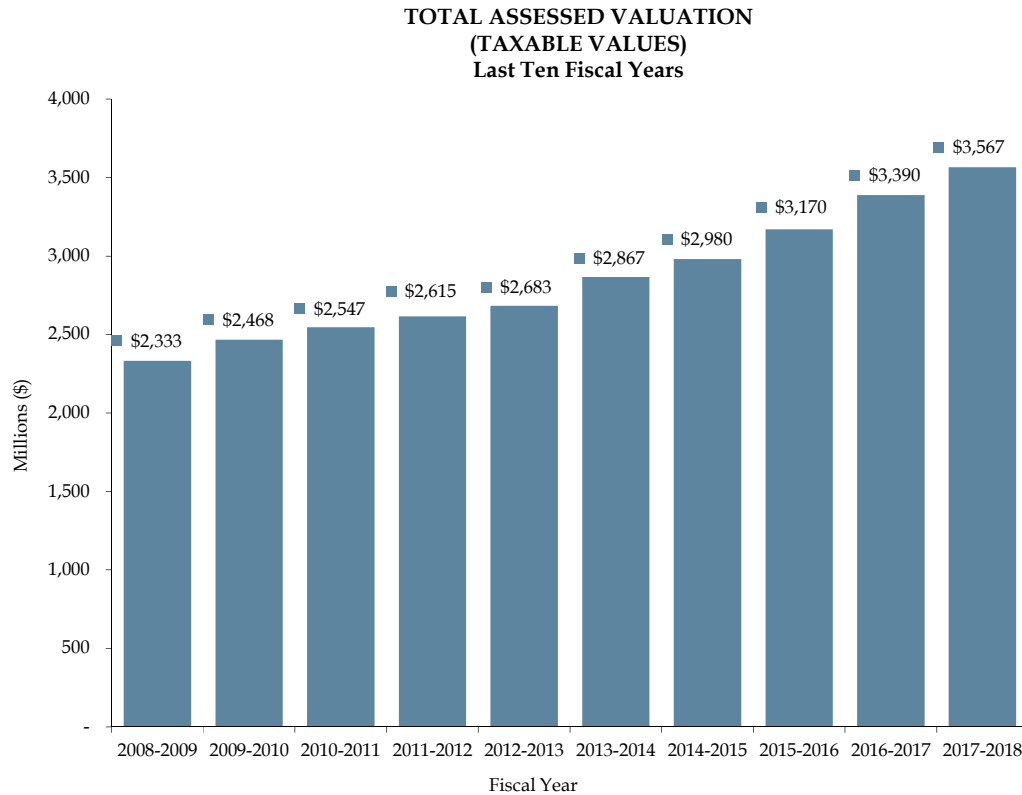
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## Locally Assessed

Secured			Unsecured				
Exemptions		Total After	Improvements	Personal Property	Total Before	Other Exemptions	Total After
All Others	Home Owners	Exemptions			Exemptions		Exemptions
\$ (3,493,995)	\$ (6,144,600)	\$ 3,544,509,279	\$ 6,180,340	\$ 16,224,127	\$ 22,404,467	\$ 198,997	\$ 22,205,470
(3,423,957)	(6,227,200)	3,367,199,082	6,913,858	15,716,066	22,629,924	167,519	22,462,405
(3,374,099)	(6,332,200)	3,149,739,302	6,276,297	14,334,541	20,610,838	(247,256)	20,363,582
(3,310,064)	(6,375,600)	2,957,745,903	5,688,971	17,304,718	22,993,689	(289,114)	22,704,575
(3,312,066)	(6,386,800)	2,844,464,686	5,659,587	17,285,563	22,945,150	(340,680)	22,604,470
(3,246,230)	(6,612,200)	2,659,028,628	6,299,048	18,158,999	24,458,047	(341,553)	24,116,494
(3,182,380)	(6,713,000)	2,591,975,100	5,673,292	17,923,916	23,597,208	(301,587)	23,295,621
(3,386,894)	(6,797,000)	2,525,259,784	5,012,329	16,673,086	21,685,415	(48,405)	21,637,010
(3,392,145)	(6,893,600)	2,438,660,698	5,291,249	24,013,350	29,304,599	-	29,304,599
(3,332,473)	(6,944,000)	2,307,508,871	5,304,498	20,310,207	25,614,705	-	25,614,705

**City of Del Mar**  
**Assessed Valuation <sup>(1)</sup> and Actual Value of Taxable Property**  
**Last Ten Fiscal Years (Concluded)**

Totals				
Fiscal Year	Totals Before Exemptions	Net Taxable Valuation	Percent Increase/ (Decrease)	Total Rate
2017-2018	3,576,552,341	3,566,714,749	5.22%	1.04022%
2016-2017	3,399,480,163	3,389,661,487	6.93%	1.02625%
2015-2016	3,180,056,439	3,170,102,884	6.36%	1.02622%
2014-2015	2,990,425,256	2,980,450,478	3.95%	1.02497%
2013-2014	2,877,108,702	2,867,069,156	6.85%	1.03296%
2012-2013	2,693,345,105	2,683,145,122	2.60%	1.01055%
2011-2012	2,625,467,688	2,615,270,721	2.68%	1.00970%
2010-2011	2,557,129,093	2,546,896,794	3.20%	1.00925%
2009-2010	2,478,251,042	2,467,965,297	5.78%	1.01052%
2008-2009	2,343,400,049	2,333,123,576	17.74%	1.01037%



Source: County of San Diego Auditor and Controller's office -Local and State Assessed Valuation Report

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**City of Del Mar**  
**Assessed Value of Property by User Code <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Category	Fiscal Year				
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Residential	\$ 2,252,513,842	\$ 2,341,247,897	\$ 2,394,641,412	\$ 2,455,807,004	\$ 2,580,568,065
Commercial	183,387,390	180,733,181	193,402,493	199,024,611	258,451,071
Industrial	2,454,459	2,448,637	2,467,068	2,516,402	2,956,947
Irrigation farm	-	-	-	-	-
Rural land (Non-irrigated)	-	-	-	-	-
Institutional	2,699,693	2,693,294	2,713,573	2,767,844	2,823,200
Recreational	7,570,329	8,042,055	8,412,054	8,765,703	9,364,269
Miscellaneous	-	-	-	-	-
<b>Total</b>	<b>\$ 2,448,625,713</b>	<b>\$ 2,535,165,064</b>	<b>\$ 2,601,636,600</b>	<b>\$ 2,668,881,564</b>	<b>\$ 2,854,163,552</b>

Note:

(1) In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of one percent based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum of two percent. With few exemptions, the property is reassessed as a result of new construction or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitation just mentioned.

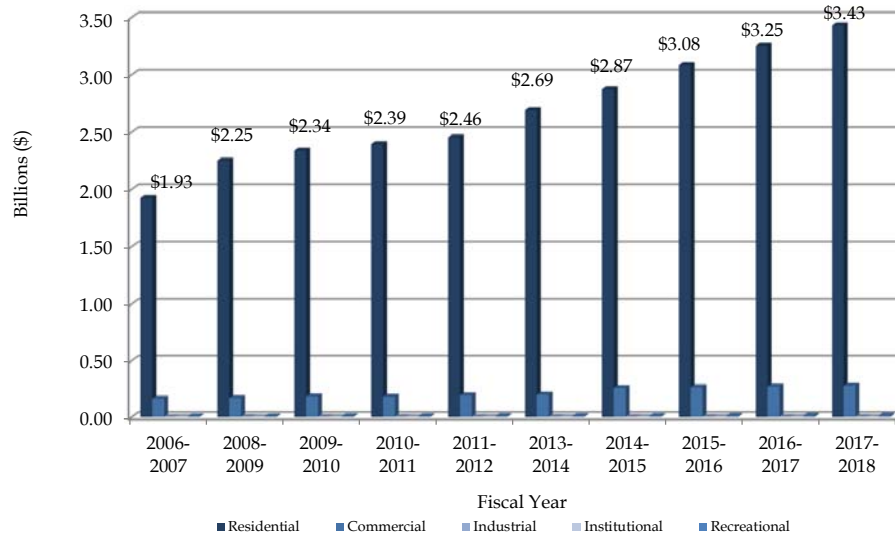
- The amounts represent total assessed value of real property, excluding personal property and fixtures, prior to exemptions.

Source: Office of the Auditor & Controller, County of San Diego

(Concluded)

Fiscal Year				
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
\$ 2,691,922,002	\$ 2,873,316,023	\$ 3,084,334,222	\$ 3,253,273,422	\$ 3,433,325,030
260,013,522	265,411,786	271,336,627	278,157,135	283,644,529
2,970,364	3,014,195	3,048,474	3,199,522	2,569,569
-	-	-	-	-
-	-	-	-	-
2,836,017	2,892,680	2,936,793	2,995,528	3,055,438
9,689,662	11,214,206	11,767,616	13,338,452	13,817,906
-	-	-	-	-
<u>\$ 2,967,431,567</u>	<u>\$ 3,155,848,890</u>	<u>\$ 3,373,423,732</u>	<u>\$ 3,550,964,059</u>	<u>\$ 3,736,412,472</u>

**ASSESSED VALUE - TAXABLE PROPERTY**  
Last Ten Fiscal Years



**City of Del Mar**

**Estimated Value of Taxable Property <sup>(1)</sup>**

**Last Ten Fiscal Years**

Fiscal Year	Residential		Commercial		Industrial	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2017-2018	3,433,325,030	4,202	283,644,529	102	2,569,569	7
2016-2017	3,253,273,422	4,200	278,157,135	101	3,199,522	8
2015-2016	3,084,334,222	4,199	271,336,627	102	3,048,474	8
2014-2015	2,873,316,023	4,198	265,411,786	102	3,014,195	9
2013-2014	2,691,922,002	4,199	260,013,522	102	2,970,364	9
2012-2013	2,580,568,065	4,199	258,451,071	102	2,956,947	9
2011-2012	2,455,807,004	4,197	199,024,611	101	2,516,402	9
2010-2011	2,394,641,412	4,195	193,402,493	101	2,467,068	9
2009-2010	2,341,247,897	4,193	180,733,181	101	2,448,637	9
2008-2009	2,252,513,842	4,192	183,387,390	101	2,454,459	9

Notes:

- (1) Report formatting changes have been made to comply with the GASB Number 44 standard reporting requirements. Public utility values are not included in this report.
- (2) The total direct tax rate is the weighted average of all individual direct rates applied by the government providing the statistical information.

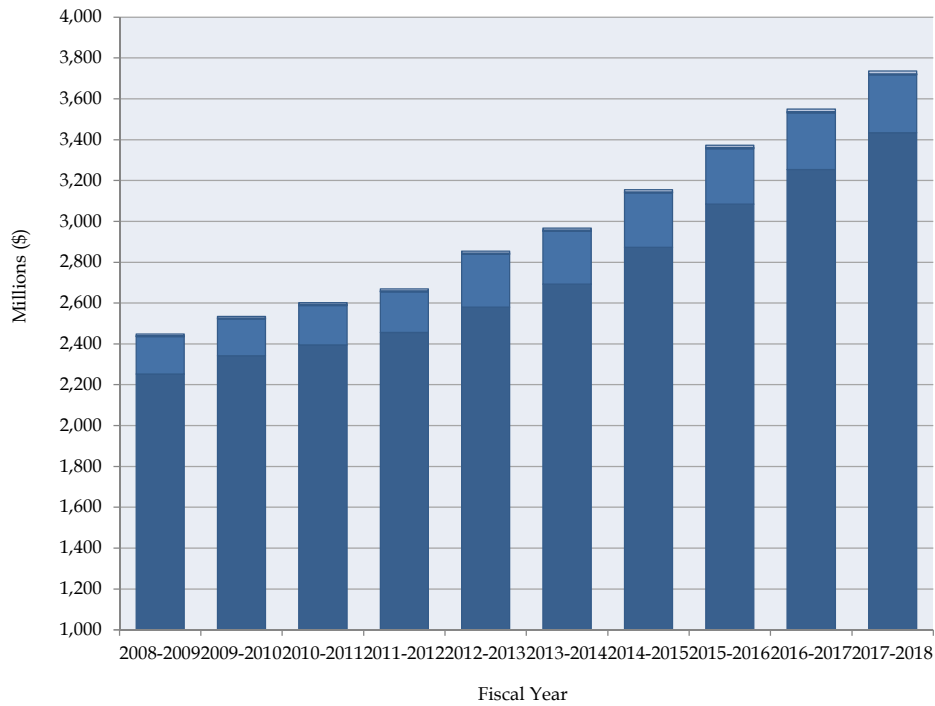
Source:

City of Del Mar  
Office of the Auditor & Controller, County of San Diego

(Concluded)

Institutional		Recreational		Total		Total Direct Tax Rate (%) (2)
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	
3,055,438	1	13,817,906	342	3,736,412,472	4,654	0.14775
2,995,528	1	13,338,452	346	3,550,964,059	4,656	0.14775
2,936,793	1	11,767,616	350	3,373,423,732	4,660	0.14775
2,892,680	1	11,214,206	337	3,155,848,890	4,647	0.14775
2,836,017	1	9,689,662	234	2,967,431,567	4,545	0.14775
2,823,200	1	9,364,269	231	2,854,163,552	4,542	0.14775
2,767,844	1	8,765,703	241	2,668,881,564	4,549	0.14775
2,713,573	1	8,412,054	241	2,601,636,600	4,547	0.14775
2,693,294	1	8,042,055	224	2,535,165,064	4,528	0.14775
2,699,693	1	7,570,329	226	2,448,625,713	4,529	0.14775

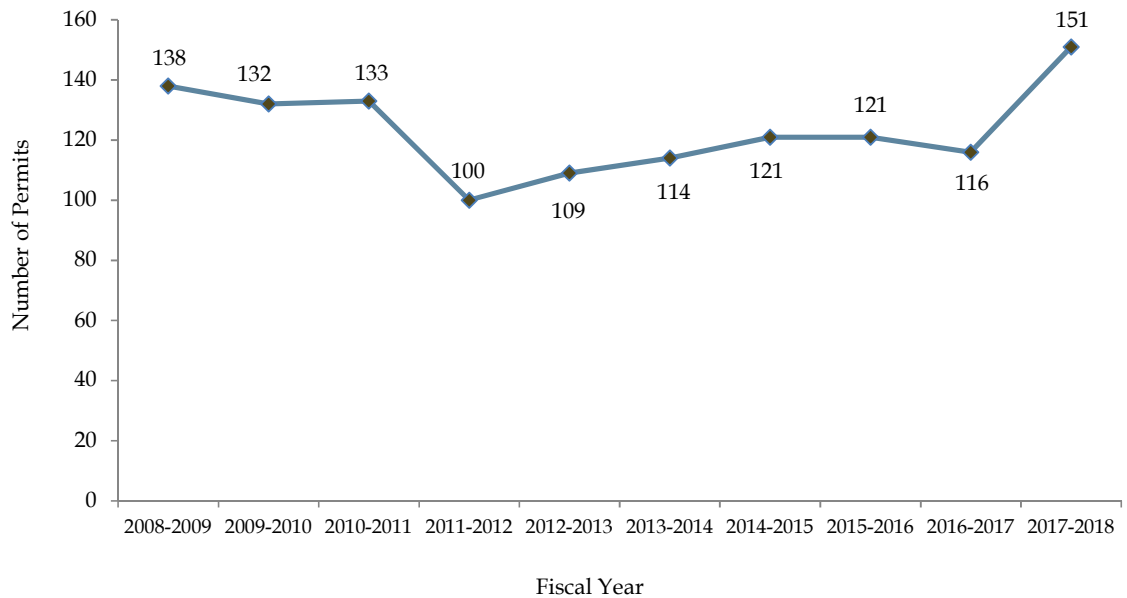
**ASSESSED VALUE BY CATEGORY**  
June 30, 2018



**City of Del Mar  
Construction Permits  
(Miscellaneous Information)  
Last Ten Fiscal Years**

Fiscal Year	Construction <sup>(1)</sup>			
	Residential		Commercial	
	Number of Permits	Valuation	Number of Permits	Valuation
2017-2018	105	\$ 15,674,999	5	\$ 278,000
2016-2017	90	13,885,482	24	13,700,850
2015-2016	75	10,798,630	17	572,000
2014-2015	101	12,075,924	3	338,000
2013-2014	73	10,921,237	12	951,835
2012-2013	64	7,771,721	11	112,926
2011-2012	59	6,784,857	13	2,293,192
2010-2011	61	11,634,203	17	1,556,638
2009-2010	82	6,554,248	15	994,080
2008-2009	76	8,937,699	22	3,040,727

NUMBER OF PERMITS  
Last Ten Fiscal Years



Source:

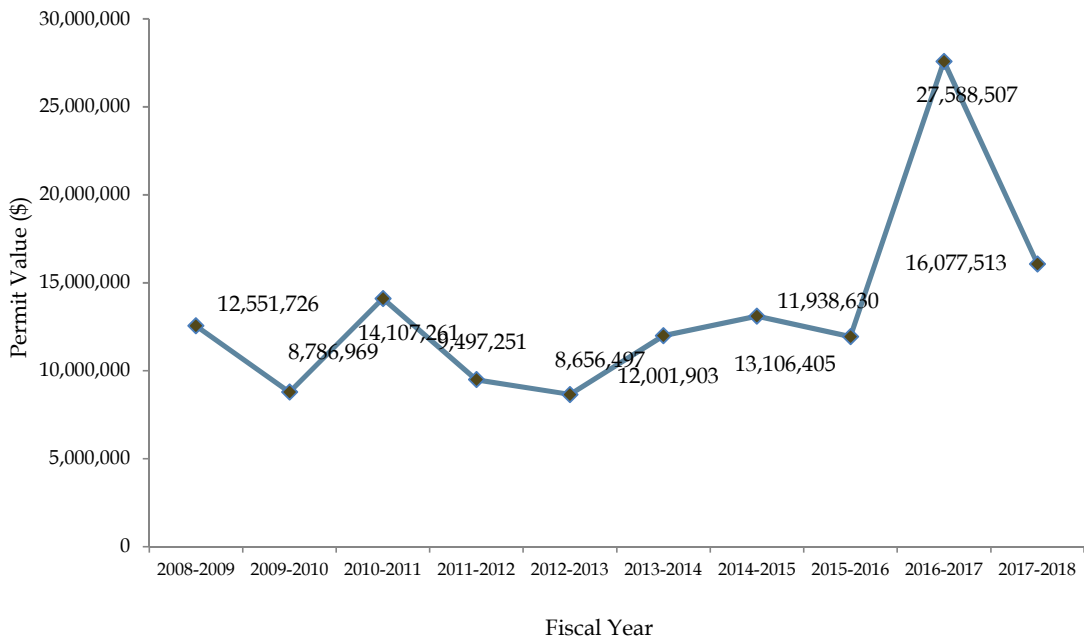
(1)

City of Del Mar, Planning and Community Development Department

(Concluded)

Construction <sup>(1)</sup>		Total	
Number of Permits	Valuation	Number of Permits	Valuation
41	\$ 124,514	151	\$ 16,077,513
2	2,175	116	27,588,507
29	568,000	121	11,938,630
17	692,481	121	13,106,405
29	128,831	114	12,001,903
34	771,850	109	8,656,497
28	419,202	100	9,497,251
55	916,420	133	14,107,261
35	1,238,641	132	8,786,969
40	573,300	138	12,551,726

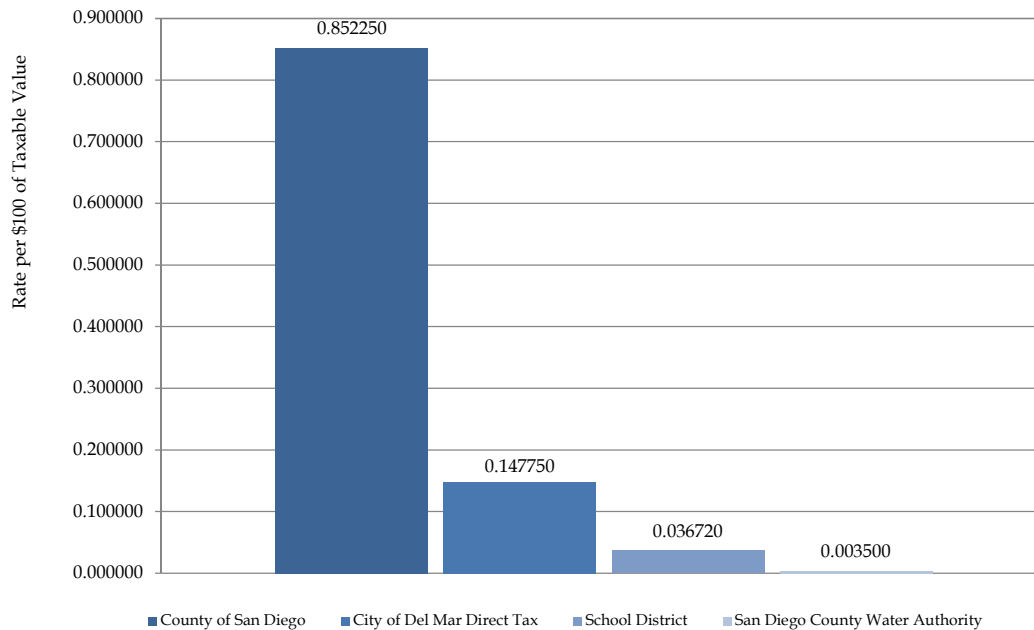
PERMIT VALUATION  
Last Ten Fiscal Years



**City of Del Mar**  
**Property Tax Rates <sup>(1)</sup> - All Overlapping Governments**  
**Last Ten Fiscal Years**  
**(Rate per \$100 of Taxable Value)**

Fiscal Year	Total Del Mar Debt Service	County			Special Districts			Total
		San Diego County	City of Del Mar Direct Tax	Total County Base	School District	San Diego County Water Authority (SDCWA)	Total Special Districts	
2017-2018	-	0.85225	0.14775	1.00000	0.03672	0.00350	0.04022	1.04022
2016-2017	-	0.85225	0.14775	1.00000	0.02275	0.00350	0.02625	1.02625
2015-2016	-	0.85225	0.14775	1.00000	0.02272	0.00350	0.02622	1.02622
2014-2015	-	0.85225	0.14775	1.00000	0.02147	0.00350	0.02497	1.02497
2013-2014	0.00635	0.85225	0.14775	1.00000	0.02311	0.00350	0.02661	1.03296
2012-2013	0.00705	0.85225	0.14775	1.00000	-	0.00350	0.00350	1.01055
2011-2012	0.00600	0.85225	0.14775	1.00000	-	0.00370	0.00370	1.00970
2010-2011	0.00555	0.85225	0.14775	1.00000	-	0.00370	0.00370	1.00925
2009-2010	0.00622	0.85225	0.14775	1.00000	-	0.00430	0.00430	1.01052
2008-2009	0.00607	0.85225	0.14775	1.00000	-	0.00430	0.00430	1.01037

**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS**  
**Fiscal Year Ended June 30, 2018**



Note:

(1)

Tax Rate Area: TRA 11-001

Source: Office of the Auditor & Controller, County of San Diego

**City of Del Mar**  
**Ten Largest Property Taxpayers**  
**Current Fiscal Year and Ten Years Ago**

Owner/Taxpayer	Primary Use	Fiscal Year 2017-2018		Fiscal Year 2008-2009	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
Lhoberge LP	Property management	\$ 75,866,799	2.12	\$ -	- %
MCI Del Mar Plaza TIC LLC	Property management	46,446,419	1.30	-	-
Jacobs Family Trust		34,805,037	0.97	29,976,873	1.28
Allred Family Living Survivors Trust		31,689,689	0.89	43,179,877	1.85
Del Mar Thoroughbred Club		27,251,965	0.76	25,386,435	1.08
Henrick Jorst 1997 Family Trust		24,568,880	0.69	-	-
Frederick B Luddy Family Trust		23,657,889	0.66	-	-
Madeleine Pickens Trust		23,460,000	0.66	35,700,000	1.53
McCarty Revocable Survivors Trust		23,069,623	0.65	-	-
Lazier Stensrud Holding Trust		22,699,100	0.64	27,812,547	1.19
G and I III Del Mar LP		-	-	29,696,042	1.27
Marsha J Naify Living Trust		-	-	18,727,200	0.80
L-O Del Mar Holding Inc		-	-	17,800,753	0.76
John J and Rebecca A Moores Trust		-	-	16,678,951	0.71
La Atalaya LLC		-	-	16,010,186	0.68
Top Ten Totals (secured and unsecured)		333,515,401	9.34	260,968,864	11.15
All Others (secured)		3,239,110,343	90.66	2,078,887,824	88.85
Total Assessed Valuation		\$ 3,572,625,744	100.00	\$ 2,339,856,688	100.00 %

Source: Office of the Auditor & Controller, County of San Diego, Property Tax Services Division

**City of Del Mar**  
**Top 25 Sales Tax Producers**  
**(Miscellaneous Information)**  
**Current Fiscal Year and Ten Years Ago**

<b>Fiscal Year 2017-2018</b>		<b>Fiscal Year 2008-2009</b>	
<b>Taxpayers</b>	<b>Business Type</b>	<b>Taxpayers</b>	<b>Business Type</b>
1 Americana Restaurant	Restaurant	Americana Restaurant	Restaurant
2 Banana Republic	Retail clothing	Banana Republic	Retail clothing
3 Barrett's Equine	Business services	Brigantine Restaurant	Restaurant
4 Brett's Blue Ribbon Foods	Food service	Bully's Restaurant	Restaurant
5 Brigantine Restaurant	Restaurant	Chico's	Retail clothing
6 Chicken Charlie's Restaurant	Food service	Del Mar Blue Print	Commercial printing
7 Del Mar Blue Print	Commercial printing	Del Mar Rendezvous	Restaurant
8 Del Mar Cucina Italiana	Restaurant	Del Mar Thoroughbred Club	Horse racing club
9 Del Mar Pizza and Pasta	Restaurant	Dexter's Deli	Food service
10 Del Mar Rendezvous	Restaurant	En Fuego Cantina & Grill	Restaurant
11 Del Mar Thoroughbred Club	Horse Racing Club	Epazote A Baja Bar & Grill	Restaurant
12 Dexter's Deli	Food service	Gary's Studio	Retail clothing
13 En Fuego Cantina & Grill	Restaurant	Il Fornaio	Restaurant
14 Jake's Del Mar	Restaurant	Jake's	Restaurant
15 Jimmy O's	Restaurant	Jimmy O's	Restaurant
16 L'Auberge Hotel	Hotel	JR Resources	Marketing services
17 Mattress Firm	Furniture/Appliances	L'Auberge Hotel	Hotel
18 Miwall Wholesale Ammo	Recreation Products	Miwall Wholesale Ammo	Recreation Products
19 Pacifica Del Mar Restaurant	Restaurant	Pacifica Del Mar	Restaurant
20 Pinnacle Appliance Distributor	Furniture/Appliances	Poseidon Restaurant	Restaurant
21 Premier Food Services	Food service	Premier Food Services	Food service
22 Sbicca An American Bistro	Restaurant	Rusty Surfboard	Recreation Products
23 The Poseidon on the Beach	Restaurant	Sbicca An American Bistro	Restaurant
24 UAG San Diego A1	Car sales-used	State of California	Government
25 Viewpoint Brewing Co.	Food service	White House/ Black Market	Retail clothing
<b>Percentage of total sales tax collected</b>	<b>66.80%</b>		<b>70.94%</b>

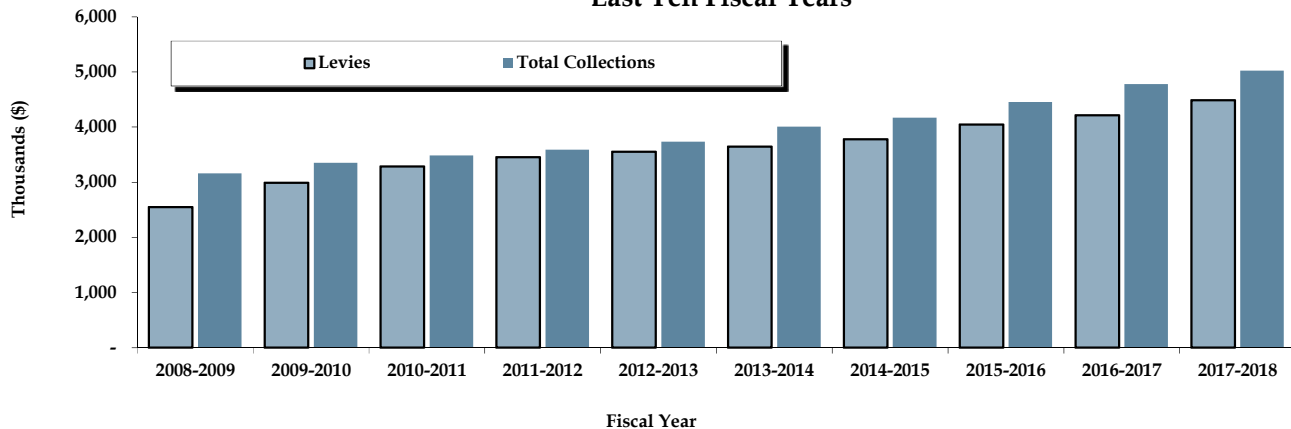
Note: The names are listed in alphabetical order and not by sales tax volume.

Source: Muniservices, LLC

**City of Del Mar**  
**Property Tax Levies, Tax Collections, and Delinquencies**  
**Last Ten Fiscal Years**

Fiscal Year	Secured Taxes Charge (1)	Collections at Year End	Percentage of Collections at Year End	Collections in Subsequent Years	Total Collections	Percentage of Levy
2017-2018	\$ 5,065,306	\$ 5,019,360	99.09%	\$ 5,290	\$ 5,024,650	99.20%
2016-2017	4,816,554	4,771,416	99.06%	5,426	4,776,842	99.18%
2015-2016	4,487,604	4,449,392	99.15%	4,285	4,453,677	99.24%
2014-2015	4,216,164	4,165,840	98.81%	4,230	4,170,070	98.91%
2013-2014	4,046,271	3,999,623	98.85%	7,804	4,007,427	99.04%
2012-2013	3,779,401	3,732,226	98.75%	1,785	3,734,011	98.80%
2011-2012	3,646,327	3,586,085	98.35%	1,267	3,587,352	98.38%
2010-2011	3,556,184	3,483,041	97.94%	1,558	3,484,599	97.99%
2009-2010	3,457,991	3,346,258	96.77%	2,822	3,349,080	96.85%
2008-2009	3,284,776	3,159,403	96.18%	2,675	3,162,078	96.26%

**TAX COLLECTIONS & DELINQUENCIES**  
**Last Ten Fiscal Years**



Note:

(1) Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

Source: Auditor and Controller, County of San Diego

**City of Del Mar**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-type Activities				
	Certificates of Participation	Capital Leases	Loans	Notes	Total	Revenue Bonds	Certificates of Participation	Capital Leases	Notes	Total
2017-2018	\$ -	56,704	17,419,394	-	17,476,098	\$ -	\$ -	\$ -	\$ 6,037,965	\$ 6,037,965
2016-2017	-	99,707	6,444,870	-	6,544,577	-	-	-	4,667,547	4,667,547
2015-2016	-	-	2,845,256	-	2,845,256	-	-	-	4,566,055	4,566,055
2014-2015	-	-	2,273,106	-	2,273,106	-	440,000	-	4,771,694	5,211,694
2013-2014	170,000	-	704,000	-	874,000	-	855,000	-	4,971,536	5,826,536
2012-2013	335,000	-	-	-	335,000	-	1,250,000	-	5,168,672	6,418,672
2011-2012	490,000	-	-	-	490,000	-	1,625,000	-	4,577,583	6,202,583
2010-2011	640,000	-	-	-	640,000	-	1,980,000	-	2,691,115	4,671,115
2009-2010	785,000	-	3,480,772	11,441	4,277,213	-	2,320,000	-	795,578	3,115,578
2008-2009	930,000	19,316	3,668,924	22,266	4,640,506	-	2,640,000	-	5,940	2,645,940

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income	Percent of Personal Income
2017-2018	4,297	\$ 23,514,063	3,572,859,349	0.66%	\$ 5,472	\$ 501,943 (2)	2.13%
2016-2017	4,297	\$ 11,212,124	3,395,888,687	0.33%	\$ 2,609	\$ 487,323	4.35%
2015-2016	4,274	7,411,311	3,176,435,084	0.23%	1,734	607,564	8.20%
2014-2015	4,238	7,484,800	2,986,826,078	0.25%	1,766	589,296	7.87%
2013-2014	4,234	6,700,536	2,873,455,956	0.23%	1,583	560,167	8.36%
2012-2013	4,205	6,753,672	2,689,757,322	0.25%	1,606	539,556	7.99%
2011-2012	4,194	6,692,583	2,621,983,721	0.26%	1,596	526,396	7.87%
2010-2011	4,187	5,311,115	2,553,693,794	0.21%	1,268	502,766	9.47%
2009-2010	4,660	7,392,791	2,474,858,897	0.30%	1,586	470,315	6.36%
2008-2009	4,591	7,286,446	2,340,067,576	0.31%	1,587	457,060	6.27%

Notes:

- (1) The Fiscal Year 2010-2011 amount was adjusted to the 2010 Census numbers.
- (2) This amount is an estimate based upon a three percent increase from the previous fiscal year.

Sources:

- City of Del Mar, Finance Department
- U.S. Department of Commerce, Bureau of Economic Analysis
- Office of the Auditor & Controller, County of San Diego
- San Diego Association of Government (SANDAG)
- State of California, Finance Department

**City of Del Mar**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**

**Business-type Activities**

Fiscal Year	Revenue (1)	Operating Expenses (1)	Net Available Revenue	Debt Service (2)				Total Debt Service	Percent Coverage
				Clean Water State Revolving		Certificates of Participation			
				Principal	Interest	Principal	Interest		
2017-2018	\$ 7,089,160	\$ 6,818,187	\$ 270,973	\$ 217,738	\$126,279	\$ -	\$ -	\$ 344,017	78.77%
2016-2017	6,850,876	6,349,180	501,696	211,601	132,416	-	-	344,017	145.83%
2015-2016	6,657,471	5,875,267	782,204	205,638	138,379	-	-	344,017	227.37%
2014-2015	6,910,807	6,406,810	503,997	199,848	144,169	415,000	32,375	791,392	63.68%
2013-2014	6,310,318	5,943,962	366,356	197,136	146,881	395,000	191,109	930,126	39.39%
2012-2013	6,140,771	5,769,776	370,995	-	-	375,000	191,020	566,020	65.54%
2011-2012	5,764,873	5,365,943	398,930	-	-	355,000	204,203	559,203	71.34%
2010-2011	5,365,486	4,901,719	463,767	-	-	340,000	158,701	498,701	93.00%
2009-2010	5,400,384	4,808,621	591,763	-	-	320,000	121,712	441,712	133.97%
2008-2009	5,123,562	4,789,283	334,279	-	-	530,000	144,688	674,688	49.55%

Notes:

(1) Revenue and expenses exclude financing sources/(uses).

(2) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

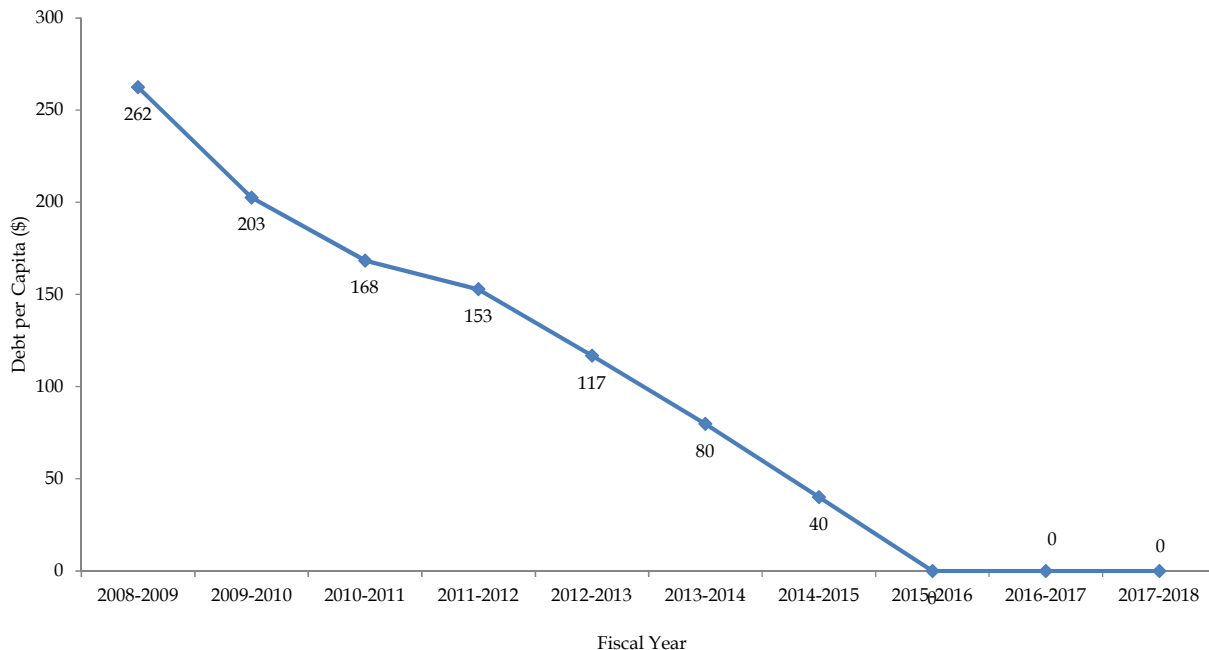
Source: City of Del Mar, Finance Department

**City of Del Mar**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Outstanding General Bonded Debt**

Fiscal Year	Population <sup>(1)</sup>	Certificates of Participation	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income <sup>(2)</sup> (in Thousands)	Percent of Personal Income
2017-2018	4,322	\$ -	\$ 3,572,859,349	0.00%	-	501,943 <sup>(3)</sup>	0.00%
2016-2017	4,297	-	3,395,888,687	0.00%	-	487,323	0.00%
2015-2016	4,274	-	3,176,435,084	0.00%	-	607,564	0.00%
2014-2015	4,238	-	2,986,826,078	0.00%	-	589,296	0.00%
2013-2014	4,234	170,000	2,873,455,956	0.01%	40	560,167	329.51%
2012-2013	4,199	335,000	2,689,757,322	0.01%	80	539,556	161.06%
2011-2012	4,194	490,000	2,621,983,721	0.02%	117	526,396	107.43%
2010-2011	4,187	640,000	2,553,693,794	0.03%	153	502,766	78.56%
2009-2010	4,660	785,000	2,474,858,897	0.03%	168	470,315	59.91%
2008-2009	4,591	930,000	2,340,067,576	0.04%	203	457,060	49.15%

**GENERAL BONDED DEBT OUTSTANDING PER CAPITA**  
**Last Ten Fiscal Years**



Source:

- (1) State of California, Finance Department
- (2) San Diego Association of Government (SANDAG)
- (3) This amount is an estimate based upon a three percent increase from the previous fiscal year.

**City of Del Mar**  
**Direct and Overlapping Bonded Debt**  
**June 30, 2018**

Fiscal Year 2017-2018 Assessed Valuation	\$3,572,859,349		
Fiscal Year 2017-2018 Population	4,322		
	Total Debt	Percent	City's Share
	June 30, 2018	Applicable	of Debt
		to City <sup>(1)</sup>	June 30, 2018
<b>Overlapping Tax and Assessment Debt:</b>			
San Diego County General Obligations	\$ 273,220,000	0.720 %	\$ 1,967,184
San Diego County Pension Obligations	558,525,000	0.720 %	4,021,380
San Diego County Superintendent of Schools - General Fund Obligations	10,785,000	0.720 %	77,652
Mira Costa Community College District - Certificates of Participation	555,000	3.518 %	19,525
San Dieguito Union High School District - General Fund Obligations	12,730,000	5.741 %	730,829
<b>Total Overlapping General Fund Debt</b>	<b>855,815,000</b>		<b>6,816,570</b>
<b>Direct Debt and Overlapping Tax and Assessment Debt:</b>			
Direct Debt:			
City of Del Mar	17,419,394	100.000 %	17,419,394
Subtotal Direct Debt	17,419,394		17,419,394
Overlapping Tax and Assessment Debt:			
City of Del Mar 1915 Act Bonds	570,000	100.000 %	570,000
San Dieguito Union High School District	336,955,000	5.741 %	19,344,587
Mira Costa Community College District	100,000,000	3.518 %	3,518,000
Solana Beach School District School Facilities Improvements District	50,000,000	0.470 %	235,000
Metropolitan Water District	60,600,000	0.130 %	78,780
Subtotal Overlapping Tax and Assessment Debt	548,125,000		23,746,367
<b>Total Direct and Overlapping Tax and Assessment Debt</b>	<b>565,544,394</b>		<b>41,165,761</b>
Subtotal Overlapping Tax	1,403,940,000		30,562,937
<b>Combined Total Debt</b>	<b>\$ 1,421,359,394</b>		<b>\$ 47,982,331</b>

(1) Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

<u>Ratios to Fiscal Year 2017-2018 Assessed Valuation</u>		<u>Per Capita</u>
City Direct Debt .....	0.49%	\$4,030
Total Overlapping Tax and Assessment Debt.....	0.66%	\$9,525
Combined Total Debt.....	0.86%	\$11,102

State School Building Aid Repayable as of June 30, 2018 \$ -

Source: California Municipal Statistics, Inc.

**City of Del Mar**  
**Schedule of Legal Debt Margin<sup>(1)</sup>**  
**Last Ten Fiscal Years**

	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Assessed valuation	\$ 2,340,067,576	\$ 2,474,858,897	\$ 2,553,693,794	\$ 2,621,983,721	\$ 2,689,757,322
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 585,016,894	\$ 618,714,724	\$ 638,423,449	\$ 655,495,930	\$ 672,439,331
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 87,752,534	\$ 92,807,209	\$ 95,763,517	\$ 98,324,390	\$ 100,865,900
Total net debt applicable to limit:					
General obligation bonds	930,000	785,000	640,000	490,000	335,000
Legal debt margin	<u>\$ 86,822,534</u>	<u>\$ 92,022,209</u>	<u>\$ 95,123,517</u>	<u>\$ 97,834,390</u>	<u>\$ 100,530,900</u>
Total debt applicable to the limit as a percentage of debt limit	1.07%	0.85%	0.67%	0.50%	0.33%

Note:

(1) Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25 percent of market value.

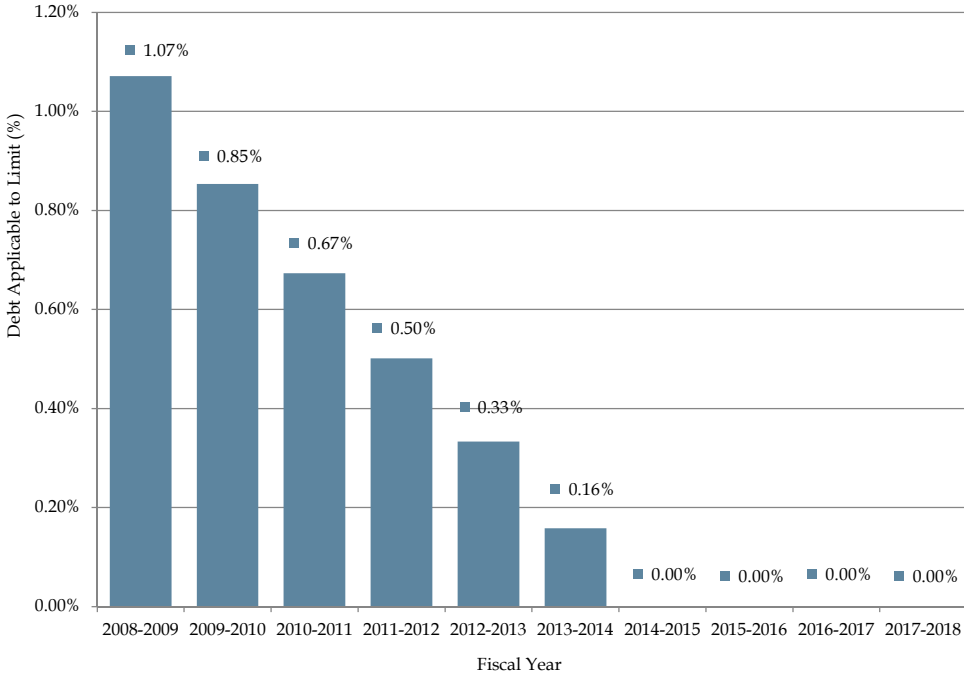
Effective with Fiscal Year 1981-1982, each parcel is now assessed at 100 percent of market value as of the most recent change in ownership for that parcel. The computations shown above reflect a conversion of assessed valuation data for each fiscal year from current full valuation perspective to the 25 percent level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Del Mar

(Concluded)

Fiscal Year				
2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
\$ 2,873,455,956	\$ 2,986,826,078	\$ 3,176,435,084	\$ 3,395,888,687	\$ 3,572,849,349
25%	25%	25%	25%	25%
\$ 718,363,989	\$ 746,706,520	\$ 794,108,771	\$ 848,972,172	\$ 893,212,337
15%	15%	15%	15%	15%
\$ 107,754,598	\$ 112,005,978	\$ 119,116,316	\$ 127,345,826	\$ 133,981,851
170,000	-	-	-	-
\$ 107,584,598	\$ 112,005,978	\$ 119,116,316	\$ 127,345,826	\$ 133,981,851
0.16%	0.00%	0.00%	0.00%	0.00%

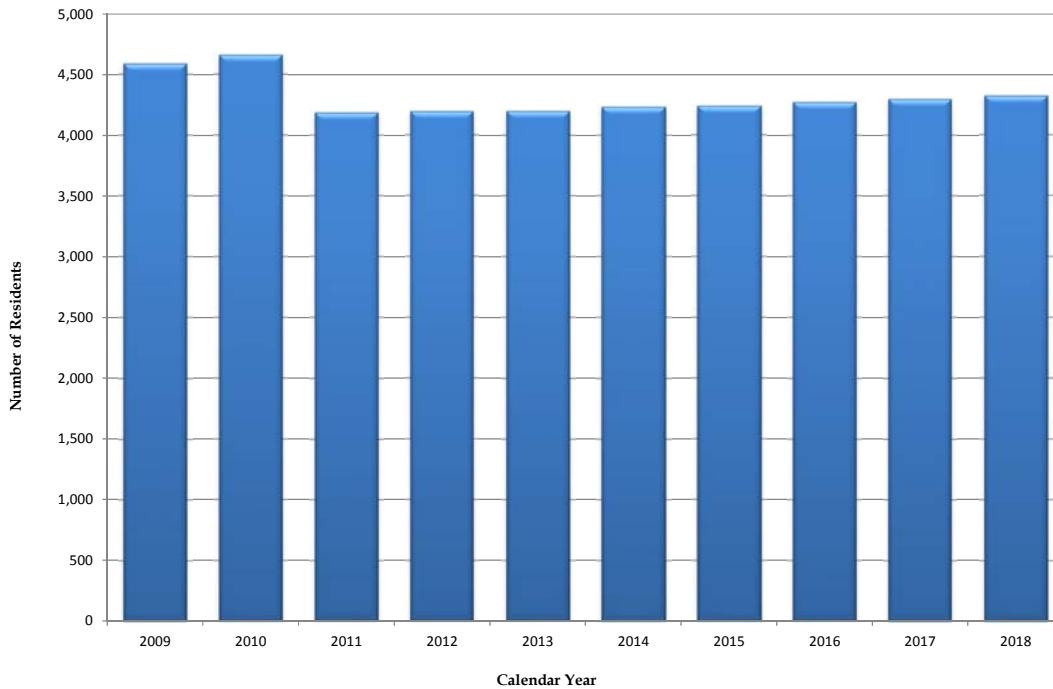
**DEBT APPLICABLE TO LIMIT  
Last Ten Fiscal Years**



**City of Del Mar**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

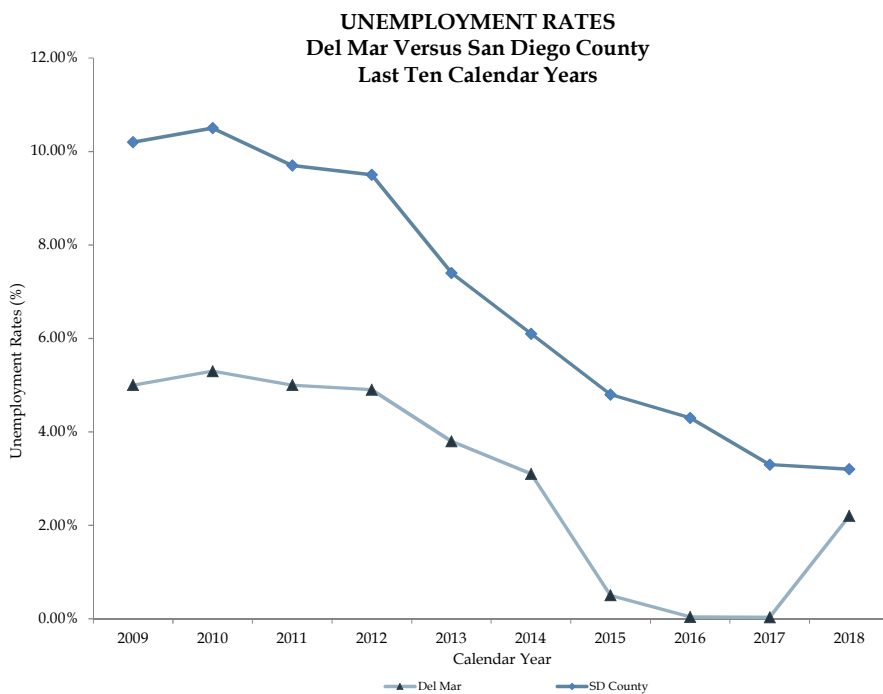
Year	City of Del Mar Housing Units (1)	Population (2)				Personal Income (3)			
		City of Del Mar	Average Annual Percent Change	County of San Diego	Average Annual Percent Change	City of Del Mar		County of San Diego	
						Personal Income (in Thousands)	Per Capita	Personal Income (in Thousands)	Per Capita
2018	2,612	4,322	0.58%	3,337,685	0.65%	-*	-*	-*	-*
2017	2,611	4,297	0.56%	3,316,192	0.84%	487,323	113,410	193,296,405	57,913
2016	2,542	4,273	0.83%	3,288,612	1.89%	607,564	142,187	183,032,418	55,168
2015	2,605	4,238	0.09%	3,227,496	1.04%	589,296	139,050	170,114,527	52,708
2014	2,605	4,234	0.83%	3,194,362	1.40%	560,167	132,302	167,931,419	52,571
2013	2,637	4,199	0.12%	3,150,178	0.21%	539,556	128,496	165,008,428	52,381
2012	2,637	4,194	0.17%	3,143,429	0.79%	526,396	125,512	160,914,306	51,191
2011	2,542	4,187	-10.15%	3,118,876	-3.27%	502,766	120,078	151,466,837	48,565
2010	2,542	4,660	1.50%	3,224,432	1.61%	470,315	100,926	141,243,429	43,804
2009	2,537	4,591	0.83%	3,173,407	2.36%	457,060	99,556	139,577,195	45,706

**DEL MAR**  
**POPULATION**  
**Last Ten Calendar Years**



Note:  
\* This information is not available.  
Source:  
(1) SANDAG  
(2) State of California, Finance Department  
(3) United States Bureau of Economic Analysis

Employment <sup>(4)</sup>						Enrollment Del Mar Union Elementary (5)
City of Del Mar			County of San Diego			
Labor Force	Employed	Unemployment Rate	Labor Force	Employed	Unemployment Rate	
2,500	2,500	2.20%	1,620,100	1,568,300	3.20%	4,453
2,700	2,700	0.03%	1,584,700	1,533,200	3.30%	4,413
2,700	2,700	0.04%	1,597,600	1,528,200	4.30%	4,334
2,600	2,600	0.50%	1,572,600	1,496,700	4.80%	4,399
3,100	3,000	3.10%	1,588,500	1,491,600	6.10%	4,376
3,100	3,000	3.80%	1,611,200	1,492,300	7.40%	4,384
3,100	2,900	4.90%	1,593,800	1,441,700	9.50%	4,387
3,000	2,900	5.00%	1,579,500	1,427,000	9.70%	4,363
3,000	2,800	5.30%	1,566,700	1,406,200	10.50%	4,169
3,000	2,800	5.00%	1,574,700	1,414,600	10.20%	4,169



Source:

- (4) State of California, Employment Development Department (EDD)
- (5) State of California, Department of Education, Educational Demographics Unit

**City of Del Mar  
Top Ten Principal Employers  
Current Year and Prior Year**

Employer <sup>(1)</sup>	Business Type	2018		2017	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
L'Auberge Del Mar Resort Spa	Resorts	250	10.00%	250	8.93%
Del Mar Thoroughbred Club	Horse racing club	115	4.60%	115	4.11%
Jake's Del Mar	Restaurant	110	4.40%	110	3.93%
Brigantine Seafood Restaurant	Restaurant	100	4.00%	100	3.57%
Il Fornaio	Restaurant	100	4.00%	100	3.57%
Weichert Realtors	Real Estate	99	3.96%	99	3.54%
Pacifica Del Mar	Restaurant	65	2.60%	65	2.32%
Clubxcite	Tutor services	51	2.04%	51	1.82%
Poseidon Restaurant	Restaurant	50	2.00%	50	1.79%
Sbica An American Bistro	Restaurant	50	2.00%	50	1.79%
Total Top Ten Employers		990		990	
Total City Employment <sup>(2)</sup>		2,500		2,800	

Notes:

(1) Represents non-governmental employers.

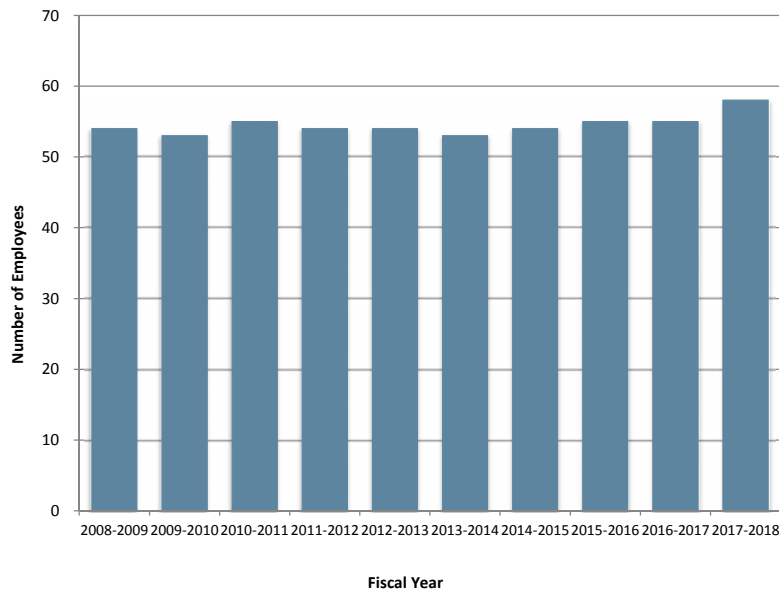
(2) Total City employment provided by EDD - Labor Market Information Division.

Source: infoUSA

**City of Del Mar  
Full-Time Employees  
by Function  
Last Ten Fiscal Years**

Function	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
General government	21.0	20.0	20.0	19.0	19.0	19.0	20.0	21.0	22.0	24.0
Public safety <sup>(1)</sup>	15.0	15.0	17.0	17.0	17.0	16.0	16.0	16.0	16.0	15.0
Public works	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	14.0
Parks and recreation	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total	54.0	53.0	55.0	54.0	54.0	53.0	54.0	55.0	56.0	58.0

**CITY OF DEL MAR  
EMPLOYMENT  
Last Ten Fiscal Years**



Note:

(1) Police services are provided by the County of San Diego, Sheriff's Department.

Source: City of Del Mar, Finance Department

**City of Del Mar**  
**Operating Indicators**  
**by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Police:										
Arrests <sup>(1)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking citations issued	20,132	20,000	27,068	21,547	19,060	18,000	15,694	11,818	13,074	19,672
Fire:										
Emergency calls	1,116	1,112	1,153	1,001	1,112	1,130	1,468	1,309	806	881
Inspections	471	307	240	425	473	598	459	394	93	62
Public works:										
Street resurfacing (miles)	0.11	0.50	-	0.50	0.50		1.00	1.00	1.00	1.50
Street slurry (miles)	-	0.50	-	0.50	0.50	-	-	-	-	-
Parks and recreation:										
Number of recreational classes	412	624	436	424	500	468	347	485	222	287
Number of facility rentals	285	130	93	85	115	185	175	143	93	186
Water:										
New construction	12	-	-	-	-	-	-	-	-	-
Average daily consumption (in thousands of gallons)	1,073	1,008	972	967	1,024	969	858	803	838	962
Sewer:										
New construction	12	-	-	-	-	-	-	-	-	-
Average daily sewage treatment (in thousands of gallons)	563	560	550	567	540	520	534	499	523	448

Notes:

(1) Police services are provided by the County of San Diego, Sheriff's Department.

Source: City of Del Mar

**City of Del Mar**  
**Capital Asset Statistics**  
**by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-18
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Street lights	87	87	87	74	74	74	74	74	74	81
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	5	5	5	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28
Maximum daily capacity (thousands of gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains										
Sanitary sewers (miles)	24.37	28.85	28.85	28.85	28.85	28.85	28.85	29.85	29.85	29.85
Storm drainage (miles)	13.59	13.59	13.59	13.59	13.59	13.59	13.70	13.70	13.70	13.70
Maximum daily treatment capacity (thousands of gallons)	877	877	877	877	877	877	877	877	877	877

Source: City of Del Mar

