

CITY OF DEL MAR, CALIFORNIA



Comprehensive Annual Financial Report

Fiscal Year Ended

June 30, 2020

CITY OF DEL MAR, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2020

Prepared by
Administrative Services Department
Monica Molina
Finance Manager/Treasurer

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For the Fiscal Year Ended June 30, 2020
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January 14, 2021

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

**LETTER OF TRANSMITTAL
FISCAL YEAR 2019-2020 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2019-2020 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 certified public accountants, CliftonLarsonAllen (CLA) LLP. 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, 2020.

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. The City's charter permits it to collect admission taxes on events but it is a general law city in every other respect. Del Mar borders the City of San Diego on the south and the City of Solana Beach on the north, and 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 positions of Mayor and Deputy Mayor rotates amongst Council members annually.

Del Mar is a small city of 4,268 residents and is primarily a residential community with substantial tourist appeal covering approximately 2.2 square miles and is known 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 22nd 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 22nd 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 Waste Management, cooperative fire management services with the cities of Encinitas and Solana Beach, and for law enforcement with the San Diego County Sheriff.

Budgetary Process

The Del Mar City Council (Council) adopted the City's two-year Operating and Capital Budget for Fiscal Years 2019-2020 and 2020-2021, on June 17, 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, starting in April 2019, and the final budget was adopted by the City Council in June 2019.

The budget is monitored monthly by the City's Finance Division staff 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 10-year financial forecast. This year, due to the significant financial effects of the COVID-19 pandemic, additional financial updates were provided to the City's Finance Committee and City Council in April and June 2020.

Throughout each fiscal year, the Council may increase or decrease the budget, as needed, by 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 by 5.6% in Fiscal Year 2019-2020 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 up to a 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 by increasing the TOT on overnight hotel stays by one-percent (1%). This amounted to \$179,987 in Fiscal Year 2019-2020. 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. Due to the COVID-19 pandemic, Transient Occupancy Tax (TOT) collections, decreased by approximately 22% during Fiscal Year 2019-2020, when compared to the previous fiscal year. In mid-March, Governor Newsom issued a stay at home order to protect the health and well-being of all Californians. This impacted the tourism for the City of Del Mar, as only essential business hotel stays were allowed. Between March and June, the City received approximately \$690,000 less in TOT revenue in comparison to the same four-month period the previous year. The pandemic also had a major impact on sales tax revenues. Receipts for the last quarter of the year (April-June), indicate a decrease of approximately \$365,000, or 64%, when compared to the same quarter of the previous year.

In November 2016, Del Mar voters approved Measure Q, a one-percent (1%) general sales tax measure. The new sales tax was implemented in April 2017 and amounted to \$2,280,306 in Fiscal Year 2019-2020 revenues. To date, Measure Q has generated approximately \$8,567,971 in district tax revenues. Though no specific projects or uses were officially designated as part of the voter-approved general tax measure, the City Council has identified use of the additional revenue for community reinvestment and infrastructure type projects such as the Downtown Streetscape Project, implementation of the Shores Park Master Plan, and the Utility Undergrounding Project. The Downtown Streetscape Project began in Fiscal Year 2018-2019, and the majority of the project was completed in the first half of Fiscal Year 2019-2020.

Similar to sales tax, the COVID-19 pandemic had a major impact on Measure Q revenues. Receipts for the last quarter of the year (April-June), indicate a decrease of approximately \$312,000, or 11%, when compared to the same quarter of the previous year. Due to the financial crisis caused by the pandemic, the City Council has directed staff to hold off in proceeding with any Measure Q projects through Fiscal Year 2020-2021, or until the pandemic impacts are stabilized and economic recovery has begun.

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 2014-2015, the Pension Reserve Fund was established as a way to set-aside monies for future anticipated employee pension obligation costs. As a result of financial losses related to the pandemic, no additional funding was set aside this year in the Pension Reserve Fund. At the conclusion of Fiscal Year 2019-2020, the Pension Reserve Fund had a balance of approximately \$2,240,200.

The City continues to pursue grant opportunities and low-cost financing for its projects. 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.

As mention previously, Governor Newsom issued a stay at home order in March 2020, as a result of the COVID-19 pandemic. On March 14, 2020, the City of Del Mar declared a local emergency related to the Coronavirus. The following month, the City implemented various COVID-19 response efforts which included deferral of over \$1.1 million in current capital projects; and significant budget reductions to operating expenditures; special projects; and use of Measure Q funds were also made that totaled over \$1.2 million. The total \$2.3 million reduction in expenditures was offset by an equal amount of reduction in revenues. As part of the COVID-19 response efforts, the City established a COVID-19 Economic Contingency Reserve for unanticipated expenses that may arise during the year. Final results for FY 2019-2020, indicate that revenues came in higher and expenditures came in lower than final projections, which is discussed in detail in the Management's discussion and analysis section of this report.

Accomplishments

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

Capital Improvement Projects

Several milestones were reached for capital improvement projects during Fiscal Year 2019-2020, including:

- Completed several elements of the City's Streetscape/Sidewalk Connectivity Program including vehicle, pedestrian, bicycle, and traffic signal improvements; Segment 5, Camino del Mar from 4th Street to Carmel Valley Road; and Segment 1, Camino del Mar from 9th Street to Plaza.
- Completed several preliminary engineering phases of the Camino del Mar Bridge Replacement Project including geotechnical borings, hydraulic analysis, and bridge alternative selection.
- Continued design and construction work on the City's multi-year program to systematically identify, prioritize, and implement water and wastewater and roadway pavement rehabilitation projects.
- Completed emergency responses, geological studies, and temporary repair projects for the 2019 Jimmy Durante Boulevard Bluff Failure and the 2020 Camino del Mar Bluff Failure.
- Completed the 21st Street Tennis Courts Drainage Ditch and Court Street Park Project.
- Completed the 22nd Street, Camino del Mar, and Coast Boulevard Pedestrian, Vehicle, and Bicycle Improvements Project.
- Completed habitat restoration phase of the Torrey Pines Bridge Seismic Rehabilitation Project.

Planning and Community Development

The Planning and Community Development Department is responsible for four functional areas within the City which include Long Range Planning, Current Planning, Building & Safety, and Code Enforcement. Within these four areas, 262 Planning projects were issued/approved, and 299 Building permits issued, for a grand total of 561 Planning and Building permits. Also, 280 Code Enforcement cases were opened and 279 cases were resolved during Fiscal Year 2019-2020. Other accomplishments include: transitioned to a new consultant to provide Building & Safety Services and for the first time in City history, integrated this service out of the Del Mar City Hall; finalized

updates to City development fee schedules including all Engineering and Planning review fees; updated City codes per State law related to Accessory Dwelling Units (ADUs) and new California Environmental Quality Act (CEQA) thresholds for Vehicle Miles Travelled (VMT); local adoption of the Sand Compatibility and Opportunistic Program (SCOUP), which is the first step in the City's plan for ongoing sand nourishment projects; and initiated preparation of the City's 6th Housing Element Update and completed several public outreach programs including an online community survey and nine meetings with the 6th Cycle Housing Element Ad-Hoc Citizens' Task Force. The department, in conjunction with the City's Information Technology division, seamlessly transitioned all Planning and Building Services functions to 100% electronic, and virtual following the COVID-19 pandemic in mid-March. This was a major advancement for the City's commitment to sustainability and streamlining efforts that had been in the works for several years prior; and facilitated short-term measures to assist the business community in the wake of COVID-19 including expedited permitting and urgency ordinances to facilitate business needs.

Looking Forward -- Citywide Planning Activities

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 2020-2021 include:

- Continue preliminary engineering and environmental permitting activities for River Path Del Mar Phase 3, connecting the Grand Avenue Bridge to Crest Canyon Trailhead.
- Complete the Powerhouse Park Walkway Lighting Project.
- Continue preliminary engineering phase of the Camino del Mar Bridge Replacement Project.
- Complete the Clean Water Rate Study and commencement of a proactive Storm Drain Capital Improvement Program.
- Continue facility maintenance program for City Hall, City buildings, various lifeguard towers, and public facilities throughout the City.
- Complete construction of annual Water, Wastewater, and Paving, Capital Improvement Projects.
- Continue the Citywide Pavement Rehabilitation Program based on a system-wide condition assessment and the prioritization program.

Utility Undergrounding Project

During Fiscal Year 2019-2020, extensive planning work was completed on the citywide utility undergrounding project before the project was put on-hold by the City Council due to the financial impacts and uncertainty caused by the COVID-19 pandemic. Using the project delivery plan developed by the Undergrounding Project Advisory Committee (completed in summer 2019), work was underway to officially form the first two areas for the project (pilot project Area 1A and Area X1A) and plans were being determined for work associated with the projects that needs to be completed by the City while San Diego Gas & Electric completes the design over an estimated 18-24 month time period. All work on the undergrounding project was put on hold in March 2020.

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. During Fiscal Year 2019-2020, staff continued worked on developing

parking standards for Council consideration which will be used as part of the master planning effort for Shores Park and continued to work with Winston School representatives and the City Council to consider requested changes to the Winston School lease. All work on the Shores Park Master Plan was put on hold by the City Council due to the financial impacts and uncertainty caused by the COVID-19 pandemic.

Housing Element

The City's current Housing Element (5th Cycle) was adopted by the City Council in 2013 and certified by the State Department of Housing and Community Development (HCD). The adopted Housing Element covers the planning period from April 2013 through April 2021. Staff is currently implementing the remaining programs for the current planning cycle. The next housing cycle (6th Cycle) will cover the planning period from April 2021 to 2029 and is currently under development. To comply with State law, the City's Housing Element must be updated by April 15, 2021. The City has brought on a consultant to aid in the processing of the Housing Element Update and this City Council priority project is anticipated to span both Fiscal Year 2019-2020 and 2020-2021. Once certified, the City will begin implementing several new programs to facilitate new housing opportunities and assistance in the community, including a potential agreement with the 22nd District Agricultural Association to provide housing opportunities at the Del Mar Fairgrounds.

Sea Level Rise

The City of Del Mar has demonstrated great leadership and commitment to actively plan for sea-level rise to protect local beaches, coastal bluffs, and environmental resources and minimize impacts to residents, businesses, and visitors. After years of public outreach and discussion, including over 25 public meetings, the City Council adopted the package of Local Coastal Program Amendments and technical documents relating to Del Mar's Coastal Resiliency/Sea Level Rise Planning Work Program. This effort is currently under certification review by the California Coastal Commission. In addition to meeting various state and federal obligations, this scientifically-grounded planning process helped the City to reduce risk and plan ahead to protect the future of Del Mar. As a part of this overall effort, over the next three to five fiscal years, the City will work to implement the associated Sand Compatibility Opportunistic Use Program (SCOUP).

Current Planning Efforts

The City is currently finalizing two major projects: (a) the Hillstone Del Mar project (formerly Bully's); and (b) the associated construction and development agreement for 941 Camino del Mar; as well as processing the Watermark Development Project, subdivision requests on San Dieguito Drive and North Bluff, and ongoing permitting assistance to the business community in light of the COVID-19 pandemic. The City is also preparing to update its Community Plan Safety Element for fire hazard review pursuant to Senate Bill 1241 and prepare a new Environmental Justice Element to the Community Plan. The City is continuing to process development permit applications subject to Design Review and various City permitting requirements.

Technological & Administrative Enhancements

Looking ahead, for Fiscal Year 2020-2021, other initiatives underway related to technological enhancements include implementation of new Geographic Information Systems (GIS) based work order and asset management system; implementing new pension modeling software (GovInvest) and developing a city-wide Technology Strategic Plan.

Financial Policies

General Fund Contingency (GFC) 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.

During the preparation of the Fiscal Years 2019-2020 and 2020-2021 Operating and Capital Budget, the City Council established a goal to increase the GFC Reserve by one-percent (1%) each year until it reaches a 25% reserve, or 90 days of operations. However due to the COVID-19 pandemic, the goal to reach a 25% General Fund Contingency has been deferred until the City has economically recovered. Although the use of reserves was required during this fiscal year, the final GFC for year ending June 30, 2020 is 16.96% or 61 days of operations, which is well above the required 10% minimum contingency 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 funding the City's capital projects. Due to the economic crisis caused by the pandemic, there was no growth in revenues, therefore no transfer was made to the CIP Reserve this year.

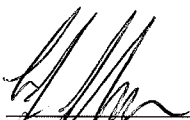
Awards

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 23 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.

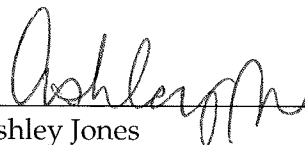
Acknowledgments

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 contributions to the City's continued financial viability. This report could not have been accomplished without the professionalism and dedicated services of the entire Del Mar team.

Respectfully submitted,



CJ Johnson
City Manager



Ashley Jones
Administrative Services Director

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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, 2019

Christopher P. Morill

Executive Director/CEO

CITY COUNCIL

Ellie Haviland
Mayor

Terry Gaasterland
Deputy Mayor

Sherryl Parks
Councilmember

Dave Druker
Councilmember

Dwight Worden
Councilmember

CITY MANAGER

Christa (CJ) Johnson

ASSISTANT CITY MANAGER
Kristen M. Crane

CITY ATTORNEY
Leslie Devaney

**DIRECTOR OF PLANNING AND
COMMUNITY DEVELOPMENT**
Joseph Smith

**ADMINISTRATIVE
SERVICES DIRECTOR**
Ashley Jones

**PUBLIC WORKS
DIRECTOR**
Joe Bride

**DIRECTOR OF COMMUNITY SERVICES
AND LIFEGUARD CHIEF**
Jon Edelbrock

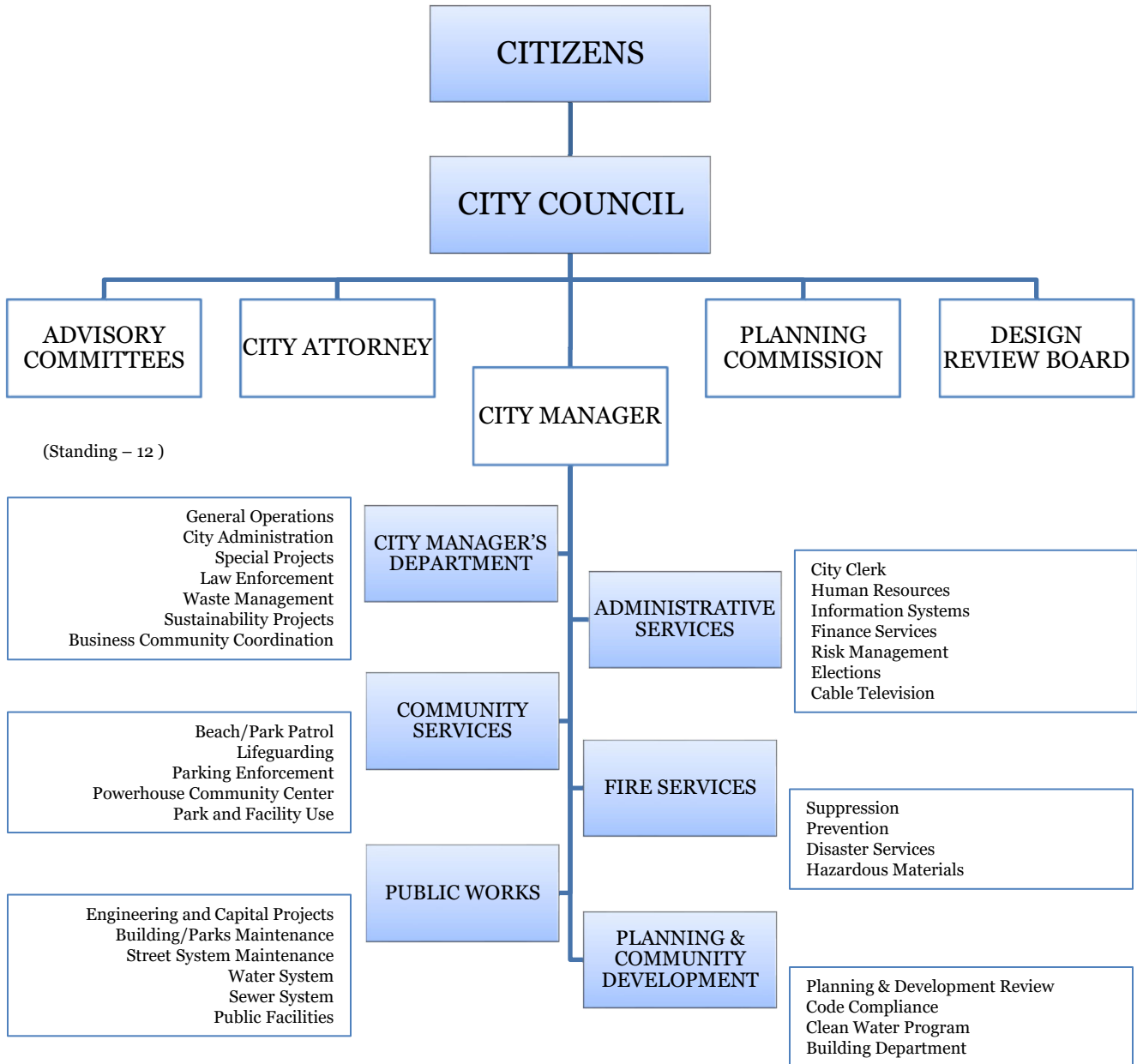
SHERIFF CAPTAIN
Herbert Taft

FIRE CHIEF
Mike Stein



DEL MAR™

City of Del Mar Organizational Chart



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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, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020, 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 financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during the audit of the 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 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 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 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 January 13, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



CliftonLarsonAllen LLP

Irvine, California
January 14, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Del Mar (City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2020. 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 the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

Economic Background

The City of Del Mar continues to be in a stable financial position. 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 typically experience the downturns that the inland areas experience in periods of economic decline. As the San Diego region continues to develop, 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 (sales tax), are heavily tourist based, and reflect the decreased economic activity experienced in Del Mar, and throughout the nation, as a result of the COVID-19 pandemic.

In March 2020, Governor Newsom issued a stay at home order to protect the health and well-being of all Californians as a result of the Coronavirus. Similar orders were imposed throughout the country, and the rest of the world, which significantly reduced the volume of visitors that come to Del Mar each year. The economic loss that occurred in the last four months of the fiscal year, which is the beginning of the peak revenue generating period for Del Mar, was primarily in the areas of TOT and sales tax. The City received approximately \$690,000 less in TOT; \$736,000 less in sales tax; and \$555,000 less in Measure Q revenue in comparison to last fiscal year. On a positive note, the City gained approximately \$320,000 in property tax during the 2019-20 fiscal year. In total, the current year loss for the City was slightly approximately \$1 million in General Fund revenues (not including Measure Q), which represents a 5% loss when compared to last fiscal year.

Prior to being affected by the pandemic, the City was able to start and complete some special and capital projects which, among others, include the completion of the Downtown Streetscape Project; preliminary engineering phases of the Camino del Mar Bridge Replacement Project; 21st Street Tennis Courts Drainage Ditch and Court Street Park Project; and pedestrian improvements to 22nd Street, Camino del Mar, and Coast Boulevard.

Street Tennis Courts Drainage Ditch and Court Street Park Project; and pedestrian improvements to 22nd Street, Camino del Mar, and Coast Boulevard.

This year, the Governmental Accounting Standards Board (GASB) implemented various Statements, which did not significantly impact the City. All Statements are discussed in detail in Note 1 of the Notes to Basic Financial Statements section of this report.

The discussion and analysis below compares Fiscal Year 2019-2020 (FY 19-20) to Fiscal Year 2018-2019 (FY 18-19). All variances are relative to FY 18-19 results. FY 19-20 financial highlights include the following:

Financial Highlights

- The City's total assets in excess of its liabilities as of June 30, 2020, were \$94.49 million.
- Citywide total net position decreased by \$1.43 million (1.49%) during the current fiscal year, indicating a consistent stable financial condition. The change in net position is largely due to the decrease in total cash and investments based on the pandemic related revenue losses, offset by a decrease in net pension liability.
- A net decrease in total assets of \$1.94 million (1.40%) is primarily due to a decrease of \$3.26 million (15.83%) in current assets, which is offset by an increase in capital assets of \$1.32 million (1.12%). The current asset loss of \$3.37 million (22.92%) in Government Activities is related to the pandemic and is offset by an increase in current Business Activities current assets of \$1.12 million (1.91%). An increase in capital assets of \$2.17 million (2.42%) in Governmental Activities is largely due to the Downtown Streetscape Project and other citywide roadway and sidewalk improvements.
- As of June 30, 2020, the City's governmental funds reported combined fund balances of \$7.48 million, which is a decrease of \$2.15 million (22.35%) from June 30, 2019. The decrease in fund balance is mainly attributable to pandemic related revenue losses totaling \$1.65 million (7.40%), and the use of \$0.50 million (5.23%) in reserves to cover current year expenditures. Of the \$7.48 million in fund balance, \$0.003 million is non-spendable for prepaid items; \$0.68 million is restricted; \$0.27 million is committed to the parks and community center; \$4.02 million is assigned for specific activities; and \$2.51 million is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$6.26 million. This balance is available for spending at the City Council's discretion, and is equal to 35.68 percent of the total fiscal year expenditures of \$17.54 million, and 33.18 percent of total revenues of \$18.86 million, before other financing sources (uses). The Capital Projects Fund has a fund balance of \$0.28 million, and other non-major governmental funds have combined fund balances of \$0.95 million, at June 30, 2020.

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 made up 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 fund 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 is made up of three components: net investment in capital assets; restricted net position; and unrestricted net position.

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the City of Del Mar, combined net position (governmental and business-type activities) totaled \$94.49 million as of June 30, 2020. This is a decrease of \$1.43 million (1.49%), compared to June 30, 2019.

TABLE 1
CITY OF DEL MAR
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$11,336,123	\$14,707,325	\$5,991,431	\$5,879,007	\$17,327,554	\$20,586,332
Capital assets	91,923,923	89,753,226	27,044,950	27,897,257	118,968,873	117,650,483
Total assets	103,260,046	104,460,551	33,036,381	33,776,264	136,296,427	138,236,815
Deferred outflows of resources	2,220,410	2,242,328	652,873	689,477	2,873,283	2,931,805
Current liabilities	3,266,785	4,476,940	1,713,207	1,823,229	4,979,992	6,300,169
Non-current liabilities	29,450,904	28,609,467	9,573,806	9,731,675	39,024,710	38,341,142
Total liabilities	32,717,689	33,086,407	11,287,013	11,554,904	44,004,702	44,641,311
Deferred inflows of resources	506,354	436,691	169,407	173,023	675,761	609,714
Net investment in capital assets	73,838,956	71,168,471	20,418,606	20,887,789	94,257,562	92,056,260
Restricted	679,422	690,821	563,791	561,807	1,243,213	1,252,628
Unrestricted	(2,261,965)	1,320,489	1,250,437	1,288,218	(1,011,528)	2,608,707
Total net position	\$72,256,413	\$73,179,781	\$22,232,834	\$22,737,814	\$94,489,247	\$95,917,595

The largest component of the City's net position, \$94.26 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 \$2.20 million (2.40%) from the prior fiscal year. The City uses these capital assets to provide services to citizens and they 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 \$1.24 million. This had a very small decrease of \$0.009 million (0.75%) from the prior fiscal year's amount of \$1.25 million. The remaining unrestricted net position of negative \$1.01 million, which reflects a decrease of

\$3.62 million (138.76%) from the prior year, is largely due to the pandemic related decrease in current assets of \$3.26 million (15.62%). It is not uncommon, particularly with regard to governmental activities, to see an unrestricted net assets deficit. The deficit reported during this fiscal year is largely related to the loss of revenue due to the pandemic. However, the issuance of debt to build capital assets, and the required reporting of net pension liability, also contributes to the unrestricted deficit, and are not indicators of the financial position of the City.

As of June 30, 2020, the City has positive balances in both categories of governmental and business-type net position. The total net position in the governmental activities decreased by \$0.92 million (1.26%). A total net position in business-type activities decreased by \$0.50 million (2.22%).

Changes in Net Position

The analysis that follows in Table 2 focuses on the changes in net position 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$4,009,868	\$4,074,272	\$7,600,466	\$7,158,048	\$11,610,334	\$11,232,320
Operating grants and contributions	467,683	329,537	-	-	467,683	329,537
Capital grants and contributions	955,619	915,994	-	-	955,619	915,994
<i>General Revenues:</i>						
Property taxes	6,993,953	6,679,052	-	-	6,993,953	6,679,052
Sales and other taxes	6,679,239	8,694,385	-	-	6,679,239	8,694,385
Intergovernmental/unrestricted	120,701	162,280	-	-	120,701	162,280
Investment Income	387,953	519,309	112,833	124,228	500,786	643,537
Other / transfers	945,369	913,350	77,893	-	1,023,262	913,350
Total revenues	20,560,385	22,288,179	7,791,192	7,282,276	28,351,577	29,570,455
Expenses:						
General government	9,079,633	8,461,528	-	-	9,079,633	8,461,528
Public safety	7,955,624	7,014,779	-	-	7,014,779	7,014,779
Public works	2,656,048	5,895,910	-	-	2,656,048	5,895,910
Parks and recreation	1,162,397	776,548	-	-	1,162,397	776,548
Interest and fiscal charges	630,051	653,705	-	-	630,051	653,705
Enterprise operations	-	-	8,296,172	7,152,322	8,296,172	7,152,322
Total expenses	21,483,753	22,802,470	8,296,172	7,152,322	28,839,080	29,954,792
Change in net position	(923,368)	(604,291)	(504,980)	129,954	(1,428,348)	(474,337)
Net position - beginning of year, as restated*	73,179,781	73,784,072	22,737,814	22,607,860	95,917,595	96,391,932
Net position - end of year	\$72,256,413	\$73,179,781	\$22,232,834	\$22,737,814	\$94,489,247	\$95,917,595

Governmental Activities:

The City's net position from governmental activities decreased by \$0.92 million (1.26%) in the current fiscal year, accounting for 64.65 percent of the total \$1.42 million decline in the City's total net position. Total revenues from governmental activities of \$20.64 million decreased by \$1.65 million (7.40%), compared to the prior fiscal year. The cost of all governmental activities in FY 19-20 was \$21.48 million, a decrease of \$1.41 million (6.15%), over the prior fiscal year.

As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$4.01 million, which was generated by service revenues received from the performance of these activities, and had a slight decrease of \$0.06 million (1.58%) compared to FY 18-19. Another \$0.47 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. In addition, another \$0.96 million in revenues came from capital grants and contributions, which increased by \$0.04 million (4.33%), compared to the prior fiscal year.

Overall, the City's governmental program revenues amounted to \$5.43 million, an increase of \$0.11 million (2.13%) compared to the prior fiscal year. General revenues of \$15.21 million decreased by \$1.76 million (10.39%), in comparison to the prior fiscal year. The City had an increase in property taxes of \$0.31 million (4.71%); a decrease of sales and other taxes of \$2.02 million (23.18%); and an increase in other revenue of \$0.11 million (10.74%) compared to the prior fiscal year.

In total, City Governmental Activities reported a decrease of \$0.92 million in net position. The decrease in net position this year was largely due to an unanticipated COVID-19 pandemic, which had a major impact in TOT, sales tax, and Measure Q revenue. The City continues to pursue reimbursement funds from State and Federal agencies. In comparison to the prior fiscal year, the key elements contributing to the \$1.41 million decrease in expenditures from governmental activities are as follows:

- A total increase of \$0.19 million in general government costs largely due to a \$0.05 million increase in insurance premiums related to property, liability, crime, cyber, and pollution coverage, and an increase of \$0.11 million in claim settlement payments made during the year.
- An increase of \$0.94 million in public safety costs largely due to a \$0.45 million increase in the current and unfunded liability for the fire and other safety employee pension and benefit plan; increase of \$0.13 million in Sheriff's contract costs; and an increase of \$0.17 million for grant reimbursed expenditures related to County Service Area (CSA)-17, Community Emergency Response Team (CERT) program, and the Coronavirus Aid, Relief, and Economic Security (CARES) Act for COVID-19 related costs.
- A decrease of \$3.24 million in public works costs, which is largely due to a \$2.77 million reduction in capital projects in comparison to the prior year. In April 2020, based on revenue loss projections due to the pandemic, the City suspended the majority of capital projects until the economy was recovered or funding was available.

Business-type Activities:

The City's business-type activities decreased in net position by \$0.50 million (2.22%), for the fiscal year ended June 30, 2020. Business-type activities' total revenue increased by \$0.51 million (6.99%), during the current fiscal year to a total of \$7.79 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.44 million (6.18%). Business-type activity costs also increased during the fiscal year by \$1.14 million (15.99%), compared to the prior fiscal year. The increase in revenues, expenses, and transfers resulted in a change in net position of \$0.50 million, 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, 2020, the City's governmental funds reported a combined ending fund balance of \$7.48 million, which is a \$2.15 million (22.35%) decrease, in comparison to the prior fiscal year of \$9.64 million. The \$7.48 million governmental fund balance is composed of \$0.003 million in non-spendable; \$0.68 million in *restricted*; \$0.27 million in *committed*; \$4.02 million in *assigned* (not available for new spending); and \$2.51 million in *unassigned* funds (available for new spending).

Table 3 below shows the governmental fund balances for the fiscal years ended June 30, 2020 and June 30, 2019.

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

FISCAL YEAR 2019-2020	General	Capital Improvement	Non-Major Governmental Funds	Totals
Total revenues	\$18,862,045	\$656,854	\$1,119,379	\$20,638,278
Total expenditures	17,539,523	2,681,516	2,493,123	22,714,162
Excess (deficiency) of revenues over expenditures	1,322,522	(2,024,662)	(1,373,744)	(2,075,884)
Total other financing sources (uses)	(3,295,251)	1,982,234	1,235,124	(77,893)
Net change in fund balance	(1,972,729)	(42,428)	(138,620)	(2,153,777)
Fund balance - beginning	8,230,689	320,493	1,086,337	9,637,519
Fund balance - ended	\$6,257,960	\$278,065	\$947,717	\$7,483,742
FISCAL YEAR 2018-2019				
Total revenues	\$20,389,126	\$730,394	\$1,168,659	\$22,288,179
Total expenditures	17,595,053	4,973,762	2,164,661	24,733,476
Excess (deficiency) of revenues over expenditures	2,794,073	(4,243,368)	(996,002)	(2,445,297)
Total other financing sources (uses)	(3,303,690)	3,758,226	1,132,999	1,587,535
Net change in fund balance	(509,617)	(485,142)	136,997	(857,762)
Fund balance - beginning	8,740,306	805,635	949,340	10,495,281
Fund balance - ended	\$8,230,689	\$320,493	\$1,086,337	\$9,637,519

General Fund:

Total governmental funds includes the General Fund, the chief operating fund of the City, which has a fund balance of \$6.26 million as of June 30, 2020. This is a decrease of \$1.97 million (23.97%), in comparison to the prior fiscal year. This decrease is due to the net of a decrease in total revenues of \$1.53 million (7.49%); operating costs of \$0.06 million (0.32%); and other financing uses of \$0.008 million (0.26%). Decreased revenues were primarily related to the COVID-19 pandemic which resulted in significant revenue loss to TOT, sales

tax, and Measure Q revenues. Other slight revenue decreases were recorded in licenses, fees and permits, and use of money and property. These decreases were offset by increases in property tax, intergovernmental, charges for services, fines and forfeitures, contributions, and other revenue sources.

Total expenditures remained relatively flat, resulting in a decrease of \$0.06 million (0.32%) as compared to the prior fiscal year. The decrease was due to the net increase in operating expenditures of \$1.04 million (5.90%), which was offset by a decrease in capital outlay of \$1.09 million (6.21%) resulting from the deferral of capital and special projects until the economy has recovered from the financial crisis created by the pandemic. Operating expenditure increases included an increase in general government expenditures of \$0.64 million (9.60%); public safety of \$0.35 million (5.27%); and public works of \$0.05 million (21.28%). The ending fund balance is composed of \$0.003 million of non-spendable funds for prepaid items; \$3.75 million in assigned funds for specific expenditures; and \$2.51 million in unassigned funding, which is available for spending at the City's discretion.

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

Major Funds:

As of June 30, 2020, the Capital Improvement Program's fund balance of \$0.28 million, decreased by \$0.04 million (13.24%) from the prior fiscal year. Total revenues decreased by \$0.07 million (10.07%) largely due to a reduction in work on, and a related reduction in federal grant reimbursements for, the Camino del Mar Bridge project. Total expenditures decreased by \$2.29 million (46.09%) largely due to projects that were put on hold and deferred as a result of the pandemic.

Non-major Funds:

The fund balances for other governmental funds or non-major governmental funds decreased \$0.14 million (12.76%) from the FY 18-19 balance of \$1.09 million to \$0.95 million at the end of the current fiscal year. The other non-major funds are composed of special revenue funds including Road Maintenance and Rehabilitation Account (RMRA); Gas Tax, Open Space; Supplemental Law Enforcement; Regional Communications System; Grants; Housing; AB 939; Regional Transportation; and Transnet II. 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 in the enterprise funds, decreased over the prior fiscal year by \$0.50 million (2.22%). The City's Water Fund increased by \$0.05 million (0.04%), the Wastewater Fund decreased by \$0.60 million (5.76%), and the Clean Water Fund increased by \$0.04 million (87.30%).

At the end of Fiscal Year 2019-2020, the Internal Service fund reported a net position of \$0.44 million, which is a \$0.08 million (15.56%) 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. In April 2020, the City Council approved COVID-19 response efforts to deal with an anticipated \$2.30 million General Fund revenue loss which was offset by budgetary decreases in operating and capital and special projects totaling \$1.38 million. The remaining anticipated loss of \$0.92 million was offset by the net of the use of \$0.54 million in reserves, originally identified for year-end transfer to the Pension Reserve; a \$0.50 million transfer from Measure Q to reimburse the City's General Fund for half of the FY 18-19 Downtown Streetscape Project costs; which was partially offset by the increase of \$0.12 million in a newly created COVID-19 Economic Contingency Reserve to be used to help offset additional COVID related revenues losses or cover unanticipated expenditures for essential items or services that may arise during the pandemic.

The General Fund reflected a net total favorable budget variance of \$1.54 million when comparing actual excess revenues over expenditures amounts of \$1.32 million to the final budget of \$0.21 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$0.91 million due to higher tax revenues of \$0.58 million; higher licenses, fees and permits of \$0.02 million; higher intergovernmental revenues of \$0.08 million; higher charges for services of \$0.04 million; higher fines and forfeitures of \$0.18 million; higher use of money and property of \$0.06 million; and higher contributions of \$0.008 million; which was offset by lower other revenue of \$0.06 million.

The actual expenditures were less than the fiscal year's final appropriation by \$0.62 million primarily due to less than anticipated expenditures in general government of \$0.24 million; lower expenditures in public works of \$0.01 million; and lower capital outlay of \$0.57 million, which was offset by an increase in public safety expenditures of \$0.17 million; and debt payment of \$0.03 million. Lower capital outlay than projected was due to the delay in completing the Downtown Streetscape Project. These positive variances were compared to final budget adjustments that included decreases related to anticipated pandemic related losses.

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, 2020, amounts to \$118.97 million, net of accumulated depreciation. Amounts invested in capital assets include 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 \$1.32 million (1.12%), compared to the prior fiscal year. Of the increase, \$2.17 million is related to governmental activities and offset by a decrease of \$0.85 million 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 completion of the Roadway and Sidewalks Improvements on Segment #1, otherwise known as Downtown Streetscape of \$2.80 million; Camino del Mar Bridge over San Dieguito of \$0.55 million; Tennis Court Drainage Ditch of \$0.38 million; Undergrounding of \$0.35 million; Jimmy Durante Bluff repairs of \$0.29 million; machinery and equipment of \$0.21 million; Seagrove Parking Lighting of \$0.12 million and Coast Blvd/22nd Street Improvements of \$0.10 million; net of depreciation expense of \$2.63 million. Overall, total capital assets increased \$2.17 million in governmental activities, compared to the prior fiscal year.

For business-type activities, total capital assets decreased by \$0.85 million (3.06%) during the fiscal year. This was primarily attributable to the wastewater infrastructure improvements of \$0.10 million; water line improvements of \$0.09 million; storm drain improvements of \$0.02 million; and machinery and equipment of \$0.02 million; net of depreciation of \$1.08 million.

Additional information on the City of Del Mar's capital assets is 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	
	2020	2019	2020	2019	2020	2019
Non-depreciable assets:						
Land	\$18,289,250	\$18,289,250	\$1,385,688	\$1,365,688	\$19,674,938	\$19,654,938
Construction in progress	3,024,228	4,298,589	-	-	3,024,228	4,298,589
Total non-depreciable assets	<u>21,313,478</u>	<u>22,587,839</u>	<u>1,385,688</u>	<u>1,365,688</u>	<u>22,699,166</u>	<u>23,953,527</u>
Capital assets, being depreciated:						
Buildings/structures and improvement:	23,445,919	24,103,784	5,599,654	5,812,195	29,045,573	29,915,979
Machinery and equipment	1,019,016	1,028,588	601,537	662,743	1,620,553	1,691,331
Streets	17,488,316	12,944,081	-	-	17,488,316	12,944,081
Traffic signals	47,397	38,133	-	-	47,397	38,133
Roadway network	3,022,950	3,124,760	-	-	3,022,950	3,124,760
Bridge	23,339,663	24,205,388	-	-	23,339,663	24,205,388
Storm drainage system	2,247,184	1,720,653	-	-	2,247,184	1,720,653
Water line system	-	-	8,204,790	8,406,797	8,204,790	8,406,797
Sewer line system	-	-	11,253,281	11,649,834	11,253,281	11,649,834
Total depreciable assets, net of accumulated depreciation	<u>70,610,445</u>	<u>67,165,387</u>	<u>25,659,262</u>	<u>26,531,569</u>	<u>96,269,707</u>	<u>93,696,956</u>
Total capital assets	<u>\$91,923,923</u>	<u>\$89,753,226</u>	<u>\$27,044,950</u>	<u>\$27,897,257</u>	<u>\$118,968,873</u>	<u>\$117,650,483</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, 2020, the City had total long-term debt outstanding of \$25.69 million made up of bonds; loan payable; note payable; compensated absences; and claims payable as shown in Table 5.

For governmental activities, long-term debt accounts for \$18.92 million (73.67%) of the City's total long-term debt, as of June 30, 2020. Total long-term debt is comprised of a loan through IBank, for the City Hall/Town Hall project of \$15.09 million; loan through the San Diego Association of Governments (SANDAG) of \$2.71 million; loan with the County of San Diego of \$0.28 million; compensated absences of \$0.49 million; and claims payable of \$0.35 million. All long-term debt in governmental activities is secured solely by specified revenue sources.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Note payable	\$ 18,084,967	\$ 18,556,021	\$ 6,626,345	\$ 7,009,468	\$ 24,711,312	\$ 25,565,489
Compensated absences	489,587	462,436	120,353	128,987	609,940	591,423
Claims payable	779,706	279,767	-	-	779,706	279,767
Capital leases	-	28,734	-	-	-	28,734
	\$ 19,354,260	\$ 19,326,958	\$ 6,746,698	\$ 7,138,455	\$ 26,100,958	\$ 26,465,413

For business-type activities, long-term debt accounts for \$6.75 million (26.33%), of the City's total long-term debt, as of June 30, 2020. The Wastewater fund has a note payable with a remaining balance of \$3.68 million with the State of California for the replacement of the 21st Street Pump Station, and a note with IBank with an outstanding balance of \$2.94 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 did not incur any new long-term debt during Fiscal Year 2019-2020. The City's long-term debt decreased by \$0.78 million (2.9%) compared to the prior fiscal year, largely due to required annual note principal payments of \$0.85 million (3.34%), and the final capital lease payment of \$0.03 million. In addition, there was a slight increase of \$0.02 million (3.13%) in compensated absences.

Economic Factors and Next Year's Budget

Local governments throughout the State of California must continuously find new ways to survive economically in order to meet their obligation of serving their communities. Cities that rely on tourism, like Del Mar, have experienced the biggest financial losses during the COVID-19 pandemic. As has been past practice, the City maintains a conservative approach to budgeting revenues and expenditures. During the update of the FY 20-21 Operating and Capital Budget in June 2020, the City Council made significant cuts to the City's budget in light of economic losses related to COVID-19. The updated budget includes cuts to capital and special projects, and to operating expenditures which included employee furloughs and layoffs. The use of reserves was required in order to continue to provide the community with essential services and maintain a balanced budget. Management continues to take an active role in monitoring the budget during the fiscal year in order to address any economic changes that may occur and necessitate changes to projected revenues as well as appropriated expenditures.

In light of the current financial crisis related to the COVID-19 pandemic, management looked at the following key economic factors while preparing the updated budget for Fiscal Year 2020-2021 (FY 20-21):

Revenues:

The City's projected revenues for FY 20-21 total \$25.44 million, which is \$4.87 million (16.08%) lower than original FY 19-20 projected revenues of \$30.83 million. During the course of FY 19-20; however, revenues were adjusted to \$30.13 million, a decrease of \$0.70 million (2.27%).

The FY 20-21 revenue projections focus on the following factors: 1) Impacts to the three primary supporting revenues in the General Fund, which make up 60.59 percent of the overall General Fund revenue, which are property taxes, sales tax, and TOT. This does not include the additional adjusted Measure Q transaction tax of \$1.49 million expected to be received in FY 20-21; and 2) Decreases to revenues in the business-type funds, which are projected to see a slight decrease of \$0.13 million (0.16%) largely due to a reduction in water ready to serve charges based on current water usage trends.

Expenditures:

The City's FY 20-21 Operating and Capital Budget has expenditures of \$25.95 million, which is \$3.96 million (13.23%) lower than the prior fiscal year's original adopted budget of \$29.90 million. This decrease is a result of significant expenditure cuts to capital projects; special projects; and operating expenditures, including employee furloughs and layoffs, due to the anticipated pandemic impact to revenues.

The FY 20-21 budget is comprised of the General Fund for \$12.80 million (49.33); Measure Q Fund of \$0.08 million (0.31%); other governmental funds of \$1.55 million (5.97%); Capital Projects Fund of \$1.85 million (7.13%); special projects of \$0.19 million (0.73%); and the Workers' Compensation Fund of \$0.29 million (1.12%). The business-type funds account for \$9.19 million (35.41%).

The budget for FY 20-21 is focused on decreasing expenditures to provide only minimal essential services to the City's residents, businesses, and visitors; and deferring all non-essential, non-safety capital projects until funding is available or the economy has recovered.

The City's Adopted Fiscal Years 2019-2020 and 2020-2021 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 who may be interested. 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. Additional information about the City's finances can be found on the City's website at <https://www.delmar.ca.us/132/Budget-Financial-Reports>.

CITY OF DEL MAR

STATEMENT OF NET POSITION

JUNE 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 9,256,396	\$ 4,074,711	\$ 13,331,107
Receivables:			
Accounts, net	975,405	1,273,683	2,249,088
Taxes	724,497	-	724,497
Accrued interest	16,819	8,665	25,484
Inventory	-	70,461	70,461
Due from other agencies	359,665	-	359,665
Prepaid expenses	3,341	120	3,461
Restricted cash and investments	-	563,791	563,791
Total current assets	<u>11,336,123</u>	<u>5,991,431</u>	<u>17,327,554</u>
Non-current assets:			
Capital assets:			
Not being depreciated	21,313,478	1,385,688	22,699,166
Being depreciated (net of accumulated depreciation)	70,610,445	25,659,262	96,269,707
Total capital assets	<u>91,923,923</u>	<u>27,044,950</u>	<u>118,968,873</u>
Total non-current assets	<u>91,923,923</u>	<u>27,044,950</u>	<u>118,968,873</u>
Total assets	<u>103,260,046</u>	<u>33,036,381</u>	<u>136,296,427</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts from pension plans	<u>2,220,410</u>	<u>652,873</u>	<u>2,873,283</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,282,448	1,551,982	3,834,430
Deposits payable	728,082	69,435	797,517
Due to other agencies	6,236	-	6,236
Retention payable	48,001	-	48,001
Accrued interest payable	202,018	91,790	293,808
Long-term debt, due within one year	882,933	423,208	1,306,141
Total current liabilities	<u>4,149,718</u>	<u>2,136,415</u>	<u>6,286,133</u>
Non-current liabilities:			
Long-term debt, due in more than one year	18,471,327	6,323,490	24,794,817
Net pension liability - due in more than one year	10,096,644	2,827,108	12,923,752
Total non-current liabilities	<u>28,567,971</u>	<u>9,150,598</u>	<u>37,718,569</u>
Total liabilities	<u>32,717,689</u>	<u>11,287,013</u>	<u>44,004,702</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred amounts from pension plans	<u>506,354</u>	<u>169,407</u>	<u>675,761</u>
NET POSITION			
Net investment in capital assets	73,838,956	20,418,606	94,257,562
Restricted for			
Debt service	-	563,791	563,791
Public works	307,028	-	307,028
Public safety	87,229	-	87,229
Community development	285,165	-	285,165
Unrestricted	<u>(2,261,965)</u>	<u>1,250,437</u>	<u>(1,011,528)</u>
Total net position	<u>\$ 72,256,413</u>	<u>\$ 22,232,834</u>	<u>\$ 94,489,247</u>
	-	-	-

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 9,079,633	\$ 1,913,924	\$ 40,693	\$ -
Public safety	7,955,624	1,870,581	241,222	-
Public works	2,656,048	-	185,768	955,619
Parks and recreation	1,162,397	225,363	-	-
Interest on long-term debt	630,051	-	-	-
Total governmental activities	21,483,753	4,009,868	467,683	955,619
Business-type activities:				
Water	3,666,650	3,675,298	-	-
Wastewater	4,029,879	3,362,819	-	-
Cleanwater	599,643	562,349	-	-
Total business-type activities	8,296,172	7,600,466	-	-
Total	\$ 29,779,925	\$ 11,610,334	\$ 467,683	\$ 955,619

General revenues:

Taxes:

Property tax

Transient occupancy tax

Franchise tax

Business license tax

Intergovernmental - Unrestricted shared sales and use tax

Intergovernmental - Unrestricted other

Investment income

Other

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the financial statements.

Net Revenue (Expense) and
Change in Net Position

Governmental Activities	Business-type Activities	Total
\$ (7,125,016)	\$ -	\$ (7,125,016)
(5,843,821)	-	(5,843,821)
(1,514,661)	-	(1,514,661)
(937,034)	-	(937,034)
(630,051)	-	(630,051)
<u>(16,050,583)</u>	<u>-</u>	<u>(16,050,583)</u>
-	8,648	8,648
-	(667,060)	(667,060)
-	(37,294)	(37,294)
<u>-</u>	<u>(695,706)</u>	<u>(695,706)</u>
<u>(16,050,583)</u>	<u>(695,706)</u>	<u>(16,746,289)</u>
6,993,953	-	6,993,953
2,300,504	-	2,300,504
390,482	-	390,482
235,557	-	235,557
3,752,696	-	3,752,696
120,701	-	120,701
387,953	112,833	500,786
1,023,262	-	1,023,262
(77,893)	77,893	-
<u>15,127,215</u>	<u>190,726</u>	<u>15,317,941</u>
(923,368)	(504,980)	(1,428,348)
<u>73,179,781</u>	<u>22,737,814</u>	<u>95,917,595</u>
<u>\$ 72,256,413</u>	<u>\$ 22,232,834</u>	<u>\$ 94,489,247</u>

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CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
	General Fund	Capital Improvement	Non-Major Governmental Funds	Total
ASSETS				
Cash and investments	\$ 7,062,448	\$ 369,451	\$ 1,038,320	\$ 8,470,219
Receivables:				
Taxes	724,497	-	-	724,497
Accrued interest	14,171	-	1,211	15,382
Accounts, net	787,528	97,151	90,726	975,405
Due from other agencies	128,802	174,136	56,727	359,665
Due from other funds	63,428	-	-	63,428
Prepaid items	3,341	-	-	3,341
	<u>8,784,215</u>	<u>640,738</u>	<u>1,186,984</u>	<u>10,611,937</u>
Total assets	<u>\$ 8,784,215</u>	<u>\$ 640,738</u>	<u>\$ 1,186,984</u>	<u>\$ 10,611,937</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,827,707	\$ 319,497	\$ 135,244	\$ 2,282,448
Deposits payable	692,312	-	35,770	728,082
Due to other agencies	6,236	-	-	6,236
Due to other funds	-	-	63,428	63,428
Retention payable	-	43,176	4,825	48,001
	<u>2,526,255</u>	<u>362,673</u>	<u>239,267</u>	<u>3,128,195</u>
Total liabilities	<u>2,526,255</u>	<u>362,673</u>	<u>239,267</u>	<u>3,128,195</u>
Fund Balances:				
Nonspendable	3,341	-	-	3,341
Restricted	-	-	679,422	679,422
Committed	-	-	268,295	268,295
Assigned	3,747,450	278,065	-	4,025,515
Unassigned	2,507,169	-	-	2,507,169
	<u>6,257,960</u>	<u>278,065</u>	<u>947,717</u>	<u>7,483,742</u>
Total fund balances	<u>6,257,960</u>	<u>278,065</u>	<u>947,717</u>	<u>7,483,742</u>
Total liabilities and fund balances	<u>\$ 8,784,215</u>	<u>\$ 640,738</u>	<u>\$ 1,186,984</u>	<u>\$ 10,611,937</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

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

JUNE 30, 2020

Fund balances of governmental funds	\$ 7,483,742
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of \$16,046,258 of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	91,923,923
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(202,018)
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	(18,084,967)
Claims payable	(431,040)
Compensated absences	(489,587)
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.	438,948
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 pensions are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:	
Deferred outflows of resources	2,220,410
Deferred inflows of resources	(506,354)
Pension liability	<u>(10,096,644)</u>
Net position of governmental activities	<u>\$ 72,256,413</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Capital Projects Fund Capital Improvement	Non-Major Governmental Funds	Total
REVENUES				
Taxes	\$ 13,632,438	\$ -	\$ 232,573	\$ 13,865,011
Licenses, fees and permits	899,345	-	276,410	1,175,755
Intergovernmental	122,397	656,854	468,376	1,247,627
Charges for services	2,102,617	-	-	2,102,617
Fines and forfeitures	797,887	-	-	797,887
Use of money and property	372,326	-	15,627	387,953
Contributions	17,680	-	15,000	32,680
Other	917,355	-	111,393	1,028,748
Total revenues	18,862,045	656,854	1,119,379	20,638,278
EXPENDITURES				
Current:				
General government	7,300,774	60,345	150,067	7,511,186
Public safety	6,900,232	-	408,796	7,309,028
Public works	300,222	-	559,917	860,139
Parks and recreation	-	-	945,702	945,702
Capital outlay	3,009,140	1,759,265	185,136	4,953,541
Debt service:				
Principal	28,734	366,901	104,153	499,788
Interest	421	495,005	139,352	634,778
Total expenditures	17,539,523	2,681,516	2,493,123	22,714,162
Excess (deficiency) of revenues over (under) expenditures	1,322,522	(2,024,662)	(1,373,744)	(2,075,884)
OTHER FINANCING SOURCES (USES)				
Transfers in	86,613	1,982,234	1,321,737	3,390,584
Transfers out	(3,381,864)	-	(86,613)	(3,468,477)
Total other financing sources (uses)	(3,295,251)	1,982,234	1,235,124	(77,893)
Net change in fund balances	(1,972,729)	(42,428)	(138,620)	(2,153,777)
Fund balances, beginning of year	8,230,689	320,493	1,086,337	9,637,519
Fund balances, end of year	\$ 6,257,960	\$ 278,065	\$ 947,717	\$ 7,483,742

See accompanying notes to the 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, 2020

Net change in fund balances of governmental funds	\$ (2,153,777)
Amount reported for governmental activities in the Statement of Activities that are different because:	
<p>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.</p>	
Capital outlay expense	4,799,905
Depreciation expense	(2,629,208)
<p>Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position</p>	499,788
<p>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:</p>	
Change in compensated absences	(27,150)
Change in claims payable	(431,040)
<p>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.</p>	4,727
<p>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.</p>	(905,716)
<p>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.</p>	<u>(80,897)</u>
Change in net position of governmental activities	<u><u>\$ (923,368)</u></u>

CITY OF DEL MAR

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major: Clean Water	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 1,857,344	\$ 2,186,514	\$ 30,853	\$ 4,074,711	\$ 786,177
Receivables:					
Accounts	695,222	482,441	96,020	1,273,683	-
Interest	3,414	5,251	-	8,665	1,437
Prepaid expense	120	-	-	120	-
Inventory	60,150	10,311	-	70,461	-
Restricted cash and investments	-	563,791	-	563,791	-
Total current assets	<u>2,616,250</u>	<u>3,248,308</u>	<u>126,873</u>	<u>5,991,431</u>	<u>787,614</u>
Non-current assets:					
Capital assets:					
Land and water rights	782,025	583,663	20,000	1,385,688	-
Water and wastewater system	14,952,463	18,916,739	-	33,869,202	-
Buildings and improvements	4,039,761	4,293,450	-	8,333,211	-
Machinery and equipment	304,548	1,656,248	38,325	1,999,121	-
Less: Accumulated depreciation	<u>(8,602,328)</u>	<u>(9,920,900)</u>	<u>(19,044)</u>	<u>(18,542,272)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>11,476,469</u>	<u>15,529,200</u>	<u>39,281</u>	<u>27,044,950</u>	<u>-</u>
Total non-current assets	<u>11,476,469</u>	<u>15,529,200</u>	<u>39,281</u>	<u>27,044,950</u>	<u>-</u>
Total assets	<u>14,092,719</u>	<u>18,777,508</u>	<u>166,154</u>	<u>33,036,381</u>	<u>787,614</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts from pension plans	<u>325,575</u>	<u>327,298</u>	<u>-</u>	<u>652,873</u>	<u>-</u>
LIABILITIES					
Current liabilities:					
Accounts payable	438,977	1,046,271	66,734	1,551,982	-
Customer deposits	69,435	-	-	69,435	-
Claims payable	-	-	-	-	278,933
Accrued interest payable	809	90,981	-	91,790	-
Current portion of long-term liabilities	<u>13,151</u>	<u>407,109</u>	<u>2,948</u>	<u>423,208</u>	<u>-</u>
Total current liabilities	<u>522,372</u>	<u>1,544,361</u>	<u>69,682</u>	<u>2,136,415</u>	<u>278,933</u>
Long-term liabilities:					
Claims payable	-	-	-	-	69,733
Compensated absences	39,452	41,970	8,843	90,265	-
Notes payable	-	6,233,225	-	6,233,225	-
Net pension liability	<u>1,409,823</u>	<u>1,417,285</u>	<u>-</u>	<u>2,827,108</u>	<u>-</u>
Total non-current liabilities	<u>1,449,275</u>	<u>7,692,480</u>	<u>8,843</u>	<u>9,150,598</u>	<u>69,733</u>
Total liabilities	<u>1,971,647</u>	<u>9,236,841</u>	<u>78,525</u>	<u>11,287,013</u>	<u>348,666</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts from pension plans	<u>84,480</u>	<u>84,927</u>	<u>-</u>	<u>169,407</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	11,476,469	8,902,856	39,281	20,418,606	-
Restricted for debt service	-	563,791	-	563,791	-
Unrestricted	<u>885,698</u>	<u>316,391</u>	<u>48,348</u>	<u>1,250,437</u>	<u>438,948</u>
Total net position	<u>\$ 12,362,167</u>	<u>\$ 9,783,038</u>	<u>\$ 87,629</u>	<u>\$ 22,232,834</u>	<u>\$ 438,948</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major: Clean Water	Total	
OPERATING REVENUES					
Water sales	\$ 3,654,676	\$ -	\$ -	\$ 3,654,676	\$ -
Clean water services	-	-	559,754	559,754	-
Sewer service	-	3,340,011	-	3,340,011	-
Charges for services	-	-	-	-	256,055
Customer penalties	7,275	6,611	2,595	16,481	-
Other	13,347	16,197	-	29,544	-
Total operating revenues	<u>3,675,298</u>	<u>3,362,819</u>	<u>562,349</u>	<u>7,600,466</u>	<u>256,055</u>
OPERATING EXPENSES					
Source of supply	1,440,942	-	-	1,440,942	-
Water treatment	299,852	-	-	299,852	-
Sewer collection	-	335,446	-	335,446	-
Maintenance and operation	-	300,533	-	300,533	-
General and administrative	1,541,590	2,568,068	597,483	4,707,141	354,414
Depreciation	384,141	691,632	2,160	1,077,933	-
Total operating expenses	<u>3,666,525</u>	<u>3,895,679</u>	<u>599,643</u>	<u>8,161,847</u>	<u>354,414</u>
Operating income (loss)	<u>8,773</u>	<u>(532,860)</u>	<u>(37,294)</u>	<u>(561,381)</u>	<u>(98,359)</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	43,510	69,079	244	112,833	17,462
Interest expense	(125)	(134,200)	-	(134,325)	-
Total non-operating revenues (expenses)	<u>43,385</u>	<u>(65,121)</u>	<u>244</u>	<u>(21,492)</u>	<u>17,462</u>
Income (loss) before transfers	<u>52,158</u>	<u>(597,981)</u>	<u>(37,050)</u>	<u>(582,873)</u>	<u>(80,897)</u>
Transfers in	-	-	77,893	77,893	-
Total transfers	<u>-</u>	<u>-</u>	<u>77,893</u>	<u>77,893</u>	<u>-</u>
Changes in net position	<u>52,158</u>	<u>(597,981)</u>	<u>40,843</u>	<u>(504,980)</u>	<u>(80,897)</u>
Net position, beginning of year	<u>12,310,009</u>	<u>10,381,019</u>	<u>46,786</u>	<u>22,737,814</u>	<u>519,845</u>
Net position, end of year	<u>\$ 12,362,167</u>	<u>\$ 9,783,038</u>	<u>\$ 87,629</u>	<u>\$ 22,232,834</u>	<u>\$ 438,948</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	\$ 3,652,957	\$ 3,425,422	\$ 561,449	\$ 7,639,828	\$ -
Cash received from other operating receipts	13,347	16,197	-	29,544	256,055
Cash payments for water purchases, distribution and treatment	(1,740,794)	-	-	(1,740,794)	-
Cash payments for sewer collection and maintenance	-	(635,979)	-	(635,979)	-
Cash payments for services and supplies	(557,880)	(1,848,646)	(588,997)	(2,995,523)	(163,806)
Cash payment to employees for services	(788,293)	(829,567)	(1,020)	(1,618,880)	(121,708)
Net cash provided by (used for) operating activities	579,337	127,427	(28,568)	678,196	(29,459)
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(94,104)	(109,543)	(18,716)	(222,363)	-
Interest payments on long-term debt	(250)	(139,636)	-	(139,886)	-
Principal payments on long-term debt	-	(383,123)	-	(383,123)	-
Net cash used for capital and related financing activities	(94,354)	(632,302)	(18,716)	(745,372)	-
Cash flows from investing activities:					
Interest received	46,425	78,960	244	125,629	19,805
Net cash provided by investing activities	46,425	78,960	244	125,629	19,805
Net increase (decrease) in cash and cash equivalents	531,408	(425,915)	30,853	136,346	(9,654)
Cash and cash equivalents, beginning of year	1,325,936	3,176,220	-	4,502,153	795,831
Cash and cash equivalents, end of year	\$ 1,857,344	\$ 2,750,305	\$ 30,853	\$ 4,638,502	\$ 786,177
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 8,773	\$ (532,860)	\$ (37,294)	\$ (561,381)	\$ (98,359)
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:					
Depreciation	384,141	691,632	2,160	1,077,933	-
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(40,592)	78,800	(900)	37,308	-
(Increase) decrease in prepaid expense	(120)	-	-	(120)	-
(Increase) decrease in inventory	12,958	(3,790)	-	9,168	-
(Increase) decrease in deferred outflows of resources	18,254	18,350	-	36,604	-
Increase (decrease) in claims payable	-	-	-	-	68,900
Increase (decrease) in accounts payable	65,645	(235,725)	43,716	(126,364)	-
Increase (decrease) in due to other funds	-	-	(35,230)	(35,230)	-
Increase (decrease) in customer deposits	18,640	-	-	18,640	-
Increase (decrease) in net pension liability	116,637	117,254	-	233,891	-
Increase (decrease) in compensated absences	(3,196)	(4,421)	(1,020)	(8,637)	-
Increase (decrease) in deferred inflows of resources	(1,803)	(1,813)	-	(3,616)	-
Total adjustments	570,564	660,287	8,726	1,239,577	68,900
Net cash provided by (used for) operating activities	\$ 579,337	\$ 127,427	\$ (28,568)	\$ 678,196	\$ (29,459)
Non-cash investing, capital and financing related activity:					
Non-cash changes in fair value of investments	\$ 8,159	\$ 10,504	\$ -	\$ 18,663	\$ 752

See accompanying notes to the financial statements.

CITY OF DEL MAR

**AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**

JUNE 30, 2020

	<u>Agency Fund</u>
ASSETS	
Account receivable	\$ 38,027
Restricted assets:	
Cash and investments	<u>214,214</u>
Total assets	<u><u>\$ 252,241</u></u>
LIABILITIES	
Due to bond holders	<u>\$ 252,241</u>
Total liabilities	<u><u>\$ 252,241</u></u>

See accompanying notes to the financial statements.

CITY OF DEL MAR, CALIFORNIA

Notes to the Financial Statements

June 30, 2020

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 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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.
- **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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This Statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Paragraphs 4 and 5 are applicable to fiscal year 2019-2020. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs 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:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the financial statements.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, early application is encouraged.

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, early application is encouraged.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to post-employment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

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.

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."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables and Payables (Continued)

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and investments, and accounts receivable held in a fiduciary capacity for several assessment districts.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports 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) 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 outflows related to pensions for differences between expected and actual experience and changes of assumptions. 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 reports 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources (Continued)

The City has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions for differences between expected and actual experience , changes in assumptions, and 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 service lives of all employees that are provided with pensions through the plans.
- Deferred inflow 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.

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations (Continued)

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 and capital related payables that are 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."

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Equity (Continued)

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.

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.

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 13,331,107
Restricted cash and investments	563,791
Statement of Fiduciary Assets and Liabilities:	
Restricted cash and investments	214,214
Total cash and investments	<u>\$ 14,109,112</u>

Cash and investments as of June 30, 2020, consist of the following:

Cash and deposits:	
Petty cash on hand	\$ 900
Demand deposits	869,451
Total cash and deposits	<u>870,351</u>
Investments:	
State investment pool	7,144,562
Investment in County pool	2,780,299
Negotiable certificates of deposit	3,313,900
Total investments	<u>13,238,761</u>
Total cash and investments	<u>\$ 14,109,112</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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.

Authorized Investment Type	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
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	None	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%
San Diego County Pooled Investment Fund:	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	\$75million	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.

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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	
State investment pool	\$ 7,144,562	\$ -	\$ -	\$ 7,144,562
Investment in County pool	2,780,299	-	-	2,780,299
Negotiable certificates of deposit	940,900	694,000	1,679,000	3,313,900
Total	<u>\$ 10,865,761</u>	<u>\$ 694,000</u>	<u>\$ 1,679,000</u>	<u>\$ 13,238,761</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
State investment pool	\$ 7,144,562	N/A	\$ -	\$ -	\$ 7,144,562
Investment in County pool	2,780,299	N/A	2,780,299	-	-
Negotiable certificates of deposit	3,313,900	N/A	-	-	3,313,900
	<u>\$ 13,238,761</u>		<u>\$ 2,780,299</u>	<u>\$ -</u>	<u>\$ 10,458,462</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, 2020, 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 San Diego 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.

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 valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

The City has the following recurring fair value measurements as of June 30, 2020:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Negotiable certificates of deposit	\$ -	\$ 3,313,900	\$ -	\$ 3,313,900
Total Leveled Investments	<u>\$ -</u>	<u>\$ 3,313,900</u>	<u>\$ -</u>	3,313,900
State investment pool*				7,144,562
Investment in County pool*				<u>2,780,299</u>
Total Investment Portfolio				<u>\$ 13,238,761</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, 2020, was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 18,289,250	\$ -	\$ -	\$ 18,289,250
Construction in progress	4,298,589	4,685,912	(5,960,273)	3,024,228
Total capital assets, not being depreciated	<u>22,587,839</u>	<u>4,685,912</u>	<u>(5,960,273)</u>	<u>21,313,478</u>
Capital assets, being depreciated:				
Buildings and improvements	28,526,436	193,568	-	28,720,004
Machinery and equipment	2,195,781	210,975	(4,615)	2,402,141
Infrastructure	49,864,835	5,669,723	-	55,534,558
Total capital assets, being depreciated	<u>80,587,052</u>	<u>6,074,266</u>	<u>(4,615)</u>	<u>86,656,703</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,422,651)	(851,434)	-	(5,274,085)
Machinery and equipment	(1,167,194)	(220,546)	4,615	(1,383,125)
Infrastructure	(7,831,820)	(1,557,228)	-	(9,389,048)
Total accumulated depreciation	<u>(13,421,665)</u>	<u>(2,629,208)</u>	<u>4,615</u>	<u>(16,046,258)</u>
Total capital assets, being depreciated, net	<u>67,165,387</u>	<u>3,445,058</u>	<u>-</u>	<u>70,610,445</u>
Total governmental activities capital assets, net	<u>\$ 89,753,226</u>	<u>\$ 8,130,970</u>	<u>\$ (5,960,273)</u>	<u>\$ 91,923,923</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 3 - CAPITAL ASSETS (CONTINUED)

A summary of changes in the business-type activities capital assets for the year ended June 30, 2020, was as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,365,688	\$ -	\$ -	\$ 1,365,688
Water rights	-	20,000	-	20,000
Total capital assets, not being depreciated	<u>1,365,688</u>	<u>20,000</u>	<u>-</u>	<u>1,385,688</u>
Capital assets, being depreciated:				
Buildings	4,080,948	-	-	4,080,948
Improvements	4,252,263	-	-	4,252,263
Machinery and equipment	1,959,897	57,128	(17,904)	1,999,121
Water system	14,866,612	85,851	-	14,952,463
Wastewater system	18,854,092	62,647	-	18,916,739
Total capital assets, being depreciated	<u>44,013,812</u>	<u>205,626</u>	<u>(17,904)</u>	<u>44,201,534</u>
Less accumulated depreciation for:				
Buildings	(884,578)	(121,967)	-	(1,006,545)
Improvements	(1,636,438)	(90,574)	-	(1,727,012)
Machinery and equipment	(1,297,154)	(118,334)	17,904	(1,397,584)
Water system	(6,459,815)	(287,857)	-	(6,747,672)
Wastewater system	(7,204,258)	(459,201)	-	(7,663,459)
Total accumulated depreciation	<u>(17,482,243)</u>	<u>(1,077,933)</u>	<u>17,904</u>	<u>(18,542,272)</u>
Total capital assets, being depreciated, net	<u>26,531,569</u>	<u>(872,307)</u>	<u>-</u>	<u>25,659,262</u>
Total business-type activities capital assets, net	<u>\$ 27,897,257</u>	<u>\$ (852,307)</u>	<u>\$ -</u>	<u>\$ 27,044,950</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions for the fiscal year ended June 30, 2020 as follows:

Governmental activities:	
General government	\$ 871,929
Public safety	133,714
Public works	1,593,043
Parks and recreation	30,522
Total depreciation expense - governmental activities	<u>\$ 2,629,208</u>
Business-type activities:	
Water	\$ 384,141
Wastewater	691,632
Clean Water	2,160
Total depreciation expense - business-type activities	<u>\$ 1,077,933</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2020, interfund receivables and payables are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 63,428	\$ -
Non-Major Governmental Funds:		
Supplemental Law Enforcement Special Revenue Fund	-	51,051
RMRA Special Revenue Fund	-	12,377
	<u>\$ 63,428</u>	<u>\$ 63,428</u>

The above balance 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, 2020 are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>		<u>Total</u>
	General Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 86,613	\$ 86,613
Capital Improvement Capital Projects Fund (A)	1,982,234	-	1,982,234
Non-Major Governmental Funds (B)	1,321,737	-	1,321,737
Non-Major Enterprise Fund Clear Water Fund (C)	77,893	-	77,893
	<u>\$ 3,381,864</u>	<u>\$ 86,613</u>	<u>\$ 3,468,477</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 5 - INTERFUND TRANSFERS (CONTINUED)

Purpose of Interfund Transfers

Transfers were needed:

- A) To cover costs related to roadway and sidewalk improvements and for paydown of prepaid studio equipment.
- B) To fund current and future capital improvement projects.
- C) 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, 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Direct Borrowings:					
Note payable	\$ 2,777,500	\$ -	\$ (62,500)	\$ 2,715,000	\$ 60,000
Note payable - City Hall	15,461,381	-	(366,901)	15,094,480	378,788
Note payable -					
Regional Communications	317,140	-	(41,653)	275,487	42,815
Capital lease	28,734	-	(28,734)	-	-
Other Long-term Liabilities:					
Compensated absences	462,436	383,419	(356,268)	489,587	122,397
Claims payable (Note 13)	279,767	915,959	(416,020)	779,706	278,933
Total governmental activities	<u>\$ 19,326,958</u>	<u>\$ 1,299,378</u>	<u>\$ (1,272,076)</u>	<u>\$ 19,354,260</u>	<u>\$ 882,933</u>
Business-type Activities:					
Direct Borrowings:					
Notes payable	\$ 7,009,468	\$ -	\$ (383,123)	\$ 6,626,345	\$ 393,120
Other Long-term Liabilities:					
Compensated absences	128,987	84,426	(93,060)	120,353	30,088
Total business-type activities	<u>\$ 7,138,455</u>	<u>\$ 84,426</u>	<u>\$ (476,183)</u>	<u>\$ 6,746,698</u>	<u>\$ 423,208</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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

Governmental Long-Term Debt

Note Payable

Del Mar borrowed \$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. 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. \$ 2,715,000

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2021	60,000	136,500	\$ 196,500
2022	65,000	133,500	198,500
2023	70,000	130,250	200,250
2024	70,000	126,750	196,750
2025	75,000	123,250	198,250
2026 - 2030	430,000	556,500	986,500
2031 - 2035	550,000	437,500	987,500
2036 - 2040	710,000	284,750	994,750
2041 - 2044	685,000	90,000	775,000
Totals	<u>\$ 2,715,000</u>	<u>\$ 2,019,000</u>	<u>\$ 4,734,000</u>

Note Payable - City Hall

Del Mar borrowed \$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 \$1,587,535. Annual payments began on February 1, 2017, are to be paid through August 2045 at an interest rate of 3.24 percent per annum \$ 15,094,480

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 378,788	\$ 482,925	\$ 861,713
2022	391,061	470,453	861,514
2023	403,731	457,578	861,309
2024	416,812	444,284	861,096
2025	430,317	430,561	860,878
2026 - 2030	2,369,976	1,930,878	4,300,854
2031 - 2035	2,779,610	1,386,235	4,165,845
2036 - 2040	3,260,047	1,079,200	4,339,247
2041 - 2045	3,823,524	515,123	4,338,647
2046	840,614	27,236	867,850
Totals	<u>\$ 15,094,480</u>	<u>\$ 7,224,473</u>	<u>\$ 22,318,953</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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

Governmental Long-Term Debt (Continued)

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

\$ 275,487

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 42,815	\$ 7,686	\$ 50,501
2022	44,009	6,492	50,501
2023	45,237	5,264	50,501
2024	46,499	4,002	50,501
2025	47,797	2,704	50,501
2026	49,130	1,371	50,501
Totals	<u>\$ 275,487</u>	<u>\$ 27,519</u>	<u>\$ 303,006</u>

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 payments in the amount of \$2,429 are payable monthly. This equipment is included as governmental machinery and equipment in the statement of net position with a net book value of \$94,459 at June 30, 2020. Depreciation expense for the year ended June 30, 2020 was \$15,743. The lease was paid off during the current fiscal year.

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.

\$ 3,682,115

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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

Business-Type Long-Term Debt (Continued)

Note Payable 21st Street Sewer Pump Station (Continued)

Future debt service requirements are as follows:

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 237,236	\$ 106,781	344,017
2022	244,116	99,901	344,017
2023	251,195	92,822	344,017
2024	258,480	85,537	344,017
2025	265,975	78,042	344,017
2026 - 2030	1,450,149	269,936	1,720,085
2031 - 2033	974,964	57,087	1,032,051
Totals	<u>\$ 3,682,115</u>	<u>\$ 790,106</u>	<u>\$ 4,472,221</u>

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, 2020 totaled \$227,852 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 which are required to be 1.2 times the maximum annual debt service payable which in fiscal year 2019-2020 is \$263,729. The City's net revenue in fiscal year 2018-2019 is \$277,852 which exceeds the requirement. Annual payments began on August 1, 2016, are to be paid through August 2035 at an interest rate of 2.17 percent per annum.

\$ 2,944,230

The future debt service requirements for this note:

Fiscal Year Ending	Principal	Interest	Total
2021	\$ 155,884	62,198	\$ 218,082
2022	159,267	58,779	218,046
2023	162,723	55,285	218,008
2024	166,254	51,716	217,970
2025	169,862	48,069	217,931
2026 - 2030	906,225	182,813	1,089,038
2031 - 2035	1,008,911	79,012	1,087,923
2036	215,104	2,334	217,438
Totals	<u>\$ 2,944,230</u>	<u>\$ 540,206</u>	<u>\$ 3,484,436</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 7 - FUND BALANCES

	General Fund	Capital Improvement Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:				
Prepaid items	\$ 3,341	\$ -	\$ -	\$ 3,341
Total nonspendable	<u>3,341</u>	<u>-</u>	<u>-</u>	<u>3,341</u>
Restricted for:				
Public safety	-	-	87,229	87,229
Public works	-	-	256,263	256,263
Street projects	-	-	50,765	50,765
Low-income housing	-	-	285,165	285,165
Total restricted	<u>-</u>	<u>-</u>	<u>679,422</u>	<u>679,422</u>
Committed to:				
Parks and community center	-	-	268,295	268,295
Total committed	<u>-</u>	<u>-</u>	<u>268,295</u>	<u>268,295</u>
Assigned to:				
Compensated absences	80,000	-	-	80,000
Equipment replacement	724,850	-	-	724,850
Public television	13,759	-	-	13,759
Economic contingency	213,808	-	-	213,808
Self-insurance	245,553	-	-	245,553
Pension reserve	1,220,200	-	-	1,220,200
Special Projects	79,100	-	-	79,100
Encumbrances	5,349	-	-	5,349
Capital projects	1,164,831	278,065	-	1,442,896
Total assigned	<u>3,747,450</u>	<u>278,065</u>	<u>-</u>	<u>4,025,515</u>
Unassigned	<u>2,507,169</u>	<u>-</u>	<u>-</u>	<u>2,507,169</u>
Total Fund Balances	<u>\$ 6,257,960</u>	<u>\$ 278,065</u>	<u>\$ 947,717</u>	<u>\$ 7,483,742</u>

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.

NOTE 7 - FUND BALANCES (CONTINUED)

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 II 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 Economic Contingency represents funds set aside to cover any unanticipated costs that arise during the COVID-19 pandemic.

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 Special Projects 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 Encumbrances represents funds set aside for contractual obligations that were not completed in the current fiscal year.

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

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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. PEPR 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, 2019, measurement date, are summarized as follows:

	<u>Miscellaneous</u>		
	<u>Classic Members</u>	<u>Classic Members</u>	<u>New Members</u>
	Prior to	On or After	On or After
	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>
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	13.104%	7.979%	6.939%
Payment of unfunded liability	\$ 363,119	\$ 279	\$ 145

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

	Safety			
	Fire	Fire	Lifeguard	Lifeguard
	Prior to January 1, 2013	After January 1, 2013	Prior to January 1, 2013	After to January 1, 2013
Hire date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	3%@50	2.7%@57	3%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50	57	50	50
Monthly benefits, as a % of eligible compensation	3.00%	2.70%	3.00%	2.70%
Required employee contribution rates	9.00%	12.00%	9.00%	12.00%
Required employer contribution rates:				
Normal cost rate	19.416%	12.141%	19.416%	12.141%
Payment of unfunded liability	\$ 209,715	\$ 38	\$ 209,715	\$ 812

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.

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

As of June 30, 2020, 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	\$ 7,459,379
Safety	5,464,373
Total Net Pension Liability	<u>\$ 12,923,752</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

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, 2019, 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, 2018 rolled forward to June 30, 2019 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 date ended June 30, 2018 and 2019 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2018	0.18155%	0.08578%
Proportion - June 30, 2019	0.18267%	0.08753%
Change - Increase (Decrease)	0.00112%	0.00175%

For the year ended June 30, 2020, the City recognized pension expense of \$2,591,253 (\$1,552,905 – Miscellaneous Plan and \$1,038,348 – Safety Plan). At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 848,836	\$ -	\$ 569,914	\$ -
Differences between expected and actual experience	518,085	(40,141)	356,775	-
Change in assumptions	355,698	(126,092)	223,975	(43,709)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(150,338)	-	(109,897)
Net differences between projected and actual earnings on plan investments	-	(130,413)	-	(75,171)
Total	<u>\$ 1,722,619</u>	<u>\$ (446,984)</u>	<u>\$ 1,150,664</u>	<u>\$ (228,777)</u>

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

\$1,418,750 (\$848,836 – Miscellaneous Plan and \$569,914 – Safety Plan) 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, 2021. 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
2021	\$ 458,871	\$ 337,968
2022	(103,583)	(43,190)
2023	45,160	42,568
2024	26,351	14,627
2025	-	-
Thereafter	-	-

Actuarial Assumptions

The total pension liability for the June 30, 2019 the measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability was based on the following assumptions:

	Miscellaneous June 30, 2018	Safety June 30, 2018
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
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 probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
- (3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

NOTE 8 - RETIREMENT PLANS (CONTINUED)

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

Long-term Expected Rate of Return

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 cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.0% used for this period

(c) An expected inflation of 2.92% used for this period

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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	\$ 11,635,901	\$ 8,285,364
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 7,459,379	\$ 5,464,373
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 4,011,956	\$ 3,151,603

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, 2020, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2020.

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, 2020, construction contracts totaled \$444,792 of which \$444,792 has been expended. City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental funds is \$378,820 for capital improvements in the City and is shown as committed or restricted.

NOTE 11 - LITIGATION AND COMMITMENTS (CONTINUED)

Construction Contracts and Commitments (Continued)

The City has a 25-year lease with the State of California's 22nd District Agricultural Association for use of the City's fire station that ends on June 30, 2025. The annual rent is payable every July 1st 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 2019-2020, the fire lease payment was \$101,078.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The City's operations are heavily dependent on the ability to raise sales taxes, property taxes and transient occupancy taxes and assess business licenses, developer fees and construction permits. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the tax bases and other areas in which the City receives revenue during fiscal year 2021. The outbreak could also have other potential impacts, including disruptions or restrictions on employees' ability to work. As such, this may hinder the ability for the City to meet the needs of its constituents. The City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have an effect on the City's results of future operations and financial position in fiscal year 2021.

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.

During fiscal year 2018-2019, the Del Mar Firefighters Association (DMFA) approved the creation of VantageCare Retirement Health Savings Program (RHS) through the International City/County Management Association Retirement Corporation (ICMA-RC). The RHS will provide tax-free assets to members of DMFA for a wide range of medical expenses. DMFA members will contribute 1% of earnings for firefighter and paramedic classifications and 3% of earnings for fire captain and engineer classifications. The City has no obligation to provide any assistance for costs associated with the plan.

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

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.

General Liability

As a member of Public Risk Innovation, Solutions, and Management (PRISM), 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 PRISM, 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, 2020:

	<u>General Liability</u>	<u>Workers' Compensation</u>
Unpaid claims, June 30, 2018	\$ -	\$ 247,704
Incurred claims (including IBNR)	71,790	123,097
Claims payments	<u>(71,790)</u>	<u>(91,034)</u>
Unpaid claims, June 30, 2019	-	279,767
Incurred claims (including IBNR)	725,351	190,608
Claims payments	<u>(294,311)</u>	<u>(121,709)</u>
Unpaid claims, June 30, 2020	<u>431,040</u>	<u>348,666</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.

CITY OF DEL MAR, CALIFORNIA
Notes to the Financial Statements
June 30, 2020

NOTE 13 - RISK MANAGEMENT (CONTINUED)

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, 2020.

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, faithful performance bonds, cyber-attacks, and pollution.

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, 2020, 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. There were no bonds outstanding at June 30, 2020.
- 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, 2020 were \$280,000.

NOTE 15 - EXPENDITURES EXCEEDING APPROPRIATIONS

The nonmajor Supplemental Law Enforcement Special Revenue Fund exceeded budgets by \$19,206. This fund has adequate resources to cover the budget overage.

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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>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement period	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Plan's proportion of the net pension liability	0.06345%	0.16365%	0.06910%	0.07024%	0.07101%	0.07280%
Plan's proportionate share of the net pension liability	\$ 3,948,228	\$ 4,489,625	\$ 5,979,285	\$ 6,966,181	\$ 6,842,255	\$ 7,459,379
Plan's covered payroll	\$ 2,825,926	\$ 2,850,725	\$ 3,083,838	\$ 3,198,271	\$ 3,211,144	\$ 3,595,869
Plan's proportionate share of the net pension liability as a percentage of covered payroll	139.71%	157.49%	193.89%	217.81%	213.08%	207.44%
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%	75.26%	75.26%
Plan's proportionate share of aggregate employer contributions	\$ 522,334	\$ 693,302	\$ 746,689	\$ 814,756	\$ 850,591	\$ 977,563

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%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

CITY OF DEL MAR

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

LAST TEN FISCAL YEARS*

Fiscal year ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution (actuarially determined)	\$ 411,954	\$ 529,486	\$ 579,144	\$ 617,792	\$ 742,811	\$ 848,836
Contributions in relation to the actuarially determined contributions	<u>(411,954)</u>	<u>(529,486)</u>	<u>(579,144)</u>	<u>(617,792)</u>	<u>(742,811)</u>	<u>(848,836)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,850,725	\$ 3,083,838	\$ 3,198,271	\$ 3,211,144	\$ 3,595,869	\$ 3,860,641
Contributions as a percentage of covered payroll	14.45%	17.17%	18.11%	19.24%	20.66%	21.99%

Notes to Schedule:

Valuation Date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	15 Year Smoothed Market Method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.65%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.375% (3)	7.25% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 years for 3.00%@60 and 2.0%@60, 52 years for 2.0%@62**
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

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>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement period	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Plan's proportion of the net pension liability	0.04522%	0.08038%	0.04959%	0.04995%	0.05223%	0.05333%
Plan's proportionate share of the net pension liability	\$ 2,814,100	\$ 3,311,865	\$ 4,291,288	\$ 4,953,802	\$ 5,033,469	\$ 5,464,373
Plan's covered payroll	\$ 1,271,501	\$ 1,305,573	\$ 1,336,570	\$ 1,289,037	\$ 1,225,539	\$ 1,330,403
Plan's proportionate share of the net pension liability as a percentage of covered payroll	221.32%	253.67%	321.07%	384.30%	410.71%	410.73%
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%	72.26%	75.26%
Plan's proportionate share of aggregate employer contributions	\$ 356,577	\$ 361,590	\$ 412,874	\$ 450,318	\$ 578,842	\$ 663,103

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%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

CITY OF DEL MAR

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

LAST TEN FISCAL YEARS*

Fiscal year ended	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Contractually required contribution (actuarially determined)	\$ 303,598	\$ 336,247	\$ 370,167	\$ 399,196	\$ 476,504	\$ 569,914
Contributions in relation to the actuarially determined contributions	<u>(303,598)</u>	<u>(336,247)</u>	<u>(370,167)</u>	<u>(399,196)</u>	<u>(476,504)</u>	<u>(569,914)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,305,573	\$ 1,336,570	\$ 1,289,037	\$ 1,225,539	\$ 1,330,403	\$ 1,434,515
Contributions as a percentage of covered payroll	23.25%	25.16%	28.72%	32.57%	35.82%	39.73%

Notes to Schedule:

Valuation Date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	15 Year Smoothed Market Method	Market Value	Market Value	Market Value	Market Value	Market Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.65%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.375% (3)	7.275% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 50 years for 3.00%@50 and 2.0%@50
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 15,938,100	\$ 13,055,320	\$ 13,632,438	\$ 577,118
Licenses, fees and permits	1,076,600	877,340	899,345	22,005
Intergovernmental	66,970	39,270	122,397	83,127
Charges for services	2,382,510	2,065,290	2,102,617	37,327
Fines and forfeitures	804,040	616,930	797,887	180,957
Use of money and property	314,260	309,180	372,326	63,146
Contributions	-	10,000	17,680	7,680
Other	52,000	979,940	917,355	(62,585)
Total revenues	<u>20,634,480</u>	<u>17,953,270</u>	<u>18,862,045</u>	<u>908,775</u>
EXPENDITURES				
Current:				
General government	6,690,920	7,545,393	7,300,774	244,619
Public safety	6,823,350	6,733,705	6,900,232	(166,527)
Public works	323,140	313,140	300,222	12,918
Capital outlay	1,708,290	3,574,635	3,009,140	565,495
Debt service:				
Principal	-	-	28,734	(28,734)
Interest	-	-	421	(421)
Total expenditures	<u>15,545,700</u>	<u>18,166,873</u>	<u>17,539,523</u>	<u>627,350</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,088,780</u>	<u>(213,603)</u>	<u>1,322,522</u>	<u>1,536,125</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	620,903	(542,160)	86,613	(628,773)
Transfers out	<u>(3,070,787)</u>	<u>(3,073,120)</u>	<u>(3,381,864)</u>	<u>(308,744)</u>
Total other financing sources (uses)	<u>(2,449,884)</u>	<u>(3,615,280)</u>	<u>(3,295,251)</u>	<u>(937,517)</u>
Net change in fund balance	2,638,896	(3,828,883)	(1,972,729)	598,608
Fund balance, beginning of year	<u>8,230,689</u>	<u>8,230,689</u>	<u>8,230,689</u>	<u>-</u>
Fund balance, end of year	<u>\$ 10,869,585</u>	<u>\$ 4,401,806</u>	<u>\$ 6,257,960</u>	<u>\$ 598,608</u>

See accompanying note to required supplementary information.

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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 \$3,332,150 were made during the year ended June 30, 2020.
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 the Regional Transportation Congestion Improvement Program (RTCIP) capital project fund and 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.

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CITY OF DEL MAR, CALIFORNIA

Non-Major Governmental Funds

June 30, 2020

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, 2020

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communi- cations System
ASSETS				
Cash and investments	\$ 38,281	\$ 384,669	\$ -	\$ 7,051
Receivables:				
Accrued interest	-	-	-	-
Accounts, net	9,417	20,766	-	-
Due from other agencies	-	-	56,727	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 47,698</u>	<u>\$ 405,435</u>	<u>\$ 56,727</u>	<u>\$ 7,051</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 24,446	\$ 96,545	\$ 5,676	\$ -
Deposits payable	-	35,770	-	-
Due to other funds	-	-	51,051	-
Retention payable	-	4,825	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>24,446</u>	<u>137,140</u>	<u>56,727</u>	<u>-</u>
Fund balances (deficit):				
Restricted for:				
Public safety	-	-	-	7,051
Low-income housing	-	-	-	-
Public works	-	-	-	-
Street projects	23,252	-	-	-
Committed to:				
Parks and recreation	-	268,295	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances (deficits)	<u>23,252</u>	<u>268,295</u>	<u>-</u>	<u>7,051</u>
Total liabilities and fund balances	<u>\$ 47,698</u>	<u>\$ 405,435</u>	<u>\$ 56,727</u>	<u>\$ 7,051</u>

Special Revenue Funds				Capital Projects Funds		
Grants	Housing	AB 939	RMRA	Transnet II Capital Improvement	RTCIP	Total
\$ 63,554	\$ 288,134	\$ 228,710	\$ 456	\$ 19,825	\$ 7,640	\$ 1,038,320
116	531	367	149	39	9	1,211
20,403	-	28,368	11,772	-	-	90,726
-	-	-	-	-	-	56,727
<u>\$ 84,073</u>	<u>\$ 288,665</u>	<u>\$ 257,445</u>	<u>\$ 12,377</u>	<u>\$ 19,864</u>	<u>\$ 7,649</u>	<u>\$ 1,186,984</u>
\$ 3,895	\$ 3,500	\$ 1,182	\$ -	\$ -	\$ -	\$ 135,244
-	-	-	-	-	-	35,770
-	-	-	12,377	-	-	63,428
-	-	-	-	-	-	4,825
<u>3,895</u>	<u>3,500</u>	<u>1,182</u>	<u>12,377</u>	<u>-</u>	<u>-</u>	<u>239,267</u>
80,178	-	-	-	-	-	87,229
-	285,165	-	-	-	-	285,165
-	-	256,263	-	-	-	256,263
-	-	-	-	19,864	7,649	50,765
-	-	-	-	-	-	268,295
<u>80,178</u>	<u>285,165</u>	<u>256,263</u>	<u>-</u>	<u>19,864</u>	<u>7,649</u>	<u>947,717</u>
<u>\$ 84,073</u>	<u>\$ 288,665</u>	<u>\$ 257,445</u>	<u>\$ 12,377</u>	<u>\$ 19,864</u>	<u>\$ 7,649</u>	<u>\$ 1,186,984</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, 2020

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System
REVENUES				
Taxes	\$ 108,677	\$ 2,528	\$ -	\$ 44,277
Licenses, fees and permits	-	185,712	-	-
Intergovernmental	-	3,351	100,000	-
Use of money and property	-	680	-	277
Contributions	-	15,000	-	-
Other	-	51,220	56,727	3,446
Total revenues	<u>108,677</u>	<u>258,491</u>	<u>156,727</u>	<u>48,000</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	252,746	28,771
Public works	559,917	-	-	-
Parks and recreation	-	945,702	-	-
Capital outlay	-	185,136	-	-
Debt service:				
Principal	-	-	-	41,653
Interest	-	-	-	8,848
Total expenditures	<u>559,917</u>	<u>1,130,838</u>	<u>252,746</u>	<u>79,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(451,240)</u>	<u>(872,347)</u>	<u>(96,019)</u>	<u>(31,272)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	451,240	745,126	96,019	29,352
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>451,240</u>	<u>745,126</u>	<u>96,019</u>	<u>29,352</u>
Net change in fund balances	-	(127,221)	-	(1,920)
Fund balances, beginning of year	<u>23,252</u>	<u>395,516</u>	<u>-</u>	<u>8,971</u>
Fund balances, end of year	<u>\$ 23,252</u>	<u>\$ 268,295</u>	<u>\$ -</u>	<u>\$ 7,051</u>

Special Revenue Funds				Capital Projects Funds		
Grants	Housing	AB 939	RMRA	Transnet II Capital Improvement	RTCIP	Total
\$ -	\$ -	\$ -	\$ 77,091	\$ -	\$ -	\$ 232,573
-	24,307	66,391	-	-	-	276,410
148,489	-	-	-	214,004	2,532	468,376
851	7,106	4,917	1,347	324	125	15,627
-	-	-	-	-	-	15,000
-	-	-	-	-	-	111,393
<u>149,340</u>	<u>31,413</u>	<u>71,308</u>	<u>78,438</u>	<u>214,328</u>	<u>2,657</u>	<u>1,119,379</u>
-	102,909	47,158	-	-	-	150,067
127,279	-	-	-	-	-	408,796
-	-	-	-	-	-	559,917
-	-	-	-	-	-	945,702
-	-	-	-	-	-	185,136
-	-	-	-	62,500	-	104,153
-	-	-	-	130,504	-	139,352
<u>127,279</u>	<u>102,909</u>	<u>47,158</u>	<u>-</u>	<u>193,004</u>	<u>-</u>	<u>2,493,123</u>
<u>22,061</u>	<u>(71,496)</u>	<u>24,150</u>	<u>78,438</u>	<u>21,324</u>	<u>2,657</u>	<u>(1,373,744)</u>
-	-	-	-	-	-	1,321,737
-	-	-	(85,153)	(1,460)	-	(86,613)
-	-	-	(85,153)	(1,460)	-	1,235,124
22,061	(71,496)	24,150	(6,715)	19,864	2,657	(138,620)
58,117	356,661	232,113	6,715	-	4,992	1,086,337
<u>\$ 80,178</u>	<u>\$ 285,165</u>	<u>\$ 256,263</u>	<u>\$ -</u>	<u>\$ 19,864</u>	<u>\$ 7,649</u>	<u>\$ 947,717</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GASOLINE TAX SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 114,060	\$ 104,470	\$ 108,677	\$ 4,207
Total revenues	114,060	104,470	108,677	4,207
EXPENDITURES				
Current:				
Public works	610,850	601,102	559,917	41,185
Total expenditures	610,850	601,102	559,917	41,185
Excess (deficiency) of revenues over (under) expenditures	(496,790)	(496,632)	(451,240)	45,392
OTHER FINANCING SOURCES				
Transfers in	496,790	473,380	451,240	(22,140)
Total other financing sources	496,790	473,380	451,240	(22,140)
Net change in fund balance	-	(23,252)	-	23,252
Fund balance, beginning of year	23,252	23,252	23,252	-
Fund balance, end of year	\$ 23,252	\$ -	\$ 23,252	\$ 23,252

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 7,000	\$ 2,000	\$ 2,528	\$ 528
Licenses, fees and permits	377,560	189,700	185,712	(3,988)
Intergovernmental	8,200	4,000	3,351	(649)
Use of money and property	1,500	900	680	(220)
Contributions	-	15,000	15,000	-
Other	40,000	20,200	51,220	31,020
Total revenues	<u>434,260</u>	<u>231,800</u>	<u>258,491</u>	<u>26,691</u>
EXPENDITURES				
Current:				
Parks and recreation	1,322,360	975,517	945,702	29,815
Capital outlay	<u>305,000</u>	<u>287,326</u>	<u>185,136</u>	<u>102,190</u>
Total expenditures	<u>1,627,360</u>	<u>1,262,843</u>	<u>1,130,838</u>	<u>132,005</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,193,100)</u>	<u>(1,031,043)</u>	<u>(872,347)</u>	<u>158,696</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,219,100</u>	<u>836,122</u>	<u>745,126</u>	<u>(90,996)</u>
Total other financing sources	<u>1,219,100</u>	<u>836,122</u>	<u>745,126</u>	<u>(90,996)</u>
Net change in fund balance	26,000	(194,921)	(127,221)	67,700
Fund balance, beginning of year	<u>395,516</u>	<u>395,516</u>	<u>395,516</u>	-
Fund balance, end of year	<u>\$ 421,516</u>	<u>\$ 200,595</u>	<u>\$ 268,295</u>	<u>\$ 67,700</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Other	-	40,000	56,727	16,727
Total revenues	100,000	140,000	156,727	16,727
EXPENDITURES				
Current:				
Public safety	361,640	233,540	252,746	(19,206)
Total expenditures	361,640	233,540	252,746	(19,206)
Excess (deficiency) of revenues over (under) expenditures	(261,640)	(93,540)	(96,019)	(2,479)
OTHER FINANCING SOURCES				
Transfers in	261,640	93,540	96,019	2,479
Total other financing sources	261,640	93,540	96,019	2,479
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
REGIONAL COMMUNICATIONS SYSTEM SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 45,000	\$ 45,000	\$ 44,277	\$ (723)
Use of money and property	-	-	277	277
Other	-	-	3,446	3,446
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>48,000</u>	<u>3,000</u>
EXPENDITURES				
Current:				
Public safety	34,500	34,500	28,771	5,729
Debt service:				
Principal	41,660	41,660	41,653	7
Interest	8,850	8,850	8,848	2
Total expenditures	<u>85,010</u>	<u>85,010</u>	<u>79,272</u>	<u>5,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,010)</u>	<u>(40,010)</u>	<u>(31,272)</u>	<u>8,738</u>
OTHER FINANCING SOURCES				
Transfers in	-	31,039	29,352	(1,687)
Total other financing sources	-	<u>31,039</u>	<u>29,352</u>	<u>(1,687)</u>
Net change in fund balance	(40,010)	(8,971)	(1,920)	7,051
Fund balance, beginning of year	8,971	8,971	8,971	-
Fund balance, end of year	<u>\$ (31,039)</u>	<u>\$ -</u>	<u>\$ 7,051</u>	<u>\$ 7,051</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GRANTS SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 50,270	\$ 137,100	\$ 148,489	\$ 11,389
Use of money and property	-	-	851	851
	<u>50,270</u>	<u>137,100</u>	<u>149,340</u>	<u>12,240</u>
EXPENDITURES				
Current:				
Public safety	<u>59,540</u>	<u>146,370</u>	<u>127,279</u>	<u>19,091</u>
Total expenditures	<u>59,540</u>	<u>146,370</u>	<u>127,279</u>	<u>19,091</u>
Net change in fund balance	(9,270)	(9,270)	22,061	31,331
Fund balance, beginning of year	<u>58,117</u>	<u>58,117</u>	<u>58,117</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 48,847</u></u>	<u><u>\$ 48,847</u></u>	<u><u>\$ 80,178</u></u>	<u><u>\$ 31,331</u></u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
HOUSING SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses, fees and permits	\$ -	\$ 25,500	\$ 24,307	\$ (1,193)
Use of money and property	6,000	6,000	7,106	1,106
Total revenues	6,000	31,500	31,413	(87)
EXPENDITURES				
Current:				
General government	115,530	120,000	102,909	17,091
Total expenditures	115,530	120,000	102,909	17,091
Net change in fund balance	(109,530)	(88,500)	(71,496)	17,004
Fund balance, beginning of year	356,661	356,661	356,661	-
Fund balance, end of year	\$ 247,131	\$ 268,161	\$ 285,165	\$ 17,004

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
AB 939 SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses, fees and permits	\$ 55,500	\$ 55,500	\$ 66,391	\$ 10,891
Use of money and property	5,000	5,000	4,917	(83)
Total revenues	<u>60,500</u>	<u>60,500</u>	<u>71,308</u>	<u>10,808</u>
EXPENDITURES				
Current:				
General government	<u>72,250</u>	<u>79,783</u>	<u>47,158</u>	<u>32,625</u>
Total expenditures	<u>72,250</u>	<u>79,783</u>	<u>47,158</u>	<u>32,625</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,750)</u>	<u>(19,283)</u>	<u>24,150</u>	<u>43,433</u>
Fund balance, beginning of year	<u>232,113</u>	<u>232,113</u>	<u>232,113</u>	<u>-</u>
Fund balance, end of year	<u>\$ 220,363</u>	<u>\$ 212,830</u>	<u>\$ 256,263</u>	<u>\$ 43,433</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
ROAD MAINTENANCE AND REHABILITATION ACCOUNT (RMRA) SPECIAL REVENUE FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 71,530	\$ 79,130	\$ 77,091	\$ (2,039)
Use of money and property	-	-	1,347	1,347
Total revenues	<u>71,530</u>	<u>79,130</u>	<u>78,438</u>	<u>(692)</u>
OTHER FINANCING USES				
Transfers out	<u>(76,410)</u>	<u>(85,845)</u>	<u>(85,153)</u>	<u>(692)</u>
Total other financing uses	<u>(76,410)</u>	<u>(85,845)</u>	<u>(85,153)</u>	<u>(692)</u>
Net change in fund balance	(4,880)	(6,715)	(6,715)	-
Fund balance, beginning of year	<u>6,715</u>	<u>6,715</u>	<u>6,715</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
TRANSNET II CAPITAL IMPROVEMENT
CAPITAL PROJECTS FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 205,000	\$ 205,000	\$ 214,004	\$ 9,004
Use of money and property	-	-	324	324
Total revenues	205,000	205,000	214,328	9,328
EXPENDITURES				
Debt service:				
Principal	-	60,000	62,500	(2,500)
Interest	-	145,000	130,504	14,496
Total expenditures	-	205,000	193,004	11,996
Excess of revenues over expenditures	205,000	-	21,324	21,324
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,460)	(1,460)
Total other financing sources (uses)	-	-	(1,460)	(1,460)
Net change in fund balance	205,000	-	19,864	19,864
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 205,000	\$ -	\$ 19,864	\$ 19,864

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
 REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM
 CAPITAL PROJECTS FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2,532	\$ 2,532
Use of money and property	-	-	125	125
Total revenues	-	-	2,657	2,657
Net change in fund balance	-	-	2,657	2,657
Fund balance, beginning of year	4,992	4,992	4,992	-
Fund balance, end of year	\$ 4,992	\$ 4,992	\$ 7,649	\$ 2,657

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT
CAPITAL PROJECTS FUND - MAJOR FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 400,000	\$ 517,221	\$ 656,854	\$ 139,633
Total revenues	400,000	517,221	656,854	139,633
EXPENDITURES				
General government	46,385	46,385	60,345	(13,960)
Capital outlay	750,000	2,004,253	1,759,265	244,988
Debt service:				
Principal	366,900	366,900	366,901	(1)
Interest	495,005	495,005	495,005	-
Total expenditures	1,658,290	2,912,543	2,681,516	231,027
Excess (deficiency) of revenues over (under) expenditures	(1,258,290)	(2,395,322)	(2,024,662)	370,660
OTHER FINANCING SOURCES				
Transfers in	1,353,290	2,074,829	1,982,234	(92,595)
Total other financing sources	1,353,290	2,074,829	1,982,234	(92,595)
Net change in fund balance	95,000	(320,493)	(42,428)	278,065
Fund balance, beginning of year	320,493	320,493	320,493	-
Fund balance (deficit), end of year	\$ 415,493	\$ -	\$ 278,065	\$ 278,065

CITY OF DEL MAR, CALIFORNIA

Agency Funds

June 30, 2020

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, 2020

	Stratford and Luneta Undergrounding Assessment District 1989-01	Seawall Refinance Assessment District 1999-01	Ocean View/Pines Assessment District 2005-01
ASSETS			
Accounts receivable	\$ 192	\$ 45	\$ 641
Restricted assets:			
Cash and investments	<u>104,705</u>	<u>24,407</u>	<u>74,819</u>
Total assets	<u>\$ 104,897</u>	<u>24,452</u>	<u>\$ 75,460</u>
LIABILITIES			
Due to bond holders	<u>\$ 104,897</u>	<u>24,452</u>	<u>\$ 75,460</u>
Total liabilities	<u>\$ 104,897</u>	<u>\$ 24,452</u>	<u>\$ 75,460</u>

North Hills Undergrounding Assessment District 2007-01	Sunset Undergrounding Assessment District 2007-02	Total
\$ 37,130	\$ 19	\$ 38,027
<u>-</u>	<u>10,283</u>	<u>214,214</u>
<u>\$ 37,130</u>	<u>\$ 10,302</u>	<u>\$ 252,241</u>
<u>\$ 37,130</u>	<u>\$ 10,302</u>	<u>\$ 252,241</u>
<u>\$ 37,130</u>	<u>\$ 10,302</u>	<u>\$ 252,241</u>

CITY OF DEL MAR

AGENCY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>Stratford and Luneta Undergrounding</u>				
<u>Assessment District 1989-01</u>				
ASSETS				
Accounts receivable	\$ 484	\$ 192	\$ (484)	\$ 192
Restricted assets:				
Cash and investments	101,915	3,940	(1,150)	104,705
Total assets	<u>\$ 102,399</u>	<u>\$ 4,132</u>	<u>\$ (1,634)</u>	<u>\$ 104,897</u>
LIABILITIES				
Due to bond holders	\$ 102,399	\$ 4,132	\$ (1,634)	\$ 104,897
Total liabilities	<u>\$ 102,399</u>	<u>\$ 4,132</u>	<u>\$ (1,634)</u>	<u>\$ 104,897</u>
<u>Seawall Refinance Assessment District 1999-01</u>				
ASSETS				
Accounts receivable	\$ 651	\$ 45	\$ (651)	\$ 45
Restricted assets:				
Cash and investments	137,101	1,684	(114,378)	24,407
Total assets	<u>\$ 137,752</u>	<u>\$ 1,729</u>	<u>\$ (115,029)</u>	<u>\$ 24,452</u>
LIABILITES				
Due to bond holders	\$ 137,752	\$ 1,729	\$ (115,029)	\$ 24,452
Total liabilities	<u>\$ 137,752</u>	<u>\$ 1,729</u>	<u>\$ (115,029)</u>	<u>\$ 24,452</u>
<u>Ocean View/Pines Assessment District 2005-01</u>				
ASSETS				
Accounts receivable	\$ 379	\$ 641	\$ (379)	641
Restricted assets:				
Cash and investments	79,688	54,134	(59,003)	74,819
Total assets	<u>\$ 80,067</u>	<u>\$ 54,775</u>	<u>\$ (59,382)</u>	<u>\$ 75,460</u>
LIABILITIES				
Due to bond holders	\$ 80,067	\$ 54,775	\$ (59,382)	\$ 75,460
Total liabilities	<u>\$ 80,067</u>	<u>\$ 54,775</u>	<u>\$ (59,382)</u>	<u>\$ 75,460</u>

CITY OF DEL MAR

AGENCY FUNDS, (CONTINUED)
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>North Hills Undergrounding Assessment District 2007-01</u>				
ASSETS				
Accounts receivable	\$ 37,130	\$ 37,130	\$ (37,130)	\$ 37,130
Total assets	<u>\$ 37,130</u>	<u>\$ 37,130</u>	<u>\$ (37,130)</u>	<u>\$ 37,130</u>
LIABILITIES				
Due to bond holders	\$ 37,130	\$ 37,130	\$ (37,130)	\$ 37,130
Total liabilities	<u>\$ 37,130</u>	<u>\$ 37,130</u>	<u>\$ (37,130)</u>	<u>\$ 37,130</u>
<u>Sunset Undergrounding Assessment District 2007-02</u>				
ASSETS				
Accounts receivable	\$ 48	\$ 19	\$ (48)	\$ 19
Restricted assets:				
Cash and investments	10,012	383	(112)	10,283
Total assets	<u>\$ 10,060</u>	<u>\$ 402</u>	<u>\$ (160)</u>	<u>\$ 10,302</u>
LIABILITIES				
Due to bond holders	\$ 10,060	\$ 402	\$ (160)	\$ 10,302
Total liabilities	<u>\$ 10,060</u>	<u>\$ 402</u>	<u>\$ (160)</u>	<u>\$ 10,302</u>
<u>Total Agency Funds</u>				
ASSETS				
Accounts receivable	\$ 38,692	\$ 38,027	\$ (38,692)	\$ 38,027
Restricted assets:				
Cash and investments	328,716	60,141	(174,643)	214,214
Total assets	<u>\$ 367,408</u>	<u>\$ 98,168</u>	<u>\$ (213,335)</u>	<u>\$ 252,241</u>
LIABILITIES				
Due to bond holders	\$ 367,408	\$ 98,168	\$ (213,335)	\$ 252,241
Total liabilities	<u>\$ 367,408</u>	<u>\$ 98,168</u>	<u>\$ (213,335)</u>	<u>\$ 252,241</u>

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CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2019-2020



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.

Contents	Page
Financial Trends	
These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	100
Revenue Capacity	
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.	112
Debt Capacity	
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.	122
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	128
Operating Information	
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.	131

City of Del Mar

Net Position by Component ⁽¹⁾

Last Ten Fiscal Years Ended June 30, 2020

(Accrual basis of accounting)

	Fiscal Year				
	2010-2011	2011-2012	2012-2013 ⁽²⁾	2013-2014 ⁽³⁾	2014-2015
Governmental Activities					
Net investment in capital assets	\$ 37,944,461	\$ 47,943,072	\$ 55,606,641	\$ 59,605,566	\$ 59,266,263
Restricted	2,968,749	2,143,980	965,813	980,148	795,930
Unrestricted	4,573,211	5,025,740	4,743,258	217,804	3,680,641
Total governmental activities net position	<u>\$ 45,486,421</u>	<u>\$ 55,112,792</u>	<u>\$ 61,315,712</u>	<u>\$ 60,803,518</u>	<u>\$ 63,742,834</u>
Business-type Activities					
Net investment in capital assets	\$ 20,873,821	\$ 19,876,130	\$ 20,592,138	\$ 18,867,190	\$ 19,468,010
Restricted	-	-	-	-	-
Unrestricted	2,623,531	3,845,994	2,697,664	2,730,948	2,532,915
Total business-type activities net position	<u>\$ 23,497,352</u>	<u>\$ 23,722,124</u>	<u>\$ 23,289,802</u>	<u>\$ 21,598,138</u>	<u>\$ 22,000,925</u>
Primary Government					
Net investment in capital assets	\$ 58,818,282	\$ 67,819,202	\$ 76,198,779	\$ 78,472,756	\$ 78,734,273
Restricted	2,968,749	2,143,980	965,813	980,148	795,930
Unrestricted	7,196,742	8,871,734	7,440,922	2,948,752	6,213,556
Total primary government net position	<u>\$ 68,983,773</u>	<u>\$ 78,834,916</u>	<u>\$ 84,605,514</u>	<u>\$ 82,401,656</u>	<u>\$ 85,743,759</u>

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 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.

(3) 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

Fiscal Year				
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
\$ 63,917,170	\$ 70,677,865	\$ 70,478,246	\$ 71,168,471	\$ 73,838,956
706,189	779,035	755,945	690,821	679,422
3,657,031	(1,945,483)	2,549,881	1,320,489	(1,830,925)
<u>\$ 68,280,390</u>	<u>\$ 69,511,417</u>	<u>\$ 73,784,072</u>	<u>\$ 73,179,781</u>	<u>\$ 72,687,453</u>
\$ 21,145,247	\$ 21,782,050	\$ 21,388,165	\$ 20,887,789	\$ 20,418,606
-	-	-	-	563,791
1,565,516	1,425,671	1,219,695	1,850,025	1,250,437
<u>\$ 22,710,763</u>	<u>\$ 23,207,721</u>	<u>\$ 22,607,860</u>	<u>\$ 22,737,814</u>	<u>\$ 22,232,834</u>
\$ 85,062,417	\$ 92,459,915	\$ 91,866,411	\$ 92,056,260	\$ 94,257,562
706,189	779,035	755,945	690,821	1,243,213
5,222,547	(519,812)	3,769,576	3,170,514	(1,011,528)
<u>\$ 90,991,153</u>	<u>\$ 92,719,138</u>	<u>\$ 96,391,932</u>	<u>\$ 95,917,595</u>	<u>\$ 94,489,247</u>

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

	Fiscal Year				
	2010-2011	2011-2012	2012-2013 ⁽²⁾	2013-2014	2014-2015
Expenses					
Governmental Activities					
General government	\$ 4,124,385	\$ 4,817,999	\$ 4,577,084	\$ 4,328,963	\$ 4,748,943
Public safety	5,050,517	5,365,983	6,463,932	5,472,799	5,705,795
Public works	1,057,431	491,439	923,784	943,013	1,649,191
Parks and recreation	692,531	732,882	776,639	839,063	835,545
Interest on long-term debt	51,070	22,603	15,813	8,438	158,679
Total governmental activities expenses	<u>10,975,934</u>	<u>11,430,906</u>	<u>12,757,252</u>	<u>11,592,276</u>	<u>13,098,153</u>
Business-type Activities					
Water	2,396,157	2,544,512	2,759,682	2,964,821	3,165,994
Wastewater	2,453,005	2,608,785	2,786,105	2,759,107	2,965,384
Clean water	370,017	416,849	425,569	411,143	439,752
Total business-type activities expenses	<u>5,219,179</u>	<u>5,570,146</u>	<u>5,971,356</u>	<u>6,135,071</u>	<u>6,571,130</u>
Total primary government expenses	<u>\$ 16,195,113</u>	<u>\$ 17,001,052</u>	<u>\$ 18,728,608</u>	<u>\$ 17,727,347</u>	<u>\$ 19,669,283</u>
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 1,308,618	\$ 1,112,124	\$ 1,117,178	\$ 1,388,029	\$ 1,646,441
Public safety	1,466,187	1,382,429	1,312,948	1,318,815	1,457,029
Public works	-	-	2,165	2,209	-
Parks and recreation	392,672	466,632	414,556	443,169	410,206
Operating grants and contributions	454,648	282,071	277,781	311,393	285,416
Capital grants and contributions	4,194,853	8,474,616	7,358,463	3,874,226	951,754
Total governmental activities program revenues	<u>7,816,978</u>	<u>11,717,872</u>	<u>10,483,091</u>	<u>7,337,841</u>	<u>4,750,846</u>
Business-type Activities					
Charges for services:					
Water	2,277,701	2,477,171	2,711,877	2,861,908	2,822,138
Wastewater	2,622,453	2,874,751	2,998,521	3,048,006	3,675,632
Clean water	380,080	382,709	404,313	395,404	408,037
Capital grants and contributions	5,000	5,000	-	5,000	5,000
Total business-type activities program revenues	<u>5,285,234</u>	<u>5,739,631</u>	<u>6,114,711</u>	<u>6,310,318</u>	<u>6,910,807</u>
Total primary government revenues	<u>\$ 13,102,212</u>	<u>\$ 17,457,503</u>	<u>\$ 16,597,802</u>	<u>\$ 13,648,159</u>	<u>\$ 11,661,653</u>
Net revenues/(expenses): ⁽¹⁾					
Governmental activities	\$ (3,158,956)	\$ 286,966	\$ (2,274,161)	\$ (4,254,435)	\$ (8,347,307)
Business-type activities	66,055	169,485	143,355	175,247	339,677
Total net revenues/(expenses)	<u>\$ (3,092,901)</u>	<u>\$ 456,451</u>	<u>\$ (2,130,806)</u>	<u>\$ (4,079,188)</u>	<u>\$ (8,007,630)</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	\$ 4,510,439	\$ 4,647,145	\$ 4,971,265	\$ 5,329,825	\$ 5,291,352
Sales and use tax	1,551,454	1,628,442	1,674,709	1,700,688	1,998,279
Transient occupancy tax	1,704,696	1,805,475	1,939,699	2,101,634	2,444,275
Franchise tax	402,677	421,518	384,220	373,589	367,471
Business license tax	197,639	210,243	191,786	191,734	208,898
Intergovernmental-Unrestricted Other	140,401	117,062	205,319	209,226	278,081
Investment Income	123,733	83,424	161,140	190,457	239,734
Sale of capital assets	4,171,104	18,811	-	-	-
Other	171,791	424,070	412,954	228,085	493,914
Transfers	(10,530)	(16,785)	(108,563)	(19,615)	(35,381)
Total governmental activities	<u>12,963,404</u>	<u>9,339,405</u>	<u>9,832,529</u>	<u>10,305,623</u>	<u>11,286,623</u>
Business-type activities					
Unrestricted investment earnings	13,762	13,260	24,395	5,591	27,729
Other	80,252	25,242	26,060	-	-
Transfers	10,530	16,785	108,563	19,615	35,381
Total business-type activities	<u>104,544</u>	<u>55,287</u>	<u>159,017</u>	<u>25,206</u>	<u>63,110</u>
Total primary government	<u>\$ 13,067,948</u>	<u>\$ 9,394,692</u>	<u>\$ 9,991,546</u>	<u>\$ 10,330,829</u>	<u>\$ 11,349,733</u>
Change in Net Position					
Governmental activities	\$ 9,804,449	\$ 9,626,371	\$ 7,558,368	\$ 6,051,188	\$ 2,939,316
Business-type activities	170,599	224,772	323,493	200,453	402,787
Total primary government	<u>\$ 9,975,048</u>	<u>\$ 9,851,143</u>	<u>\$ 7,881,861</u>	<u>\$ 6,251,641</u>	<u>\$ 3,342,103</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

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

Fiscal Year				
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
\$ 5,362,200	\$ 6,676,027	\$ 6,360,890	\$ 8,461,528	\$ 9,079,633
5,716,667	6,676,661	6,861,913	7,104,779	7,955,624
1,410,511	1,892,772	1,889,260	5,895,910	2,656,048
936,586	951,289	894,067	776,548	1,162,397
155,143	719,263	668,368	653,705	630,051
<u>13,581,107</u>	<u>16,916,012</u>	<u>16,674,498</u>	<u>22,892,470</u>	<u>21,483,753</u>
3,072,195	3,286,281	3,323,365	3,375,306	3,666,650
2,500,851	2,530,107	2,996,746	3,217,465	4,029,879
464,373	532,792	498,076	559,551	599,643
<u>6,037,419</u>	<u>6,349,180</u>	<u>6,818,187</u>	<u>7,152,322</u>	<u>8,296,172</u>
<u>\$ 19,618,526</u>	<u>\$ 23,265,192</u>	<u>\$ 23,492,685</u>	<u>\$ 30,044,792</u>	<u>\$ 29,779,925</u>
\$ 1,547,069	\$ 1,735,309	\$ 1,894,634	\$ 1,789,928	\$ 1,913,924
1,382,501	1,405,751	1,778,983	1,868,370	1,870,581
-	-	2,404	2,483	-
383,027	378,446	418,447	413,491	225,363
231,257	522,338	481,814	329,537	467,683
1,802,911	885,773	585,058	915,994	955,619
<u>5,346,765</u>	<u>4,927,617</u>	<u>5,161,340</u>	<u>5,319,803</u>	<u>5,433,170</u>
2,745,721	3,085,668	3,440,656	3,348,654	3,675,298
3,486,362	3,283,228	3,096,774	3,261,067	3,362,819
420,388	476,980	546,730	548,327	562,349
5,000	5,000	5,000	-	-
<u>6,657,471</u>	<u>6,850,876</u>	<u>7,089,160</u>	<u>7,158,048</u>	<u>7,600,466</u>
<u>\$ 12,004,236</u>	<u>\$ 11,778,493</u>	<u>\$ 12,250,500</u>	<u>\$ 12,477,851</u>	<u>\$ 13,033,636</u>
\$ (8,234,342)	\$ (11,988,395)	\$ (11,513,158)	\$ (17,572,667)	\$ (16,050,583)
620,052	501,696	270,973	5,726	(695,706)
<u>\$ (7,614,290)</u>	<u>\$ (11,486,699)</u>	<u>\$ (11,242,185)</u>	<u>\$ (17,566,941)</u>	<u>\$ (16,746,289)</u>
\$ 5,640,285	\$ 6,752,952	\$ 6,491,063	\$ 6,679,052	\$ 6,993,953
2,332,522	2,227,309	4,854,514	5,043,747	3,752,696
2,617,866	2,697,297	3,001,300	2,982,510	2,300,504
369,524	459,271	387,466	424,930	390,482
226,508	240,103	241,008	243,198	235,557
182,140	133,399	212,514	162,280	120,701
298,974	245,548	386,787	519,309	387,953
108,023	-	-	-	-
1,050,341	437,304	211,161	913,350	1,023,262
(54,285)	26,239	-	-	(77,893)
<u>12,771,898</u>	<u>13,219,422</u>	<u>15,785,813</u>	<u>16,968,376</u>	<u>15,127,215</u>
35,501	21,501	34,566	124,228	112,833
-	-	-	-	-
54,285	(26,239)	-	-	77,893
<u>89,786</u>	<u>(4,738)</u>	<u>34,566</u>	<u>124,228</u>	<u>190,726</u>
<u>\$ 12,861,684</u>	<u>\$ 13,214,684</u>	<u>\$ 15,820,379</u>	<u>\$ 17,092,604</u>	<u>\$ 15,317,941</u>
\$ 4,537,556	\$ 1,231,027	\$ 4,272,655	\$ (604,291)	\$ (923,368)
709,838	496,958	305,539	129,954	(504,980)
<u>\$ 5,247,394</u>	<u>\$ 1,727,985</u>	<u>\$ 4,578,194</u>	<u>\$ (474,337)</u>	<u>\$ (1,428,348)</u>

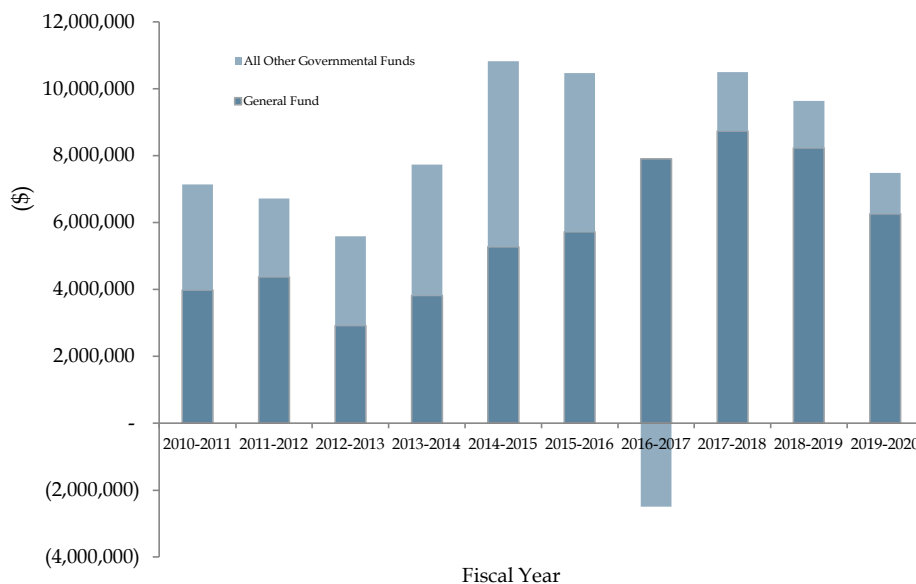
(2) Fiscal Year 2012-2013 amounts were restated to remove unamortized bond issuance costs for the implementation of GASB Statement 65.

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

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	525,151	-	-	-
Assigned	1,681,273	1,470,192	1,475,704	1,471,791	1,471,791
Unassigned	2,305,009	2,384,635	1,446,003	2,345,865	3,806,755
Total general fund	<u>\$ 3,986,282</u>	<u>\$ 4,379,978</u>	<u>\$ 2,921,707</u>	<u>\$ 3,817,656</u>	<u>\$ 5,278,546</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Restricted	976,173	976,276	965,812	980,148	795,930
Committed	190,215	181,806	167,503	207,819	299,415
Assigned	1,992,576	1,180,204	1,535,486	2,729,399	4,451,680
Total all other governmental funds	<u>\$ 3,158,964</u>	<u>\$ 2,338,286</u>	<u>\$ 2,668,801</u>	<u>\$ 3,917,366</u>	<u>\$ 5,547,025</u>

Source: City of Del Mar, Finance Department

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years



(Concluded)

Fiscal Year				
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	23,338	6,579	2,877	3,341
1,530,159	2,233,502	5,100,305	2,669,278	3,747,450
4,192,011	5,647,975	3,633,422	5,558,534	2,507,169
<u>\$ 5,722,170</u>	<u>\$ 7,904,815</u>	<u>\$ 8,740,306</u>	<u>\$ 8,230,689</u>	<u>\$ 6,257,960</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
706,189	779,035	755,945	690,821	679,422
302,160	299,688	193,395	395,516	268,295
3,737,345	(3,571,263)	805,635	320,493	278,065
<u>\$ 4,745,694</u>	<u>\$ (2,492,540)</u>	<u>\$ 1,754,975</u>	<u>\$ 1,406,830</u>	<u>\$ 1,225,782</u>

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

	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Revenues:					
Taxes	\$ 8,521,081	\$ 8,858,700	\$ 9,284,503	\$ 9,865,474	\$ 10,469,129
Licenses and permits	1,185,430	1,047,420	1,036,973	1,320,317	1,432,809
Intergovernmental	4,470,137	8,077,378	7,638,143	4,165,489	1,167,061
Charges for services	1,091,028	1,098,148	1,190,559	1,296,138	1,447,608
Fines and forfeitures	891,019	815,617	669,665	586,367	633,259
Use of money and property	117,942	79,311	154,539	190,457	239,733
Contributions	181,627	657,875	36,921	17,368	26,100
Other revenues	153,538	416,689	411,397	221,469	657,152
Total revenues	<u>16,611,802</u>	<u>21,051,138</u>	<u>20,422,700</u>	<u>17,663,079</u>	<u>16,072,851</u>
Expenditures:					
General government	4,134,195	4,848,423	5,903,824	4,326,650	4,465,857
Public safety	5,105,353	5,380,136	6,457,063	5,442,607	5,707,066
Public works	530,892	544,546	767,200	486,619	565,436
Parks and recreation	700,050	734,815	775,814	809,797	796,933
Capital outlays	4,526,067	9,796,937	7,664,337	4,960,745	2,652,017
Debt service:					
Principal	3,637,212	150,000	155,000	165,000	886,500
Interest and fiscal charges	67,774	25,290	18,655	11,532	158,718
Cost of issuance	-	-	-	-	-
Total expenditures	<u>18,701,543</u>	<u>21,480,147</u>	<u>21,741,893</u>	<u>16,202,950</u>	<u>15,232,527</u>
Excess of revenues over (under) expenditures	<u>(2,089,741)</u>	<u>(429,009)</u>	<u>(1,319,193)</u>	<u>1,460,129</u>	<u>840,324</u>
Other Financing Sources (Uses)					
Proceeds from capital lease	-	-	-	-	-
Issuance of debt	-	-	-	704,000	2,285,606
Sale of capital assets	4,171,104	18,811	-	-	-
Transfers-in	5,695,089	1,183,682	1,779,347	2,180,793	2,739,389
Transfers-out	(5,703,402)	(1,200,466)	(1,587,910)	(2,200,408)	(2,774,770)
Total other financing sources (uses)	<u>4,162,791</u>	<u>2,027</u>	<u>191,437</u>	<u>684,385</u>	<u>2,250,225</u>
Net change in fund balances	<u>\$ 2,073,050</u>	<u>\$ (426,982)</u>	<u>\$ (1,127,756)</u>	<u>\$ 2,144,514</u>	<u>\$ 3,090,549</u>
Debt service as a percentage of noncapital expenditures	<u>26.14%</u> ⁽¹⁾	<u>1.50%</u>	<u>1.27%</u> ⁽²⁾	<u>1.58%</u>	<u>8.33%</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				
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
\$ 11,291,573	\$ 12,483,838	\$ 15,119,862	\$ 15,561,911	\$ 13,865,011
1,313,261	1,473,672	1,560,470	1,424,462	1,175,755
2,049,910	640,435	940,761	1,144,117	1,247,627
1,471,767	1,537,125	1,760,952	1,969,158	2,102,617
579,364	561,080	716,505	740,862	797,887
298,973	245,548	496,853	519,309	387,953
13,612	77,464	161,500	25,730	32,680
1,046,464	1,101,638	190,250	902,630	1,028,748
18,064,924	18,120,800	20,947,153	22,288,179	20,638,278
5,055,390	6,212,785	5,921,425	7,459,736	7,511,186
5,769,859	6,411,309	6,405,468	6,823,281	7,309,028
589,870	646,739	613,939	753,994	860,139
907,484	910,515	834,530	916,556	945,702
6,620,181	11,952,324	12,347,347	7,643,140	4,953,541
50,000	88,352	481,658	478,878	499,788
155,143	506,960	672,959	657,891	634,778
-	161,610	-	-	-
19,147,927	26,890,594	27,277,326	24,733,476	22,714,162
(1,083,003)	(8,769,794)	(6,330,173)	(2,445,297)	(2,075,884)
157,431	-	-	-	-
622,150	3,687,966	11,413,179	1,587,535	-
-	-	-	-	-
3,642,313	2,156,104	6,491,721	3,452,909	3,390,584
(3,696,598)	(2,129,865)	(6,491,721)	(3,452,909)	(3,468,477)
725,296	3,714,205	11,413,179	1,587,535	(77,893)
\$ (357,707)	\$ (5,055,589)	\$ 5,083,006	\$ (857,762)	\$ (2,153,777)
1.65%	2.21%	7.80%	5.43%	6.33%

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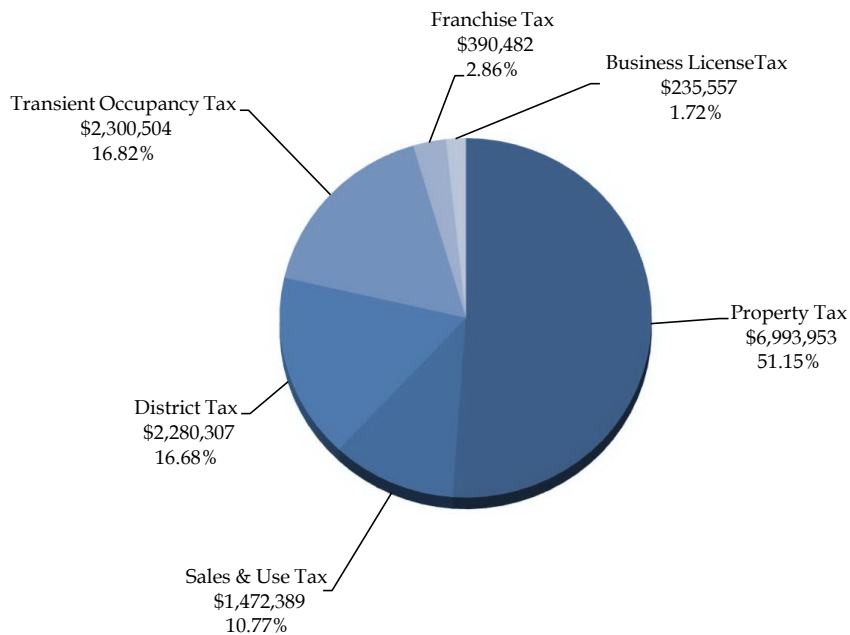
City of Del Mar
Governmental Activities Tax Revenues By Sources
Last Ten Fiscal Years

Fiscal Year	Property Taxes (1)	Sales & Use Tax (2)	District Tax (3)	Transient Occupancy Tax	Franchise Tax	Business License Tax	Total
2019-2020	\$ 6,993,953	\$ 1,472,389	\$ 2,280,307	\$ 2,300,504	\$ 390,482	\$ 235,557	\$ 13,673,192
2018-2019	6,679,052	2,208,416	2,835,331	2,982,510	424,930	243,198	15,373,438
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
Change from Base Year 2011	55.06%	-5.10%	100.00%	34.95%	-3.03%	19.19%	63.42%

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. The triple flip sales tax adjustment ended in Fiscal year 2015-16.
- (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, 2020

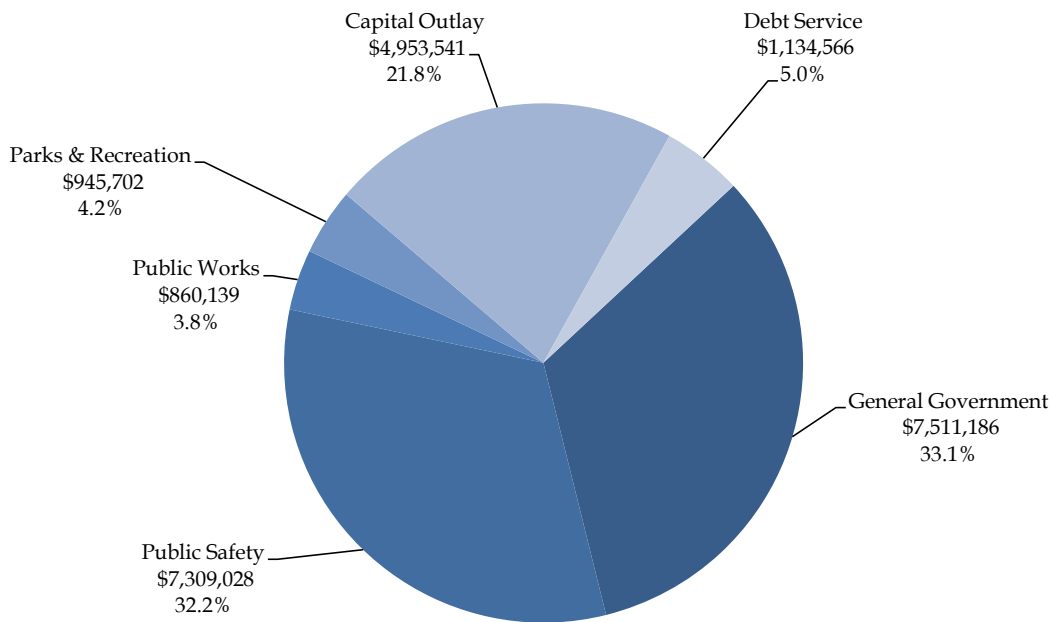


Source: City of Del Mar, Finance Department

City of Del Mar
General Governmental Expenditures By Function ⁽¹⁾
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works
2019-2020	\$ 7,511,186	\$ 7,309,028	\$ 860,139
2018-2019	7,459,736	6,823,281	753,994
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

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Fiscal Year Ended June 30, 2020



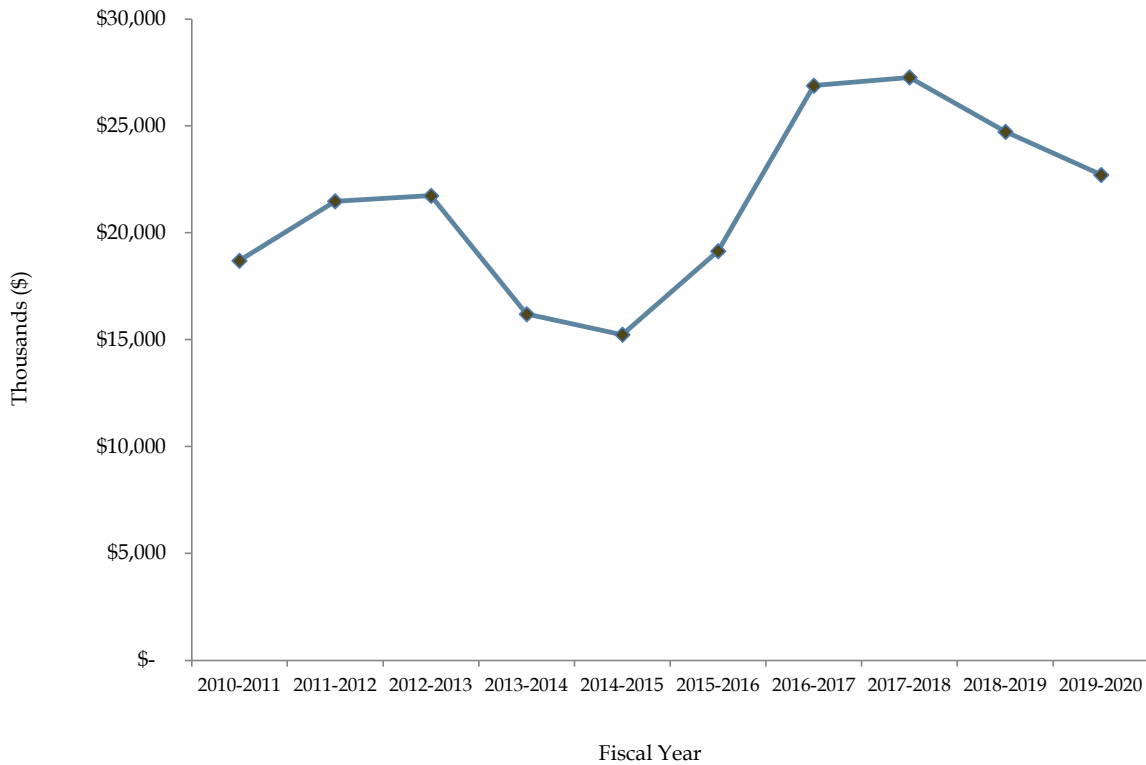
Notes:

- (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

Parks and Recreation	Capital Outlay	Debt Service ⁽²⁾	Total
\$ 945,702	\$ 4,953,541	\$ 1,134,566	\$ 22,714,162
916,556	7,643,140	1,136,769	24,733,476
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

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



City of Del Mar
Assessed Value of Property by User Code ⁽¹⁾
Last Ten Fiscal Years

Category	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Residential	\$ 2,394,641,412	\$ 2,455,807,004	\$ 2,580,568,065	\$ 2,691,922,002	\$ 2,873,316,023
Commercial	193,402,493	199,024,611	258,451,071	260,013,522	265,411,786
Industrial	2,467,068	2,516,402	2,956,947	2,970,364	3,014,195
Irrigation farm	-	-	-	-	-
Rural land (Non-irrigated)	-	-	-	-	-
Institutional	2,713,573	2,767,844	2,823,200	2,836,017	2,892,680
Recreational	8,412,054	8,765,703	9,364,269	9,689,662	11,214,206
Miscellaneous	-	-	-	-	-
Total	\$ 2,601,636,600	\$ 2,668,881,564	\$ 2,854,163,552	\$ 2,967,431,567	\$ 3,155,848,890

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.

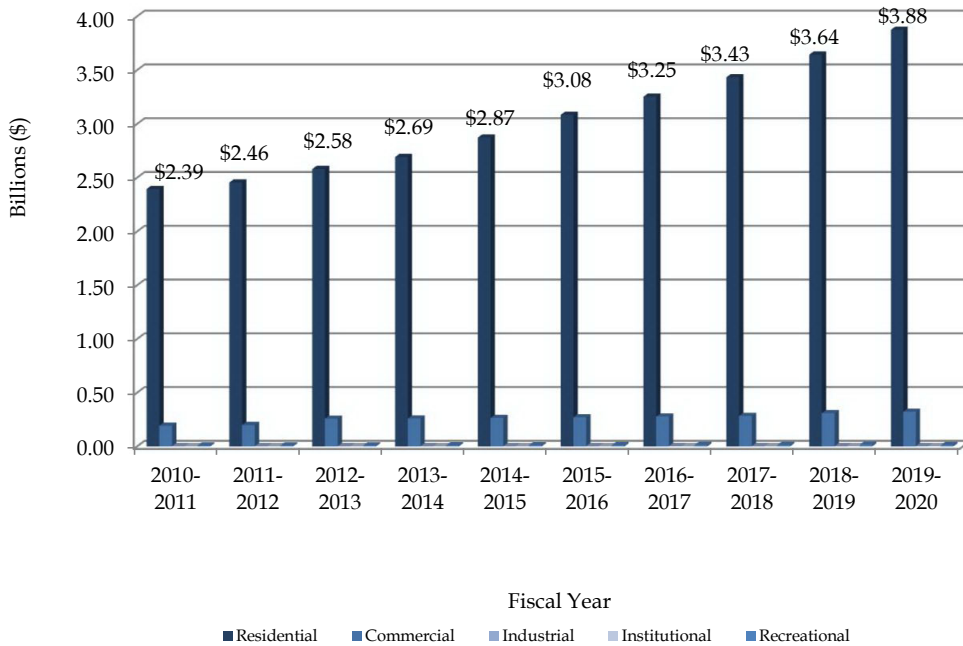
- The amounts represent total assessed value of real property, excluding personal property and fixtures, prior to exemptions.

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

(Concluded)

Fiscal Year				
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
\$ 3,084,334,222	\$ 3,253,273,422	\$ 3,433,325,030	\$ 3,643,775,875	\$ 3,875,115,458
271,336,627	278,157,135	283,644,529	309,755,624	322,793,000
3,048,474	3,199,522	2,569,569	2,620,955	3,162,334
-	-	-	-	-
-	-	-	-	-
2,936,793	2,995,528	3,055,438	3,116,546	3,178,876
11,767,616	13,338,452	13,817,906	15,850,559	12,487,932
-	-	-	-	-
<u>\$ 3,373,423,732</u>	<u>\$ 3,550,964,059</u>	<u>\$ 3,736,412,472</u>	<u>\$ 3,975,119,559</u>	<u>\$ 4,216,737,600</u>

ASSESSED VALUE - TAXABLE PROPERTY
Last Ten Fiscal Years



City of Del Mar
Estimated Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years

Fiscal Year	Residential		Commercial		Industrial	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2019-2020	3,875,115,458	4,202	322,793,000	101	3,162,334	7
2018-2019	3,643,775,875	4,203	309,755,624	101	2,620,955	7
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

Notes:

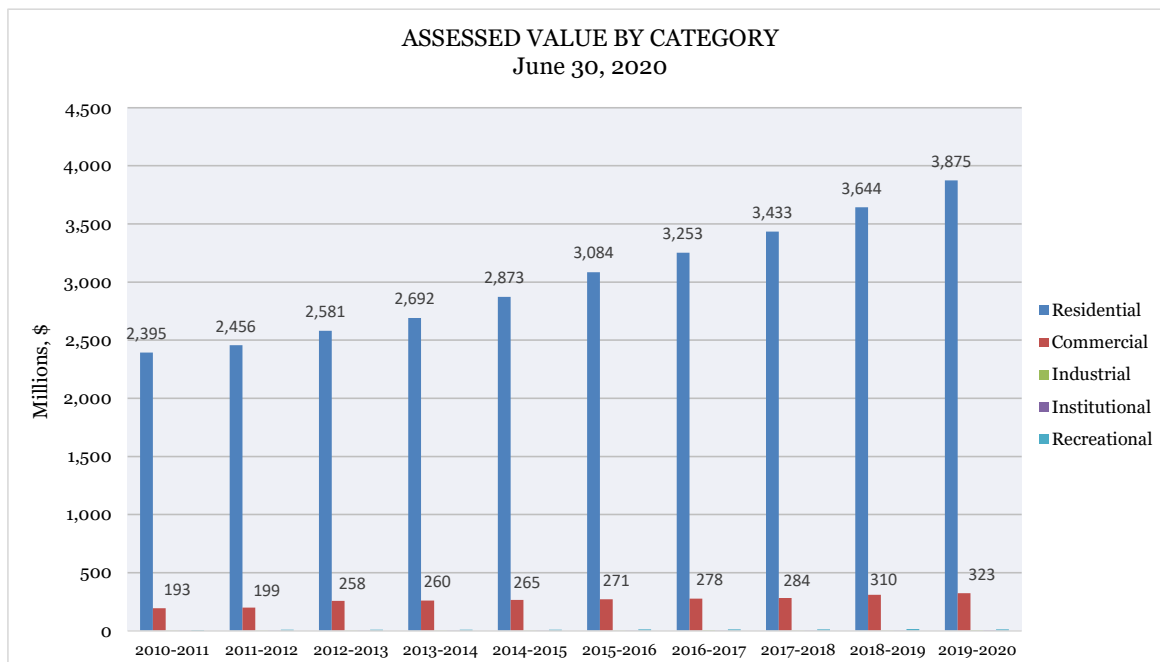
- (1) Report formatting changes have been made to comply with the GASB Number 44 standard reporting requirements. Public utility values are not included in this report.
- (2) The total direct tax rate is the weighted average of all individual direct rates applied by the government providing the statistical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

Source:

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

(Concluded)

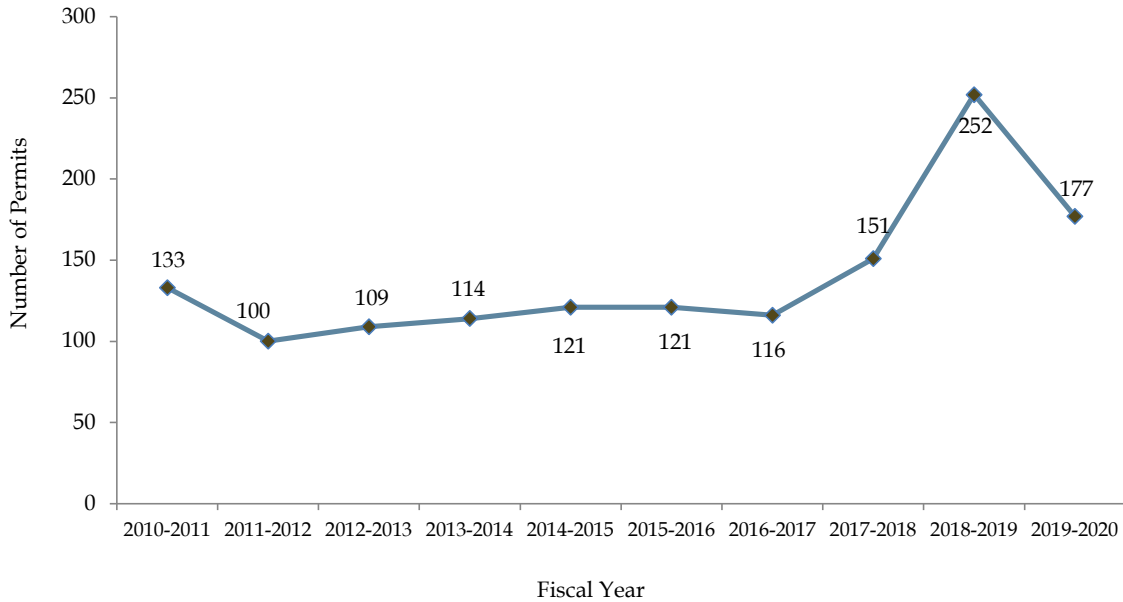
Institutional		Recreational		Total		Total Direct
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Tax Rate (%) (2)
3,178,876	1	12,487,932	340	4,216,737,600	4,651	0.14775
3,116,546	1	15,850,559	342	3,975,119,559	4,654	0.14775
3,055,438	1	13,817,906	342	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



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

Fiscal Year	Construction ⁽¹⁾			
	Residential		Commercial	
	Number of Permits	Valuation	Number of Permits	Valuation
2019-2020	129	\$ 16,153,000	17	\$ 1,931,000
2018-2019	181	10,456,000	9	300,000
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

NUMBER OF PERMITS
Last Ten Fiscal Years



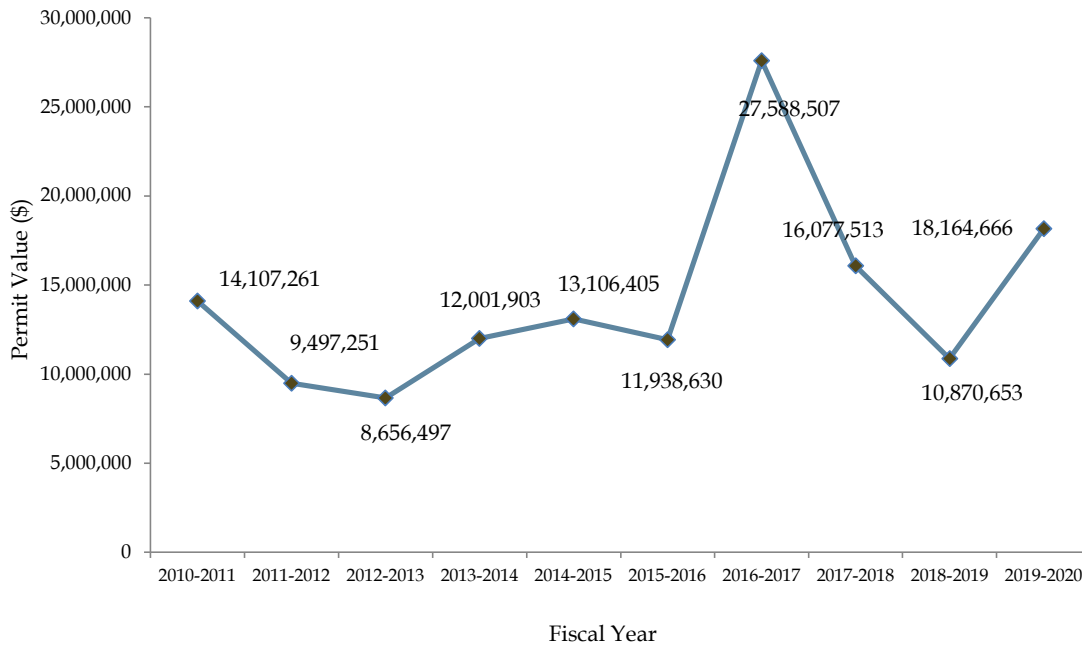
Source:

(1) City of Del Mar, Planning and Community Development Department

(Concluded)

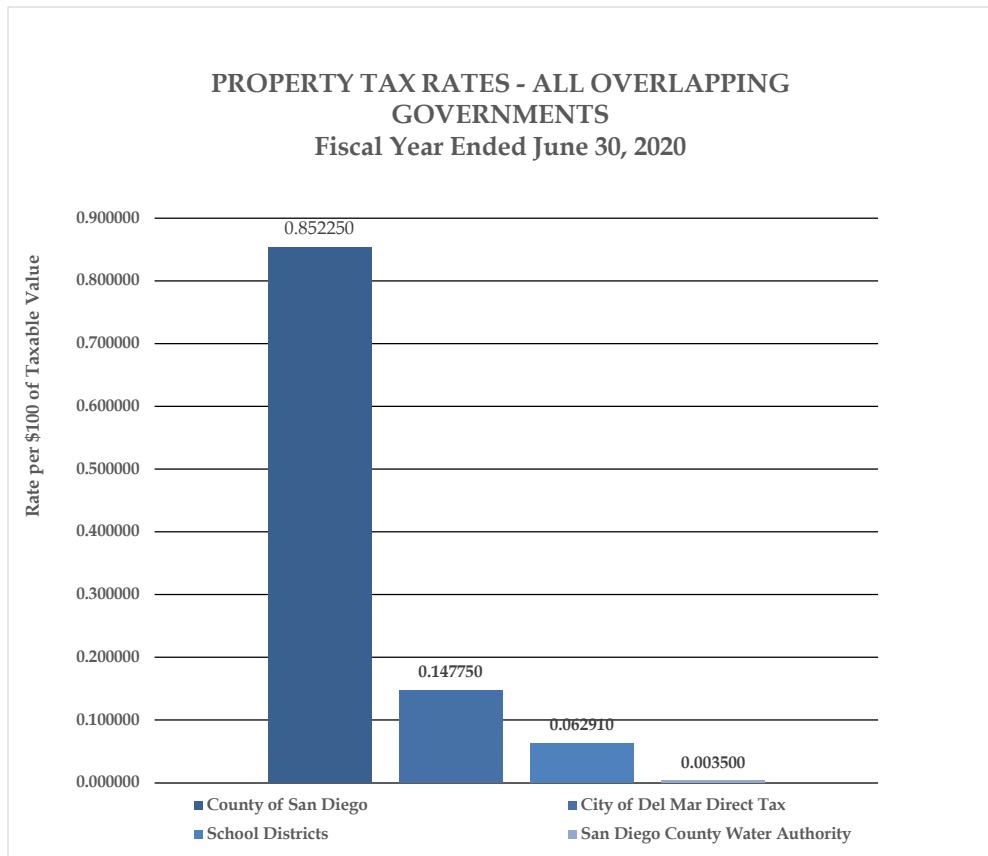
Construction ⁽¹⁾		Total	
Number of Permits	Valuation	Number of Permits	Valuation
31	\$ 80,666	177	\$ 18,164,666
62	114,653	252	10,870,653
41	124,514	151	16,077,513
2	2,175	116	27,588,507
29	568,000	121	11,938,630
17	692,481	121	13,106,405
29	128,831	114	12,001,903
34	771,850	109	8,656,497
28	419,202	100	9,497,251
55	916,420	133	14,107,261

PERMIT VALUATION
Last Ten Fiscal Years



City of Del Mar
Property Tax Rates ⁽¹⁾ - 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 Districts (2)	San Diego County Water Authority (SDCWA)	Total Special Districts	
2019-2020	-	0.85225	0.14775	1.00000	0.06291	0.00350	0.06641	1.06641
2018-2019	-	0.85225	0.14775	1.00000	0.03592	0.00350	0.03942	1.03942
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	0.03781	0.00350	0.04131	1.04766
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



Note:

(1) Tax Rate Area: TRA 11-001

(2) FY 2019-2020 is the first year of collection for Del Mar Union School District Measure MM.

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 2019-2020		Fiscal Year 2010-2011	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
Lhoberge LP	Property management	\$ 78,626,331	1.97 %	-	- %
Brixton Del Mar Plaza T IC LLC	Property management	47,338,200	1.18	-	-
Jacobs Family Trust	Trust	39,109,034	0.98	30,503,939	1.19
Allred Family Living Survivors Trust	Trust	32,969,950	0.83	45,974,252	1.80
KS Mattson Partners LP	Trust	31,110,130	0.78	-	-
Jennifer A Moores	Trust	29,329,125	0.73	-	-
Del Mar Thoroughbred Club	Horse racing club	28,036,341	0.70	25,425,213	1.00
Henrick Jorst 1997 Family Trust	Trust	25,714,461	0.64	-	-
McCarthy Revocable Survivors Trust	Trust	24,001,628	0.60	20,741,995	0.81
Del Mar LLC	Property management	23,460,000	0.59	-	-
Madeleine A Pickens Trust	Trust	-	-	36,327,698	1.42
GLL BVK Properties 2007 LP	Property management	-	-	30,264,065	1.19
Stensrud Family Trust	Trust	-	-	28,301,560	1.11
L-O Delmar Holding Inc.	Property management	-	-	23,099,678	0.90
Marsha J Naify Living Trust	Trust	-	-	21,495,615	0.84
La Atalaya LLC	Property management	-	-	19,243,943	0.75
Top Ten Totals (secured and unsecured)		359,695,200	9.00 %	281,377,958	11.02 %
All Others (secured)		3,635,998,308	91.00 %	2,272,114,704	88.98 %
Total Assessed Valuation		\$ 3,995,693,508	100.00 %	\$ 2,553,492,662	100.00 %

Source: Office of the Auditor & Controller, County of San Diego, Property Tax Services Division (via HDL, Coren & Cone)

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

Fiscal Year 2019-2020		Fiscal Year 2010-2011	
Taxpayers	Business Type	Taxpayers	Business Type
1 Banana Republic	Apparel Stores	Americana Restaurant	Restaurants
2 Beeside Balcony	Restaurants	Banana Republic	Apparel Stores
3 Brigantine Restaurant	Restaurants	Brigantine Restaurant	Restaurants
4 Carddine Spas *	Miscellaneous Retail	Bully's	Restaurants
5 Del Mar Blue Print	Light Industry	Chicken Charlie's Enterprises	Miscellaneous Other
6 Il Fornaio (Del Mar Cucina Italiana)	Restaurants	Del Mar Blue Print	Light Industry
7 Del Mar Pizza & Pasta	Restaurants	Del Mar Thoroughbred Club	Restaurants
8 Del Mar Thoroughbred Club	Restaurants	Dexter's Deli	Food Markets
9 Design Line Interiors	Miscellaneous Retail	En Fuego Cantina & Grill	Restaurants
10 Dexter's Deli	Miscellaneous Retail	Flavor Del Mar	Restaurants
11 En Fuego Cantina & Grill	Restaurants	Il Fornaio	Restaurants
12 Jake's Del Mar	Restaurants	Jake's Del Mar	Restaurants
13 Jimmy O's	Restaurants	Jimmy O's	Restaurants
14 Kearney Mesa Acura *	Auto Sales -New	JR. Resources	Business Services
15 La Mesa R.V. Center *	Misc. Vehicle Sales	L'Auberge Hotel	Restaurants
16 L'Auberge Hotel	Restaurants	Miwall Wholesale Ammo	Recreation Products
17 Mattress Firm *	Furniture/ Appliance	Pacifica	Restaurants
18 Pacifica Del Mar Restaurant	Restaurants	Poseidon Restaurant	Restaurants
19 Poseidon Restaurant	Restaurants	Premier Food Services	Restaurants
20 Premier Food Services	Restaurants	Prep Kitchen Del Mar	Restaurants
21 Rusty Surfboards	Recreation Products	SBICCA an American Bistro	Restaurants
22 SBICCA an American Bistro	Restaurants	Smashburger	Restaurants
23 Shinbashi Restaurant Group	Restaurants	State of California	Health & Government
24 Spectrum at Kaaboo *	Restaurants	The Board & Brew	Restaurants
25 Viewpoint Brewing Co.	Restaurants	Verizon Wireless	Miscellaneous Retail
Percentage of total sales tax collected	75.0%		65.5%

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

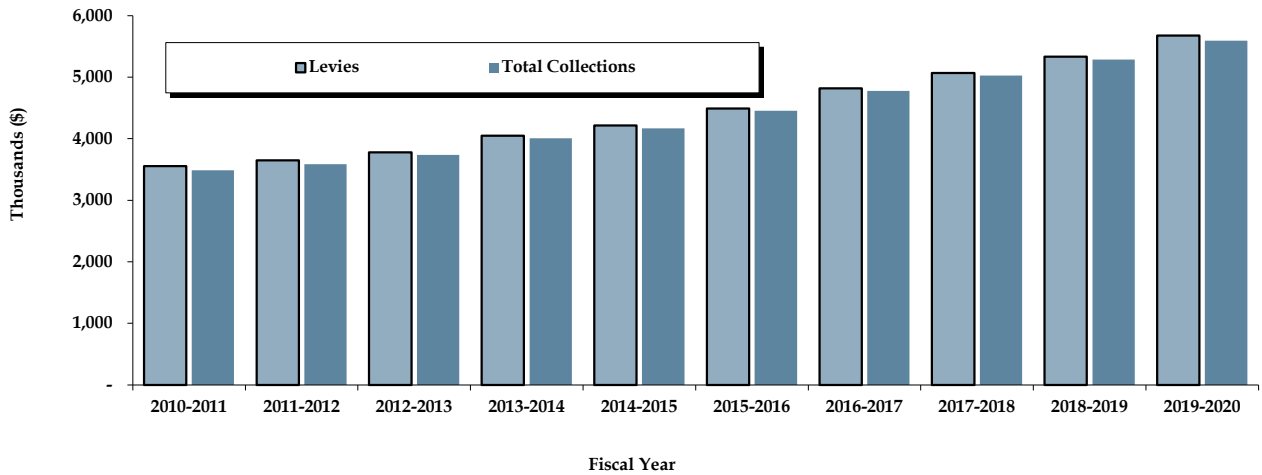
Source: Muniservices, LLC

* These sales tax producers are intermittently conducting business in the Del Mar Fairgrounds.

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
2019-2020	\$ 5,672,610	\$ 5,588,352	98.51%	\$ 5,345	\$ 5,593,697	98.61%
2018-2019	5,331,918	5,283,191	99.09%	3,785	5,286,976	99.16%
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%

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
2019-2020	\$ -	-	18,084,967	-	18,084,967	\$ -	\$ -	\$ -	\$ 6,626,345	\$ 6,626,345
2018-2019	-	28,734	18,556,021	-	18,584,755	-	-	-	7,009,468	7,009,468
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

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income	Percent of Personal Income
2019-2020	4,268	\$ 24,711,312	3,995,693,508	0.62%	\$ 5,790	\$ 429,278	1.74%
2018-2019	4,451	25,594,223	3,572,859,349	0.72%	5,750	491,975	1.92%
2017-2018	4,322	23,514,063	3,395,888,687	0.69%	5,441	440,691	1.87%
2016-2017	4,297	11,212,124	3,176,435,084	0.35%	2,609	397,110	3.54%
2015-2016	4,274	7,411,311	2,986,826,078	0.25%	1,734	372,669	5.03%
2014-2015	4,221	7,484,800	2,873,455,956	0.26%	1,773	423,864	5.66%
2013-2014	4,234	6,700,536	2,689,757,322	0.25%	1,583	353,818	5.28%
2012-2013	4,199	6,753,672	2,621,983,721	0.26%	1,608	344,910	5.11%
2011-2012	4,194	6,692,583	2,553,693,794	0.26%	1,596	338,707	5.06%
2010-2011	4,660	5,311,115	2,474,858,897	0.21%	1,140	387,535	7.30%

Notes:

(1) The Fiscal Year 2010-2011 amount was adjusted to the 2010 Census results.

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
HDL, Coren & Cone Demographics and Economic Statistics

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		
2019-2020	\$ 7,600,466	\$ 8,161,847	\$ (561,381)	\$ 230,550	\$ 113,467	\$ -	\$ -	\$ 344,017	-163.18%
2018-2019	7,158,048	7,113,464	44,584	224,052	119,965	-	-	344,017	12.96%
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%

Notes:

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

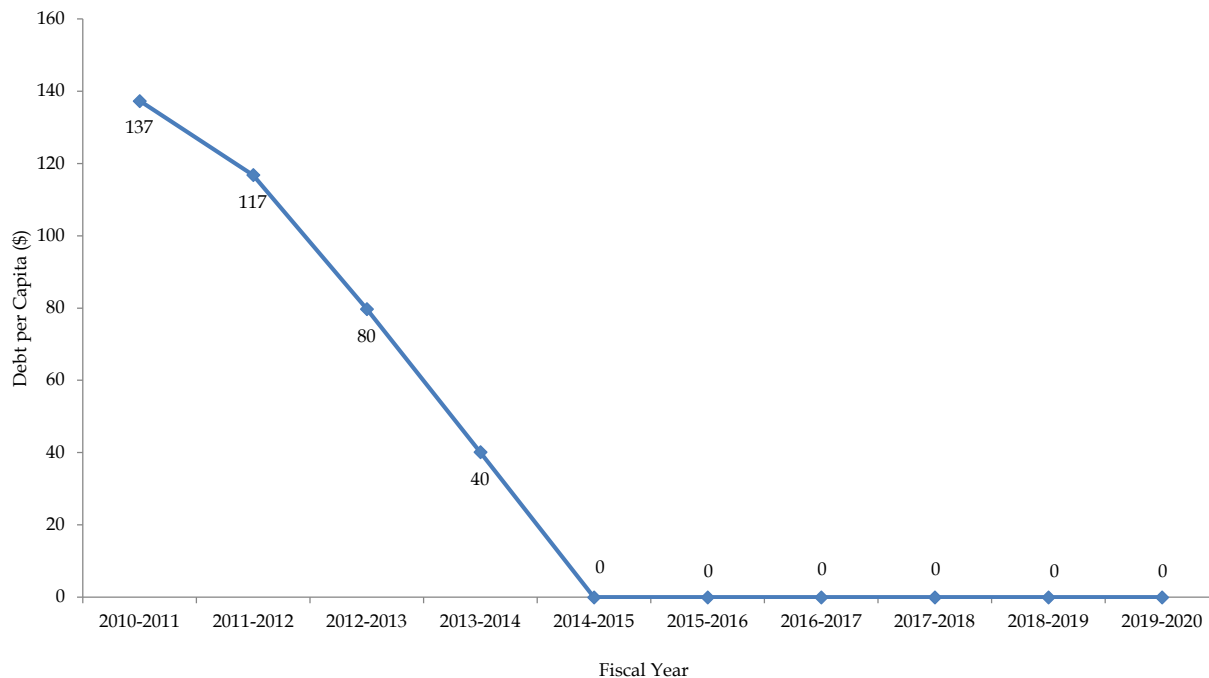
(2) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

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 ⁽¹⁾	Certificates of Participation	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income ⁽²⁾ (in Thousands)	Percent of Personal Income
2019-2020	4,268	\$ -	\$ 3,995,693,508	0.00%	\$ -	429,278	0.00%
2018-2019	4,451	-	3,759,707,107	0.00%	-	491,975	0.00%
2017-2018	4,322	-	3,572,859,349	0.00%	-	440,691	0.00%
2016-2017	4,297	-	3,395,888,687	0.00%	-	397,110	0.00%
2015-2016	4,274	-	3,176,435,084	0.00%	-	372,669	0.00%
2014-2015	4,221	-	2,986,826,078	0.00%	-	423,864	0.00%
2013-2014	4,234	170,000	2,873,455,956	0.01%	40	353,818	208.13%
2012-2013	4,199	335,000	2,689,757,322	0.01%	80	344,910	102.96%
2011-2012	4,194	490,000	2,621,983,721	0.02%	117	338,707	69.12%
2010-2011	4,660	640,000	2,553,693,794	0.03%	137	387,535	60.55%

GENERAL BONDED DEBT OUTSTANDING PER CAPITA
Last Ten Fiscal Years



City of Del Mar
Direct and Overlapping Bonded Debt
June 30, 2020

Fiscal Year 2019-2020 Assessed Valuation	\$3,995,693,508		
Fiscal Year 2019-2020 Population	4,268		
	Total Debt	Percent	City's Share
	June 30, 2020	Applicable	of Debt
		to City	June 30, 2020
		(1)	
Overlapping Tax and Assessment Debt:			
San Diego County General Obligations	\$ 231,350,000	0.718 %	\$ 1,661,093
San Diego County Pension Obligations	456,040,000	0.718 %	3,274,367
San Diego County Superintendent of Schools			
- General Fund Obligations	9,350,000	0.718 %	67,133
San Dieguito Union High School District			
- General Fund Obligations	12,730,000	5.769 %	734,394
Total Overlapping General Fund Debt	709,470,000		5,736,987
Direct Debt and Overlapping Tax and Assessment Debt:			
Direct Debt:			
City of Del Mar	18,084,967	100.000 %	18,084,967
Subtotal Direct Debt	18,084,967		18,084,967
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	37,300,000	0.129 %	48,117
Mira Costa Community College District	71,270,000	3.503 %	2,496,588
San Dieguito Union High School District	347,365,000	5.769 %	20,039,487
Del Mar Union School District	55,285,000	19.637 %	10,856,315
Solana Beach School District School Facilities Improvements District	96,215,000	0.489 %	470,491
City of Del Mar 1915 Act Bonds	280,000	100.000 %	280,000
Subtotal Overlapping Tax and Assessment Debt	607,715,000		34,190,998
Total Direct and Overlapping Tax and Assessment Debt	625,799,967		52,275,965
Subtotal Overlapping Tax	1,317,185,000		39,927,985
Combined Total Debt	\$ 1,335,269,967		\$ 58,012,952

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

<u>Ratios to Fiscal Year 2019-2020 Assessed Valuation</u>		<u>Per Capita</u>
City Direct Debt	0.45%	\$4,237
Total Overlapping Tax and Assessment Debt.....	0.61%	\$12,248
Combined Total Debt.....	0.78%	\$13,593
State School Building Aid Repayable as of June 30, 2020		\$ -

Source: California Municipal Statistics, Inc.

City of Del Mar

Schedule of Legal Debt Margin⁽¹⁾

Last Ten Fiscal Years

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Assessed valuation	\$ 2,553,693,794	\$ 2,621,983,721	\$ 2,689,757,322	\$ 2,873,455,956	\$ 2,986,826,078
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 638,423,449	\$ 655,495,930	\$ 672,439,331	\$ 718,363,989	\$ 746,706,520
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 95,763,517	\$ 98,324,390	\$ 100,865,900	\$ 107,754,598	\$ 112,005,978
Total net debt applicable to limit: General obligation bonds	640,000	490,000	335,000	170,000	-
Legal debt margin	\$ 95,123,517	\$ 97,834,390	\$ 100,530,900	\$ 107,584,598	\$ 112,005,978
Total debt applicable to the limit as a percentage of debt limit	0.67%	0.50%	0.33%	0.16%	0.00%

Note:

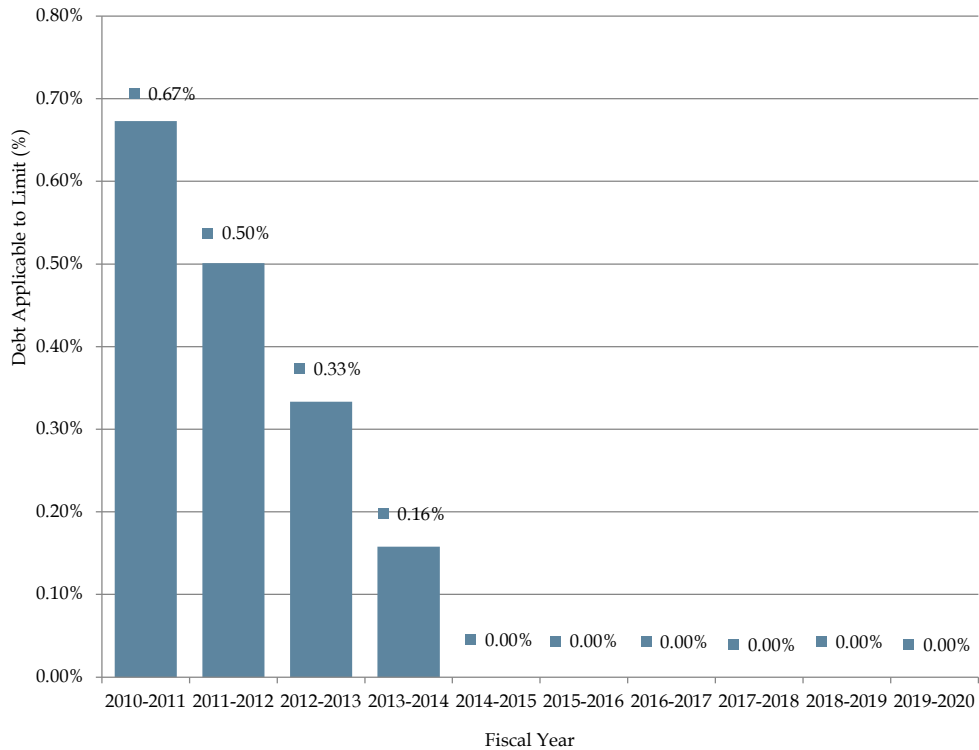
(1) Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25 percent of market value. Effective with Fiscal Year 1981-1982, each parcel is now 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				
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
\$ 3,176,435,084	\$ 3,395,888,687	\$ 3,572,849,349	\$ 3,759,707,107	\$ 3,759,707,107
25%	25%	25%	25%	25%
\$ 794,108,771	\$ 848,972,172	\$ 893,212,337	\$ 939,926,777	\$ 939,926,777
15%	15%	15%	15%	15%
\$ 119,116,316	\$ 127,345,826	\$ 133,981,851	\$ 140,989,017	\$ 140,989,017
-	-	-	-	-
\$ 119,116,316	\$ 127,345,826	\$ 133,981,851	\$ 140,989,017	\$ 140,989,017
0.00%	0.00%	0.00%	0.00%	0.00%

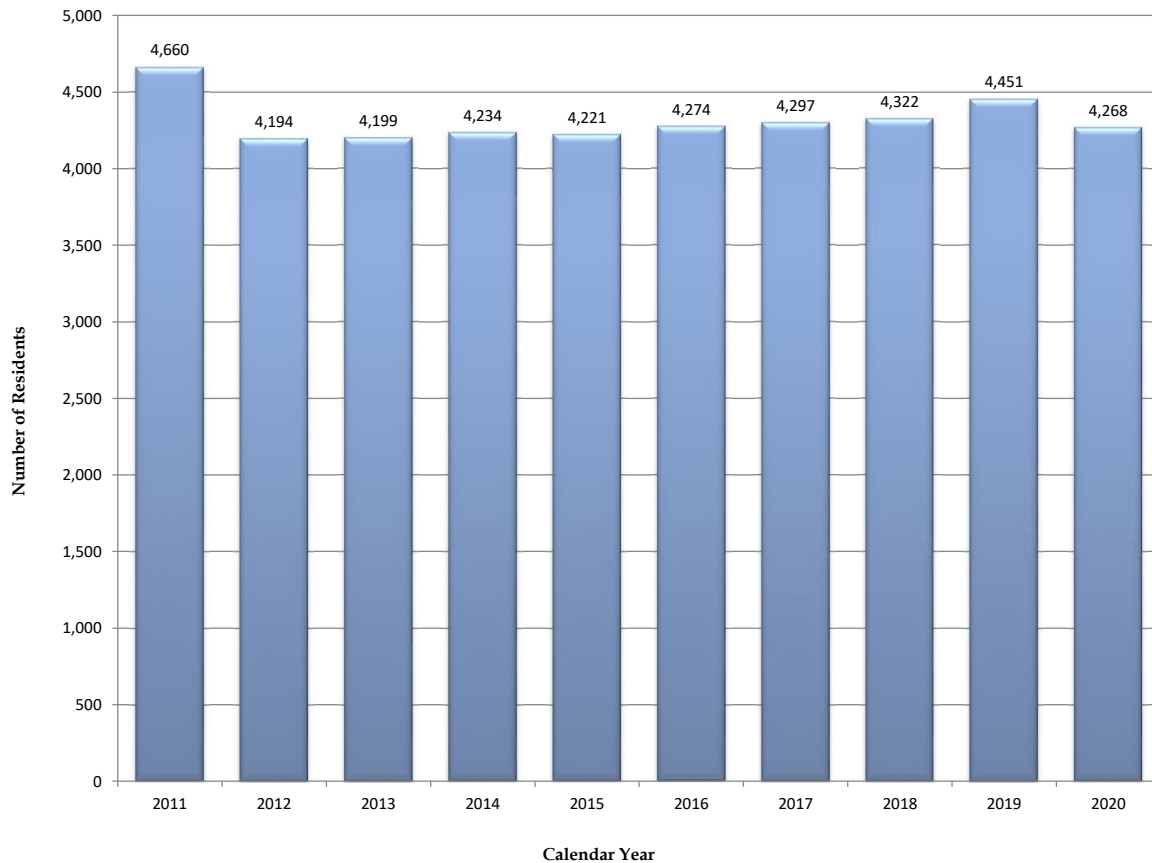
**DEBT APPLICABLE TO LIMIT
Last Ten Fiscal Years**



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	Per Capita	Personal Income	Per Capita
						(in Thousands)		(in Thousands)	
2020	2,613	4,268	-4.11%	3,343,355	-0.25%	429,278	100,580	- *	- *
2019	2,615	4,451	2.98%	3,351,786	0.42%	491,975	110,531	212,748,650	63,729
2018	2,612	4,322	0.58%	3,337,685	0.65%	440,691	101,964	205,236,393	61,491
2017	2,611	4,297	0.54%	3,316,192	0.84%	397,110	92,415	193,296,405	58,289
2016	2,542	4,274	1.26%	3,288,612	1.89%	372,669	87,194	183,032,418	55,656
2015	2,605	4,221	-0.31%	3,227,496	1.04%	423,864	100,418	170,114,527	52,708
2014	2,605	4,234	0.83%	3,194,362	1.40%	553,818	83,566	167,931,419	52,571
2013	2,637	4,199	0.12%	3,150,178	0.21%	344,910	82,141	165,008,428	52,381
2012	2,637	4,194	-10.00%	3,143,429	0.79%	338,707	80,760	160,914,306	51,191
2011	2,542	4,660	1.50%	3,118,876	-1.72%	387,535	83,162	151,466,837	48,565

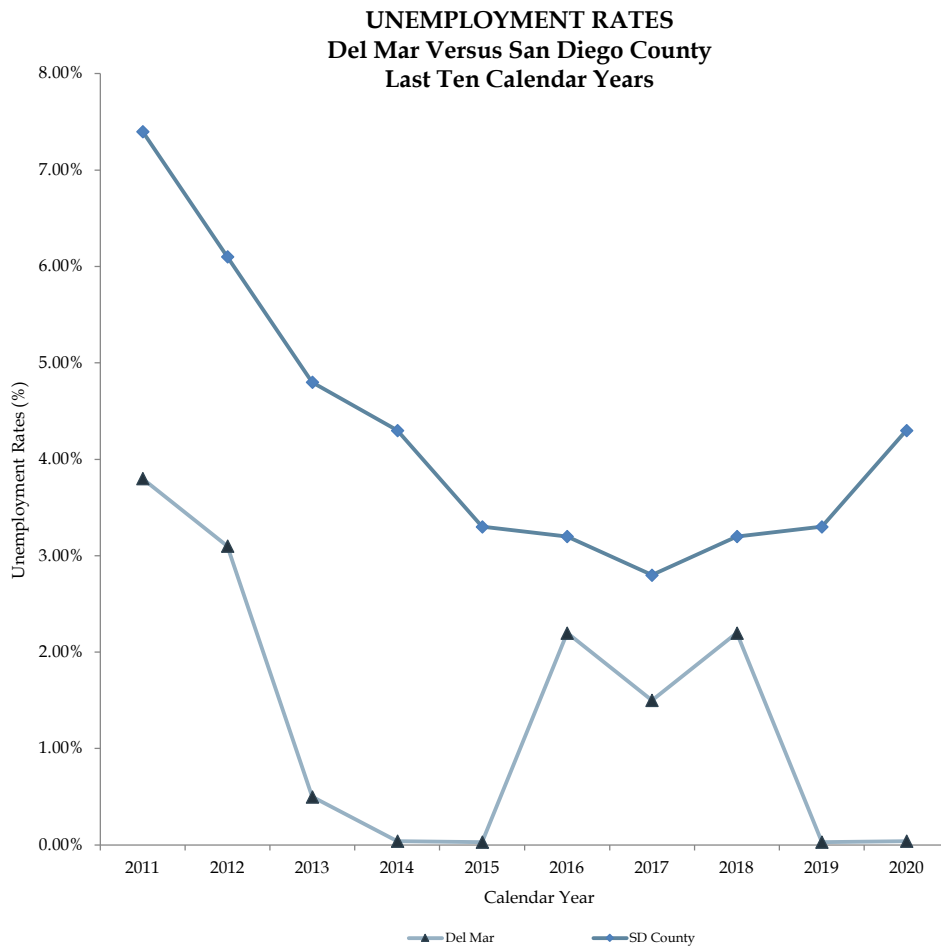
**DEL MAR
POPULATION
Last Ten Calendar Years**



This information is not available.

SANDAG
State of California, Finance Department
United States Bureau of Economic Analysis; HDL, Coren & Cone Demographic and Economic Statistics

Employment ⁽⁴⁾						Enrollment Del Mar Union Elementary ⁽⁵⁾
City of Del Mar			County of San Diego			
Labor Force	Employed	Unemployment Rate	Labor Force	Employed	Unemployment Rate	
2,300	2,200	5.60%	1,610,900	1,486,400	7.70%	4,132
2,500	2,500	1.50%	1,609,400	1,563,600	2.80%	4,263
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



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 ⁽¹⁾	Business Type	2020		2019	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Del Mar Thoroughbred Club ⁽³⁾	Horse racing club	45 - 372 ⁽³⁾	16.17% ⁽³⁾	45 - 903 ⁽³⁾	36.12%
L'Auberge Del Mar Resort Spa	Resorts	105	4.57%	172	6.88%
Brigantine Seafood Restaurant	Restaurant	89 - 93 ⁽³⁾	4.04%	119	4.76%
Poseidon Restaurant	Restaurant	63	2.74%	100	4.00%
Il Fornaio	Restaurant	55	2.39%	98	3.92%
Pacifica Del Mar	Restaurant	50	2.17%	72	2.88%
Jake's Del Mar	Restaurant	40	1.74%	65	2.60%
Winston School of San Diego	Private School	32	1.39%	47	1.88%
En Fuego Cantina & Grill	Restaurant	30	1.30%	37	1.48%
Sbicca An American Bistro	Restaurant	30	1.30%	36	1.44%
Total Top Ten Employers		870 ⁽³⁾		1,649	
Total City Employment ⁽²⁾		2,300		2,500	

Notes:

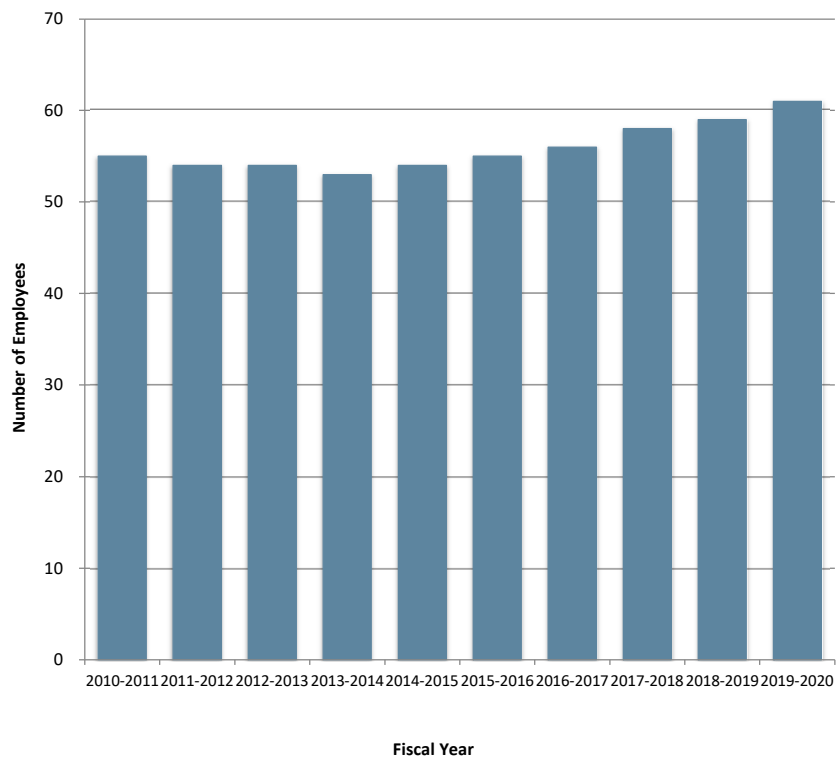
- (1) Represents non-governmental employers.
- (2) Total City employment provided by the State Employment Development Department (EDD) - Labor Market Information Division.
- (3) Total number of employees fluctuates due to seasonal employees hired during the Horse Racing season. Calculation was based on the highest number from the range.

Sources: infoUSA; City of Del Mar

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

Function	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
General government	20	19	19	19	20	21	22	24	25	26
Public safety ⁽¹⁾	17	17	17	16	16	16	16	15	15	15
Public works	13	13	13	13	13	13	13	14	14	15
Parks and recreation	5	5	5	5	5	5	5	5	5	5
Total	55	54	54	53	54	55	56	58	59	61

**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									
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Police:										
Arrests ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking citations issued	27,068	21,547	19,060	18,000	15,694	11,818	13,074	19,672	18,777	18,097
Fire:										
Emergency calls	1,153	1,001	1,112	1,130	1,468	1,309	806	881	849	1,033
Inspections	240	425	473	598	459	394	93	62	285	394
Public works:										
Street resurfacing (miles)	-	0.50	0.50		1.00	1.00	1.00	1.50	2.00	2.00
Street slurry (miles)	-	0.50	0.50	-	-	-	-	-	-	-
Parks and recreation:										
Number of recreational classes	436	424	500	468	347	485	222	287	281	192
Number of facility rentals	93	85	115	185	175	143	93	186	216	139
Water:										
New construction	-	-	-	-	-	-	-	-	-	-
Average daily consumption (in thousands of gallons)	972	967	1,024	969	858	803	838	962	859	852
Sewer:										
New construction	-	-	-	-	-	-	-	-	-	-
Average daily sewage treatment (in thousands of gallons)	550	567	540	520	534	499	523	448	421	444

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									
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-18	2018-2019	2019-2020
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	74	74	74	74	74	74	81	81	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) ⁽¹⁾	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.87
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) ⁽¹⁾	24.98	24.98	24.98	24.98	24.98	24.98	24.98	24.98	24.98	24.98
Storm drainage (miles)	13.59	13.59	13.59	13.59	13.70	13.70	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

Note:

(1) The unit of measure has been updated using the GIS system which provides a more accurate calculation.

Source: City of Del Mar

City of Del Mar
Miscellaneous Statistics
June 30, 2020

Date of incorporation.....	July 15, 1959
Form of government.....	Council/Manager
Area.....	2 square miles
Climate:	
Average annual high temperature.....	72.9° F
Average annual low temperature.....	52.0° F
Annual precipitation.....	11.97 inches
Fire protection:	
Station.....	1
Firefighters and officers.....	9
Fire incident responses.....	106
Emergency medical incident responses.....	570
Public service calls.....	357
Fire inspections.....	285
Culture and leisure:	
Parks.....	5
Park areas.....	9.69 acres
Passive/ Active recreation areas.....	300.38 acres
including Fairground/Racetrack.....	200 acres
Miles of beaches.....	2.2 miles
Number of beach attendances.....	2,637,441
Baseball field.....	1
Tennis courts.....	2
Library.....	1
Library inventory.....	20,721
Hotels:	
Major hotel rooms.....	355
Average percent occupancy.....	54%
Average room rate.....	\$278
Average group size per stay.....	2.5 persons*
Average length of stay.....	3.5 days*
(*information from San Diego County profile)	
Education:	
Private school.....	1
School district.....	1
Street miles.....	22.5 miles
Street lights.....	81
Water system:	
Service connection.....	1,865 meters
Fire hydrants.....	350
Sanitary sewer lines.....	24.98 miles

Source: City of Del Mar