

City of Del Mar



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013

City of Del Mar, California



Investing in our resources, delivering service

CITY OF DEL MAR, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2013



Prepared by the Finance Department

Teresa S. McBroome
Director of Finance/Treasurer

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June 30, 2013

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January 30, 2014

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

LETTER OF TRANSMITTAL
FISCAL YEAR 2012-2013 COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is a pleasure to present the Fiscal Year 2012-2013 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 presentations 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 cost of internal controls should not exceed their benefits, the City's internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by Mayer Hoffman McCann, P.C., certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2013.

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. It borders the City of San Diego on the south and the City of Solana Beach on the north. The City is governed by a five-member City Council under the Council/Manager form of government. The City Council is elected at large with staggered four-year terms and the position of Mayor is rotated amongst Council members annually.

Del Mar is a small city of 4,199 residents and is primarily a residential community with substantial tourist appeal covering approximately two square miles and noted for its beautiful, well-guarded beaches. The City is predominantly built out; however, redevelopment

opportunities exist in both commercial revitalization areas and other neighborhoods. The 22nd District Agricultural Association, commonly referred to as the Fairgrounds, is a significant presence in the City encompassing approximately one-fifth of the City's area. The 22nd District Agricultural Association is owned by the State of California and managed by a board of directors appointed by the Governor.

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

Budgetary Process

This CAFR corresponds to the second year of the City's two-year Operating and Capital budget for Fiscal Years 2011-2012 and 2012-2013. The budget process began with the City Council developing "Must-Do" Priorities, Strategic and Operational Initiatives, Council-Led Initiatives, and Citizen-Community Led Projects, reflecting Council's priorities and providing the framework around which staff resourced and proposed a budget for Council consideration. The proposed budget was presented to the Council and discussed at public workshops. The final budget was adopted by the City Council during a meeting in June 2011 and was updated for the second year in June 2012. The budget is monitored monthly by the Finance Department and Department Directors using financial reports which compare actual revenues and expenditures to date with budgeted amounts. Semi-annual financial reports are presented and reviewed by the Finance Committee before being presented to the Council at regularly scheduled meetings.

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

Factors Affecting the City's Financial Condition

Del Mar is a small fully built-out coastal city, which relies heavily on the local real estate market, specifically property tax revenues, and tourism, as major revenue sources. For the last five fiscal years, Del Mar has led the County in increased assessed valuations. Del Mar was one of the few cities in the region with increased valuations compared to the majority of the cities in San Diego County which saw no growth or had reduced valuations. Property taxes increased 5.9 percent in Fiscal Year 2012-2013 compared to the previous year. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value, increases in value due to new construction, and the two percent annual increases permitted under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains fairly 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 has become a popular destination for both local visitors and vacationing travelers. As with other cities throughout the County and State, tourism has suffered in recent years; however, through a number of City Council actions, focused on economic revitalization of the downtown area, Del Mar has emerged positively from this difficult period. In November 2008, the voters of Del Mar approved increasing the Transient Occupancy Tax (TOT) rate from 10.5 percent to 13 percent. The City Council elected to implement 1 percent of the possible 2.5 percent increase resulting in an 11.5 percent TOT effective with the beginning of Fiscal Year 2009-2010. TOT collections increased 7.4 percent during Fiscal Year 2012-2013 compared to the previous fiscal year, due to the increases in the average occupancy rate. Due to the improving economy, sales tax increased approximately 2.8 percent compared to the prior fiscal year.

Although Del Mar has weathered the economic downturn well, the State of California's (State) budget is always a concern. The State's recent release of its budget reflects the state's financial turnaround after years of budget deficits; however, the City actively monitors the State's budget process for any actions that may affect local government.

Del Mar has positioned itself to successfully overcome these challenges imposed by the larger economy. 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 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 below not only help us better serve our residents and businesses, but assist in building a solid foundation towards keeping the City fiscally sound and well positioned to sustain its financial health.

Accomplishments

Del Mar is proud of the leadership in the community and the accomplishments that have been achieved. Based on direction by the City Council, highlighted below are the City's accomplishments this fiscal year.

Assessment of Pension Costs and Payoff of Side Fund Liability

The City of Del Mar is a leader in pension reform. The City works closely with its resident-based Finance Committee to implement efforts to manage pension costs. The City has already proactively implemented second tiers for its California Public Employees Retirement System (CalPERS) pensions in its miscellaneous and Fire employee groups. Most City employees have been paying the full employee share since 2006, and all City employees will be paying their full share by January 2014. A PERS reserve which was established during Fiscal Year 2011-2012 was increased from \$200,000 to \$250,000 and used to pay off the Side Fund liability. The City Council also approved the establishment of a new policy to transfer amounts to a new pension reserve in order to fund the City's unfunded pension liability.

In 2003, CalPERS required the City to move into a risk pool with other smaller agencies. At that time, a liability or credit was established for each agency to reflect the degree of funding of the city's plan with respect to the funded status of the pool. The difference, which was either a credit or debit, was set aside in an account that each organization would either pay into to pay

down the debt or use as a credit towards other pension costs, called a Side Fund. The City had a Side Fund liability of approximately \$3 million, which CalPERS was charging the City at a rate of 7.5 percent in annual interest until the side fund was fully paid. During Fiscal Year 2012-2013, the City paid off its CalPERS side fund liability, thereby saving the City \$1.1 million in interest costs.

Housing Element

The City adopted an update to its required Housing Element during the year and subsequently, the State of California certified the Element. Since its certification, the City has continued with its implementation through the adoption of ordinances to support the Housing goals.

North Torrey Pines Bridge

In Fiscal Year 1996-1997, after several studies, the California Department of Transportation (Caltrans) determined that the North Torrey Pines Bridge (Bridge) was structurally deteriorated and did not meet current seismic standards. During Fiscal Year 1999-2000, it was also determined that a seismic retrofit project was a viable alternative to completely rebuilding the Bridge and it would be eligible to be 100 percent reimbursable under the Highway Bridge Replacement and Retrofit Program (HBRR). The City of San Diego transferred ownership of the Bridge to the City during Fiscal Year 2000-2001.

Environmental documents were completed for this project during Fiscal Year 2008-2009 and final project plans and specifications were completed and released for bidding in Fiscal Year 2010-2011. Construction is underway and is scheduled to continue through February 2014. The construction phase is 100 percent funded by the Federal Highway Administration (FHWA) and the State, with the total project cost estimated to be \$27.7 million, of which the City contributed \$974,060 towards the design costs. As of June 30, 2013, the Bridge was about 88 percent complete, with 85 percent of the project schedule elapsed.

Vector Grant Project

During Fiscal Year 2010-2011, the City was successful in obtaining a competitive grant from the County of San Diego Department of Environmental Health for the purpose of reducing habitat for mosquitoes. The San Dieguito Drive Drainage Improvement project was designed to remove standing water along the south side of the roadway approximately 300 feet east of Jimmy Durante Boulevard. In Fiscal Year 2012-2013, the project, which included installation of a drainage structure to capture runoff and connecting piping to existing storm drain facilities, was successfully completed.

Annual Street and Drainage Project

The 2012-2013 Street and Drainage Capital Project included construction of eight pedestrian ramps, traffic signal upgrades, drainage improvements, crosswalks, and new asphalt resurfacing and striping at the intersection of Via de la Valle and Camino del Mar. Additional improvements include new curb, gutter, and sidewalk extending from Via de la Valle to the entrance of North Beach along the west side of Camino del Mar.

Equipment Acquisitions

The City completed its purchase of a brand-new fire engine to replace the City's 1987 reserve truck. The new engine is the Pierce Ultimate Configuration and is innovative in that it minimizes vehicular space used for fire suppression and maximizes the space for tools and equipment. It offers a completely enclosed cab for fire crew safety, has 500-gallons of water capacity and is state-of-the art both in fire-fighting technology and in vehicular emission controls.

A sewer vacor truck was also purchased to replace two separate pieces of aged equipment – a vacuum liquidator and a jet cleaner. The new truck provides significantly greater capacity and is much easier to operate in Del Mar's narrow, winding streets.

Looking Forward

Citywide Planning Efforts

Comprehensive Parking Management Plan

Providing adequate parking for businesses, employees and visitors is considered essential for the continued success of Del Mar businesses and the preservation of the peaceful nature of Del Mar residential areas. Although this is a Citywide need, the City began with the implementation of downtown measures to improve parking. The In-Lieu Parking Fee was adopted to aid properties currently at capacity. An assessment and analysis was undertaken in the downtown, clearly identifying the need to improve turnover within the commercial district. As a result of the recommendations, signage to public parking has been installed, an employee parking program is being initiated and metered parking in high impact areas is being discussed to increase availability.

City Facilities Needs Assessment

The City has performed a Needs Assessment of all City Facilities, including those at City Hall, the Public Works Yard, Fire Station and the Beach Safety Center. Each Facility was assessed in terms of the necessary square footage for staff, meeting space, public service spaces such as Planning and Finance counters, community functions and meeting rooms, restrooms, operations areas, facility yards and support facilities. As part of this process, City Council prioritized the replacement of the City Administration offices, commonly known as City Hall.

City Hall Project

The current City Hall is located on 1.6 acres of prime downtown property. The City Hall administration building is in need of replacement, which raises the question of where it should be located and what should be in the project. The City conducted a workshop with the community to determine the range of possibilities. The City will now research potential alternatives for the siting and what should be in the project which may include a parking structure, a Town Hall, or other uses.

Ten-Year Capital Improvement and Financial Forecast

The City Council and staff completed development of a Ten-Year Capital Improvement Program (CIP) in 2013. The 10-Year CIP is a planning document that puts forth the City's work plan for capital projects, major maintenance and refurbishment projects, and significant equipment purchases related to facilities. Additionally, a 30-year financial forecast was prepared, which projects future revenue and expenditures to ensure that all financial policies will be met in the future.

Fairgrounds Governance

The City is working with the Fairgrounds and the City of Solana Beach and other stakeholders to explore governance models of the Fairgrounds which would be more responsive to local community needs, while allowing the Fairgrounds to operate without the typical burdens of a state organization.

Fairgrounds Cost of Service/Benefit Studies

The City provides many services to the Fairgrounds, such as fire protection, law enforcement, and road and infrastructure maintenance. In turn, it receives a certain amount of revenues in terms of sales tax and a small percentage of the horse-racing purse, called "the handle." The City has maintained that this revenue is insufficient to pay City costs, and the Fairgrounds has maintained that the City receives substantial additional revenue due to transient occupancy tax increases associated with guests staying overnight to visit events at the Fairgrounds, and from increased sales tax generated by these visitors patronizing City businesses. Both agencies have agreed to have a Cost of Service/Benefit study undertaken this year to help resolve this ongoing issue.

Financial Policies

General Fund Contingency Reserve

It is the City's policy and practice to complete a budget that is balanced and has a minimum of a ten-percent contingency reserve in the General Fund in order to ensure the City's continuing financial health. The contingency reserve calculation is the percent the ending unreserved balance is of the total of General Fund operating expenditures. The City also maintains a \$500,000 revenue loss reserve that is in addition to the contingency reserve. As part of the budget adoption process in June 2000, the City Council approved an expanded reserve policy providing for, in addition to the 10 percent minimum contingency reserve, a mandatory review of reserves should the contingency reserve reach 20 percent to increase the Capital Improvement Program reserve.

Finnell Plan

In Fiscal Year 2006-2007, the Council adopted a financial objective to provide funding for future capital projects. This objective was in response to the results of a 20-year forecast of revenues, operating expenditures, and capital projects. Because funding for future capital projects was inadequate, the financial objective caps the growth of operating expenditures as a percentage of the projected growth of revenues. Adopted Operating and Capital Budgets adhere to the Finnell Plan beginning with the Fiscal Year 2007-2008 budget and in adopted budgets thereafter.

Pension Reserve Fund

The City Council, working with the Finance Committee and staff, has established a new Pension Reserve Policy. The Reserve Policy is designed to set aside annual funding toward the entire unfunded pension liability over the course of a 15 year period.

Awards

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the 17th consecutive year the City has achieved this prestigious award. 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.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and will be submitting it to the GFOA to determine its eligibility.

Acknowledgments

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

Respectfully submitted,



Scott W. Huth
City Manager



Teresa S. McBroom
Director of Finance/Treasurer



Government Finance Officers Association

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

Presented to

**City of Del Mar
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY COUNCIL

Terry Sinnott
Mayor

Lee Haydu
Deputy Mayor

Al Corti
Councilmember

Donald Mosier
Councilmember

Sherryl Parks
Councilmember

CITY MANAGER

Scott W. Huth

ASSISTANT CITY MANAGER

Mark Delin

CITY ATTORNEY

Leslie Devaney

**DIRECTOR OF PLANNING AND
COMMUNITY DEVELOPMENT**

Kathy Garcia

**CITY CLERK AND
INFORMATION SYSTEMS DIRECTOR**

Mercedes Martin

**DIRECTOR OF FINANCE/
TREASURER**

Teresa S. McBroom

**DIRECTOR OF COMMUNITY SERVICES
AND LIFEGUARD CHIEF**

Pat Vergne

CITY ENGINEER

Tim Thiele

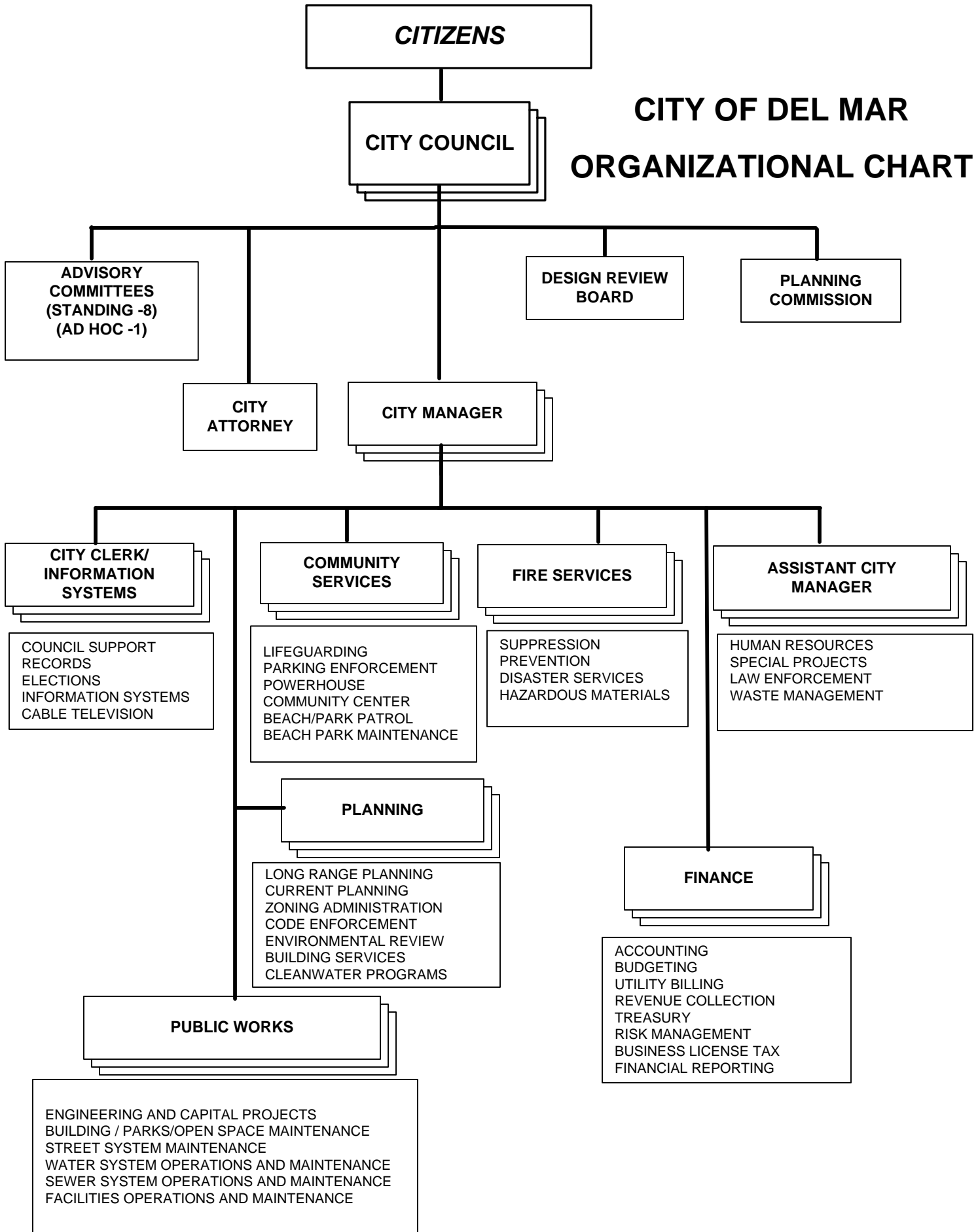
PUBLIC WORKS DIRECTOR

Eric Minicilli

SHERIFF CAPTAIN

Robert Haley

CITY OF DEL MAR ORGANIZATIONAL CHART





Mayer Hoffman McCann P.C.

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City Council
City of Del Mar
Del Mar, California

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Del Mar's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California, as of June 30, 2013, 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.

Emphasis of Matter

As described further in note 17 to the financial statements, during the year ended June 30, 2013, the entity implemented GASB Statement No. 63. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the City of Del Mar's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 21, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Del Mar's basic financial statements. The *combining and individual nonmajor fund financial statements*, the *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has

been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The *introductory section* and the *statistical section* have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014 on our consideration of the City of Del Mar's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Del Mar's internal control over financial reporting and compliance.

Mayor Hoffman McCann P.C.

Irvine, California
January 30, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Del Mar (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2013. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the Introductory Section of this report, and with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

Economic Background

The City of Del Mar has a variety of revenue sources which helps to maintain its financial stability in the face of economic downturns. While its economy is heavily dependent on tourism, its single largest source of revenue is property taxes. Due to its desirable location, its real estate market has not suffered the declines faced by many real estate markets and its assessed valuation continues to climb, leading to continued increases in property tax revenues. The two next largest revenues, transient occupancy tax (TOT), and sales and use tax, also had increases compared to the prior year primarily due to higher hotel occupancy and higher restaurant taxable sales. The City cash funds its Capital Improvement Program, so that it does not have significant long-term fixed cost obligations that need to be met and focuses on CIP projects that are funded by grants and outside sources. The cash-funded capital program has allowed the City to adjust its capital expenditures to the revenues available, providing the City with tremendous flexibility.

The discussion and analysis below compares Fiscal Year 2012-2013 to Fiscal Year 2011-2012. All variances are expressed relative to Fiscal Year 2011-2012 results. Fiscal Year 2012-2013 financial highlights include the following:

Financial Highlights

- The City's total assets in excess of its liabilities as of June 30, 2013 was \$86.71 million.
- Citywide total net position increased by \$7.87 million, or 9.98 percent, during the current fiscal year, indicating an improved financial condition. The positive change in net assets is largely due to increased capital assets.

- A net increase in total assets of \$7.85 million, or 8.73 percent, is primarily due to an increase in capital assets and the prepaid expense of the California Public Employees' Retirement System (CalPERS) Side Fund liability as discussed later. Liabilities had a net decrease of \$0.02 million, or 0.21 percent. Current liabilities increased by \$0.12 million and long-term liabilities decreased by \$0.14 million.
- As of June 30, 2013, the City's governmental funds reported combined fund balances of \$5.59 million, a decrease of \$1.13 million, or 16.79 percent, from Fiscal Year 2011-2012. The decrease in fund balance is mainly attributable to a \$1.20 million loan from the Water fund to pay off the CalPERS Side Fund liability. Of the \$5.59 million in fund balance, \$0.97 million is restricted, \$0.17 million is committed, \$3.01 million is assigned for specific activities, and \$1.44 million, is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$2.92 million, or 52.26 percent, of the total fund balance in governmental funds. This balance is available for spending at City management's discretion, and is equal to 24.02 percent of the total fiscal year expenditures of \$11.98 million, and 24.38 percent of total revenues of \$12.28 million, before other financing sources (uses). The Open Space Fund, Capital Improvement Program Fund, and other non-major governmental funds have fund balances of \$0.17 million, \$1.54 million, and \$0.97 million, respectively, at June 30, 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs

through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and parks and recreation. The business-type activities (proprietary fund type) of the City include the Water, Wastewater, and Clean Water Funds.

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three funds that are considered to be major funds. These three funds consist of the General Fund, the Open Space Special Revenue Fund, and the Capital Improvement Program Fund. Data from the other nine 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 below focuses on total net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Del Mar, combined net position (governmental and business-type activities) totaled \$86.71 million as of June 30, 2013. This is an increase of \$7.87 million, or 9.98 percent, compared to June 30, 2012.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$10,667,586	\$10,741,933	\$5,611,854	\$4,570,114	\$16,279,440	\$15,312,047
Non-current assets	-	-	473,944	484,502	473,944	484,502
Capital assets	55,941,641	48,433,072	25,010,810	25,627,650	80,952,451	74,060,722
Total assets	66,609,227	59,175,005	31,096,608	30,682,266	97,705,835	89,857,271
Current liabilities	3,469,077	3,448,885	1,179,047	1,084,826	4,648,124	4,533,711
Non-current liabilities	468,990	613,328	5,882,504	5,875,316	6,351,494	6,488,644
Total liabilities	3,938,067	4,062,213	7,061,551	6,960,142	10,999,618	11,022,355
Invested in capital assets, net of related debt	55,606,641	47,943,072	19,043,202	19,876,130	74,649,843	67,819,202
Restricted	2,443,688	2,143,980	-	-	2,443,688	2,143,980
Unrestricted	4,620,831	5,025,740	4,991,855	3,845,994	9,612,686	8,871,734
Total net position	\$62,671,160	\$55,112,792	\$24,035,057	\$23,722,124	\$86,706,217	\$78,834,916

The largest component of the City's net position, \$74.65 million, is 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 \$6.83 million, or 10.07 percent, from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The restricted portion of the City's total net position, which represents resources subject to external restrictions on how they may be used by the City, is \$2.44 million. This is an increase of \$0.30 million from the prior fiscal year's amount of \$2.14 million. The remaining unrestricted net position of \$9.61 million are used to meet the City's ongoing obligations for the following fiscal year. This unrestricted amount increased by \$0.74 million from last fiscal year's amount of \$8.87 million.

As of June 30, 2013, the City has positive balances in both categories of governmental and business-type net position. The total net position in the governmental activities increased by \$7.56 million, or 13.71 percent. The increase in total net position also accounted for an increase in business-type activities of \$0.31 million, or 1.32 percent.

Changes in Net Position

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

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$2,846,847	\$2,961,185	\$6,114,711	\$5,734,631	\$8,961,558	\$8,695,816
Operating grants and contributions	277,781	282,071	-	-	277,781	282,071
Capital grants and contributions	7,358,463	8,474,616	-	5,000	7,358,463	8,479,616
<i>General Revenues:</i>						
Property taxes	4,971,265	4,647,145	-	-	4,971,265	4,647,145
Sales and other taxes	4,395,733	4,182,740	-	-	4,395,733	4,182,740
Sale of capital assets	-	18,811	-	-	-	18,811
Others	412,954	424,070	26,060	25,242	439,014	449,312
Unrestricted investment earnings and others	161,140	83,424	24,395	13,260	185,535	96,684
Total revenues	20,424,183	21,074,062	6,165,166	5,778,133	26,589,349	26,852,195
Expenses:						
General government	4,577,084	4,817,999	-	-	4,577,084	4,817,999
Public safety	6,463,932	5,365,983	-	-	6,463,932	5,365,983
Public works	923,784	491,439	-	-	923,784	491,439
Parks and recreation	776,639	732,882	-	-	776,639	732,882
Interest and fiscal charges	15,813	22,603	-	-	15,813	22,603
Enterprise operations	-	-	5,960,796	5,570,146	5,960,796	5,570,146
Total expenses	12,757,252	11,430,906	5,960,796	5,570,146	18,718,048	17,001,052
Increase (decrease) in Net Assets before other revenues and transfers	7,666,931	9,643,156	204,370	207,987	7,871,301	9,851,143
Transfers	(108,563)	(16,785)	108,563	16,785	-	-
Change in net position	7,558,368	9,626,371	312,933	224,772	7,871,301	9,851,143
Net position - beginning of year	55,112,792	45,486,421	23,722,124	23,497,352	78,834,916	68,983,773
Net position - end of year	\$62,671,160	\$55,112,792	\$24,035,057	\$23,722,124	\$86,706,217	\$78,834,916

Governmental Activities:

The City's net position from governmental activities increased \$7.56 million, or 13.71 percent, in the current fiscal year, accounting for 96.02 percent of the total \$7.87 million growth, in the City's total net position. Total revenues from governmental activities decreased 3.08 percent to \$20.42 million. The cost of all governmental activities in Fiscal Year 2012-2013 was \$12.76 million, an increase of \$1.33 million, or 11.60 percent, over the prior fiscal year. As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$2.85 million, which were generated by service revenues received from the performance of these activities, and decreased by \$0.11 million, or 3.87 percent,

compared to Fiscal Year 2011-2012. Another \$0.28 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. In addition, another \$7.36 million in revenues came from capital grants and contributions, which decreased by \$1.12 million, or 13.17 percent, compared to the prior fiscal year. Overall, the City's governmental program revenues amounted to \$10.48 million, a decrease of \$1.23 million, or 10.54 percent, compared to the prior fiscal year. General revenues of \$9.94 million increased by \$0.58 million, or 6.25 percent, in comparison to the prior fiscal year. The City had an increase in property taxes of \$0.32, or 6.98 percent, sales and other taxes of \$0.21 million, or 5.09 percent and a decrease in other general revenue of \$0.01 million compared to the prior fiscal year. In total, City Governmental Activities reported an increase of \$7.56 million in net position. In comparison to the prior fiscal year, the key elements contributing to the \$0.65 million decrease in revenues from governmental activities are as follows:

- A decrease of \$1.12 million in capital grants and contributions compared to the prior fiscal year due to lower amounts of federal grants received in the current fiscal year compared to the previous fiscal year related to the construction of the North Torrey Pines Bridge. During the prior fiscal year, the City received State funds and private contributions for the construction of the Beach Safety Center that were not received in the current year.
- An increase of \$0.58 million in other general revenue compared to the prior fiscal year due to an increase in property tax valuations, increased sales tax collections in the restaurant category and increased collections of transient occupancy tax.
- A decrease of \$0.11 million in charges for services compared to the prior fiscal year primarily attributable to a decrease in operation permits and parking violations.

Business-type Activities:

The City's business-type activities increased in net position by \$0.31 million, or 1.32 percent, for the fiscal year ended June 30, 2013, accounting for 3.98 percent of the total \$7.87 million growth, in the City's net position. Business-type activities' total revenue increased by \$0.39 million, or 6.70 percent, during the current fiscal year to a total of \$6.17 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.38 million, or 6.63 percent. Related business-type activity costs also increased during the fiscal year by \$0.39 million, or 7.01 percent, compared to the prior fiscal year. The increase in revenues, expenses, and transfers resulted in a change in net position of \$0.31 million, or a 1.32 percent increase, 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 *unreserved 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, 2013, the City's governmental funds reported a combined ending fund balance of \$5.59 million, which is a \$1.13 million, or 16.79 percent decrease, in comparison to the prior fiscal year of \$6.72 million. The \$5.59 million governmental fund balance is composed of \$0.97 million in *restricted*; \$0.17 million in *committed*; \$3.01 million in *assigned* which indicate that it is not available for new spending; and \$1.44 million in *unassigned* funds.

Table 3 below shows the governmental fund balances for the two fiscal years ended June 30, 2013 and June 30, 2012.

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

FISCAL YEAR 2012-2013	General	Open Space	Capital Improvement	Non-Major Governmental Funds	Totals
Total revenues	\$11,983,563	\$462,357	\$7,100,998	\$875,782	\$20,422,700
Total expenditures	12,162,214	777,273	7,447,977	1,354,429	21,741,893
Excess (deficiency) of revenues over expenditures	(178,651)	(314,916)	(346,979)	(478,647)	(1,319,193)
Total other financing sources (uses)	(1,279,620)	300,613	702,261	468,183	191,437
Net change in fund balance	(1,458,271)	(14,303)	355,282	(10,464)	(1,127,756)
Fund balance - beginning	4,379,978	181,806	1,180,204	976,276	6,718,264
Fund balance - ended	\$2,921,707	\$167,503	\$1,535,486	\$965,812	\$5,590,508
FISCAL YEAR 2011-2012					
Total revenues	\$11,536,657	\$488,219	\$8,065,640	\$960,622	\$21,051,138
Total expenditures	9,968,713	740,181	9,471,170	1,300,083	21,480,147
Excess (deficiency) of revenues over expenditures	1,567,944	(251,962)	(1,405,530)	(339,461)	(429,009)
Total other financing sources (uses)	(1,174,248)	243,553	593,158	339,564	2,027
Net change in fund balance	393,696	(8,409)	(812,372)	103	(426,982)
Fund balance - beginning	3,986,282	190,215	1,992,576	976,173	7,145,246
Fund balance - ended	\$4,379,978	\$181,806	\$1,180,204	\$976,276	\$6,718,264

General Fund:

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$2.92 million as of June 30, 2013. This is a decrease of \$1.46 million, or 33.29 percent, in comparison to the prior fiscal year. This decrease is due to an increase in total revenues of \$0.45 million, or 3.87 percent, which is offset by an increase in other financing uses of \$0.11 million, or 8.97 percent, and the increase in operating costs of \$2.19 million, or 22.00 percent. Revenues increased primarily due to increases in taxes, licenses, fees and permits, intergovernmental, charges for services, use of money and property, contributions and other revenue, offset by decrease in fines and forfeitures.

Total expenditures increased by \$2.19 million, or 22.00 percent, as compared to the prior fiscal year, in which the largest increases were in general government expenditures of \$1.06 million, or 22.31 percent, and public safety expenditures of \$1.02 million, or 20.07 percent due to the payoff of the City's retirement side fund liability as discussed below. The ending fund balance is composed of \$1.47 million assigned for specific expenditures, and the unassigned amount of \$1.45 million, which is available for spending at the City's discretion.

During the current fiscal year, the City Council approved the proposal to pay off the City's CalPERS Side Fund liability. The Side Fund balance of approximately \$3.00 million was being charged 7.50 percent annual interest. The payoff will save the City approximately \$1.10 million in interest payments, will reduce the future annual pension contribution by approximately \$0.45 million, and will decrease the unfunded pension liability. In order to pay off the Side Fund liability, City Council approved allocating \$0.25 million from the Pension Reserve, transferring \$0.30 million from the Workers' Compensation Fund, which is currently superfunded, and approved an inter-fund loan from the Water Fund to the General Fund in the amount of \$1.20 million. The Enterprise Funds, paid its portion of the side fund in the amount of \$0.65 million. Approximately \$0.63 was funded by the General Fund. The loan to the Water Fund will be repaid beginning in Fiscal Year 2014-2015 over three to four years with the savings from the reduced annual pension contributions.

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

Major Funds:

As of June 30, 2013, the fund balance in the Open Space Special Revenue Fund decreased by \$0.01 million from the prior fiscal year, and has an ending fund balance of \$0.18 million. Total revenues of this fund decreased by \$0.03 million, or 5.30 percent due to a decrease in licenses, fees and facility permits, compared to the prior fiscal year. Total expenditures increased by \$0.04 million or 5.01 percent compared to the prior fiscal year due to the payoff of the CalPERS Side Fund liability during the current fiscal year as mentioned above.

As of June 30, 2013, the Capital Improvement Program's fund balance of \$1.54 million, increased by \$0.36 million, or 30.10 percent, from the prior fiscal year. This fund balance will be utilized for on-going projects and street projects in the following fiscal year.

Non-major Funds:

The fund balances for other governmental funds or non-major governmental funds decreased \$0.01 million, or 1.07 percent, from the Fiscal Year 2011-2012 balance of \$0.98 million to \$0.97 million at the end of the current fiscal year. The other non-major funds are composed of the remaining special revenue funds including Gas Tax, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, AB 939, Regional Transportation, Transnet, and Wildfire Debt Service. The fund balance of \$0.97 million is restricted 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 increased over the prior fiscal year by \$0.31 million, or 1.32 percent. The City's Water Fund decreased by \$0.01 million, while the Wastewater Fund increased by \$0.25 million, and the Clean Water Fund increased by \$0.08 million.

At the end of Fiscal Year 2012-2013, the Internal Service fund reported a surplus in net assets of \$0.52 million, which is a \$0.31 million, or 37.05 percent, decrease from last fiscal year. This increase was attributable to a transfer of \$0.30 million to the General Fund to pay off the retirement program side fund liability as mentioned in the General Fund category.

General Fund Budgetary Highlights

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

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

The General Fund reflected a net total favorable budget variance of \$1.77 million when comparing actual excess revenues over expenditures amounts of \$0.18 million to the final budget of negative \$1.65 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$1.25 million due to higher tax revenues of \$0.57 million, higher intergovernmental revenues of \$0.06 million, higher charges for services revenue of \$0.04 million, higher use of money and property revenue of \$0.08 million and higher other revenues of \$0.24 million. The actual expenses were less than the fiscal year's final appropriation by \$0.52 million primarily due to less than anticipated expenditures in general government of \$0.27 million, lower expenditures in public works of \$0.16 million and lower anticipated expenditures in public safety of \$0.10 million.

CAPITAL ASSET and DEBT ADMINISTRATION

Capital Assets:

The City of Del Mar's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$80.95 million, net of accumulated depreciation. Amounts invested in capital assets includes land, buildings and improvements, machinery and equipment, bridges, roadway networks, water lines, and sewer and storm drainage systems. The total increase in the City's capital assets, net of depreciation, for the current fiscal year was \$6.89 million, compared to the prior fiscal year, in which \$7.51 million, 108.95 percent, of the increase is related to governmental activities and a \$0.62 million, or 8.95 percent, decrease 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 an increase in construction in progress for the Torrey Pines Bridge project of \$6.33 million and an increase in infrastructure for the improvement of City streets of \$1.18 million before depreciation. Overall, total capital assets increased \$7.51 million in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets decreased by \$0.62 million, or 2.41 percent, during the fiscal year. This decrease was primarily attributable to the current year's depreciation of capital assets.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Non-depreciable assets:						
Land	\$18,289,250	\$18,289,250	\$1,365,688	\$1,365,688	\$19,654,938	\$19,654,938
Construction in progress	23,400,217	17,061,423	32,285	-	23,432,502	17,061,423
Total non-depreciable assets	<u>41,689,467</u>	<u>35,350,673</u>	<u>1,397,973</u>	<u>1,365,688</u>	<u>43,087,440</u>	<u>36,716,361</u>
Capital assets, being depreciated:						
Buildings/structures and improvement	6,082,215	6,340,755	7,096,633	8,916,292	13,178,848	15,257,047
Machinery and equipment	797,432	316,325	1,257,021	235,736	2,054,453	552,061
Streets	4,722,322	3,671,902	-	-	4,722,322	3,671,902
Traffic signals	37,784	39,119	-	-	37,784	39,119
Roadway network	255,106	264,264	-	-	255,106	264,264
Bridge	665,281	693,834	-	-	665,281	693,834
Storm drainage system	1,692,034	1,756,200	-	-	1,692,034	1,756,200
Water line system	-	-	7,363,780	7,607,363	7,363,780	7,607,363
Sewer line system	-	-	7,895,403	7,502,571	7,895,403	7,502,571
Total depreciable assets, net of accumulated depreciation	<u>14,252,174</u>	<u>13,082,399</u>	<u>23,612,837</u>	<u>24,261,962</u>	<u>37,865,011</u>	<u>37,344,361</u>
Total capital assets	<u>\$55,941,641</u>	<u>\$48,433,072</u>	<u>\$25,010,810</u>	<u>\$25,627,650</u>	<u>\$80,952,451</u>	<u>\$74,060,722</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, 2013, the City had total long-term debt outstanding of \$7.23 million in bonds, notes payable, and compensated absences, as shown in Table 5.

For governmental activities, long-term debt accounts for \$0.73 million, or 10.15 percent, of the City's total long-term debt, as of June 30, 2013. Total long-term debt is comprised of Certificates of Participation (COPs) of \$0.33 million for Wildfire Protection Debt issued in 1999, and compensated absences of \$0.40 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	
	2013	2012	2013	2012	2013	2012
Certificates of Participation	\$ -	\$ -	\$ 1,250,000	\$ 1,625,000	\$ 1,250,000	\$ 1,625,000
Bond payable	335,000	490,000	-	-	335,000	490,000
Note payable	-	-	5,168,672	4,577,583	5,168,672	4,577,583
Compensated absences	398,654	371,104	74,623	63,644	473,277	434,748
	\$ 733,654	\$ 861,104	\$ 6,493,295	\$ 6,266,227	\$ 7,226,949	\$ 7,127,331

For business-type activities, long-term debt accounts for \$6.50 million, or 89.85 percent, of the City's total long-term debt, as of June 30, 2013. Certificates of Participation (COP) outstanding in the amount of \$1.25 million were issued for construction and repair for wastewater lines in the Wastewater Fund. The Wastewater fund has a note payable outstanding with the State of California for the replacement of the 21st Street Pump Station, which has an outstanding balance of \$5.17 million. Compensated absences in business-type activities accounts for \$0.07 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues.

The City's long-term debt increased by \$0.10 million, or 1.40 percent, compared to the prior fiscal year, in which \$0.38 million of principal payments were paid towards Certificates of Participation, \$0.16 million of principal payments were paid towards the bond payable, offset by an increase of \$0.04 million in compensated absences, and a \$0.59 million increase in note payable.

Economic Factors and Next Year's Budget

Local governments throughout the State of California must continually find new ways to survive economically in order to meet their obligation of serving their communities. While the economy is faring better than recent years, it has been a slow recovery. The City maintains a conservative approach to budgeting revenues and expenditures. Management takes an active role in monitoring the application of the budget during the fiscal year to apply any necessary changes to projected revenues as well as appropriated expenditures.

Facing the economic adversities nationwide and statewide in the year ahead, management looked at the following key economic factors while preparing the two-year budget for Fiscal Years 2013-2014 and 2014-2015. The explanations below relate to Fiscal Year 2013-2014:

Revenues:

- The City's projected revenues for Fiscal Year 2013-2014 is \$18.93 million, which is \$0.26 million, or 1.39 percent, higher than Fiscal Year 2012-2013 original projected revenues of \$18.67 million. During the course of Fiscal Year 2012-2013, however, revenues were adjusted to \$30.56 million, an increase of \$11.89 million, or 63.66 percent, due to grant

revenues projected to be received for the construction phase of the North Torrey Pines Bridge project. Actual revenues realized for Fiscal Year 2012-2013 are \$27.05 million, which is \$3.51 million, or 11.49 percent, lower than the final projected revenues, in which the general fund received \$0.95 million, or 8.57 percent, more than the final projected revenues, the other governmental funds received \$4.80 million, or 36.26 percent, less than the final projected revenues, and the business-type funds received \$0.04 million, or 0.72 percent, more than the final projected revenues.

- The Fiscal Year 2013-2014 revenue projections focus on the following factors:
 - The three primary supporting revenues in the General Fund are property taxes, sales tax, and transient occupancy taxes, which make-up 72.9 percent of the overall General Fund revenue, and are expected to increase from Fiscal Year 2012-2013.
 - Revenues in the business-type funds are projected to decrease by \$0.11 million, or 1.75 percent, compared to the previous year.

Expenditures:

The City's Fiscal Years 2013-2014 and 2014-2015 Operating and Capital Budget has expenditures of \$19.05 million for Fiscal Year 2013-2014, which is an increase of \$0.46 million, or 2.46 percent, higher than the prior fiscal year's original adopted budget.

The budget is composed of the General Fund for \$9.57 million, or 50.23 percent, other governmental funds of \$1.68 million, or 8.83 percent, Capital Improvement Program Fund of \$0.51 million, or 2.67 percent, and the Workers' Compensation Fund of \$0.23 million, or 1.22 percent. The business-type funds account for \$7.06 million, or 37.05 percent.

The budget for Fiscal Year 2013-2014 is focused on the following objectives:

- Maintaining our services to our residents, businesses, and visitors without increasing expenditures.
- Continuing to pursue capital improvement projects that are grant-funded or funded by loans.

The City's Fiscal Years 2013-2014 and 2014-2015 Operating and Capital Budget is a reflection of the City's commitment to the residents of Del Mar. A copy of the budget can be obtained by contacting the City's Finance Department.

Request for Information

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

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CITY OF DEL MAR

STATEMENT OF NET POSITION

JUNE 30, 2013

(With comparative totals for 2012)

	Governmental Activities	Business-type Activities	Total	
			2013	2012
ASSETS				
Current assets:				
Cash and investments (note 2)	\$ 7,842,712	\$ 2,512,947	\$ 10,355,659	\$ 10,614,514
Receivables:				
Accounts, net	94,865	1,102,209	1,197,074	1,402,728
Taxes	676,853	-	676,853	609,111
Accrued interest	3,890	2,203	6,093	7,816
Inventory	-	72,828	72,828	71,355
Internal balances	(1,164,936)	1,164,936	-	-
Due from other agencies	1,858,754	34,356	1,893,110	2,081,372
Prepaid expenses	1,355,448	722,375	2,077,823	525,151
Total current assets	10,667,586	5,611,854	16,279,440	15,312,047
Non-current assets:				
Restricted assets:				
Cash and investments with fiscal agent (note 2)	-	451,064	451,064	451,063
Deferred charges	-	22,880	22,880	33,439
Capital assets (note 3):				
Land	18,289,250	1,365,688	19,654,938	19,654,938
Construction in progress	23,400,217	32,285	23,432,502	17,061,432
Water and wastewater systems	-	25,336,193	25,336,193	24,611,909
Buildings and improvements	9,054,076	8,333,211	17,387,287	18,973,105
Machinery and equipment	2,058,487	1,824,496	3,882,983	2,482,287
Infrastructure	8,826,035	-	8,826,035	7,649,807
Less: accumulated depreciation	(5,686,424)	(11,881,063)	(17,567,487)	(16,372,747)
Total capital assets, net of depreciation	55,941,641	25,010,810	80,952,451	74,060,722
Total non-current assets	55,941,641	25,484,754	81,426,395	74,545,224
Total assets	66,609,227	31,096,608	97,705,835	89,857,271
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,565,403	361,618	2,927,021	2,687,755
Unearned revenue	5,400	-	5,400	38,528
Accrued interest payable	6,352	154,807	161,159	216,043
Deposits payable	627,258	51,831	679,089	625,344
Retention payable	-	-	-	327,354
Long-term liabilities, current portion (note 6)	264,664	610,791	875,455	638,687
Total current liabilities	3,469,077	1,179,047	4,648,124	4,533,711
Non-current liabilities:				
Long-term liabilities (note 6)	468,990	5,882,504	6,351,494	6,488,644
Total liabilities	3,938,067	7,061,551	10,999,618	11,022,355
NET POSITION				
Net investment in capital assets	55,606,641	19,043,202	74,649,843	67,819,202
Restricted for				
Debt service	227,465	-	227,465	183,545
Public works	11,797	-	11,797	25,688
Public safety	52,279	-	52,279	33,272
Community development	616,661	-	616,661	721,271
Capital projects	1,535,486	-	1,535,486	1,180,204
Unrestricted	4,620,831	4,991,855	9,612,686	8,871,734
Total net position	\$ 62,671,160	\$ 24,035,057	\$ 86,706,217	\$ 78,834,916

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(With comparative totals for 2012)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,577,084	\$ 1,117,178	\$ 1,521	\$ -
Public safety	6,463,932	1,312,948	126,457	-
Public works	923,784	2,165	149,803	7,358,463
Parks and recreation	776,639	414,556	-	-
Interest on long-term debt	15,813	-	-	-
Total governmental activities	12,757,252	2,846,847	277,781	7,358,463
Business-type activities:				
Water	2,759,682	2,711,877	-	-
Wastewater	2,775,545	2,998,521	-	-
Cleanwater	425,569	404,313	-	-
Total business-type activities	5,960,796	6,114,711	-	-
Total	\$ 18,718,048	\$ 8,961,558	\$ 277,781	\$ 7,358,463

General revenues:
 Taxes:
 Property tax
 Sales and use tax
 Transient occupancy tax
 Franchise tax
 Business license tax
 Intergovernmental/unrestricted
 Use of money and property
 Sale of capital assets
 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 basic financial statements.

Net Revenue (Expense) and Change in Net Position		Total	
Governmental Activities	Business-type Activities	2013	2012
(3,458,385)	\$ -	\$ (3,458,385)	\$ (3,695,500)
(5,024,527)	-	(5,024,527)	(3,848,049)
6,586,647	-	6,586,647	8,119,368
(362,083)	-	(362,083)	(266,250)
(15,813)	-	(15,813)	(22,603)
(2,274,161)	-	(2,274,161)	286,966
-	(47,805)	(47,805)	(67,341)
-	222,976	222,976	265,966
-	(21,256)	(21,256)	(29,140)
-	153,915	153,915	169,485
(2,274,161)	153,915	(2,120,246)	456,451
4,971,265	-	4,971,265	4,647,145
1,674,709	-	1,674,709	1,628,442
1,939,699	-	1,939,699	1,805,475
384,220	-	384,220	421,518
191,786	-	191,786	210,243
205,319	-	205,319	117,062
161,140	24,395	185,535	96,684
-	-	-	18,811
412,954	26,060	439,014	449,312
(108,563)	108,563	-	-
9,832,529	159,018	9,991,547	9,394,692
7,558,368	312,933	7,871,301	9,851,143
55,112,792	23,722,124	78,834,916	68,983,773
62,671,160	\$ 24,035,057	\$ 86,706,217	\$ 78,834,916

See accompanying notes to the basic financial statements.

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CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

(With comparative totals for 2012)

	General Fund	Special Revenue Open Space Fund	Capital Projects Fund	Non-Major Governmental Funds	Totals	
					2013	2012
ASSETS						
Cash and investments	\$ 4,702,460	\$ 207,670	\$ 1,185,357	\$ 968,184	\$ 7,063,671	\$ 6,139,631
Receivables:						
Taxes	675,764	-	-	1,089	676,853	609,111
Accrued interest	2,402	-	312	539	3,253	4,286
Accounts, net	74,506	821	500	19,038	94,865	292,076
Due from other agencies	22,789	-	1,771,819	27,087	1,821,695	2,014,967
Due from other funds (note 4)	91,886	-	-	-	91,886	133,270
Prepaid items	-	-	-	-	-	525,151
Total assets	\$ 5,569,807	\$ 208,491	\$ 2,957,988	\$ 1,015,937	\$ 9,752,223	\$ 9,718,492
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 841,094	\$ 12,643	\$ 1,418,169	\$ 31,152	\$ 2,303,058	\$ 2,112,513
Deposits payable	598,913	28,345	-	-	627,258	587,384
Due to other agencies	6,236	-	-	-	6,236	6,237
Unearned revenue	1,067	-	4,333	-	5,400	38,528
Advance from other funds	1,200,790	-	-	-	1,200,790	-
Retention deposit	-	-	-	-	-	227,354
Due to other funds (note 4)	-	-	-	18,973	18,973	28,212
Total liabilities	2,648,100	40,988	1,422,502	50,125	4,161,715	3,000,228
FUND BALANCES (Note 7)						
Nonspendable	-	-	-	-	-	525,151
Restricted	-	-	-	965,812	965,812	976,276
Committed	-	167,503	-	-	167,503	181,806
Assigned	1,475,704	-	1,535,486	-	3,011,190	2,650,396
Unassigned	1,446,003	-	-	-	1,446,003	2,384,635
Total fund balances	2,921,707	167,503	1,535,486	965,812	5,590,508	6,718,264
Total liabilities and fund balances	\$ 5,569,807	\$ 208,491	\$ 2,957,988	\$ 1,015,937	\$ 9,752,223	\$ 9,718,492

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

Fund balances of governmental funds	\$ 5,590,508
Amount reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	55,941,641
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(6,352)
A prepayment to the California Public Employee Retirement System (CalPERS) is reported as an expenditure in the governmental funds, but shown as a prepaid asset in the government wide financial statements.	1,355,448
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	(733,654)
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.	<u>523,569</u>
Net position of governmental activities	<u>\$ 62,671,160</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(With comparative totals for 2012)	General Fund	Special Revenue	Capital Projects Fund	Non-Major	Totals	
		Open Space Fund		Governmental Funds	2013	2012
REVENUES						
Taxes	\$ 8,902,500	\$ 6,032	\$ -	\$ 375,970	\$ 9,284,503	\$ 8,858,700
Licenses, fees and permits	616,630	368,178	-	52,165	1,036,973	1,047,420
Intergovernmental	106,506	46,424	7,043,696	441,517	7,638,143	8,077,378
Charges for services	1,190,559	-	-	-	1,190,559	1,098,148
Fines and forfeitures	669,665	-	-	-	669,665	815,617
Use of money and property	144,197	440	3,773	6,130	154,539	79,311
Contributions	36,921	-	-	-	36,921	657,875
Other	316,585	41,283	53,529	-	411,397	416,689
Total revenues	11,983,563	462,357	7,100,998	875,782	20,422,700	21,051,138
EXPENDITURES						
Current:						
General government	5,786,805	-	-	117,019	5,903,824	4,848,423
Public safety	6,123,864	-	-	333,199	6,457,063	5,380,136
Public works	251,545	-	-	515,655	767,200	544,546
Parks and recreation	-	775,814	-	-	775,814	734,815
Capital outlay	-	1,459	7,447,977	214,901	7,664,337	9,796,937
Debt service:						
Principal	-	-	-	155,000	155,000	150,000
Interest	-	-	-	18,655	18,655	25,290
Total expenditures	12,162,214	777,273	7,447,977	1,354,429	21,741,893	21,480,147
Excess (deficiency) of revenues over (under) expenditures	(178,651)	(314,916)	(346,979)	(478,647)	(1,319,193)	(429,009)
OTHER FINANCING SOURCES (USES)						
Transfers in (note 5)	300,000	300,613	702,261	476,473	1,779,347	1,183,682
Transfers out (note 5)	(1,579,620)	-	-	(8,290)	(1,587,910)	(1,200,466)
Sale of capital assets	-	-	-	-	-	18,811
Total other financing sources (uses)	(1,279,620)	300,613	702,261	468,183	191,437	2,027
Net change in fund balances	(1,458,271)	(14,303)	355,282	(10,464)	(1,127,756)	(426,982)
Fund balance, beginning of year	4,379,978	181,806	1,180,204	976,276	6,718,264	7,145,246
Fund balance, end of year	\$ 2,921,707	\$ 167,503	\$ 1,535,486	\$ 965,812	\$ 5,590,508	\$ 6,718,264

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances of governmental funds	\$ (1,127,756)
Amount reported for governmental activities in the Statement of Activities that are different because:	
A prepayment to the California Public Employees' Retirement System (CalPERS) is reported as an expenditure in the governmental funds. This prepayment is reported as a prepaid asset for the governmental activities and not as an expense in the Statement of Activities.	1,355,448
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over its estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital outlay expense	8,092,722
Depreciation expense	(578,469)
Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	155,000
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:	
Compensated absences	(27,550)
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.	(2,842)
An internal service fund is used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities. The net revenue or expense of certain activities of the internal service fund is reported with governmental activities.	<u>(308,185)</u>
Change in net assets of governmental activities	<u>\$ 7,558,368</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2013

(With comparative totals for 2012)

	Business-type Activities Enterprise Fund			Total	Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major Enterprise Fund			2013	2012
ASSETS							
Current assets:							
Cash and investments	\$ 1,067,592	\$ 1,445,355	\$ -	\$ 2,512,947	\$ 779,041	\$ 3,291,988	\$ 4,474,883
Receivables:							
Accounts	581,308	483,096	37,805	1,102,209	-	1,102,209	1,110,652
Interest	1,367	836	-	2,203	637	2,840	3,530
Due from other agencies	27,687	6,669	-	34,356	-	34,356	29,346
Prepaid expense	317,443	327,683	77,249	722,375	-	722,375	-
Inventory	66,878	5,950	-	72,828	-	72,828	71,355
Total current assets	2,062,275	2,269,589	115,054	4,446,918	779,678	5,226,596	5,689,766
Non-current assets:							
Restricted assets:							
Cash and investments	-	451,064	-	451,064	-	451,064	451,063
Deferred charges	-	22,880	-	22,880	-	22,880	33,439
Advance to other funds	1,200,790	-	-	1,200,790	-	1,200,790	-
Capital assets:							
Land	782,025	583,663	-	1,365,688	-	1,365,688	1,365,688
Construction in progress	17,211	15,074	-	32,285	-	32,285	-
Water and wastewater system	12,303,466	13,032,727	-	25,336,193	-	25,336,193	24,611,909
Buildings and improvements	4,039,761	4,293,450	-	8,333,211	-	8,333,211	9,919,029
Machinery and equipment	261,685	1,527,454	35,357	1,824,496	-	1,824,496	747,993
Less: Accumulated depreciation	(6,142,444)	(5,728,622)	(9,997)	(11,881,063)	-	(11,881,063)	(11,016,969)
Total capital assets (net of accumulated depreciation)	11,261,704	13,723,746	25,360	25,010,810	-	25,010,810	25,627,650
Total non-current assets	12,462,494	14,197,690	25,360	26,685,544	-	26,685,544	26,112,152
Total assets	14,524,769	16,467,279	140,414	31,132,462	779,678	31,912,140	31,801,918
LIABILITIES							
Current liabilities:							
Accounts payable	317,101	23,607	20,910	361,618	-	361,618	349,106
Due to other funds	-	-	35,854	35,854	-	35,854	67,999
Retention on deposit	-	-	-	-	-	-	100,000
Claims payable	-	-	-	-	204,887	204,887	175,919
Current portion of long-term liabilities	8,003	601,188	1,600	610,791	-	610,791	390,911
Accrued interest	-	154,807	-	154,807	-	154,807	206,849
Customer deposits	51,831	-	-	51,831	-	51,831	37,960
Total current liabilities	376,935	779,602	58,364	1,214,901	204,887	1,419,788	1,328,744
Non-current liabilities:							
Claims payable	-	-	-	-	51,222	51,222	43,980
Certificates of participation	-	855,000	-	855,000	-	855,000	1,250,000
Compensated absences	24,010	27,157	4,801	55,968	-	55,968	47,733
Notes payable	-	4,971,536	-	4,971,536	-	4,971,536	4,577,583
Total non-current liabilities	24,010	5,853,693	4,801	5,882,504	51,222	5,933,726	5,919,296
Total liabilities	400,945	6,633,295	63,165	7,097,405	256,109	7,353,514	7,248,040
Net position:							
Net investment in capital assets	11,261,704	7,756,138	25,360	19,043,202	-	19,043,202	19,876,130
Unrestricted	2,862,120	2,077,846	51,889	4,991,855	523,569	5,515,424	4,677,748
Total net position	\$ 14,123,824	\$ 9,833,984	\$ 77,249	\$ 24,035,057	\$ 523,569	\$ 24,558,626	\$ 24,553,878

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

(With comparative totals for 2012)

	Business-type Activities- Enterprise Fund				Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major Enterprise Fund	Total		2013	2012
OPERATING REVENUES							
Water sales	\$ 2,701,052	\$ -	\$ -	\$ 2,701,052	\$ -	\$ 2,701,052	\$ 2,467,718
Clean water services	-	-	397,424	397,424	-	397,424	380,167
Sewer service	-	2,985,814	-	2,985,814	-	2,985,814	2,862,906
Charges for services	-	-	-	-	178,019	178,019	165,157
Customer penalties	10,825	12,707	1,889	25,421	-	25,421	23,840
Other	17,664	9,763	3,633	31,060	3,979	35,039	40,600
Total operating revenues	2,729,541	3,008,284	402,946	6,140,771	181,998	6,322,769	5,940,388
OPERATING EXPENSES							
Source of supply	1,235,425	-	-	1,235,425	-	1,235,425	1,084,772
Transmission and distribution	334,067	-	-	334,067	-	334,067	316,069
Water treatment	149,073	-	-	149,073	-	149,073	133,972
Sewer collection	-	252,743	-	252,743	-	252,743	183,653
Maintenance and operation	-	1,050,705	-	1,050,705	-	1,050,705	1,081,203
General and administrative	673,672	702,377	425,060	1,801,109	196,783	1,997,892	1,957,776
Depreciation and amortization	367,445	578,700	509	946,654	-	946,654	753,741
Total operating expenses	2,759,682	2,584,525	425,569	5,769,776	196,783	5,966,559	5,511,186
Operating income	(30,141)	423,759	(22,623)	370,995	(14,785)	356,210	429,202
NON-OPERATING REVENUES (EXPENSES)							
Interest income	15,891	8,905	(401)	24,395	6,600	30,995	17,373
Interest expense	-	(191,020)	-	(191,020)	-	(191,020)	(204,203)
Total non-operating revenues	15,891	(182,115)	(401)	(166,625)	6,600	(160,025)	(186,830)
Income before transfers	(14,250)	241,644	(23,024)	204,370	(8,185)	196,185	242,372
Transfers in	4,145	4,145	100,273	108,563	-	108,563	16,785
Transfers out	-	-	-	-	(300,000)	(300,000)	-
Change in net position	(10,105)	245,789	77,249	312,933	(308,185)	4,748	259,157
Net position, beginning of year	14,133,929	9,588,195	-	23,722,124	831,754	24,553,878	24,294,721
Net position, end of year	\$ 14,123,824	\$ 9,833,984	\$ 77,249	\$ 24,035,057	\$ 523,569	\$ 24,558,626	\$ 24,553,878

See accompanying notes to the basic financial statements.

CITY OF DEL MAR
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With comparative totals for 2012)

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	2013 Total	2012 Total
	Water	Wastewater	Non-Major Enterprise Fund Clean Water	Total			
Cash flows from operating activities:							
Cash received from water, sewer and clean water customers	\$ 2,595,316	\$ 3,056,120	\$ 476,876	\$ 6,128,312	-	\$ 6,128,312	\$ 5,550,391
Cash received from other operating receipts	17,664	9,763	3,633	31,060	181,998	213,058	205,757
Cash payments for water purchases, distribution and treatment	(1,718,565)	-	-	(1,718,565)	-	(1,718,565)	(1,534,813)
Cash payments for sewer collection and maintenance	-	(1,303,448)	-	(1,303,448)	-	(1,303,448)	(1,264,855)
Cash payments for services and supplies	(527,518)	(669,106)	(443,001)	(1,639,625)	(113,063)	(1,752,688)	(1,932,043)
Cash payment to employees for services	(456,672)	(493,853)	(117,253)	(1,067,778)	(47,510)	(1,115,288)	(1,220,908)
Net cash provided by (used for) operating activities	(89,775)	599,476	(79,745)	429,956	21,425	451,381	(196,471)
Cash flows from non-capital financing activities							
Cash received from other funds	4,145	4,145	100,273	108,563	-	108,563	16,785
Cash paid to other funds	(1,200,790)	-	-	(1,200,790)	(300,000)	(1,500,790)	-
Net cash provided by non-capital financing activities	(1,196,645)	4,145	100,273	(1,092,227)	(300,000)	(1,392,227)	16,785
Cash flows from capital and related financing activities							
Proceeds from long-term debt	-	591,089	-	591,089	-	591,089	1,886,468
Acquisition and construction of capital assets	-	(227,531)	(20,941)	(248,472)	-	(248,472)	(982,968)
Interest payments on long-term debt	-	(241,350)	-	(241,350)	-	(241,350)	(90,125)
Principal payments on long-term debt	-	(375,000)	-	(375,000)	-	(375,000)	(354,499)
Net cash (used for) capital and Related financing activities	-	(252,792)	(20,941)	(273,733)	-	(273,733)	458,876
Cash flows from investing activities							
Interest received	16,099	8,907	(95)	24,911	6,774	31,685	18,768
Net cash provided by investing activities	16,099	8,907	(95)	24,911	6,774	31,685	18,768
Net increase (decrease) in cash and Cash equivalents							
	(1,270,321)	359,736	(508)	(911,093)	(271,801)	(1,182,894)	297,958
Cash and cash equivalents, beginning of year (including restricted cash of \$451,059)							
	2,337,913	1,536,683	508	3,875,104	1,050,842	4,925,946	4,627,988
Cash and cash equivalents, end of year (including restricted cash of \$451,063)							
	\$ 1,067,592	\$ 1,896,419	\$ -	\$ 2,964,011	779,041	\$ 3,743,052	\$ 4,925,946
Reconciliation of operating income (loss) to net cash Provided by (used for) operating activities:							
Operating income (loss):	\$ (30,141)	\$ 423,759	\$ (22,623)	\$ 370,995	(14,785)	\$ 356,210	\$ 429,202
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:							
Depreciation and amortization	367,445	578,699	509	946,653	-	946,653	753,741
Changes in operating assets and liabilities:							
(Increase) decrease in accounts receivable	(131,730)	57,600	77,563	3,433	-	3,433	(169,819)
(Increase) decrease in due from other agencies	-	-	-	-	-	-	-
(Increase) decrease in prepaid expense	(317,443)	(327,683)	(77,249)	(722,375)	-	(722,375)	-
(Increase) decrease in inventory	(918)	(555)	-	(1,473)	-	(1,473)	(753)
Increase (decrease) in claims payable	-	-	-	-	36,210	36,210	(208,316)
Increase (decrease) in accounts payable	3,929	(37,481)	(25,936)	(59,488)	-	(59,488)	(1,102,761)
Increase (decrease) in due to other funds	-	-	(32,145)	(32,145)	-	(32,145)	8,244
Increase (decrease) in retention payable	-	(100,000)	-	(100,000)	-	(100,000)	100,000
Increase (decrease) in customer deposits	16,087	-	-	16,087	-	16,087	(8,017)
Increase (decrease) in compensated absences	2,996	5,137	136	8,269	-	8,269	2,008
Total adjustments	(59,634)	175,717	(57,122)	58,961	36,210	95,171	(625,673)
Net cash provided by (used for) operating activities	\$ (89,775)	\$ 599,476	\$ (79,745)	\$ 429,956	21,425	\$ 451,381	\$ (196,471)
Non-cash investing, capital and financing related activity							
Non-cash changes in fair value of investments	\$ 1,329	\$ 813	\$ -	\$ 2,142	619	\$ 2,761	\$ 5,854

See accompanying notes to the basic financial statements.

CITY OF DEL MAR
AGENCY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2013
(With comparative totals for 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Account receivable	\$ 37,328	\$ 37,417
Restricted assets:		
Cash and investments (note 2)	<u>445,453</u>	<u>463,850</u>
Total assets	<u>\$ 482,781</u>	<u>\$ 501,267</u>
 LIABILITIES		
Due to other funds (note 4)	\$ 37,059	\$ 37,059
Due to bond holders	<u>445,722</u>	<u>464,208</u>
Total liabilities	<u>\$ 482,781</u>	<u>\$ 501,267</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Del Mar, California (the City) have been prepared in conformity 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, as it meets the criteria for inclusion as set forth in GASB Statement Number 14. The City does not produce separate financial statements for the Corporation.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

A. Reporting Entity, (Continued)

The criteria set forth in GASB Statement Number 14 states that component units are those entities, which are financially accountable to the primary government unit, either because the City appoints a voting majority of the component unit's board and the City is able to impose its will on that organization or because there is a potential for that organization to provide a financial benefit or impose a financial burden on the City. Since the City Council serves as the governing board for the Corporation it is considered to be a blended component unit.

B. Fund Accounting

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Fund Accounting (Continued)

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 government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. 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. Agency funds, however, are unlike all other fund types, reporting only assets and liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 so 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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

The City reports the following non-major proprietary fund:

- The **Clean Water Fund** accounts for the mandated costs of the City's National Pollution Discharge Eliminations System (NPDES) permit.

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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

C. Measurement Focus and Basis of Accounting, (Continued)

- Debt Service Funds are used to account for bond proceeds required to be set aside for future debt service and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City.
- Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- 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.

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 (Water and Wastewater 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

D. Investments

Investments are reported in the accompanying balance sheet at fair value. The City has adopted the provisions of GASB Statement Number 31, "Accounting and Financial Reporting for Certain Investments and External Pools", which require governmental entities to report certain investments in the year in which the change occurred. In accordance with GASB Statement Number 31, the City has adjusted investments to fair value.

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 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.

E. Cash and Cash Equivalents

For purposes of the statements 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.

F. Receivables and Payables

All accounts, taxes, and service receivables are shown net of an allowance for uncollectible. 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.

G. Capital Assets

Capital assets, which include land, buildings, building and improvements, machinery, equipment and infrastructure are depreciated and are reported in the applicable governmental or business-type activity 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 estimated fair market value at the date of donation.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

G. Capital Assets (Continued)

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	40 years
Structures	33 years
Meters and hydrants	25 years
Equipment	5 years
Infrastructure	33 years

H. Compensated Absences

Vacation pay is payable to employees at the time used or upon termination of employment. In the Statement of Net Assets, 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. Compensated absences, once exercised, are paid out of the same fund as they were originally accrued.

I. Inventory

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.

J. Restricted Assets

Restricted assets consist of bond proceeds held with a fiscal agent in a reserve account as required by the bond document.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. 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

L. 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 deferred and 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 reported as deferred charges and amortized over the term of the related debt.

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.

M. Use of Estimates

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

N. 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).

O. Fund Equity

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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

O. Fund Equity (Continued)

Unassigned Fund Balance - this includes the remaining spendable amounts which are not included in one of the other classifications.

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.

P. Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. The information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year's financial statements, from which selected data was derived.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Statement of Net Position

Current assets:

Cash and investments	\$ 10,355,659
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Noncurrent assets:

Cash and investments with fiscal agent	451,064
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Statement of Fiduciary Net Assets

Restricted cash and investments	<u>445,453</u>
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Total cash and investments	<u>\$ 11,252,176</u>
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Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 2,000
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Deposits with financial institutions	270,496
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Investments (including those with fiscal agents)	<u>10,979,680</u>
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Total cash and investments	<u>\$ 11,252,176</u>
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CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS, (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The limits expressed below apply at the time of purchase of the investment (rather than at year end). This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

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

* Excluding amounts held by bond trustee that are not subject to California government Code restrictions.

Investments Authorized by Debt Agreements

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS, (Continued)

<u>Authorized Investment type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None
Farmers Home Administration	None	None	None
General Services Administration	None	None	None
U.S. Maritime Administration	None	None	None
Small Business Administration	None	None	None
Government National Mortgage Association	None	None	None
U.S. Dept. of Housing & Urban Development	None	None	None
Washington Metro Area Transit Authority	None	None	None
Federal Housing Administration Debentures	None	None	None
Commercial Paper	92 days	None	None
Interest Bearing Demand or Time Deposits	366 days	None	None
Money Market Funds	None	None	None

Disclosures Relating to Interest Rate Risk

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS, (Continued)

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
Medium-term corporate notes	\$ 526,750	\$ 526,750	\$ -	\$ -
Negotiable certificate of deposit	3,223,000	496,000	992,000	1,735,000
State investment pool	3,748,525	3,748,525	-	-
Investment in County pool	3,030,342	3,030,342	-	-
Money market mutual fund	451,063	451,063	-	-
Total	<u>\$ 10,979,680</u>	<u>\$ 8,252,680</u>	<u>\$ 992,000</u>	<u>\$ 1,735,000</u>

Disclosures Relating to Credit Risk

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>			
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Medium-term corporate notes	\$ 526,750	A	\$ -	\$ 526,750	\$ -	\$ -
Negotiable certificate of deposit	3,223,000	N/A	-	-	-	3,223,000
State investment pool	3,748,525	N/A	-	-	-	3,748,525
Investment in County pool	3,030,342	AA	3,030,342	-	-	-
Money market mutual fund	451,063	N/A	451,063	-	-	-
Total	<u>\$ 10,979,680</u>		<u>\$ 3,481,405</u>	<u>\$ 526,750</u>	<u>\$ -</u>	<u>\$ 6,971,525</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS, (Continued)

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer other than external investment pools that represent five percent or more of the City's investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that 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 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. As of June 30, 2013, the City had deposits with financial institutions in the amount of \$401 that were in excess of federal depository insurance limits and held in uncollateralized accounts.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS, (Continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. 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 pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in County Pool

The City is a 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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance at <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2013</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 18,289,250	\$ -	\$ -	\$ 18,289,250
Construction in progress	<u>17,061,423</u>	<u>7,583,705</u>	<u>(1,244,911)</u>	<u>23,400,217</u>
Total capital assets not being depreciated	<u>35,350,673</u>	<u>7,583,705</u>	<u>(1,244,911)</u>	<u>41,689,467</u>
Capital assets being depreciated:				
Buildings and improvements	9,054,076	-	-	9,054,076
Machinery and equipment	1,734,294	574,193	(250,000)	2,058,487
Infrastructure	<u>7,649,807</u>	<u>1,176,228</u>	<u>-</u>	<u>8,826,035</u>
Total capital assets being depreciated	<u>18,438,177</u>	<u>1,750,421</u>	<u>(250,000)</u>	<u>19,938,598</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,713,321)	(258,540)	-	(2,971,861)
Machinery and equipment	(1,417,969)	(90,909)	247,823	(1,261,055)
Infrastructure	<u>(1,224,488)</u>	<u>(229,020)</u>	<u>-</u>	<u>(1,453,508)</u>
Total accumulated depreciation	<u>(5,355,778)</u>	<u>(578,469)</u>	<u>247,823</u>	<u>(5,686,424)</u>
Total capital assets being depreciated, net	<u>13,082,399</u>	<u>1,171,952</u>	<u>(2,177)</u>	<u>14,252,174</u>
Governmental activities capital assets, net	<u>\$ 48,433,072</u>	<u>\$ 8,755,657</u>	<u>\$ (1,247,088)</u>	<u>\$ 55,941,641</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS, (Continued)

	Balance at <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclass</u>	Balance at <u>June 30, 2013</u>
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 1,365,688	\$ -	\$ -	\$ -	\$ 1,365,688
Construction in progress	<u>-</u>	<u>32,285</u>	<u>-</u>	<u>-</u>	<u>32,285</u>
Total capital assets not being depreciated	<u>1,365,688</u>	<u>32,285</u>	<u>-</u>	<u>-</u>	<u>1,397,973</u>
Capital assets, being depreciated:					
Buildings	82,441	-	-	3,998,507	4,080,948
Improvements	9,836,588	59,466	-	(5,643,791)	4,252,263
Machinery and equipment	747,993	235,451	(79,948)	921,000	1,824,496
Water system	12,303,466	-	-	-	12,303,466
Wastewater system	<u>12,308,443</u>	<u>-</u>	<u>-</u>	<u>724,284</u>	<u>13,032,727</u>
Total capital assets being depreciated	<u>35,278,931</u>	<u>294,917</u>	<u>(79,948)</u>	<u>-</u>	<u>35,493,900</u>
Less accumulated depreciation for:					
Buildings	(30,808)	(121,967)	-	-	(152,775)
Improvements	(971,929)	(111,874)	-	-	(1,083,803)
Machinery and equipment	(512,257)	(127,218)	72,000	-	(567,475)
Water system	(4,696,103)	(243,583)	-	-	(4,939,686)
Wastewater system	<u>(4,805,872)</u>	<u>(331,452)</u>	<u>-</u>	<u>-</u>	<u>(5,137,324)</u>
Total accumulated depreciation	<u>(11,016,969)</u>	<u>(936,094)</u>	<u>72,000</u>	<u>-</u>	<u>(11,881,063)</u>
Total capital assets being depreciated, net	<u>24,261,962</u>	<u>(641,177)</u>	<u>(7,948)</u>	<u>-</u>	<u>23,612,837</u>
Business-type activities capital assets, net	<u>\$ 25,627,650</u>	<u>\$ (608,892)</u>	<u>\$ (7,948)</u>	<u>-</u>	<u>\$ 25,010,810</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS, (Continued)

Depreciation expense was charged to functions for the Fiscal Year ended June 30, 2013 as follows:

Governmental activities:	
General government	\$ 40,768
Public safety	17,321
Public works	259,287
Parks and recreation	44,550
Community development	<u>216,543</u>
Total depreciation expense – governmental activities	<u>\$ 578,469</u>
Business-type activities:	
Water	\$ 367,446
Wastewater	568,139
Clean Water	<u>509</u>
Total depreciation expense – business-type activities	<u>\$ 936,094</u> *

* Does not include amortization expense

NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2013, interfund receivables and payables are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 91,886	\$ -
Non-Major Governmental Funds	-	18,973
Non-Major Enterprise	-	35,854
Fiduciary Funds	-	<u>37,059</u>
	<u>\$ 91,886</u>	<u>\$ 91,886</u>

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

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”.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 – INTERFUND 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.

During the current fiscal year, the City Council approved the pay off of the City’s CalPERS Side Fund liability. The Side Fund liability had a balance of approximately \$3 million and was being charged interest at a rate of 7.5 percent annually. The payoff of the side fund liability saved the City approximately \$1.1 million in interest payments, reduced annual pension contribution by approximately \$450,000 and also decreased the future unfunded pension liability. In order to pay off the side fund, an interfund payable between the General Fund and Water Fund was created in the amount of \$1,200,790. The advance payable to the Water Fund will be repaid beginning in Fiscal Year 2014-2015 over three to four years with the savings from the reduced annual pension contributions and will be repaid at an interest rate which is the greater of: 1) 25 basis points over LAIF, or 2) 0.5 percent.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the Fiscal Year ended June 30, 2013 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Funds</u>	
General Fund	\$ -	\$ -	\$ 300,000 (A)	\$ 300,000
Open Space Fund	300,613 (B)	-	-	300,613
Capital Improvement Project Fund	702,261 (C)	-	-	702,261
Non-Major Governmental Funds	476,473 (D)	-	-	476,473
Water Fund	-	4,145	-	4,145
Sewer Fund	-	4,145	-	4,145
Non-Major Enterprise Fund	<u>100,273</u>	<u>-</u>	<u>-</u>	<u>100,273</u>
Total	<u>\$ 1,579,620</u>	<u>\$ 8,290</u>	<u>\$ 300,000</u>	<u>\$ 1,887,910</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 - INTERFUND TRANSFERS, (Continued)

Purpose of Interfund Transfers

Transfers were used to:

- A) A transfer from the Internal Service fund to the General Fund was made to fund a portion of the side fund liability payoff to CalPERS.
- B) Revenues collected from facility use permits from Seagrove Park and the Powerhouse Community Center do not cover the costs of maintaining open space.
- C) To fund current and reserve for future capital improvement projects.
- D) Gas tax revenues from the State do not cover the costs of street and road maintenance. Revenues from the State for Supplemental Law Enforcement do not cover the costs for the park ranger and part-time support. The Library Fund does not generate sufficient revenue to cover the cost of building maintenance.

NOTE 6 - CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the Fiscal Year ended June 30, 2013 is as follows:

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 490,000	\$ -	\$ 155,000	\$ 335,000	\$ 165,000
Compensated absences	<u>371,104</u>	<u>301,259</u>	<u>273,709</u>	<u>398,654</u>	<u>99,664</u>
Total governmental activities	<u>\$ 861,104</u>	<u>\$ 301,259</u>	<u>\$ 428,709</u>	<u>\$ 733,654</u>	<u>\$ 264,664</u>
Business-type activities:					
Certification of participation	\$ 1,625,000	\$ -	\$ 375,000	\$ 1,250,000	\$ 395,000
Note payable	4,577,583	591,089	-	5,168,672	197,136
Compensated absences	<u>63,644</u>	<u>63,527</u>	<u>52,548</u>	<u>74,623</u>	<u>18,655</u>
Total business-type activities	<u>\$ 6,266,227</u>	<u>\$ 654,616</u>	<u>\$ 427,548</u>	<u>\$ 6,493,295</u>	<u>\$ 610,791</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 - CHANGES IN LONG-TERM LIABILITIES, (Continued)

Governmental Long-Term Debt

Bonds Payable:

1999 Wildfire Protection Bonds - Del Mar voters approved the issuance of bonds for the purpose of completing capital improvements to enhance water flows and complete necessary water upgrades for firefighting at the City's urban/wildland boundaries. Annual principal payments of \$150,000 to \$170,000 are due through 2014. Interest rates ranges from 4.40 percent to 4.60 percent.

\$ 335,000

Business-Type Long-Term Debt

1993 Certificates of Participation (COPS) - The Del Mar Public Facilities Corporation issued COPS consisting of \$6,000,000 to be used to fund construction and repair of wastewater lines. The certificates mature in various amounts from \$375,000 to \$440,000 annually on September 1 each year through 2015. The interest rate is 5.00 percent. The City is covenanted to fix, prescribe, revise and collect rates, fees and charges each fiscal year that are sufficient to yield net revenues which are at least equal to 115% of the amount of principal and interest due and payable in such fiscal year.

\$ 1,250,000

Notes Payable:

21st Street Sewer Pump Station Note Payable - 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 will be 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. Increases to the loan are recorded as expense reimbursements are requested. Annual payments of \$344,017 are to be paid beginning on August 1, 2013 through August 2032 at an interest rate of 2.9 percent per annum.

\$ 5,168,672

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES, (Continued)

Governmental Long-Term Debt

1999			
Wildfire Protection Project General Obligation Bonds, Series 1999			
<u>Fiscal Year</u>			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 165,000	\$ 11,533	\$ 176,533
2015	<u>170,000</u>	<u>3,910</u>	<u>173,910</u>
	<u>\$ 335,000</u>	<u>\$ 15,443</u>	<u>\$ 350,443</u>

Business-Type Long-Term Debt

1993			
Sewer System Improvement Project Certificates of Participation			
<u>Fiscal Year</u>			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 395,000	\$ 53,625	\$ 448,625
2015	415,000	32,375	447,375
2016	<u>440,000</u>	<u>11,000</u>	<u>451,000</u>
Total	<u>\$ 1,250,000</u>	<u>\$ 97,000</u>	<u>\$ 1,347,000</u>

21st Street Sewer Pump Station Note Payable			
<u>Fiscal Year</u>			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 197,136	\$ 146,881	\$ 344,017
2015	199,842	144,175	344,017
2016	205,638	138,379	344,017
2017	211,601	132,416	344,017
2018	217,738	126,279	344,017
2019-2023	1,187,148	532,937	1,720,085
2024-2028	1,369,562	350,523	1,720,085
2029-2032	<u>1,580,007</u>	<u>140,078</u>	<u>1,720,085</u>
Total	<u>\$ 5,168,672</u>	<u>\$ 1,711,668</u>	<u>\$ 6,880,340</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – FUND BALANCES

	General Fund	Open Space	Capital Improvement Projects	Other Non-Major	Total
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 227,465	\$ 227,465
Public safety	-	-	-	52,278	52,278
Public works	-	-	-	60,449	60,449
Street projects	-	-	-	8,959	8,959
Low-income housing	-	-	-	616,661	616,661
Total restricted	-	-	-	965,812	965,812
Committed to:					
Parks and community center	-	167,503	-	-	167,503
Total committed	-	167,503	-	-	167,503
Assigned to:					
Encumbrances	49,520	-	-	-	49,520
Compensated absences	155,041	-	-	-	155,041
Equipment replacement	456,756	-	-	-	456,756
Public television	158,103	-	-	-	158,103
Self-insurance	609,799	-	-	-	609,799
Sidewalk cafes	14,525	-	-	-	14,525
Software licensing	31,960	-	-	-	31,960
Capital projects	-	-	1,535,486	-	1,535,486
Total assigned	1,475,704	-	1,535,486	-	3,011,190
Unassigned:					
General fund	1,446,003	-	-	-	1,446,003
Total unassigned	1,446,003	-	-	-	1,446,003
Total Fund Balances	<u>\$ 2,921,707</u>	<u>\$ 167,503</u>	<u>\$ 1,535,486</u>	<u>\$ 965,812</u>	<u>\$ 5,590,508</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – FUND BALANCES (Continued)

Restricted for Debt Service are bond proceeds required to be set aside to repay principal and interest on long-term indebtedness of the City.

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

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

Restricted for Special 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.

Assigned to Sidewalk Cafes are fees collected from restaurants with sidewalk cafes and are set aside for the maintenance and beautification of the City's downtown area.

Assigned to Compensated Absences are funds set aside for unpaid vacation time due to employees. See note 6 for additional information.

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

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

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

Assigned to Software Licensing are funds set aside for the purchase of software licenses and financial systems software.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)

Plan Description

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

Contributions

Miscellaneous and safety (fire and other) are required to contribute eight percent and nine percent, respectively, of their annual covered salary. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups. In addition to the required employer contributions, as shown in the following table, member contributions paid by the City were two and one-half percent for other safety in the amount of \$5,340. Effective on the first payday after January 1, 2012, the City reduced the member contribution for the lifeguard safety employees by 2.5 percent. The City also negotiated to no longer make contributions on behalf of the lifeguard safety employees effective January 1, 2013. The City made no contributions on behalf of miscellaneous and fire safety employees.

Assembly Bill (AB) 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA. As of June 30, 2013, the City has one employee who is participating in the new benefit formula.

For each of the fiscal years shown in the following table, the City has contributed at the actuarially determined rate provided by PERS' actuaries. The City's covered payroll for PERS was \$3,887,735 for the year ended June 30, 2013, while the City's total payroll for all employees was \$4,701,631.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN), (Continued)

Three-Year Trend Information for Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Required Employer Contribution</u>	<u>Percentage Contributed</u>
Miscellaneous Employees:			
June 30, 2011	20.437%	\$ 555,659	100%
June 30, 2012	22.591%	\$ 615,060	100%
June 30, 2013	23.095%	\$ 615,475	100%
Miscellaneous Employees: (PEPRA)			
June 30, 2013	6.50%	\$ 1,046	100%
Fire Safety Employees:			
June 30, 2011	49.147%	\$ 362,131	100%
June 30, 2012	50.995%	\$ 377,576	100%
June 30, 2013	47.862%	\$ 350,410	100%
Other Safety Employees:			
June 30, 2011	11.552%	\$ 56,186	100%
June 30, 2012	17.328%	\$ 81,956	100%
June 30, 2013	17.003%	\$ 81,682	100%

NOTE 9 – DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. 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.

CITY OF DEL MAR

NOTES TO BASIC 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.

NOTE 11 – LITIGATION AND COMMITMENTS

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.

Construction Contracts and Commitments:

As of June 30, 2013, construction contracts and commitments totaled \$1,543,181.

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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – RISK MANAGEMENT

The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA), a consortium of various governmental entities in San Diego County who have joined together to achieve savings on insurance premiums through volume purchasing and risk management consulting. Each member pays for its proportionate share of its individually contracted insurance coverage and consulting services. The City does not own an equity interest in SANDPIPA and separate financial statements are prepared for SANDPIPA.

General Liability:

As a member of SANDPIPA, the City is self-insured for the first \$125,000 of each occurrence. The difference between the City's \$125,000 self-insurance retention and \$2,500,000 of pooled liability insurance for each occurrence is covered by SANDPIPA, with an additional \$45,000,000 of purchased liability for a total of \$47,500,000. 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 \$125,000 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.

General liability and workers' compensation claims were as follows for June 30, 2012 and 2013:

	<u>General Liability</u>		<u>Workers' Compensation</u>	
	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Unpaid claims, beginning of fiscal year	\$ 5,231	\$ 1,250	\$ 428,215	\$ 219,899
Incurred claims (including IBNR)	43,683	250,000	56,535	83,720
Claims payments	<u>(47,664)</u>	<u>(1,250)</u>	<u>(264,851)</u>	<u>(47,510)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,250</u>	<u>\$ 250,000</u>	<u>\$ 219,899</u>	<u>\$ 256,109</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2013.

Other Insurance Policies:

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

NOTE 14 – ASSESSMENT DISTRICT BOND ISSUES

The City has issued Special Assessment Bonds as allowed under the State of California Special Improvement Act. The City has no obligation beyond the balances in the designated Agency fund for any delinquent assessment district bond payments. The City acts solely as an agent for those paying assessments and the bondholders of the obligations outstanding. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit, nor taxing power of the City is pledged to the payment of the bonds. Therefore, such bonds are not an appropriate liability of the City and are not included in the accompanying financial statements. At June 30, 2013, the outstanding special assessment district bonds are as follows:

- The Seawall Refinance Assessment District No. 1999-01 Bonds of \$1,350,000 were issued June 17, 1999 to finance seawall improvements. These bonds outstanding at June 30, 2013 were \$645,000.
- The Ocean View/Pines Assessment District No. 2005-01 Bonds of \$932,201 were issued October 1, 2005, to finance the removal of overhead utilities in the Ocean View Pines neighborhood area. The bonds outstanding at June 30, 2013 were \$525,000.

NOTE 15 – EXPENDITURES EXCEEDING APPROPRIATIONS

The Regional Communications System Fund and Wildfire Debt Service Fund exceeded its budgets by \$5,090, and \$125, respectively. These funds have adequate resources to cover its budget overages.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16 – COMMITMENTS AND CONTINGENCIES

As of June 30, 2013, City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental fund and nonmajor funds in the aggregate is as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 49,520
Gasoline Tax Fund	2,838
Regional Communications System Fund	3,060
Grants Fund	3,623

NOTE 17 – IMPLEMENTATION OF NEW GASB

The accompanying financial statements reflect the implementation of GASB Statement Number 63. Significant impacts of the GASB Statement Number 63 include changing the title of the statement of net assets to the statement of net position and reformatting the statement of net position to add separate sections for deferred inflows of resources and deferred outflows of resources.

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 8,214,983	\$ 8,336,445	\$ 8,902,500	\$ 566,055	\$ 8,500,119
Licenses, fees and permits	587,578	622,578	616,630	(5,948)	567,382
Intergovernmental	49,453	49,453	106,506	57,053	79,800
Charges for services	1,107,689	1,147,689	1,190,559	42,870	1,098,148
Fines and forfeitures	780,254	702,504	669,665	(32,839)	815,617
Use of money and property	70,823	65,625	144,197	78,572	73,840
Contributions	-	35,400	36,921	1,521	5,000
Other	40,240	78,441	316,585	238,144	396,751
Total revenues	<u>10,851,020</u>	<u>11,038,135</u>	<u>11,983,563</u>	<u>945,428</u>	<u>11,536,657</u>
EXPENDITURES					
Current:					
General government	4,190,979	6,057,360	5,786,805	270,555	4,731,431
Public safety	5,207,054	6,219,502	6,123,864	95,638	5,100,244
Public works	298,679	409,307	251,545	157,762	137,038
Total expenditures	<u>9,696,712</u>	<u>12,686,169</u>	<u>12,162,214</u>	<u>523,955</u>	<u>9,968,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,154,308</u>	<u>(1,648,034)</u>	<u>(178,651)</u>	<u>1,469,383</u>	<u>1,567,944</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	300,000	300,000	-
Transfers out	(1,225,301)	(1,500,790)	(1,579,620)	(78,830)	(1,193,059)
Sale of capital assets	-	-	-	-	18,811
Total other financing (uses)	<u>(1,225,301)</u>	<u>(1,500,790)</u>	<u>(1,279,620)</u>	<u>221,171</u>	<u>(1,174,248)</u>
Net change in fund balances	(70,993)	(3,148,824)	(1,458,271)	1,690,553	393,696
Fund balance, beginning of year	<u>4,379,978</u>	<u>4,379,978</u>	<u>4,379,978</u>	-	<u>3,986,282</u>
Fund balance, end of year	<u>\$ 4,308,985</u>	<u>\$ 1,231,154</u>	<u>\$ 2,921,707</u>	<u>\$ 1,690,553</u>	<u>\$ 4,379,978</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 10,796	\$ 5,796	\$ 6,032	\$ 236	\$ 7,381
Licenses, fees and permits	365,206	371,056	368,178	(2,878)	420,522
Intergovernmental	20,488	20,488	46,424	25,936	34,957
Use of money and property	750	750	440	(310)	46
Contributions	3,870	3,870	-	(3,870)	5,375
Other	8,305	12,767	41,283	28,516	19,938
Total revenues	409,415	414,727	462,357	47,630	488,219
EXPENDITURES					
Current:					
Parks and recreation	687,429	779,684	775,814	3,870	734,815
Capital outlay	2,000	9,642	1,459	8,183	5,366
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	689,429	789,326	777,273	12,053	740,181
Excess (deficiency) of revenues over (under) expenditures	(280,014)	(374,599)	(314,916)	59,683	(251,962)
OTHER FINANCING SOURCES (USES)					
Transfers in	280,014	329,958	300,613	(29,345)	243,553
Total other financing sources	280,014	329,958	300,613	(29,345)	243,553
Net change in fund balances	-	(44,641)	(14,303)	30,338	(8,409)
Fund balance, beginning of year	181,806	181,806	181,806	-	190,215
Fund balance, end of year	\$ 181,806	\$ 137,165	\$ 167,503	\$ 30,338	\$ 181,806

CITY OF DEL MAR

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2013

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, Debt Service 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, Debt Service and Capital Project Funds in the amount of \$15,844,579 were made during the year ended June 30, 2013.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Unencumbered appropriations at year end automatically lapse. Those appropriations may be re-encumbered in the following year only after reconsideration.
4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds (for which annual budgets were adopted) are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

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CITY OF DEL MAR

NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The **Gasoline Tax 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 **Supplemental Law Enforcement 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 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 Fund** accounts for federal, state and local grants received by the City and the expenditure of those funds.

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

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

The **Wildfire Debt Service Fund** accounts for the accumulation of resources and payment of the Wildfire Protection general obligation bond principal and interest from governmental resources.

The **Transnet II Capital Project Fund** accounts for the financial resources to be used for the acquisition or construction of capital facilities.

The **Regional Transportation Congestion Improvement Program Fund (RTCIP)** 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, 2013
 (With comparative totals for 2012)

	Special Revenue Funds					
	Gasoline Tax	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing	AB 939
ASSETS						
Cash and investments	\$ 24,558	\$ -	\$ 20,009	\$ 25,766	\$ 616,298	\$ 46,346
Receivables:						
Taxes	-	-	-	-	-	-
Accrued interest	-	-	-	17	363	20
Accounts, net	-	-	-	6,538	-	12,500
Due from other agencies	2,087	25,000	-	-	-	-
Total assets	<u>\$ 26,645</u>	<u>\$ 25,000</u>	<u>\$ 20,009</u>	<u>\$ 32,321</u>	<u>\$ 616,661</u>	<u>\$ 58,866</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 23,807	\$ 6,027	\$ -	\$ 52	\$ -	\$ 1,255
Due to other funds	-	18,973	-	-	-	-
Total liabilities	<u>23,807</u>	<u>25,000</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>1,255</u>
Fund balances						
Restricted for:						
Public safety	-	-	20,009	32,269	-	-
Low-income housing	-	-	-	-	616,661	-
Public works	2,838	-	-	-	-	57,611
Debt service	-	-	-	-	-	-
Street projects	-	-	-	-	-	-
Total fund balances	<u>2,838</u>	<u>-</u>	<u>20,009</u>	<u>32,269</u>	<u>616,661</u>	<u>57,611</u>
Total liabilities and fund balances	<u>\$ 26,645</u>	<u>\$ 25,000</u>	<u>\$ 20,009</u>	<u>\$ 32,321</u>	<u>\$ 616,661</u>	<u>\$ 58,866</u>

Debt Service Fund		Capital Projects Fund		Total	
Wildfire	Transnet II	Regional Transportation (RTCIP)	2013	2012	
\$ 226,243	\$ 6,763	\$ 2,201	968,184	\$ 1,006,088	
1,089	-	-	1,089	1,368	
133	4	2	539	702	
-	-	-	19,038	6,538	
-	-	-	27,087	48,031	
<u>\$ 227,465</u>	<u>\$ 6,767</u>	<u>\$ 2,203</u>	<u>\$ 1,015,937</u>	<u>\$ 1,062,727</u>	
\$ -	\$ 11	\$ -	\$ 31,152	\$ 58,239	
-	-	-	18,973	28,212	
-	11	-	50,125	86,451	
-	-	-	52,278	33,272	
-	-	-	616,661	721,271	
-	-	-	60,449	12,500	
227,465	-	-	227,465	183,545	
-	6,756	2,203	8,959	25,688	
<u>227,465</u>	<u>6,756</u>	<u>2,203</u>	<u>965,812</u>	<u>976,276</u>	
<u>\$ 227,465</u>	<u>\$ 6,767</u>	<u>\$ 2,203</u>	<u>\$ 1,015,937</u>	<u>\$ 1,062,727</u>	

CITY OF DEL MAR

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(With comparative totals for 2012)

	Special Revenue Funds					
	Gasoline Tax	Supplemental Law Enforcement	Regional Communications System	Grants	Housing	AB 939
REVENUES						
Taxes	\$ 114,403	\$ -	\$ 44,056	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	50,000
Intergovernmental	-	100,000	-	145,767	-	-
Use of money and property	-	-	63	650	3,994	227
Total revenues	114,403	100,000	44,119	146,417	3,994	50,227
EXPENDITURES						
Current:						
General government	-	-	-	2,424	108,604	5,116
Public safety	-	172,383	31,074	129,742	-	-
Public works	515,655	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	515,655	172,383	31,074	132,166	108,604	5,116
Excess (deficiency) of revenues over (under) expenditures	(401,252)	(72,383)	13,045	14,251	(104,610)	45,111
OTHER FINANCING SOURCES (USES)						
Transfers in	404,090	72,383	-	-	-	-
Transfers out	-	-	(8,290)	-	-	-
Total other financing uses	404,090	72,383	(8,290)	-	-	-
Net change in fund balances	2,838	-	4,755	14,251	(104,610)	45,111
Fund balance, beginning of year	-	-	15,254	18,018	721,271	12,500
Fund balance, end of year	\$ 2,838	\$ -	\$ 20,009	\$ 32,269	\$ 616,661	\$ 57,611

Debt Service Fund	Capital Improvement Program Funds		Total	
	Wildfire	Transnet II	Regional Transportation (RTCIP)	2013
\$ 217,511	\$ -	\$ -	\$ 375,970	\$ 351,200
-	-	2,165	52,165	59,516
-	195,750	-	441,517	546,156
939	219	38	6,130	3,750
<u>218,450</u>	<u>195,969</u>	<u>2,203</u>	<u>875,782</u>	<u>960,622</u>
875	-	-	117,019	116,992
-	-	-	333,199	279,892
-	-	-	515,655	407,508
-	208,006	6,895	214,901	320,401
155,000	-	-	155,000	150,000
18,655	-	-	18,655	25,290
<u>174,530</u>	<u>208,006</u>	<u>6,895</u>	<u>1,354,429</u>	<u>1,300,083</u>
<u>43,920</u>	<u>(12,037)</u>	<u>(4,692)</u>	<u>(478,647)</u>	<u>(339,461)</u>
-	-	-	476,473	346,971
-	-	-	(8,290)	(7,407)
-	-	-	468,183	339,564
43,920	(12,037)	(4,692)	(10,464)	103
183,545	18,793	6,895	976,276	976,173
<u>\$ 227,465</u>	<u>\$ 6,756</u>	<u>\$ 2,203</u>	<u>\$ 965,812</u>	<u>\$ 976,276</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GASOLINE TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 109,242	\$ 126,296	\$ 114,403	\$ (11,893)	\$ 136,191
Use of money and property	-	-	-	-	-
Total revenues	<u>109,242</u>	<u>126,296</u>	<u>114,403</u>	<u>(11,893)</u>	<u>136,191</u>
EXPENDITURES					
Current					
Public works	<u>459,537</u>	<u>532,722</u>	<u>515,655</u>	<u>17,067</u>	<u>407,508</u>
Total expenditures	<u>459,537</u>	<u>532,722</u>	<u>515,655</u>	<u>17,067</u>	<u>407,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(350,295)</u>	<u>(406,426)</u>	<u>(401,252)</u>	<u>5,174</u>	<u>(271,317)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>350,295</u>	<u>441,427</u>	<u>404,090</u>	<u>(37,337)</u>	<u>271,317</u>
Total other financing uses	<u>350,295</u>	<u>441,427</u>	<u>404,090</u>	<u>(37,337)</u>	<u>271,317</u>
Net change in fund balances	-	35,001	2,838	(32,163)	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ 35,001</u>	<u>\$ 2,838</u>	<u>\$ (32,163)</u>	<u>\$ -</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Use of money and property	-	-	-	-	39
Total revenues	-	100,000	100,000	-	100,039
EXPENDITURES					
Current					
Public Safety	189,687	176,166	172,383	3,783	175,693
Total expenditures	189,687	176,166	172,383	3,783	175,693
Excess (deficiency) of revenues over (under) expenditures	(189,687)	(76,166)	(72,383)	3,783	(75,654)
OTHER FINANCING SOURCES (USES)					
Transfers in	189,687	76,166	72,383	(3,783)	75,654
Total other financing uses	189,687	76,166	72,383	(3,783)	75,654
Net change in fund balances	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
REGIONAL COMMUNICATIONS SYSTEM FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 45,000	\$ 45,000	\$ 44,056	\$ (944)	\$ 44,096
Use of money and property	-	-	63	63	38
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>44,119</u>	<u>(881)</u>	<u>44,134</u>
EXPENDITURES					
Current					
Public safety	25,984	25,984	31,074	(5,090)	27,766
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>25,984</u>	<u>25,984</u>	<u>31,074</u>	<u>(5,090)</u>	<u>27,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,016</u>	<u>19,016</u>	<u>13,045</u>	<u>(5,971)</u>	<u>16,368</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	-	(8,290)	(8,290)	(7,407)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(8,290)</u>	<u>(8,290)</u>	<u>(7,407)</u>
Net change in fund balances	19,016	19,016	4,755	(14,261)	8,961
Fund balance, beginning of year	15,254	15,254	15,254	-	6,293
Fund balance, end of year	<u>\$ 34,270</u>	<u>\$ 34,270</u>	<u>\$ 20,009</u>	<u>\$ (14,261)</u>	<u>\$ 15,254</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$ 19,372	\$ 183,157	\$ 145,767	\$ (37,390)	\$ 108,156
Use of money and property	-	-	650	650	25
Total revenues	19,372	183,157	146,417	(36,740)	108,181
EXPENDITURES					
Current					
General government	-	30,000	2,424	27,576	24,916
Public safety	15,446	156,988	129,742	27,246	76,433
Total expenditures	15,446	186,988	132,166	54,823	101,349
Net change in fund balance	3,926	(3,831)	14,251	18,082	6,832
Fund balance, beginning of year	18,018	18,018	18,018	-	11,186
Fund balance, end of year	\$ 21,944	\$ 14,187	\$ 32,269	\$ 18,082	\$ 18,018

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
HOUSING FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Licenses, fees and permits	\$ 94,032	\$ 94,032	\$ -	\$ (94,032)	\$ 47,016
Use of money and property	4,210	4,210	3,994	(216)	2,890
Total revenues	98,242	98,242	3,994	(94,248)	49,906
EXPENDITURES					
Current					
General government	106,341	108,604	108,604	-	91,218
Total expenditures	106,341	108,604	108,604	-	91,218
Net change in fund balance	(8,099)	(10,362)	(104,610)	(94,248)	(41,312)
Fund balance, beginning of year	721,271	721,271	721,271	-	762,583
Fund balance, end of year	\$ 713,172	\$ 710,909	\$ 616,661	\$ (94,248)	\$ 721,271

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
 AB 939 FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
 (With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Licenses, fees and permits	\$ -	\$ 54,252	\$ 50,000	\$ (4,252)	\$ 12,500
Use of money and property	-	-	227	227	-
Total revenues	-	54,252	50,227	(4,025)	12,500
EXPENDITURES					
Current					
Waste management	-	30,000	5,116	24,884	-
Total expenditures	-	30,000	5,116	24,884	-
Net change in fund balance	-	24,252	45,111	20,859	12,500
Fund balance, beginning of year	12,500	12,500	12,500	-	-
Fund balance, end of year	\$ 12,500	\$ 36,752	\$ 57,611	\$ 20,859	\$ 12,500

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
WILDFIRE DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 183,655	\$ 183,655	\$ 217,511	\$ 33,856	\$ 170,913
Use of money and property	1,100	1,100	939	(161)	432
Total revenues	<u>184,755</u>	<u>184,755</u>	<u>218,450</u>	<u>33,695</u>	<u>171,345</u>
EXPENDITURES					
Current					
General government	750	750	875	(125)	858
Debt service:					
Principal	155,000	155,000	155,000	-	150,000
Interest	<u>18,655</u>	<u>18,655</u>	<u>18,655</u>	<u>-</u>	<u>25,290</u>
Total expenditures	<u>174,405</u>	<u>174,405</u>	<u>174,530</u>	<u>(125)</u>	<u>176,148</u>
Net change in fund balance	10,350	10,350	43,920	33,570	(4,803)
Fund balance, beginning of year	<u>183,545</u>	<u>183,545</u>	<u>183,545</u>	<u>-</u>	<u>188,348</u>
Fund balance, end of year	<u>\$ 193,895</u>	<u>\$ 193,895</u>	<u>\$ 227,465</u>	<u>\$ 33,570</u>	<u>\$ 183,545</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
TRANSNET II
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$ 178,000	\$ 199,000	\$ 195,750	\$ (3,250)	\$ 338,000
Use of money and property	4	4	219	215	297
Total revenues	178,004	199,004	195,969	(3,035)	338,297
EXPENDITURES					
Public works					
Street maintenance	-	-	-	-	-
Capital outlay	178,000	216,242	208,006	8,236	320,401
Total expenditures	178,000	216,242	208,006	8,236	320,401
Excess (deficiency) of revenues over (under) expenditures	4	(17,238)	(12,037)	5,201	17,896
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balances	4	(17,238)	(12,037)	5,201	17,896
Fund balance, beginning of year	18,793	18,793	18,793	-	897
Fund balance, end of year	\$ 18,797	\$ 1,555	\$ 6,756	\$ 5,201	\$ 18,793

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT FUND
 REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
 (With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Licenses, fees and permits	\$ -	\$ -	\$ 2,165	\$ 2,165	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	-	-	38	38	29
Total revenues	-	-	2,203	2,203	29
EXPENDITURES					
Public works					
Street maintenance	-	-	-	-	-
Capital outlay	-	6,895	6,895	-	-
Total expenditures	-	6,895	6,895	-	-
Net change in fund balances	-	(6,895)	(4,692)	2,203	29
Fund balance, beginning of year	6,895	6,895	6,895	-	6,866
Fund balance, end of year	\$ 6,895	\$ -	\$ 2,203	\$ 2,203	\$ 6,895

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**
(With comparative totals for 2012)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	16,835	11,751,837	7,043,696	(4,708,141)	7,416,465
Use of money and property	8,000	8,000	3,773	(4,227)	1,675
Contributions	-	-	-	-	647,500
Other	-	75,000	53,529	(21,471)	-
Total revenues	24,835	11,834,837	7,100,998	(4,733,839)	8,065,640
EXPENDITURES					
Capital outlay	403,130	12,734,389	7,447,977	5,286,412	9,471,170
Total expenditures	403,130	12,734,389	7,447,977	5,286,412	9,471,170
Excess (deficiency) of revenues over (under) expenditures	(378,295)	(899,552)	(346,979)	552,573	(1,405,530)
OTHER FINANCING SOURCES (USES)					
Transfers in	378,295	333,295	702,261	368,966	593,158
Total other financing uses	378,295	333,295	702,261	368,966	593,158
Net change in fund balances	-	(566,257)	355,282	921,539	(812,372)
Fund balance, beginning of year	1,180,204	1,180,204	1,180,204	-	1,992,576
Fund balance, end of year	<u>\$ 1,180,204</u>	<u>\$ 613,947</u>	<u>\$ 1,535,486</u>	<u>\$ 921,539</u>	<u>\$ 1,180,204</u>

CITY OF DEL MAR

AGENCY FUNDS

JUNE 30, 2013

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

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CITY OF DEL MAR
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2013
(With comparative totals for 2012)

	Assessment District 1989-01	Assessment District 1999-01	Assessment District 2005-01
ASSETS			
Accounts and assessments receivable	\$ 57	\$ 148	\$ 58
Amounts to be provided by bond holders	-	-	-
Restricted assets			
Cash and investments	95,878	245,230	94,927
	<u>95,935</u>	<u>245,378</u>	<u>94,985</u>
Total assets	<u>\$ 95,935</u>	<u>\$ 245,378</u>	<u>\$ 94,985</u>
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
Due to bond holders	95,935	245,378	94,985
	<u>95,935</u>	<u>245,378</u>	<u>94,985</u>
Total liabilities and fund balances	<u>\$ 95,935</u>	<u>\$ 245,378</u>	<u>\$ 94,985</u>

CITY OF DEL MAR
 AGENCY FUNDS
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 JUNE 30, 2013
 (CONTINUED)

		Total	
North Hills	Sunset		
Undergrounding	Undergrounding	2013	2012
\$ -	\$ 6	\$ 269	\$ 358
37,059	-	37,059	37,059
-	9,418	445,453	463,850
<u>\$ 37,059</u>	<u>\$ 9,424</u>	<u>\$ 482,781</u>	<u>\$ 501,267</u>
\$ 37,059	-	\$ 37,059	\$ 37,059
-	9,424	445,722	464,208
<u>\$ 37,059</u>	<u>\$ 9,424</u>	<u>\$ 482,781</u>	<u>\$ 501,267</u>

**CITY OF DEL MAR
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>Assessment District 1989-01</u>				
ASSETS				
Accounts and assessments receivable	\$ 74	\$ 57	\$ (74)	\$ 57
Restricted assets:				
Cash and investments	95,254	980	(356)	95,878
Total assets	<u>\$ 95,328</u>	<u>\$ 1,037</u>	<u>\$ (430)</u>	<u>\$ 95,935</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to bond holders	95,328	1,037	(430)	95,935
Total liabilities	<u>\$ 95,328</u>	<u>\$ 1,037</u>	<u>\$ (430)</u>	<u>\$ 95,935</u>
<u>Assessment District 1999-01</u>				
ASSETS				
Accounts and assessments receivable	\$ 203	\$ 148	\$ (203)	\$ 148
Restricted assets:				
Cash and investments	263,045	101,301	(119,116)	245,230
Total assets	<u>\$ 263,248</u>	<u>\$ 101,449</u>	<u>\$ (119,319)</u>	<u>\$ 245,378</u>
LIABILITES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to bond holders	263,248	101,449	(119,319)	245,378
Total liabilities	<u>\$ 263,248</u>	<u>\$ 101,449</u>	<u>\$ (119,319)</u>	<u>\$ 245,378</u>
<u>Assessment District 2005-01</u>				
ASSETS				
Accounts and assessments receivable	\$ 74	\$ 58	\$ (74)	\$ 58
Restricted assets:				
Cash and investments	96,194	69,674	(70,941)	94,927
Total assets	<u>\$ 96,268</u>	<u>\$ 69,732</u>	<u>\$ (71,015)</u>	<u>\$ 94,985</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to bond holders	96,268	69,732	(71,015)	94,985
Total liabilities	<u>\$ 96,268</u>	<u>\$ 69,732</u>	<u>\$ (71,015)</u>	<u>\$ 94,985</u>

**CITY OF DEL MAR
 AGENCY FUNDS, (CONTINUED)
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2013**

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<u>North Hills Undergrounding District</u>				
ASSETS				
Amounts to be provided by bond holders	\$ 37,059	\$ -	\$ -	\$ 37,059
Restricted assets:				
Cash and investments	-	74,117	(74,117)	-
Total assets	<u>\$ 37,059</u>	<u>\$ 74,117</u>	<u>\$ (74,117)</u>	<u>\$ 37,059</u>
LIABILITIES				
Due to other funds	\$ 37,059	\$ 74,117	\$ (74,117)	\$ 37,059
Total liabilities	<u>\$ 37,059</u>	<u>\$ 74,117</u>	<u>\$ (74,117)</u>	<u>\$ 37,059</u>
<u>Sunset Undergrounding District</u>				
ASSETS				
Accounts and assessments receivable	\$ 7	\$ 6	\$ (7)	\$ 6
Restricted assets:				
Cash and investments	9,357	97	(36)	9,418
Total assets	<u>\$ 9,364</u>	<u>\$ 103</u>	<u>\$ (43)</u>	<u>\$ 9,424</u>
LIABILITIES				
Due to bond holders	\$ 9,364	\$ 103	\$ (43)	\$ 9,424
Total liabilities	<u>\$ 9,364</u>	<u>\$ 103</u>	<u>\$ (43)</u>	<u>\$ 9,424</u>
<u>Total Agency Funds</u>				
ASSETS				
Accounts and assessments receivable	\$ 358	\$ 269	\$ (358)	\$ 269
Amounts to be provided by bond holders	37,059	-	-	37,059
Restricted assets:				
Cash and investments	463,850	246,169	(264,566)	445,453
Total assets	<u>\$ 501,267</u>	<u>\$ 246,438</u>	<u>\$ (264,924)</u>	<u>\$ 482,781</u>
LIABILITIES				
Due to other funds	\$ 37,059	\$ 74,117	\$ (74,117)	\$ 37,059
Due to bond holders	464,208	172,321	(190,807)	445,722
Total liabilities	<u>\$ 501,267</u>	<u>\$ 246,438</u>	<u>\$ (264,924)</u>	<u>\$ 482,781</u>

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CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2012-2013



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.	90
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.	102
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.	117
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.	124
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.	127

City of Del Mar

Net Position by Component ⁽¹⁾

Last Ten Fiscal Years Ended June 30, 2013

(Accrual basis of accounting)

	Fiscal Year				
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Governmental Activities					
Investment in capital assets, net of related debt	\$ 14,216,403	\$ 14,984,944	\$ 16,592,553	\$ 18,622,695	\$ 32,141,682
Restricted	-	-	-	750,233	1,035,026
Unrestricted	5,280,976	5,578,002	5,960,276	6,069,386	482,410
Total governmental activities net position	\$ 19,497,379	\$ 20,562,946	\$ 22,552,829	\$ 25,442,314	\$ 33,659,118
Business-type Activities					
Investment in capital assets, net of related debt	\$ 16,507,382	\$ 16,681,291	\$ 16,908,644	\$ 17,781,176	\$ 18,768,065
Restricted	765,827	695,027	679,588	689,363	700,635
Unrestricted	2,438,731	3,013,620	3,321,173	3,304,723	3,037,145
Total business-type activities net position	\$ 19,711,940	\$ 20,389,938	\$ 20,909,405	\$ 21,775,262	\$ 22,505,845
Primary Government					
Investment in capital assets, net of related debt	\$ 30,723,785	\$ 31,666,235	\$ 33,501,197	\$ 36,403,871	\$ 51,610,382
Restricted	765,827	695,027	679,588	1,439,596	792,800
Unrestricted	7,719,707	8,591,622	9,281,449	9,374,109	3,761,781
Total primary government net position	\$ 39,209,319	\$ 40,952,884	\$ 43,462,234	\$ 47,217,576	\$ 56,164,963

Notes:

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

The net position is considered restricted only when -

(a) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or

(b) enabling legislation is enacted by the City.

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

Source: City of Del Mar, Finance Department

Fiscal Year				
2008-2009 ⁽²⁾	2009-2010	2010-2011	2011-2012	2012-2013
\$ 29,850,840	\$ 30,313,422	\$ 37,944,461	\$ 47,943,072	\$ 55,606,641
1,693,192	1,371,099	2,968,749	2,143,980	2,443,688
3,731,430	3,997,451	4,573,211	5,025,740	4,620,831
<u>\$ 35,275,462</u>	<u>\$ 35,681,972</u>	<u>\$ 45,486,421</u>	<u>\$ 55,112,792</u>	<u>\$ 62,671,160</u>
\$ 19,924,858	\$ 19,503,704	\$ 20,873,821	\$ 19,876,130	\$ 19,043,202
-	-	-	-	-
2,976,453	3,823,049	2,623,531	3,845,994	4,991,855
<u>\$ 22,901,311</u>	<u>\$ 23,326,753</u>	<u>\$ 23,497,352</u>	<u>\$ 23,722,124</u>	<u>\$ 24,035,057</u>
\$ 49,775,698	\$ 49,817,126	\$ 58,818,282	\$ 67,819,202	\$ 74,649,843
1,693,192	1,371,099	2,968,749	2,143,980	2,443,688
6,707,883	7,820,500	7,196,742	8,871,734	9,612,686
<u>\$ 58,176,773</u>	<u>\$ 59,008,725</u>	<u>\$ 68,983,773</u>	<u>\$ 78,834,916</u>	<u>\$ 86,706,217</u>

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

	Fiscal Year				
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Expenses					
Governmental Activities					
General government	\$ 3,665,960	\$ 3,803,204	\$ 3,800,429	\$ 3,888,011	\$ 4,359,318
Public safety	4,078,281	4,557,872	4,986,741	4,750,724	4,807,256
Public works	1,049,892	1,171,583	508,283	899,025	972,444
Parks and recreation	679,069	719,867	694,358	633,010	662,959
Community services	-	-	-	-	1,079
Interest on long-term debt	120,901	109,235	43,020	74,368	139,679
Total governmental activities expenses	<u>9,594,103</u>	<u>10,361,761</u>	<u>10,032,831</u>	<u>10,245,138</u>	<u>10,942,735</u>
Business-type Activities					
Water	1,989,371	1,879,045	2,035,750	2,064,393	2,007,296
Wastewater	2,330,249	2,062,148	2,024,322	2,038,716	2,173,470
Clean water	292,554	332,111	342,813	359,082	530,166
Total business-type activities expenses	<u>4,612,174</u>	<u>4,273,304</u>	<u>4,402,885</u>	<u>4,462,191</u>	<u>4,710,932</u>
Total primary government expenses	<u>\$ 14,206,277</u>	<u>\$ 14,635,065</u>	<u>\$ 14,435,716</u>	<u>\$ 14,707,329</u>	<u>\$ 15,653,667</u>
Program Revenues					
Governmental Activities					
Charges for services:					
General government	\$ 616,384	\$ 1,034,235	\$ 1,577,472	\$ 1,622,284	\$ 1,614,329
Public safety	823,763	1,030,952	267,613	252,613	233,027
Public works	-	-	-	-	-
Parks and recreation	488,225	699,078	782,070	590,413	498,075
Operating grants and contributions	680,786	391,369	763,816	401,153	611,539
Capital grants and contributions	683,324	1,048,930	490,044	1,557,918	7,677,470
Total governmental activities program revenues	<u>3,292,482</u>	<u>4,204,564</u>	<u>3,881,015</u>	<u>4,424,381</u>	<u>10,634,440</u>
Business-type Activities					
Charges for services:					
Water	2,316,389	2,188,208	2,234,603	2,390,664	2,357,075
Wastewater	2,309,853	2,380,298	2,337,586	2,424,808	2,417,053
Clean water	102,371	141,695	181,907	131,068	258,538
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>4,728,613</u>	<u>4,710,201</u>	<u>4,754,096</u>	<u>4,946,540</u>	<u>5,032,666</u>
Total primary government revenues	<u>\$ 8,021,095</u>	<u>\$ 8,914,765</u>	<u>\$ 8,635,111</u>	<u>\$ 9,370,921</u>	<u>\$ 15,667,106</u>
Net revenues/(expenses): ⁽¹⁾					
Governmental activities	\$ (6,301,621)	\$ (6,157,197)	\$ (6,151,816)	\$ (5,820,757)	\$ (308,295)
Business-type activities	116,439	436,897	351,211	484,349	321,734
Total net revenues/(expenses)	<u>\$ (6,185,182)</u>	<u>\$ (5,720,300)</u>	<u>\$ (5,800,605)</u>	<u>\$ (5,336,408)</u>	<u>\$ 13,439</u>
General Revenue and Other Changes in Net Position					
Governmental activities					
Taxes:					
Property taxes	\$ 2,640,411	\$ 2,954,897	\$ 2,992,161	\$ 3,756,024	\$ 4,032,639
Sales and use tax	1,445,015	1,680,314	1,668,537	1,732,150	1,408,551
Transient occupancy tax	1,440,402	1,488,935	1,564,641	1,682,319	1,247,227
Franchise tax	272,973	297,079	317,261	356,121	362,404
Business license tax	172,130	185,753	186,756	182,343	193,839
Motor vehicle in-lieu tax	209,146	105,682	336,709	30,291	-
Intergovernmental, unrestricted	-	-	315,271	259,110	276,741
Use of money and property	403,479	409,202	557,198	817,285	884,169
Sale of capital assets	-	-	-	-	-
Other	542,928	291,766	298,733	113,571	360,982
Transfers	(225,230)	(190,864)	(175,105)	(218,972)	(241,453)
Total governmental activities	<u>6,901,254</u>	<u>7,222,764</u>	<u>8,062,162</u>	<u>8,710,242</u>	<u>8,525,099</u>
Business-type activities					
Unrestricted investment earnings	14,434	50,237	72,688	162,536	167,396
Other	-	-	-	-	-
Transfers	225,230	190,864	175,105	218,972	241,453
Total business-type activities	<u>239,664</u>	<u>241,101</u>	<u>247,793</u>	<u>381,508</u>	<u>408,849</u>
Total primary government	<u>\$ 7,140,918</u>	<u>\$ 7,463,865</u>	<u>\$ 8,309,955</u>	<u>\$ 9,091,750</u>	<u>\$ 8,933,948</u>
Change in Net Position					
Governmental activities	\$ 599,633	\$ 1,065,567	\$ 1,910,346	\$ 2,889,485	\$ 8,216,804
Business-type activities	356,103	677,998	599,004	865,857	730,583
Total primary government	<u>\$ 955,736</u>	<u>\$ 1,743,565</u>	<u>\$ 2,509,350</u>	<u>\$ 3,755,342</u>	<u>\$ 8,947,387</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.

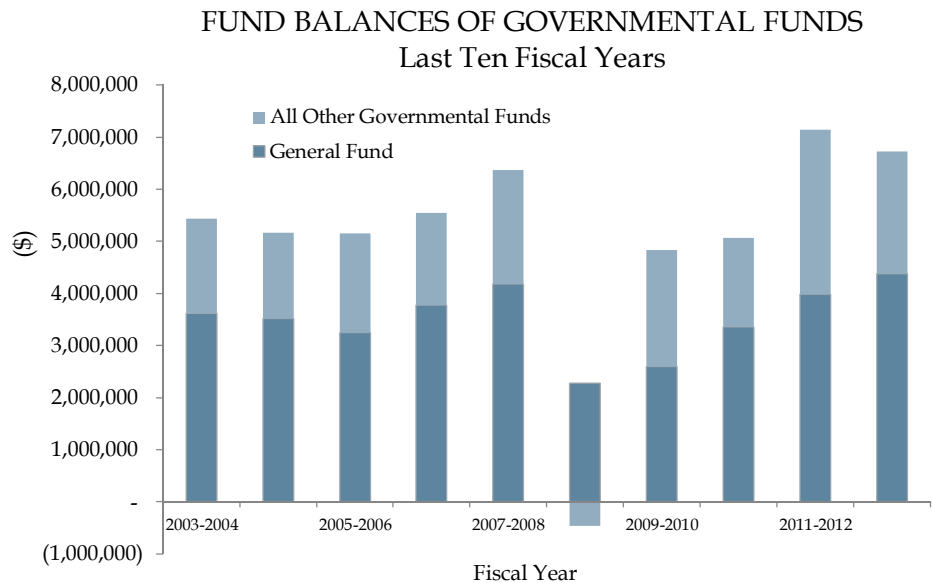
- Amounts without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

Fiscal Year				
2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
\$ 4,386,669	\$ 4,313,697	\$ 4,124,385	\$ 4,817,999	\$ 4,577,084
5,080,611	5,115,313	5,050,517	5,365,983	6,463,932
934,974	1,511,201	1,057,431	491,439	923,784
672,742	686,835	692,531	732,882	776,639
-	-	-	-	-
119,312	128,910	51,070	22,603	15,813
<u>11,194,308</u>	<u>11,755,956</u>	<u>10,975,934</u>	<u>11,430,906</u>	<u>12,757,252</u>
2,113,510	2,323,776	2,396,157	2,544,512	2,759,682
2,236,764	2,299,233	2,453,005	2,608,785	2,775,545
439,010	429,372	370,017	416,849	425,569
4,789,284	5,052,381	5,219,179	5,570,146	5,960,796
<u>\$ 15,983,592</u>	<u>\$ 16,808,337</u>	<u>\$ 16,195,113</u>	<u>\$ 17,001,052</u>	<u>\$ 18,718,048</u>
\$ 920,795	\$ 1,017,198	\$ 1,308,618	\$ 1,112,124	\$ 1,117,178
1,172,189	1,268,801	1,466,187	1,382,429	1,312,948
14,000	-	-	-	2,165
406,236	404,801	392,672	466,632	414,556
323,436	343,777	454,648	282,071	277,781
1,762,742	703,612	4,194,853	8,474,616	7,358,463
<u>4,599,398</u>	<u>3,738,189</u>	<u>7,816,978</u>	<u>11,717,872</u>	<u>10,483,091</u>
2,344,156	2,234,510	2,277,701	2,477,171	2,711,877
2,345,933	2,584,404	2,622,453	2,874,751	2,998,521
306,266	383,946	380,080	382,709	404,313
-	-	5,000	5,000	-
<u>4,996,355</u>	<u>5,202,860</u>	<u>5,285,234</u>	<u>5,739,631</u>	<u>6,114,711</u>
<u>\$ 9,595,753</u>	<u>\$ 8,941,049</u>	<u>\$ 13,102,212</u>	<u>\$ 17,457,503</u>	<u>\$ 16,597,802</u>
\$ (6,594,910)	\$ (8,017,767)	\$ (3,158,956)	\$ 286,966	\$ (2,274,161)
207,071	150,479	66,055	169,485	153,915
<u>\$ (6,387,839)</u>	<u>\$ (7,867,288)</u>	<u>\$ (3,092,901)</u>	<u>\$ 456,451</u>	<u>\$ (2,120,246)</u>
\$ 4,215,519	\$ 4,433,968	\$ 4,510,439	\$ 4,647,145	\$ 4,971,265
1,362,060	1,367,739	1,551,454	1,628,442	1,674,709
1,418,345	1,505,530	1,704,696	1,805,475	1,939,699
375,033	342,989	402,677	421,518	384,220
197,696	188,535	197,639	210,243	191,786
-	-	-	-	-
211,868	163,473	140,401	117,062	205,319
260,440	199,148	123,733	83,424	161,140
-	-	4,171,104	18,811	-
341,428	271,953	171,791	424,070	412,954
(171,135)	(49,063)	(10,530)	(16,785)	(108,563)
<u>8,211,254</u>	<u>8,424,272</u>	<u>12,963,404</u>	<u>9,339,405</u>	<u>9,832,529</u>
90,967	28,378	13,762	13,260	24,395
127,207	197,522	80,252	25,242	26,060
171,254	49,063	10,530	16,785	108,563
<u>389,428</u>	<u>274,963</u>	<u>104,544</u>	<u>55,287</u>	<u>159,017</u>
<u>\$ 8,600,682</u>	<u>\$ 8,699,235</u>	<u>\$ 13,067,948</u>	<u>\$ 9,394,692</u>	<u>\$ 9,991,546</u>
\$ 1,616,344	\$ 406,510	\$ 9,804,449	\$ 9,626,371	\$ 7,558,368
596,499	425,442	170,599	224,772	312,933
<u>\$ 2,212,843</u>	<u>\$ 831,952</u>	<u>\$ 9,975,048</u>	<u>\$ 9,851,143</u>	<u>\$ 7,871,301</u>

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

	Fiscal Year				
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
General Fund					
Reserved	\$ 733,926	\$ 491,491	\$ 700,198	\$ 723,828	\$ 84,451
Unreserved	2,789,204	2,760,508	3,070,580	3,460,629	2,190,405
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	\$ 3,523,130	\$ 3,251,999	\$ 3,770,778	\$ 4,184,457	\$ 2,274,856
All Other Governmental Funds					
Reserved	\$ 341,636	\$ 449,334	\$ 522,880	\$ 1,510,792	\$ 2,623,549
Unreserved, reported in:					
Special revenue funds	618,357	620,694	631,829	582,765	-
Debt service funds	270,001	190,020	149,403	163,948	-
Capital projects fund	406,026	637,039	469,632	(72,041)	(3,084,510)
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	\$ 1,636,020	\$ 1,897,087	\$ 1,773,744	\$ 2,185,464	\$ (460,961)

Source: City of Del Mar, Finance Department



(Concluded)

Fiscal Year				
2008-2009	2009-2010	2010-2011 ⁽¹⁾	2011-2012	2012-2013
\$ 30,334	\$ 36,396	\$ -	\$ -	\$ -
2,572,399	3,320,829	-	-	-
-	-	-	525,151	-
-	-	1,681,273	1,470,192	1,475,704
-	-	2,305,009	2,384,635	1,446,003
<u>\$ 2,602,733</u>	<u>\$ 3,357,225</u>	<u>\$ 3,986,282</u>	<u>\$ 4,379,978</u>	<u>\$ 2,921,707</u>
\$ 1,482,888	\$ 963,355	\$ -	\$ -	\$ -
67,058	342,232	-	-	-
-	-	-	-	-
683,550	409,384	-	-	-
-	-	976,173	976,276	965,812
-	-	190,215	181,806	167,503
-	-	1,992,576	1,180,204	1,535,486
<u>\$ 2,233,496</u>	<u>\$ 1,714,971</u>	<u>\$ 3,158,964</u>	<u>\$ 2,338,286</u>	<u>\$ 2,668,801</u>

Note:

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

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

	Fiscal Year				
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Revenues:					
Taxes	\$ 5,902,221	\$ 6,395,154	\$ 7,144,697	\$ 7,828,037	\$ 7,350,716
Licenses and permits	174,571	188,956	356,492	1,218,764	1,288,712
Intergovernmental	2,033,941	2,024,083	1,154,704	1,158,484	2,176,880
Charges for services	836,133	1,328,490	997,570	360,848	777,891
Fines and forfeitures	668,960	874,862	956,378	884,813	860,395
Use of money and property	403,479	560,084	546,707	781,165	426,807
Contributions	87,765	1,000	52,995	1,006,653	5,703,470
Other revenues	309,094	258,242	682,285	139,875	91,668
Total revenues	<u>10,416,164</u>	<u>11,630,871</u>	<u>11,891,828</u>	<u>13,378,639</u>	<u>18,676,539</u>
Expenditures:					
General government	3,800,009	3,636,886	3,555,998	3,780,975	4,363,308
Public safety	4,050,058	4,609,225	4,899,846	5,019,669	4,846,456
Public works	673,800	1,136,702	798,030	808,979	528,086
Parks and recreation	611,577	646,643	572,092	580,463	654,005
Capital outlays	868,814	957,174	1,085,464	1,734,248	12,130,994
Debt service:					
Principal	340,919	317,078	309,144	316,851	339,749
Interest and fiscal charges	127,108	112,363	100,691	93,083	128,514
Total expenditures	<u>10,472,285</u>	<u>11,416,071</u>	<u>11,321,265</u>	<u>12,334,268</u>	<u>22,991,112</u>
Excess of revenues over (under) expenditures	<u>(56,121)</u>	<u>214,800</u>	<u>570,563</u>	<u>1,044,371</u>	<u>(4,314,573)</u>
Other Financing Sources (Uses)					
Issuance of loan	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers-in	663,756	1,939,651	1,419,408	1,417,545	2,706,687
Transfers-out	(888,986)	(2,164,515)	(1,594,513)	(1,636,517)	(2,948,140)
Total other financing sources (uses)	<u>(225,230)</u>	<u>(224,864)</u>	<u>(175,105)</u>	<u>(218,972)</u>	<u>(241,453)</u>
Net change in fund balances	<u>\$ (281,351)</u>	<u>\$ (10,064)</u>	<u>\$ 395,458</u>	<u>\$ 825,399</u>	<u>\$ (4,556,026)</u>
Debt service as a percentage of noncapital expenditures	<u>4.87%</u>	<u>4.11%</u>	<u>4.00%</u>	<u>3.87%</u>	<u>4.31%</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				
2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
\$ 7,676,829	\$ 7,937,072	\$ 8,521,081	\$ 8,858,700	\$ 9,284,503
1,005,220	916,254	1,185,430	1,047,420	1,036,973
2,230,841	1,022,692	4,470,137	8,077,378	7,638,143
794,002	992,813	1,091,028	1,098,148	1,190,559
761,014	781,733	891,019	815,617	669,665
225,747	188,513	117,942	79,311	154,539
325,389	108,559	181,627	657,875	36,921
358,876	253,253	153,538	416,689	411,397
13,377,918	12,200,889	16,611,802	21,051,138	20,422,700
4,376,664	4,158,473	4,134,195	4,848,423	5,903,824 ⁽²⁾
5,068,992	4,994,026	5,105,353	5,380,136	6,457,063 ⁽²⁾
475,670	557,557	530,892	544,546	767,200 ⁽²⁾
671,207	670,548	700,050	734,815	775,814
2,807,876	1,039,393	4,526,067	9,796,937	7,664,337
435,778	363,293	3,637,212	150,000	155,000
111,144	132,569	67,774	25,290	18,655
13,947,331	11,915,859	18,701,543	21,480,147	21,741,893
(569,413)	285,030	(2,089,741)	(429,009)	(1,319,193)
3,763,000	-	-	-	-
-	-	4,171,104	18,811	-
1,287,803	584,915	5,695,089	1,183,682	1,779,347
(1,459,056)	(633,978)	(5,703,402)	(1,200,466)	(1,587,910)
3,591,747	(49,063)	4,162,791	2,027	191,437
\$ 3,022,334	\$ 235,967	\$ 2,073,050	\$ (426,982)	\$ (1,127,756)
4.91%	4.56%	26.14% ⁽¹⁾	1.50%	1.23%

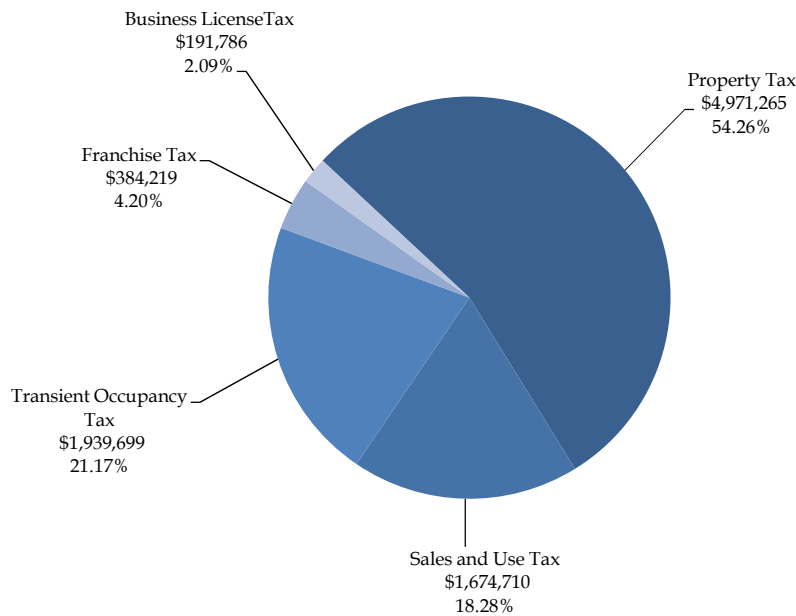
City of Del Mar
Governmental Activities Tax Revenues By Sources
Last Ten Fiscal Years

Fiscal Year	Property Taxes (1)	Sales & Use Tax (2)	Transient Occupancy Tax	Franchise Tax	Business License Tax	Total
2012-2013	\$ 4,971,265	\$ 1,674,709	\$ 1,939,699	\$ 384,220	\$ 191,786	\$ 9,161,679
2011-2012	4,647,145	1,628,442	1,805,475	421,518	210,243	8,712,823
2010-2011	4,510,439	1,551,454	1,704,696	402,677	197,639	8,366,905
2009-2010	4,433,968	1,367,739	1,505,530	342,989	188,535	7,838,761
2008-2009	4,215,519	1,362,060	1,418,345	375,033	197,696	7,568,653
2007-2008	3,796,999	1,408,551	1,247,227	362,404	193,839	7,009,020
2006-2007	3,756,024	1,732,150	1,682,319	356,121	182,343	7,708,957
2005-2006	2,992,161	1,668,537	1,564,641	317,261	186,756	6,729,356
2004-2005	2,954,897	1,680,314	1,488,935	297,079	185,753	6,606,978
2003-2004	2,640,411	1,445,015	1,440,402	272,973	172,130	5,970,931
Change from Base Year 2004	88.28%	15.90%	34.66%	40.75%	11.42%	53.44%

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.

GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE
Fiscal Year Ended June 30, 2013



Source: City of Del Mar, Finance Department

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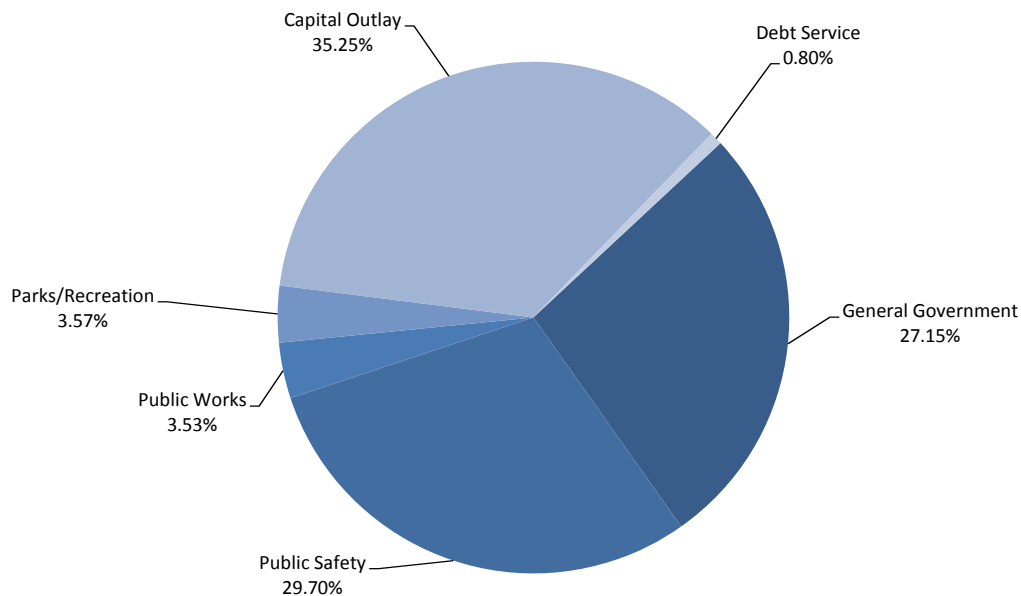
City of Del Mar

General Governmental Expenditures By Function ⁽¹⁾

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works
2012-2013	\$ 5,903,824	\$ 6,457,063	\$ 767,200
2011-2012	4,848,423	5,380,136	544,546
2010-2011	4,134,195	5,105,353	530,892
2009-2010	4,158,473	4,994,026	557,557
2008-2009	4,376,664	5,068,992	475,670
2007-2008	4,363,308	4,846,456	528,086
2006-2007	3,780,975	5,019,669	808,979
2005-2006	3,555,998	4,899,846	798,030
2004-2005	3,636,886	4,609,225	1,136,702
2003-2004	3,800,009	4,050,058	673,800

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Fiscal Year Ended June 30, 2013**



Notes:

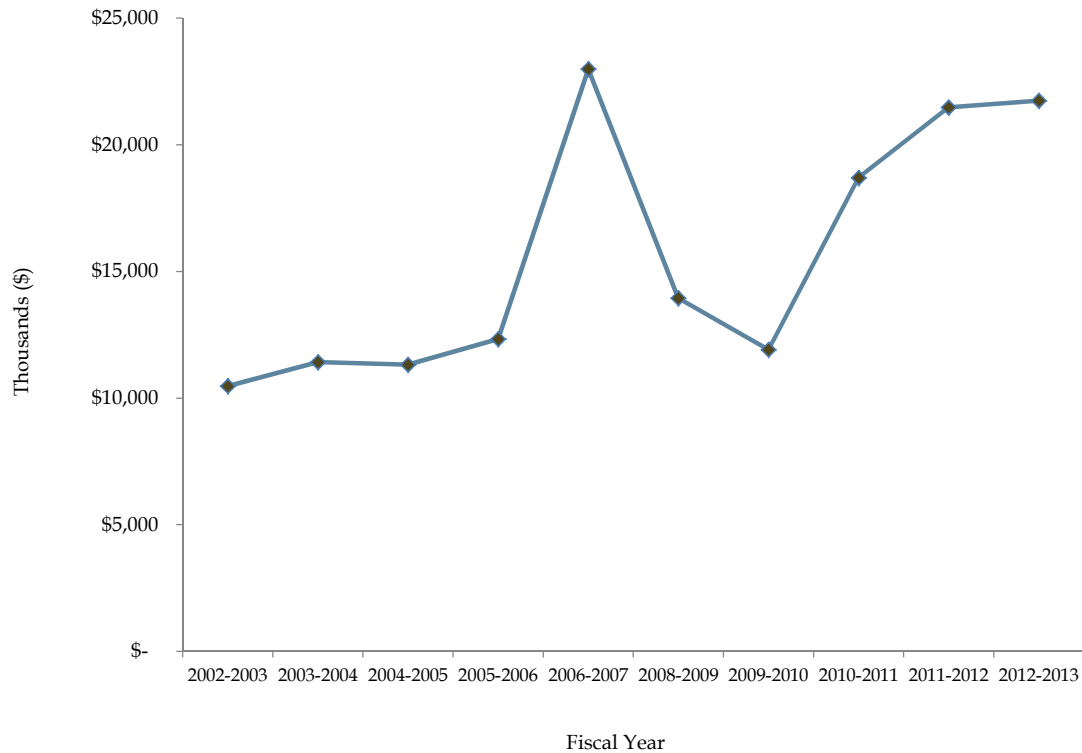
- (1) These amounts include all governmental fund types and exclude other financing sources (uses).
- (2) These amounts include lease and bond payments toward debt service.

Source: City of Del Mar, Finance Department

(Concluded)

	Parks and Recreation	Capital Outlay	Debt Service ⁽²⁾	Total
\$	775,814	\$ 7,664,337	\$ 173,655	\$ 21,741,893
	734,815	9,796,937	175,290	21,480,147
	700,050	4,526,067	3,704,986	18,701,543
	670,548	1,039,393	495,862	11,915,859
	671,207	2,807,876	546,922	13,947,331
	654,005	12,130,994	468,263	22,991,112
	580,463	1,734,248	409,934	12,334,268
	572,092	1,085,464	409,835	11,321,265
	646,643	957,174	429,441	11,416,071
	611,577	868,814	468,027	10,472,285

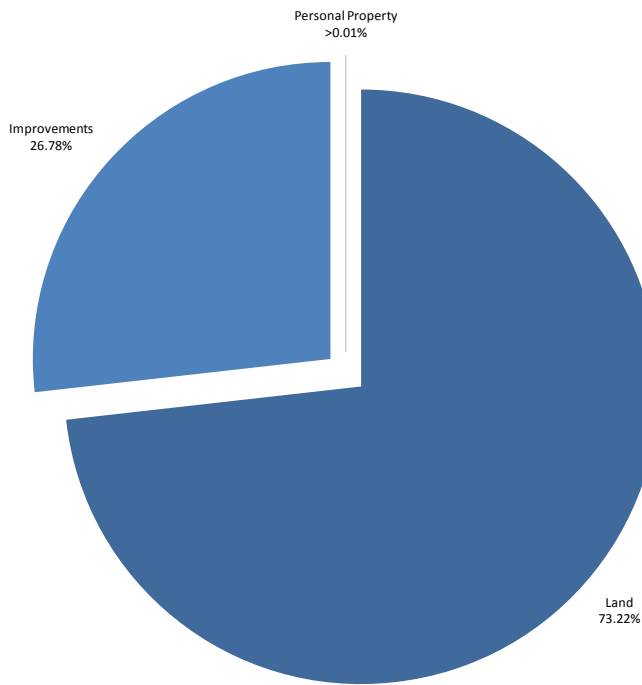
**TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years**



City of Del Mar
 Assessed Valuation ⁽¹⁾ and Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	State Assessed				Locally Assessed			
	Secured - Utility				Secured			
	Land	Improvements	Personal Property	Total	Land	Improvements	Personal Property	Total Before Exemptions
2012-2013	\$ -	\$ -	\$ -	\$ -	\$ 1,954,149,908	\$ 714,731,656	\$ 5,494	\$ 2,668,887,058
2011-2012	-	-	-	-	1,918,194,704	683,506,497	169,279	2,601,870,480
2010-2011	-	-	-	-	1,880,114,480	655,122,496	206,702	2,535,443,678
2009-2010	-	-	-	-	1,806,702,397	642,006,171	237,875	2,448,946,443
2008-2009	-	-	-	-	1,721,203,056	596,285,611	296,677	2,317,785,344
2007-2008	-	-	-	-	1,551,754,556	555,166,814	281,693	2,107,203,063
2006-2007	736,901	611,805	319,246	1,667,952	1,441,583,176	524,514,445	295,192	1,966,392,813
2005-2006	786,754	653,194	340,844	1,780,792	1,315,985,163	494,970,298	294,506	1,811,249,967
2004-2005	771,610	640,621	334,282	1,746,513	1,131,707,893	464,687,998	311,267	1,596,707,158
2003-2004	810,715	673,088	351,224	1,835,027	1,028,178,922	421,875,841	355,789	1,450,410,552
2002-2003	938,198	778,929	406,453	2,123,580	954,208,782	399,971,397	205,625	1,354,385,804

**ASSESSED VALUATION BY CATEGORIES
 (TOTAL LOCALLY ASSESSED - BEFORE EXEMPTIONS)
 Fiscal Year Ended June 30, 2013**



Note:

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

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

(Continued)

Locally Assessed							
Secured			Unsecured				
Exemptions		Total	Improvements	Personal	Total	Other	Total
All	Home	After		Property	Before	Exemptions	After
Others	Owners	Exemptions			Exemptions	Exemptions	Exemptions
\$ (3,246,230)	\$ (6,612,200)	\$ 2,659,028,628	\$ 6,299,048	\$ 18,158,999	\$ 24,458,047	\$ (341,553)	\$ 24,116,494
(3,182,380)	(6,713,000)	2,591,975,100	5,673,292	17,923,916	23,597,208	(301,587)	23,295,621
(3,386,894)	(6,797,000)	2,525,259,784	5,012,329	16,673,086	21,685,415	(48,405)	21,637,010
(3,392,145)	(6,893,600)	2,438,660,698	5,291,249	24,013,350	29,304,599	-	29,304,599
(3,332,473)	(6,944,000)	2,307,508,871	5,304,498	20,310,207	25,614,705	-	25,614,705
(3,008,202)	(6,958,000)	2,097,236,861	5,096,765	18,871,651	23,968,416	-	23,968,416
(2,942,030)	(6,995,800)	1,956,454,983	5,365,639	18,101,740	23,467,379	-	23,467,379
(2,881,088)	(7,032,200)	1,801,336,679	6,216,428	15,276,867	21,493,295	-	21,493,295
(2,782,109)	(7,019,600)	1,586,905,449	5,305,843	15,920,040	21,225,883	-	21,225,883
(2,746,435)	(7,149,800)	1,440,514,317	5,361,645	16,209,848	21,571,493	-	21,571,493
(2,598,467)	(7,165,200)	1,344,622,137	5,008,469	15,315,650	20,324,119	-	20,324,119

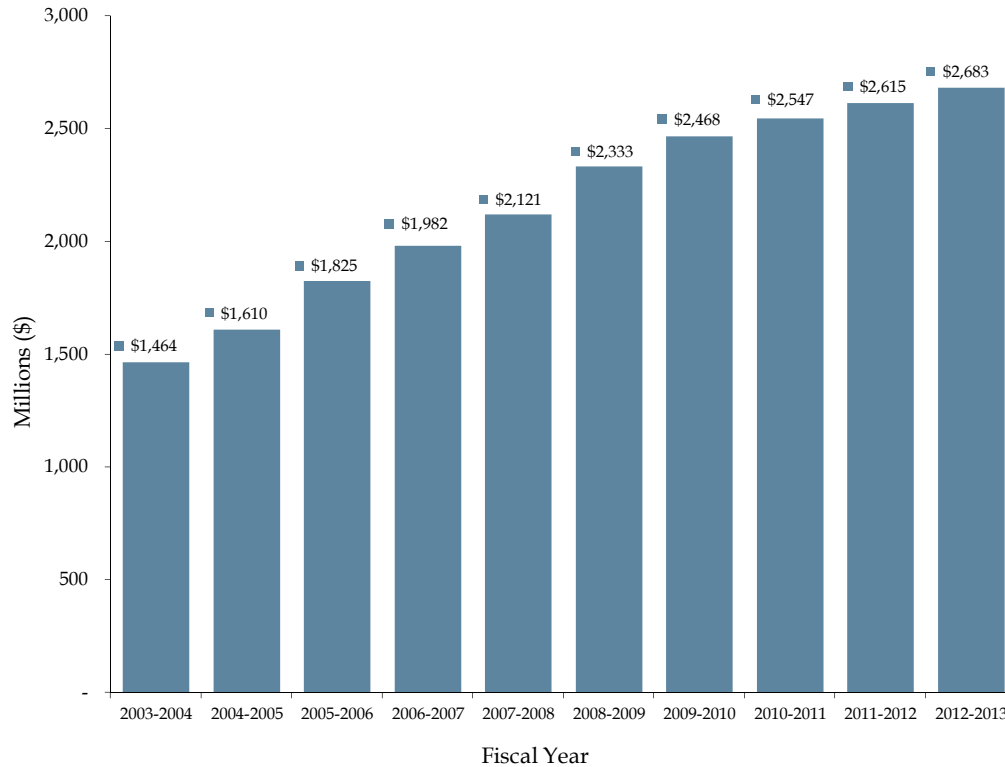
City of Del Mar

Assessed Valuation ⁽¹⁾ and Actual Value of Taxable Property
Last Ten Fiscal Years

(Concluded)

Totals				
Fiscal Year	Totals Before Exemptions	Net Taxable Valuation	Percent Increase/ (Decrease)	Total Rate
2012-2013	\$ 2,693,345,105	\$ 2,683,145,122	2.60%	1.01055%
2011-2012	2,625,467,688	2,615,270,721	2.68%	1.00970%
2010-2011	2,557,129,093	2,546,896,794	3.20%	1.00925%
2009-2010	2,478,251,042	2,467,965,297	5.78%	1.01052%
2008-2009	2,343,400,049	2,333,123,576	9.99%	1.01037%
2007-2008	2,131,171,479	2,121,205,277	7.05%	1.01497%
2006-2007	1,991,528,144	1,981,590,314	8.60%	1.01383%
2005-2006	1,834,524,054	1,824,610,766	13.34%	1.01205%
2004-2005	1,619,679,554	1,609,877,845	9.97%	1.01265%
2003-2004	1,473,817,072	1,463,920,837	7.08%	1.01731%
2002-2003	1,376,833,503	1,367,069,836	19.23%	1.02254%

**TOTAL ASSESSED VALUATION
(TAXABLE VALUES)
Last Ten Fiscal Years**



Source: California Municipal Statistics, Inc.

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City of Del Mar

Assessed Value of Property by User Code ⁽¹⁾

Last Ten Fiscal Years

Category	Fiscal Year				
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Residential	\$ 1,444,510,983	\$ 1,641,392,319	\$ 1,791,415,501	\$ 1,927,655,893	\$ 2,126,571,875
Commercial	143,159,660	159,747,464	164,367,851	168,728,531	178,609,919
Industrial	1,473,871	1,986,030	2,048,291	2,368,947	2,406,337
Irrigation farm	-	-	-	-	-
Rural land (Non-irrigated)	-	-	-	-	-
Institutional	2,445,201	2,494,104	2,543,985	2,594,863	2,646,759
Recreational	4,743,002	5,260,510	5,650,759	5,507,582	7,181,758
Miscellaneous	-	-	-	-	-
Total	\$ 1,596,332,717	\$ 1,810,880,427	\$ 1,966,026,387	\$ 2,106,855,816	\$ 2,317,416,648

Note:

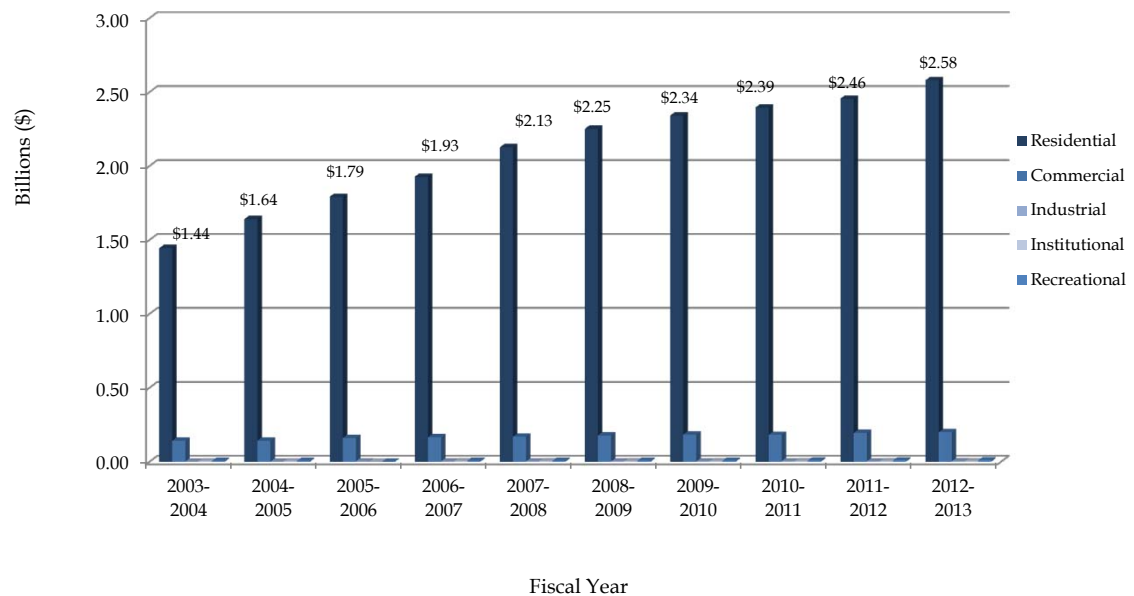
- (1) In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of one percent based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum of two 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				
2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
\$ 2,252,513,842	\$ 2,341,247,897	\$ 2,394,641,412	\$ 2,455,807,004	\$ 2,580,568,065
183,387,390	180,733,181	193,402,493	199,024,611	258,451,071
2,454,459	2,448,637	2,467,068	2,516,402	2,956,947
-	-	-	-	-
-	-	-	-	-
2,699,693	2,693,294	2,713,573	2,767,844	2,823,200
7,570,329	8,042,055	8,412,054	8,765,703	9,364,269
-	-	-	-	-
<u>\$ 2,448,625,713</u>	<u>\$ 2,535,165,064</u>	<u>\$ 2,601,636,600</u>	<u>\$ 2,668,881,564</u>	<u>\$ 2,854,163,552</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
2012-2013	\$ 2,580,568,065	4,199	\$ 258,451,071	102	\$ 2,956,947	9
2011-2012	2,455,807,004	4,197	199,024,611	101	2,516,402	9
2010-2011	2,394,641,412	4,195	193,402,493	101	2,467,068	9
2009-2010	2,341,247,897	4,193	180,733,181	101	2,448,637	9
2008-2009	2,252,513,842	4,192	183,387,390	101	2,454,459	9
2007-2008	2,126,571,875	4,193	178,609,919	100	2,406,337	9
2006-2007	1,927,655,893	4,191	168,728,531	100	2,368,947	10
2005-2006	1,791,415,501	4,185	164,367,851	101	2,048,291	11
2004-2005	1,641,392,319	4,182	159,747,464	102	1,986,030	11
2003-2004	1,444,510,983	4,158	143,159,660	102	1,473,871	13

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.

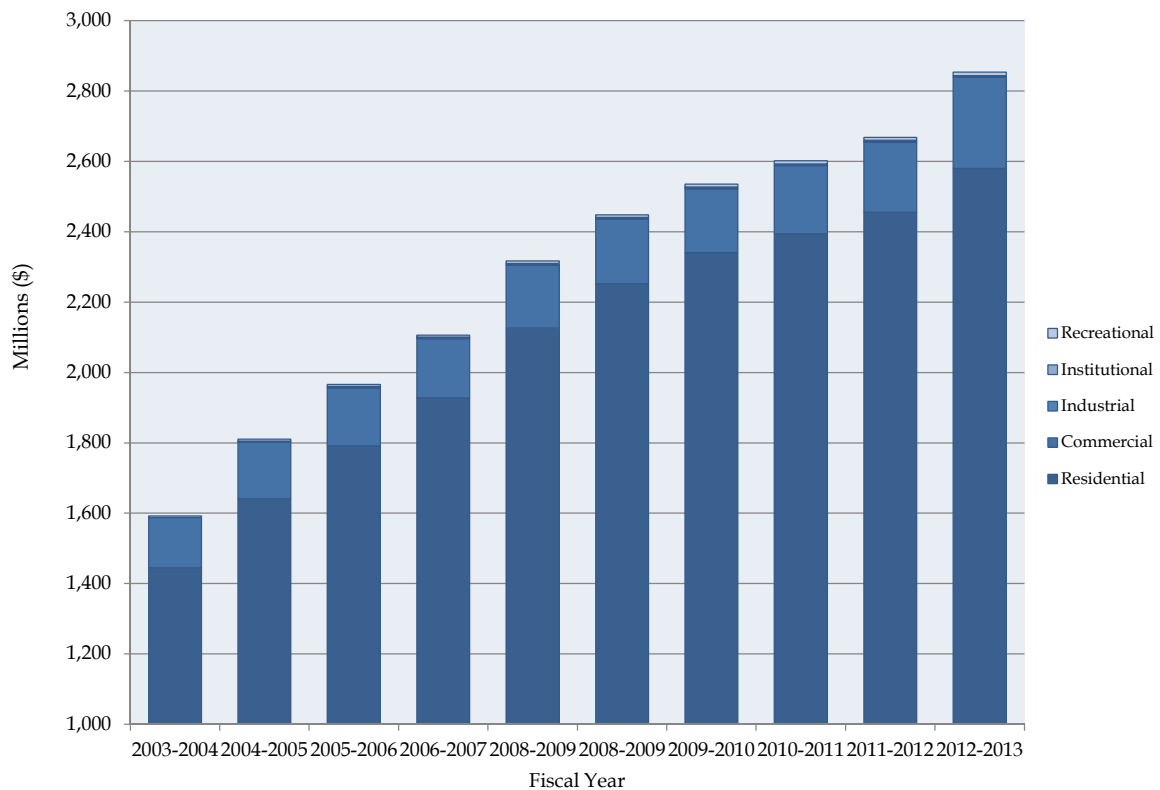
Source:

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)
\$ 2,823,200	1	\$ 9,364,269	231	\$ 2,854,163,552	4,542	0.14775
2,767,844	1	8,765,703	241	2,668,881,564	4,549	0.14775
2,713,573	1	8,412,054	241	2,601,636,600	4,547	0.14775
2,693,294	1	8,042,055	224	2,535,165,064	4,528	0.14775
2,699,693	1	7,570,329	226	2,448,625,713	4,529	0.14775
2,646,759	1	7,181,758	234	2,317,416,648	4,537	0.15688
2,594,863	1	5,507,582	215	2,106,855,816	4,517	0.14775
2,543,985	1	5,650,759	217	1,966,026,387	4,515	0.14775
2,494,104	1	5,260,510	206	1,810,880,427	4,502	0.14775
2,445,201	1	4,743,002	207	1,596,332,717	4,481	0.14775

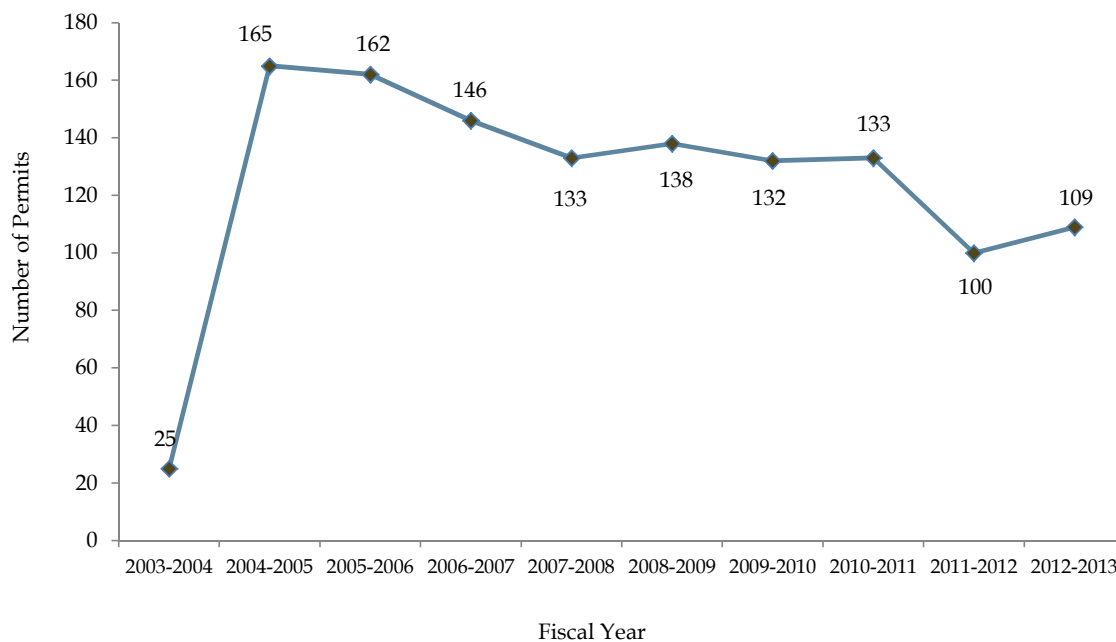
ASSESSED VALUE BY CATEGORY
June 30, 2013



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
2012-2013	64	\$ 7,771,721	11	\$ 112,926
2011-2012	59	6,784,857	13	2,293,192
2010-2011	61	11,634,203	17	1,556,638
2009-2010	82	6,554,248	15	994,080
2008-2009	76	8,937,699	22	3,040,727
2007-2008	54	10,249,217	17	8,458,120
2006-2007	72	13,706,532	8	532,739
2005-2006	70	12,430,727	9	114,788
2004-2005	66	14,759,015	24	836,739
2003-2004	6	2,705,825	4	375,714
2002-2003	17	3,590,284	1	13,000

NUMBER OF PERMITS
 Last Ten Fiscal Years



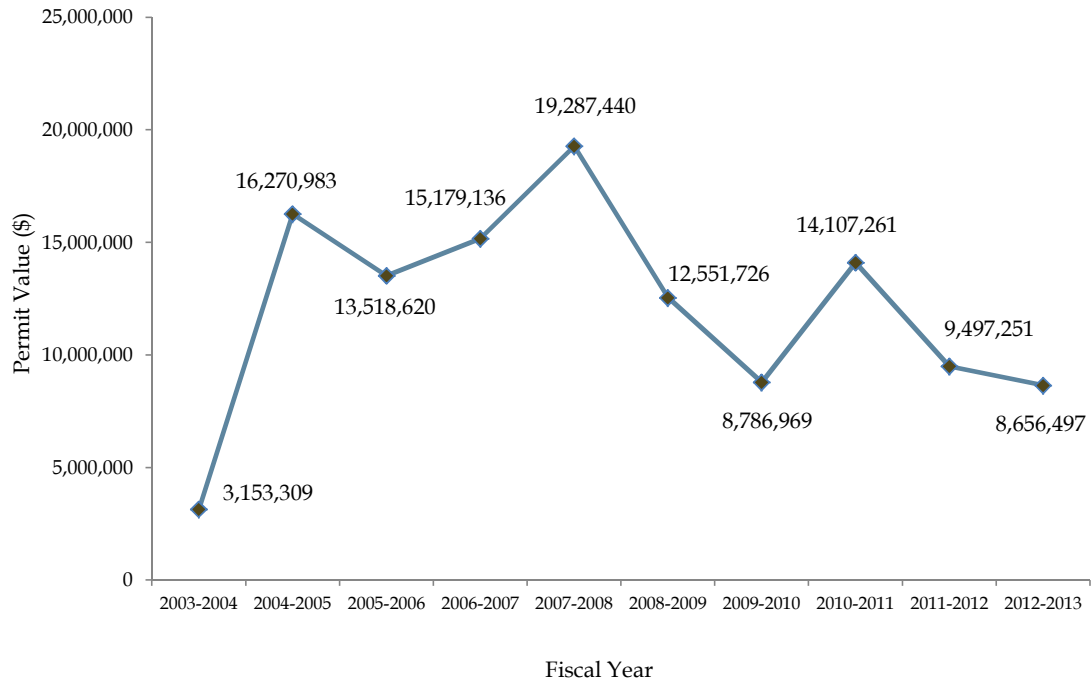
Source:

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

(Concluded)

Construction ⁽¹⁾		Total	
Number of Permits	Valuation	Number of Permits	Valuation
34	\$ 771,850	109	\$ 8,656,497
28	419,202	100	9,497,251
55	916,420	133	14,107,261
35	1,238,641	132	8,786,969
40	573,300	138	12,551,726
62	580,103	133	19,287,440
66	939,865	146	15,179,136
83	973,105	162	13,518,620
75	675,229	165	16,270,983
15	71,770	25	3,153,309
90	1,240,294	108	4,843,578

PERMIT VALUATION
Last Ten Fiscal Years



City of Del Mar

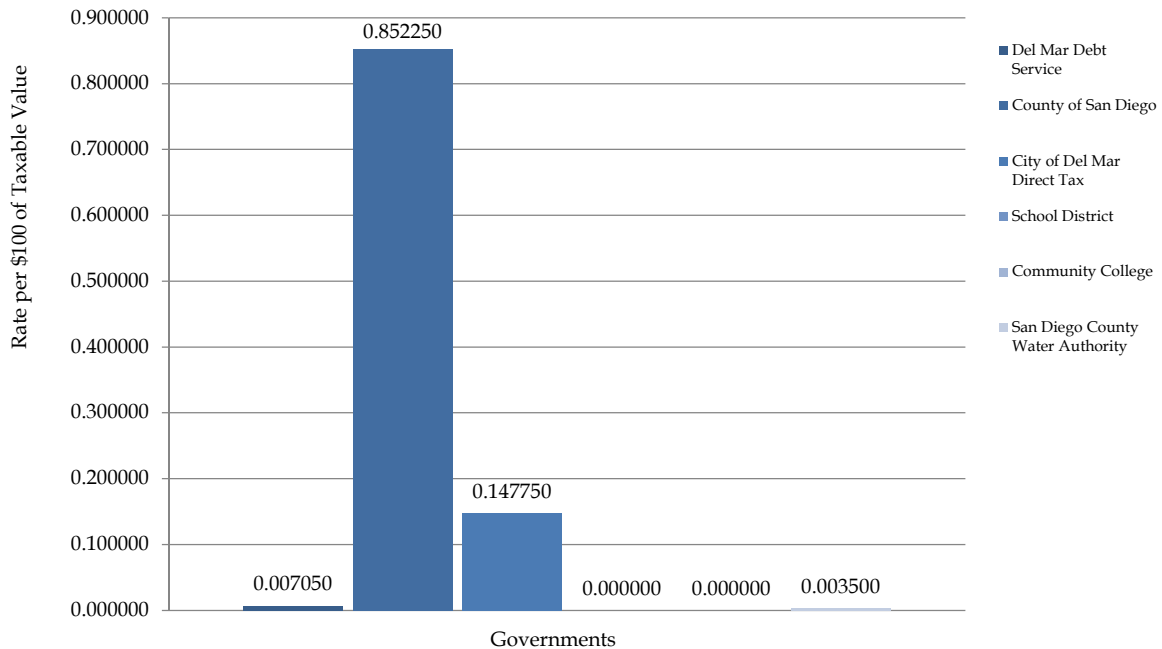
Property Tax Rates ⁽¹⁾ - All Overlapping Governments

Last Ten Fiscal Years

(Rate per \$100 of Taxable Value)

Fiscal Year	Total Del Mar Debt Service	County		
		San Diego County	City of Del Mar Direct Tax	Total County Base
2012-2013	0.00705	0.85225	0.14775	1.00000
2011-2012	0.00600	0.85225	0.14775	1.00000
2010-2011	0.00555	0.85225	0.14775	1.00000
2009-2010	0.00622	0.85225	0.14775	1.00000
2008-2009	0.00607	0.85225	0.14775	1.00000
2007-2008	0.01047	0.86312	0.13688	1.00000
2006-2007	0.00913	0.85225	0.14775	1.00000
2005-2006	0.00685	0.85225	0.14775	1.00000
2004-2005	0.00685	0.85225	0.14775	1.00000
2003-2004	0.01054	0.85225	0.14775	1.00000

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
Fiscal Year Ended June 30, 2013



Note:

(1) Tax Rate Area: TRA 11-001

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

(Concluded)

Special Districts					
School District	Community College District	San Diego		Total Special Districts	Total
		County Water Authority (SDCWA)			
-	-	0.00350	0.00350	0.00350	1.01055
-	-	0.00370	0.00370	0.00370	1.00970
-	-	0.00370	0.00370	0.00370	1.00925
-	-	0.00430	0.00430	0.00430	1.01052
-	-	0.00430	0.00430	0.00430	1.01037
-	-	0.00450	0.00450	0.00450	1.01497
-	-	0.00470	0.00470	0.00470	1.01383
-	-	0.00520	0.00520	0.00520	1.01205
-	-	0.00580	0.00580	0.00580	1.01265
-	-	0.00677	0.00677	0.00677	1.01731

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

Owner/Taxpayer	Business Type	Fiscal Year 2012-2013		Fiscal Year 2003-2004	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
G L L B V K Properties 2007 L P	Property management	\$ 43,061,512	1.60 %	\$ -	- %
Jacobs Family Trust	Trust	31,348,296	1.17	-	-
Allred Family Living Trust	Trust	29,730,533	1.11	-	-
Stratford Square L L C	Property management	26,745,611	0.99	-	-
Pickens Madeleine A Trust	Trust	23,000,000	0.86	-	-
Del Mar Thoroughbred Club	Horse racing club	22,415,862	0.83	19,802,824	1.35
L-O Delmar Holding, Inc.	Management company	20,183,262	0.75	12,546,455	0.85
Naify Marsha J Living Trust	Trust	19,583,964	0.73	-	-
Moore's Rebecca A Family Trust	Trust	17,442,008	0.65	9,874,055	0.67
Allred Family Living Trust	Trust	17,516,308	0.65	-	-
G & I III Del Mar L P	Property management	-	-	27,402,222	1.86
Bella Trust	Trust	-	-	19,996,458	1.36
Nicholas Arthur Trust	Trust	-	-	14,834,056	1.01
S K L Trust	Trust	-	-	13,080,350	0.89
Scripps Family Trust	Trust	-	-	12,096,312	0.82
Richard J & Mary M Heckmann	Trust	-	-	11,963,654	0.81
Wilcox-Cassidy Lisa Trust	Trust	-	-	11,878,800	0.81
Top Ten Totals (secured and unsecured)		251,027,356	9.34	153,475,186	10.45
All Others (secured)		2,438,729,966	90.66	1,317,595,451	89.55
Total Assessed Valuation		\$ 2,689,757,322	100.00 %	\$ 1,471,070,637	100.00 %

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

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

Fiscal Year 2012-2013		Fiscal Year 2003-2004	
Taxpayers	Business Type	Taxpayers	Business Type
1 Americana Restaurant	Restaurant	Americana Restaurant	Restaurant
2 Banana Republic	Retail clothing	Banana Republic	Retail clothing
3 Brigantine Restaurant	Restaurant	Brigantine Restaurant	Restaurant
4 Bully's	Restaurant	Bully's	Restaurant
5 Chicken Charlie's Enterprise	Food service	Chico's	Retail clothing
6 Del Mar Blue Print	Printing	Del Mar Blue Print	Printing
7 Del Mar Rendezvous	Restaurant	Del Mar Café	Restaurant
8 Del Mar Thoroughbred Club	Horse racing club	Del Mar Thoroughbred Club	Horse racing club
9 Design Line Interiors	Furniture/ Appliances	Dulce Design	Interior design
10 Dexter's Deli	Food service	En Fuego Cantina & Grill	Restaurant
11 En Fuego Cantina & Grill	Restaurant	Epazote A Baja Bar & Grill	Restaurant
12 Flavor Del Mar	Restaurant	Gary's Studios	Portrait Studio
13 Il Fornaio	Retail clothing	Il Fornaio	Restaurant
14 Jakes	Restaurant	Jakes	Restaurant
15 Jimmy O's	Restaurant	Jimmy O's	Restaurant
16 JR Resources	Retail marketing	JR Resources	Retail marketing
17 L'Auberge Hotel	Restaurant	L'Auberge Hotel	Restaurant
18 Miwall Wholesale Ammo	Recreation products	Pacifica	Restaurant
19 Nettle Creek Shop	Furniture/ Appliances	Poseidon Restaurant	Restaurant
20 Pacifica	Restaurant	Premier Food Services	Food service
21 Poseidon Restaurant	Restaurant	Ryan's Collection	Retail clothing
22 Premier Food Services	Food service	Sbicca An American Bistro	Restaurant
23 Sbicca An American Bistro	Restaurant	State of California	Government
24 State of California	Government	Ultramar Service Station	Service station
25 The Board & Brew	Restaurant	White House/Black Market	Women's apparel

Percentage of total sales tax collected **62.56%** **66.27%**

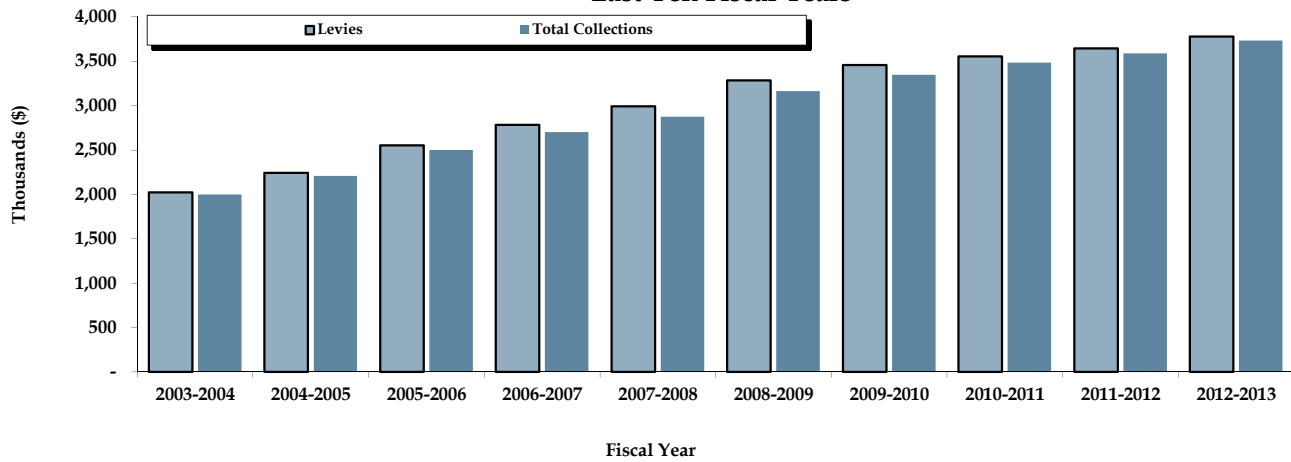
Note: The names are listed in alphabetical order and not by sales tax volume.

Source: Muniservices, LLC

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

Fiscal Year	Secured Taxes Charge (1)	Collections at Year End	Percentage of Collections at Year End	Collections in Subsequent Years	Total Collections	Percentage of Levy
2012-2013	\$ 3,779,401	\$ 3,732,226	98.75%	\$ 1,785	\$ 3,734,011	98.80%
2011-2012	3,646,327	3,586,085	98.35%	1,267	3,587,352	98.38%
2010-2011	3,556,184	3,483,041	97.94%	1,558	3,484,599	97.99%
2009-2010	3,457,991	3,346,258	96.77%	2,822	3,349,080	96.85%
2008-2009	3,284,776	3,159,403	96.18%	2,675	3,162,078	96.26%
2007-2008	2,990,990	2,868,782	95.91%	4,944	2,873,726	96.08%
2006-2007	2,784,194	2,698,697	96.93%	4,525	2,703,222	97.09%
2005-2006	2,553,356	2,499,766	97.90%	1,917	2,501,683	97.98%
2004-2005	2,243,021	2,206,372	98.37%	1,119	2,207,491	98.42%
2003-2004	2,022,660	1,997,157	98.74%	608	1,997,765	98.77%

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: California Municipal Statistics, Inc.

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
2012-2013	\$ 335,000	\$ -	\$ -	\$ -	\$ 335,000	\$ -	\$ 1,250,000	\$ -	\$ 5,168,672	\$ 6,418,672
2011-2012	490,000	-	-	-	490,000	-	1,625,000	-	4,577,583	6,202,583
2010-2011	640,000	-	-	-	640,000	-	1,980,000	-	2,691,115	4,671,115
2009-2010	785,000	-	3,480,772	11,441	4,277,213	-	2,320,000	-	795,578	3,115,578
2008-2009	930,000	19,316	3,668,924	22,266	4,640,506	-	2,640,000	-	5,940	2,645,940
2007-2008	1,065,000	215,626	-	32,512	1,313,138	-	3,170,000	-	8,675	3,178,675
2006-2007	1,195,000	415,675	-	42,210	1,652,885	-	3,675,000	3,638	11,262	3,689,900
2005-2006	1,320,000	605,690	-	51,390	1,977,080	-	4,155,000	7,098	13,710	4,175,808
2004-2005	1,440,000	786,144	-	60,079	2,286,223	-	4,610,000	10,390	16,028	4,636,418
2003-2004	1,555,000	829,077	-	68,307	2,452,384	-	5,045,000	13,514	18,214	5,076,728

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value (2)	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income	Percent of Personal Income
2012-2013	4,199	6,753,672	\$ 2,665,640,828	0.25%	\$ 1,608	\$ 542,188 (2)	8.03%
2011-2012	4,194	6,692,583	2,598,688,100	0.26%	1,596	526,396	7.87%
2010-2011	4,187	5,311,115	2,532,056,784	0.21%	1,268	502,766	9.47%
2009-2010	4,660	7,392,791	2,445,554,298	0.30%	1,586	470,315	6.36%
2008-2009	4,591	7,286,446	2,314,452,871	0.31%	1,587	457,060	6.27%
2007-2008	4,580	4,491,813	2,104,194,861	0.21%	981	447,663	9.97%
2006-2007	4,553	5,342,785	1,981,590,314	0.27%	1,173	467,118	8.74%
2005-2006	4,528	6,152,888	1,824,610,766	0.34%	1,359	456,603	7.42%
2004-2005	4,530	6,922,641	1,609,877,845	0.43%	1,528	449,075	6.49%
2003-2004	4,548	7,529,112	1,463,920,837	0.51%	1,655	451,981	6.00%

Notes:

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

Source:

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

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

Business-type Activities

Fiscal Year	Revenue (1)	Operating Expenses (1)	Net Available Revenue	Debt Service (2)				Total Debt Service	Percent Coverage
				Revenue Bonds		Certificates of Participation			
				Principal	Interest	Principal	Interest		
2012-2013	\$ 6,140,771	\$ 5,769,776	\$ 370,995	\$ -	\$ -	\$ 375,000	\$ 191,020	\$ 566,020	65.54%
2011-2012	5,764,873	5,365,943	398,930	-	-	355,000	204,203	559,203	71.34%
2010-2011	5,365,486	4,901,719	463,767	-	-	340,000	158,701	498,701	93.00%
2009-2010	5,400,384	4,808,621	591,763	-	-	320,000	121,712	441,712	133.97%
2008-2009	5,123,562	4,789,283	334,279	-	-	530,000	144,688	674,688	49.55%
2007-2008	4,941,524	3,958,517	983,007	-	-	505,000	169,463	674,463	145.75%
2006-2007	5,240,144	3,916,855	1,323,289	-	-	480,000	193,038	673,038	196.61%
2005-2006	4,637,436	3,850,680	786,756	-	-	455,000	215,413	670,413	117.35%
2004-2005	4,615,536	3,747,352	868,184	55,000	3,438	435,000	236,713	730,151	118.90%
2003-2004	4,728,613	4,391,914	336,699	50,000	6,563	415,000	257,063	728,626	46.21%

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.

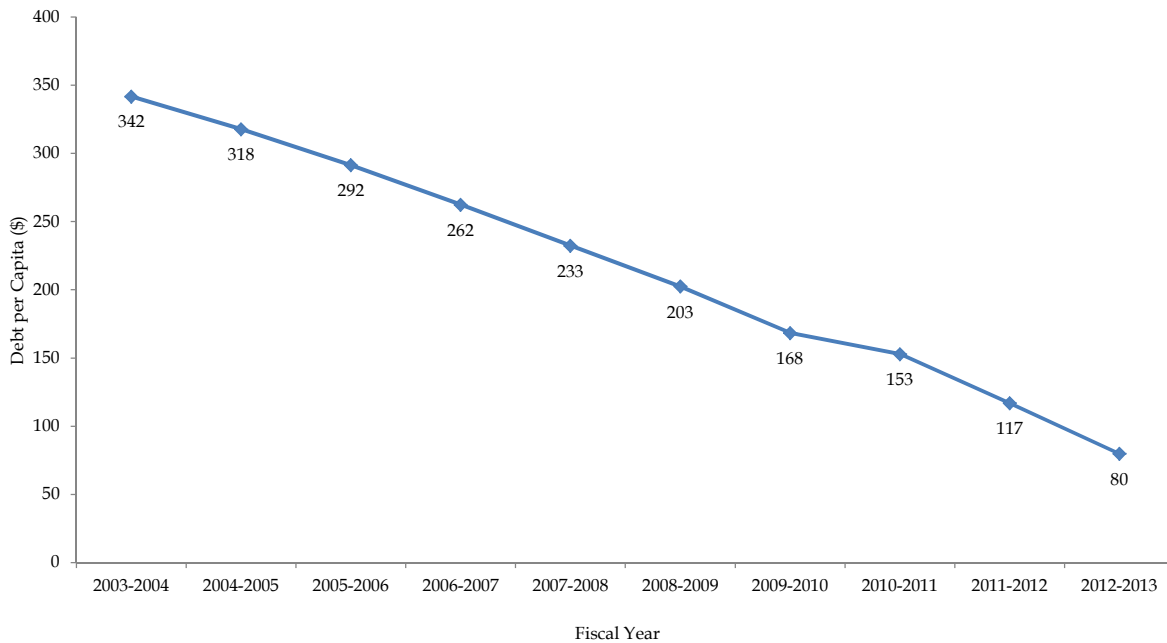
Source: City of Del Mar, Finance Department

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
2012-2013	4,199	\$ 335,000	\$ 2,689,757,322	0.01%	\$ 80	\$ 542,188 ⁽³⁾	161.85%
2011-2012	4,194	490,000	2,621,983,721	0.02%	117	526,396	107.43%
2010-2011	4,187	640,000	2,553,693,794	0.03%	153	502,766	78.56%
2009-2010	4,660	785,000	2,474,858,897	0.03%	168	470,315	59.91%
2008-2009	4,591	930,000	2,340,067,576	0.04%	203	457,060	49.15%
2007-2008	4,580	1,065,000	2,104,194,861	0.05%	233	447,663	42.03%
2006-2007	4,553	1,195,000	1,981,590,314	0.06%	262	467,118	39.09%
2005-2006	4,528	1,320,000	1,824,610,766	0.07%	292	456,603	34.59%
2004-2005	4,530	1,440,000	1,609,877,845	0.09%	318	449,075	31.19%
2003-2004	4,548	1,555,000	1,463,920,837	0.11%	342	451,981	29.07%

GENERAL BONDED DEBT OUTSTANDING PER CAPITA
Last Ten Fiscal Years



Source:

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

City of Del Mar
Direct and Overlapping Bonded Debt
June 30, 2013

Fiscal Year 2012-2013 Assessed Valuation	\$2,689,757,322		
Fiscal Year 2012-2013 Population	4,199		
	Total Debt	Percent	City's Share
	June 30, 2013	Applicable	of Debt
		to City ⁽¹⁾	June 30, 2013
Overlapping Tax and Assessment Debt:			
San Diego County General Obligations	\$ 399,780,000	0.704 %	\$ 2,814,451
San Diego County Pension Obligations	753,897,748	0.704 %	5,307,440
San Diego County Superintendent of Schools			
- General Fund Obligations	17,462,500	0.704 %	122,936
Mira Costa Community College District			
- Certificates of Participation	2,405,000	3.444 %	82,828
San Dieguito Union High School District			
- General Fund Obligations	13,015,000	5.599 %	728,710
Total Overlapping General Fund Debt	1,186,560,248		9,056,365
Direct Debt and Overlapping Tax and Assessment Debt:			
Direct Debt:			
City of Del Mar	335,000	100.000 %	335,000
Subtotal Direct Debt	335,000		335,000
Overlapping Tax and Assessment Debt:			
City of Del Mar 1915 Act Bonds	1,170,000	100.000 %	1,170,000
San Dieguito Union High School District	160,000,000	5.599 %	8,958,400
Metropolitan Water District	165,085,000	0.128 %	211,309
Subtotal Overlapping Tax and Assessment Debt	326,255,000		10,339,709
Total Direct and Overlapping Tax and Assessment Debt	326,590,000		10,674,709
Combined Total Debt	\$ 1,513,150,248		\$ 19,731,074 ⁽²⁾

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

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

<u>Ratios to Fiscal Year 2012-2013 Assessed Valuation</u>		<u>Per Capita</u>
City Direct Debt (\$335,000).....	0.01%	\$79.78
Total Overlapping Tax and Assessment Debt.....	0.40%	\$2,542.20
Combined Total Debt.....	0.73%	\$4,698.99

State School Building Aid Repayable as of June 30, 2013 \$ -

Source: California Municipal Statistics, Inc.

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City of Del Mar
Schedule of Legal Debt Margin⁽¹⁾
Last Ten Fiscal Years

	Fiscal Year				
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
Assessed valuation	\$ 1,471,070,637	\$ 1,616,897,445	\$ 1,831,642,966	\$ 1,988,586,114	\$ 2,128,163,277
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 367,767,659	\$ 404,224,361	\$ 457,910,742	\$ 497,146,529	\$ 532,040,819
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 55,165,149	\$ 60,633,654	\$ 68,686,611	\$ 74,571,979	\$ 79,806,123
Total net debt applicable to limit:					
General obligation bonds	1,555,000	1,440,000	1,320,000	1,195,000	1,065,000
Legal debt margin	<u>\$ 53,610,149</u>	<u>\$ 59,193,654</u>	<u>\$ 67,366,611</u>	<u>\$ 73,376,979</u>	<u>\$ 78,741,123</u>
Total debt applicable to the limit as a percentage of debt limit	<u>2.90%</u>	<u>2.43%</u>	<u>1.96%</u>	<u>1.63%</u>	<u>1.35%</u>

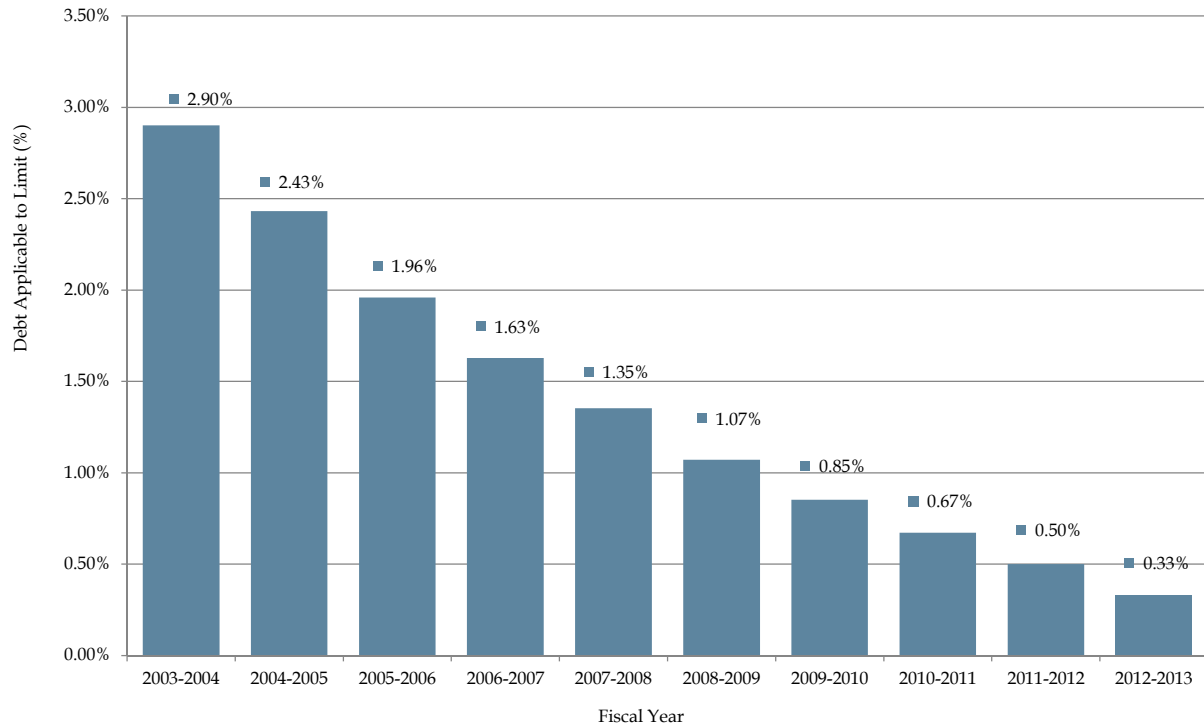
Note:

(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

Fiscal Year				
2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
\$ 2,340,067,576	\$ 2,474,858,897	\$ 2,553,693,794	\$ 2,621,983,721	\$ 2,689,757,322
25%	25%	25%	25%	25%
\$ 585,016,894	\$ 618,714,724	\$ 638,423,449	\$ 655,495,930.25	\$ 672,439,330.50
15%	15%	15%	15%	15%
\$ 87,752,534	\$ 92,807,209	\$ 95,763,517	\$ 98,324,390	\$ 100,865,900
930,000	785,000	640,000	490,000	335,000
\$ 86,822,534	\$ 92,022,209	\$ 95,123,517	\$ 97,834,390	\$ 100,530,900
1.07%	0.85%	0.67%	0.50%	0.33%

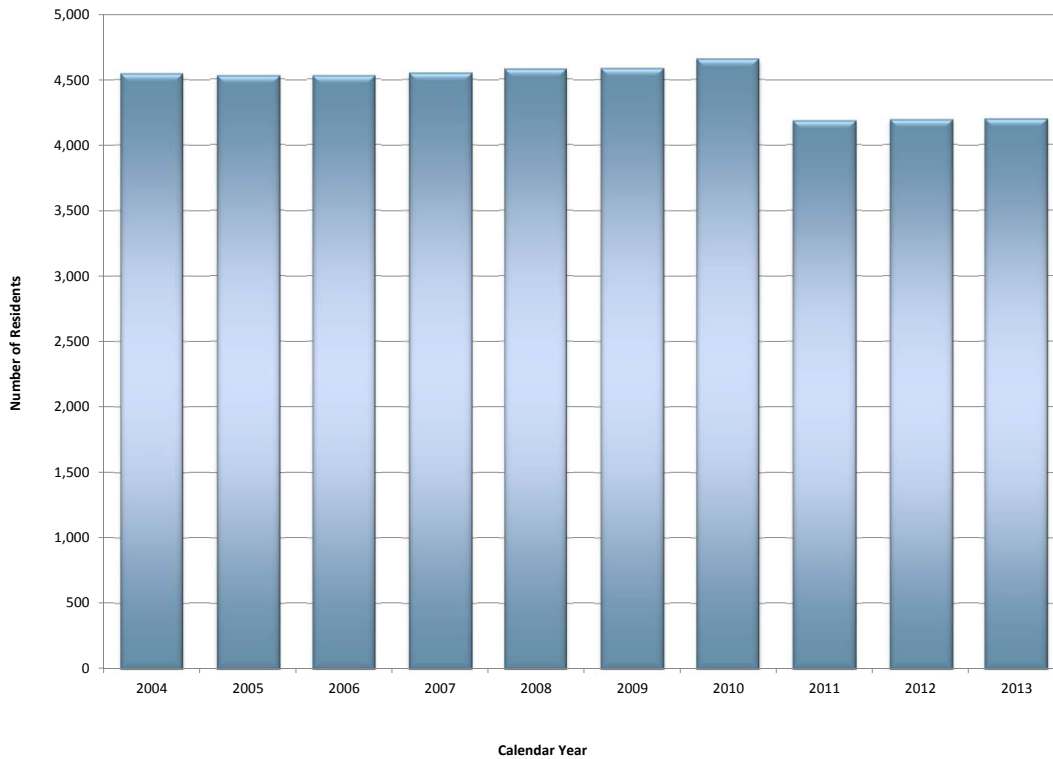
**DEBT APPLICABLE TO LIMIT
Last Ten Fiscal Years**



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

Year	City of Del Mar Housing Units (1)	Population (2)				Personal Income (3)			
		City of Del Mar	Average Annual Percent Change	County of San Diego	Average Annual Percent Change	City of Del Mar		County of San Diego	
						Personal Income (in Thousands)	Per Capita	Personal Income (in Thousands)	Per Capita
2013	2,637	4,199	0.12%	3,150,178	0.21%	- *	- *	- *	- *
2012	2,637	4,194	0.17%	3,143,429	0.79%	526,396	125,512	157,961,254	49,719
2011	2,542	4,187	-10.15%	3,118,876	-3.27%	502,766	120,078	146,955,781	46,800
2010	2,542	4,660	1.50%	3,224,432	1.61%	470,315	100,926	139,578,156	44,951
2009	2,537	4,591	0.24%	3,173,407	0.86%	457,060	99,556	139,577,195	45,706
2008	2,519	4,580	0.59%	3,146,274	1.49%	447,663	97,743	104,846,916	44,766
2007	2,511	4,553	0.55%	3,100,132	1.14%	467,118	102,596	136,615,849	44,068
2006	2,499	4,528	-0.04%	3,065,077	0.89%	456,603	100,840	129,585,425	42,278
2005	2,510	4,530	-0.40%	3,038,074	0.87%	449,075	99,134	122,032,508	40,168
2004	2,511	4,548	0.60%	3,011,770	1.23%	451,981	99,380	116,646,431	38,730

POPULATION
Last Ten Calendar Years



Note:

* This information is not available.

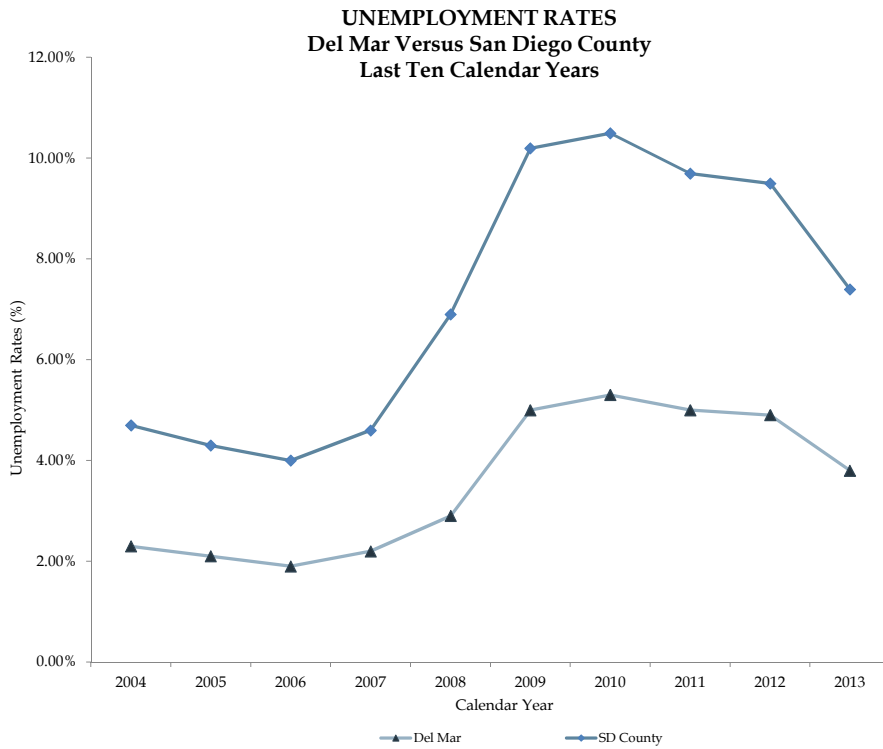
Source:

(1) SANDAG

(2) State of California, Finance Department

(3) United States Bureau of Economic Analysis

Employment ⁽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	
3,100	3,000	3.80%	1,611,200	1,492,300	7.40%	4,384
3,100	2,900	4.90%	1,593,800	1,441,700	9.50%	4,387
3,000	2,900	5.00%	1,579,500	1,427,000	9.70%	4,363
3,000	2,800	5.30%	1,566,700	1,406,200	10.50%	4,169
3,000	2,800	5.00%	1,574,700	1,414,600	10.20%	4,169
3,000	2,900	2.90%	1,577,200	1,468,700	6.90%	2,106
3,000	2,900	2.20%	1,542,400	1,471,600	4.60%	2,305
3,000	2,900	1.90%	1,520,500	1,459,900	4.00%	2,707
2,900	2,900	2.10%	1,505,900	1,440,500	4.30%	3,019
2,900	2,800	2.30%	1,490,800	1,420,100	4.70%	3,324



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	2012		2013	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
L'Auberge Del Mar Resort Spa	Resorts	250	8.62%	250	8.33%
Del Mar Fairgrounds	Banquet Rooms	180	6.21%	180	6.00%
Il Fornaio	Restaurant	115	3.97%	115	3.83%
Del Mar Thoroughbred Club	Horse racing club	115	3.97%	115	3.83%
Jake's Del Mar	Restaurant	110	3.79%	110	3.67%
Brigantine Seafood Restaurant	Restaurant	100	3.45%	100	3.33%
Re/Max Moonlight Beach Inc	Real Estate	100	3.45%	100	3.33%
Pacifica Del Mar	Restaurant	65	2.24%	65	2.17%
Bully's Del Mar	Restaurant	60	2.07%	60	2.00%
Poseidon Restaurant	Restaurant	-	- %	50	1.67%
Flavor Restaurant & Lounge	Restaurant	50	1.72%	-	- %
Total Top Ten Employers		<u>1,145</u>		<u>1,145</u>	
Total City Employment ⁽²⁾		<u>2,900</u>		<u>3,000</u>	

Notes:

(1) Represents non-governmental employers.

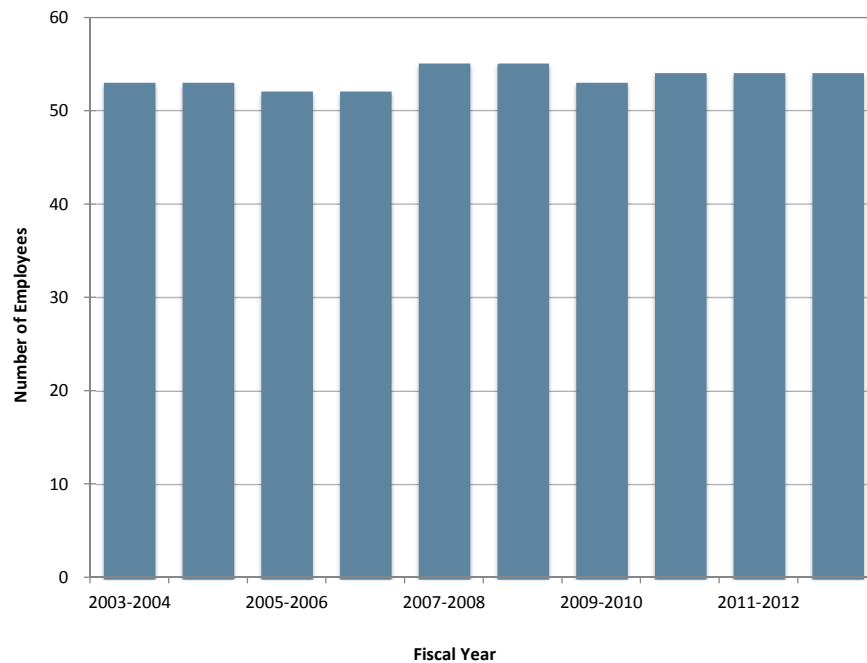
(2) Total City employment provided by EDD - Labor Market Information Division.

Source: infoUSA

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

Function	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
General government	19.5	19.5	19.5	19.5	20.5	22.0	19.0	19.0	19.0	19.0
Public safety ⁽¹⁾	17.5	16.5	15.5	15.5	16.5	15.0	16.0	17.0	17.0	17.0
Public works	12.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0
Parks and recreation	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total	53.0	53.0	52.0	52.0	55.0	55.0	53.0	54.0	54.0	54.0

CITY OF DEL MAR
EMPLOYMENT
Last Ten Fiscal Years



Note:

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

Source: City of Del Mar, Finance Department

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

Function	Fiscal Year									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
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	20,061	22,564	24,277	18,091	19,032	20,132	20,000	27,068	21,547	19,060
Fire:										
Emergency calls	1,003	877	1,027	1,167	1,205	1,116	1,112	1,153	1,001	1,112
Inspections	180	130	130	130	490	471	307	240	425	473
Public works:										
Street resurfacing (miles)	0.14	-	0.26	0.18	0.69	0.11	0.50	-	0.50	0.50
Street slurry (miles)	0.32	-	-	-	-	-	0.50	-	0.50	0.50
Parks and recreation:										
Number of recreational classes	450	350	350	350	364	412	624	436	424	500
Number of facility rentals	210	260	290	290	256	285	130	93	85	115
Water:										
New construction	6	5	5	7	8	12	-	-	-	-
Average daily consumption (in thousands of gallons)	1,248	1,182	1,172	1,309	1,103	1,073	1,008	972	967	1,024
Sewer:										
New construction	6	5	6	7	5	12	-	-	-	-
Average daily sewage treatment (in thousands of gallons)	680	695	675	648	614	563	560	550	567	540

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									
	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
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	58	58	58	87	87	87	87	87	74	74
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	3	3	3	3	4	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28
Maximum daily capacity (thousands of gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains										
Sanitary sewers (miles)	24.37	24.37	24.37	24.37	24.37	24.37	28.85	28.85	28.85	28.85
Storm drainage (miles)	0.03	-	0.07	13.59	13.59	13.59	13.59	13.59	13.59	13.59
Maximum daily treatment capacity (thousands of gallons)	821	877	877	877	877	877	877	877	877	877

Source: City of Del Mar

City of Del Mar

Miscellaneous Statistics

June 30, 2012

Date of incorporation.....	July 15, 1959
Form of government.....	Council/Manager
Area.....	2 square miles

Climate:

Average annual high temperature.....	69.8° F
Average annual low temperature.....	57.5° F
Annual precipitation.....	10.42 inches

Fire protection:

Station.....	1
Firefighters and officers.....	9
Fire incident responses.....	304
Emergency medical incident responses.....	808
Public service calls.....	56
Fire inspections.....	473

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.....	2,000,000
Baseball field.....	1
Tennis courts.....	2
Library.....	1
Library inventory.....	22,935

Hotels:

Major hotel rooms.....	354
Average percent occupancy.....	64 percent
Average room rate.....	\$245
Average group size per stay.....	2.1 persons*
Average length of stay.....	3.4 days*

(*information from San Diego County profile)

Education:

Private school.....	1
School district.....	1

Street miles.....	22.5 miles
Street lights.....	74

Water system:

Service connection.....	1,874 meters
Fire hydrants.....	350
Sanitary sewer lines.....	28.85 miles