



City of Del Mar, California
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2021

CITY OF DEL MAR, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
WITH REPORT ON AUDIT BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2021

PREPARED BY
ADMINISTRATIVE SERVICES DEPARTMENT
MONICA MOLINA
FINANCE MANAGER/TREASURER

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INTRODUCTORY SECTION

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February 21, 2022

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

**LETTER OF TRANSMITTAL
FISCAL YEAR 2020-2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2020-2021 Annual Comprehensive Financial Report (ACFR) for the City of Del Mar. These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

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

The City's financial statements have been audited by certified public accountants, CliftonLarsonAllen (CLA) LLP. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2021.

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

Del Mar is a small city of 4,258 residents, as reported on the Department of Finance population estimates as of January 1, 2021 and is primarily a residential community with substantial tourist appeal covering approximately 2.2 square miles and is known for its beautiful beaches. The City is predominantly built-out; however, redevelopment and revitalization opportunities exist in its commercial areas, and replacement of existing houses with updated and often larger and more elaborate dwellings is commonplace in its residential areas. The 22nd District Agricultural Association (DAA), which manages and operates the Del Mar Fairgrounds and is home to the Del Mar Thoroughbred Club, has a significant presence in the City, encompassing approximately one-fifth of the City's area. The 22nd DAA is a State of California agency and is managed by a board of directors appointed by the Governor.

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

Budgetary Process

The Del Mar City Council (Council) adopted the City's two-year Operating and Capital Budget for Fiscal Years 2019-2020 and 2020-2021, on June 17, 2019. The budget process began with the City Council developing priorities and initiatives which provided the framework around which staff resourced and proposed a budget for Council consideration. It is the City's practice that a Budget Update is presented to the City Council for the second year of a two-year budget cycle, of which the Fiscal Year 2020-2021 Budget Update was presented to the City Council in June 2020. Due to the COVID-19 pandemic, the Fiscal Year 2020-2021 Budget Update was unique in that it included major revenue and expenditure reductions that will be explained further later in this transmittal letter.

The budget is monitored monthly by the City's Finance Division staff and department directors using financial reports which compare actual revenues and expenditures to date with budgeted amounts. Typically, semi-annual financial reports are presented and reviewed by the City's Finance Committee before being presented to the Council at regularly-scheduled meetings. However, as a result of the significant financial challenges for the City related to COVID-19, the frequency for financial reporting to the Finance Committee and City Council was increased to quarterly for Fiscal Year 2020-2021. Other financial management tools used in conjunction with the budget process are the City's reserve policies, the ten-year Capital Improvement Program (CIP), and the 10-year financial forecast. This year, due to the significant financial effects of the COVID-19 pandemic, some financial management tools were deferred until resources were recovered and available.

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

Factors Affecting the City's Financial Condition

Del Mar relies heavily on the local real estate market, specifically property tax revenues, and tourism, as major revenue sources. Over the last decade, Del Mar has continued to see increases in assessed valuations even during the sudden recessionary period triggered by the pandemic. Property taxes increased by 7.2% in Fiscal Year 2020-2021 compared to the previous year. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value; increases in value due to new construction; and up to a two-percent (2%) annual increases permitted

under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains quite strong. In addition, since Del Mar has been largely built-out for many years with properties occupied by long-time residents, many of Del Mar's residential properties carry very low assessed values compared to current market value; and as these properties turn over, they are reassessed at higher values.

Tourism is a significant industry and a major source of revenue for the City. With its beautiful beaches and moderate climate, Del Mar is usually a popular destination for both local visitors and vacationing travelers. Starting in Fiscal Year 2016-2017, the City started contributing one-percent (1%) of Transient Occupancy Tax (TOT) to the Del Mar Village Association (DMVA) for destination marketing efforts. This amounted to \$176,962 in Fiscal Year 2020-2021. This allows the City to foster and encourage broader efforts to market the Del Mar village, including hotels, as well as restaurants and retailers. An annual report is provided to the City Council on the status of these efforts. Transient Occupancy Tax (TOT) collections was one of the largest revenue sources that was impacted by the COVID-19 pandemic. This revenue source decreased by approximately 40% during Fiscal Year 2020-2021, when compared to the FY 2018-2019 which was the last full pre-pandemic year. In November 2020, Governor Newsom issued a modified stay at home order to protect the health and well-being of all Californians. This impacted tourism for the City of Del Mar, as only essential business hotel stays were allowed. Between November 2020 and February 2021, the City received approximately \$558,000 less in TOT revenue in comparison to the same four-month period the previous year (non-pandemic year).

The pandemic also had a major impact on sales tax revenues. Receipts for the last two quarters of the year (Jan-June 2021), indicate that sales tax activity especially in restaurants and hotels are starting to slowly recover. As a result of the lack of revenue generating event activity at the Fairgrounds and the Governor's stay at home order, sales tax revenues for the year are approximately \$1 million lower than Fiscal Year 2018-2019, which was the last full year not impacted by the pandemic. Although we are starting to see a recovery in sales tax, revenues came in \$340,000 lower when compared to the previous year.

In November 2016, Del Mar voters approved Measure Q, a one-percent (1%) general sales tax measure. The new sales tax was implemented in April 2017, and amounted to \$2.3 million in Fiscal Year 2020-2021 revenues. To date, Measure Q has generated approximately \$11 million in district tax revenues. Though no specific projects or uses were officially designated as part of the voter-approved general tax measure, the City Council has identified use of the additional revenue for community reinvestment and infrastructure type projects such as the Downtown Streetscape Project, implementation of the Shores Park Master Plan, and the Utility Undergrounding Project. The Downtown Streetscape Project was finalized in Fiscal Year 2019-2020, and the Utility Undergrounding Project began its preliminary phase at the end of Fiscal Year 2020-2021.

Similar to sales tax, the COVID-19 pandemic had a major impact on Measure Q revenues. Receipts for the year indicate a decrease of approximately \$644,000, or 21.7%, when compared to Fiscal Year 2018-2019, which was the full pre-pandemic year. Due to the financial crisis caused by the pandemic, the City Council directed staff to hold off in proceeding with any Measure Q projects. As the year progressed and Measure Q revenues started to stabilize, the City Council authorized staff to proceed with the first phase of the Undergrounding Project.

Since the beginning of the pandemic, until the end of Fiscal Year 2020-2021, Del Mar lost approximately \$3 million in General Fund revenues, not including Measure Q funds. With the

direction of the City Council to reduce Fiscal Year 2020-2021 expenditures to continue with only essential items only, Del Mar positioned itself well to weather the economic instability.

The City's fiscally conservative strategic approach has been to identify new revenue sources while examining ways to reduce expenditures by considering alternatives to providing services and managing City operations. The City has always maintained a low level of fixed obligations and has adopted prudent reserve policies.

In Fiscal Year 2014-2015, the Pension Reserve Fund was established as a way to set-aside monies for future anticipated employee pension obligation costs. As a result of financial losses related to the pandemic, there was no budgeted transfer of funds to the Pension Reserve Fund in FY 2020-2021. Although revenue for TOT and sales tax are not yet at pre-pandemic levels, revenues for Fiscal Year 2020-2021 came in higher than projected, and \$1 million was authorized to transfer to the Pension Reserve Fund in Fiscal Year 2021-2022.

The City continues to pursue grant opportunities and low-cost financing for its projects. Additionally, the City has been able to fund certain projects through the generosity of its residents and community. We believe that the projects undertaken this fiscal year and the accomplishments highlighted as follows not only help the City better serve Del Mar residents and businesses, but they assist in building a solid foundation towards keeping the City fiscally sound and well positioned to sustain its financial health into the future.

Final results for FY 2020-2021, indicate that revenues came in higher, and expenditures came in lower than final projections, which is discussed in detail in the Management's discussion and analysis section of this report.

Accomplishments

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

Capital Improvement Projects

Due to the unknown impact in revenues that pandemic was going to have to Fiscal Year 2020-2021 revenues, in June 2020, the City Council was presented with an Budget Update for the coming year which included deferring all capital projects that were not required or in the middle of being completed. However, several milestones were reached for capital improvement projects during Fiscal Year 2020-2021, including:

- Developed 10-year Capital Improvement Program for City's infrastructure needs, comprised of Open Space, Facilities, Storm Drain, Streets, Bridges, Wastewater, and Water Projects. Also includes significant equipment purchases, planning schedules, and options for financing. Reduced FY2019/2020 and FY2020/2021 CIP expenditure budgets and CIP staff to focus exclusively on critical/essential projects during COVID-19 budget crisis.
- Completed several Preliminary Engineering Phases of the Camino del Mar Bridge Replacement Project including Geotechnical Borings, Hydraulic Analysis, and Bridge Alternative Selection.
- Continued design and construction work on the City's multi-year program to systematically identify, prioritize, and implement water and wastewater and roadway pavement rehabilitation projects.
- Completed emergency responses, geological studies, and temporary repair projects for the 2019 Jimmy Durante Boulevard Bluff Failure and the 2020 Camino del Mar Bluff Failure.

- Completed the 21st Street Tennis Courts Drainage Ditch and Court Street Park Project.
- Completed the 22nd Street, Camino del Mar, and Coast Boulevard Pedestrian, Vehicle, and Bicycle Improvements Project.
- Completed Seagrove Park Lighting Replacement and Pathway Improvements Project.
- Completed Design and Construction of Powerhouse Walkway Lighting Project in collaboration with the Parks and Recreation Committee.
- Completed habitat restoration phase of the Torrey Pines Bridge Seismic Rehabilitation Project.

Planning and Community Development

The Planning and Community Development Department is responsible for four functional areas within the City, which include Long Range Planning, Current Planning, Building & Safety, and Code Enforcement. In response to ongoing changes in regulations and service needs applicable since March 2020 in response to the COVID-19 pandemic, the department continued to provide Planning and Building Services with options for 100% electronic and virtual meeting access in addition to limited in-person counter service. To facilitate economic recovery for local businesses, staff prepared and processed an ordinance with various parking-related changes. The City's 5th Cycle Housing Element planning period (2013-2021) ended on April 15, 2021 and the 6th Cycle Housing Element (planning period 2021-2029) was adopted by the City Council on March 25, 2021. In 2021, the City of Del Mar City Council adopted actions to implement the outstanding housing program items for the 5th Cycle Housing Element (planning period 2013-2021) as necessary for compliance with State housing law; and adopted a Program Environmental Impact Report (PEIR) and 6th Cycle Housing Element (planning period 2021-2029) in consideration of recommendations made by the 6th Cycle Housing Element Ad Hoc Citizens' Task Force. Staff also prepared and submitted permit applications for federal and state approvals of the Sand Compatibility and Opportunistic Program (SCOUP), which is a City Council priority in the plan to implement ongoing sand nourishment to minimize flood risk.

Technological & Administrative Enhancements

The City was able to maintain a high level of service to the public while allowing remote teleworking and streamlining processes for remote public meetings.

Looking Forward -- Citywide Planning Activities

Upcoming Capital Improvement Projects

As part of the City's 10-year Capital Improvement Program (CIP), there will be continued reinvestment in Del Mar infrastructure. Several planned projects for Fiscal Year 2021-2022 include:

- Continue preliminary engineering and environmental permitting activities for River Path Del Mar Phase 3, connecting the Grand Avenue Bridge to Crest Canyon Trailhead.
- Complete the Powerhouse Park Walkway Lighting Project.
- Complete essential building repairs to 17th Street/20th Street/25th Street Lifeguard Buildings.
- Complete Design and Procurement of Tot Lot Replacement Project.
- Complete Penasquitos Lagoon Storm Drain Repair Project Habitat Restoration Phase.
- Complete Design of Category 1 Storm Drain Repairs.
- Complete preliminary engineering phase of the Camino del Mar Bridge Replacement Project.
- Complete the Clean Water Rate Study and commencement of a proactive Storm Drain Capital Improvement Program.
- Continue facility maintenance program for City Hall, City buildings, various lifeguard towers, and public facilities throughout the City.

- Complete construction of annual Water, Wastewater, and Paving, Capital Improvement Projects.
- Continue the Citywide Pavement Rehabilitation Program based on a system-wide condition assessment and the prioritization program.
- Complete Resurfacing and Restriping Court Street Tennis Courts.
- Complete Restriping of Jimmy Durante Boulevard.
- Complete Methacrylate Treatment of Torrey Pines Bridge.

Utility Undergrounding Project

Although the citywide utility undergrounding project was originally put on hold in March 2020 by the City Council due to the financial impacts and uncertainty caused by the COVID-19 pandemic, the City Council voted March 15, 2021, to reinstate the project, starting initially with taking over the design of a smaller resident-initiated project (Tewa Court/10th Street Utility Undergrounding District, officially formed May 17, 2021), and giving staff direction to bring back the formation steps of two larger areas, Area 1A (Stratford Court) and Area X1A (Crest Canyon), which occurred July 12, 2021. The Tewa Court/10th Street project is slated to begin construction in winter 2022, while design for Areas 1A and X1A is anticipated to take approximately 18-24 months.

Del Mar Shores Park Master Plan

In 2014, the City initiated the master planning process for the Del Mar Shores Park, located on 5.3 acres immediately south of downtown property, to help envision future activities for the site. The site currently is home to The Winston School (occupying buildings leased from the City), community offices used by two Del Mar nonprofit groups, and park land. The master plan process will determine a long-term vision for this prominent open space and develop a strategy to implement the community's desires. All work on the Shores Park Master Plan was put on hold by the City Council due to the financial impacts and uncertainty caused by the COVID-19 pandemic.

Housing Element Implementation

The City's 5th Cycle Housing Element planning period (2013-2021) ended on April 15, 2021. The 6th Cycle Housing Element (planning period 2021-2029) was adopted by the City Council on March 25, 2021. The City is awaiting certification of the 6th Cycle Housing Element by the State Department of Housing and Community Development (HCD) as re-adopted by the City Council on December 13, 2021. Staff is actively seeking grant funding to facilitate Housing Element program implementation and has already started implementing its housing action programs, including efforts to obtain feasibility studies and affordable housing consulting services/technical expertise as necessary to secure a housing agreement with the 22nd District Agricultural Association to provide affordable housing opportunities at the Del Mar Fairgrounds. The City is also in process of preparing a new Environmental Justice Element to demonstrate the City's commitment to affirmatively further fair housing. The Environmental Justice Element will be processed as a new element within the City's Community Plan (General Plan) with a target completion date of December 2022.

Hazard Mitigation and Adaptation Planning

The City is in process of preparing and processing an amendment to the General Plan Safety Element to identify its hazard mitigation strategies with a target completion date of December 2022. The City is continuing to seek grant funding and federal and state agency permit approvals to implement the associated Sand Compatibility Opportunistic Use Program (SCOUP) and associated beach nourishment in accordance with the City's priority adaptation strategy to minimize flood risk. Staff also submitted an application for FEMA technical assistance to facilitate development of a conceptual plan for a living levee along the San Dieguito riverbanks as an adaptation measure to reduce the risk of river flooding in adjacent neighborhoods.

California State Senate Bill 9 (SB 9) Implementation

In 2022, the Planning and Community Development Department will be preparing an ordinance and objective design standards for City Council consideration and approval and will process a Local Coastal Program Amendment with the California Coastal Commission certification in order to begin processing applications for duplex development and urban lot splits in accordance with the provisions of SB 9.

Technological & Administrative Enhancements

Looking ahead, for Fiscal Year 2021-2022, other initiatives underway related to technological enhancements include the upgrade of the City's Permitting and Licensing software to automate processes and provide online services to the public, including online payments.

Financial Policies

General Fund Contingency (GFC) Reserve

Historically, it has been the City's policy and practice to establish a budget that is balanced and has a minimum contingency reserve of 10% of annual operating expenditures in the General Fund in order to ensure the City's continuing financial health. However, during the preparation of the Fiscal Years 2019-2020 and 2020-2021 Operating and Capital Budget, the City Council established a goal to increase the GFC Reserve by one percent (1%) each year until it reaches a 25% reserve, or 90 days of operations. As a result of the economic impacts to the City's related to the COVID-19 pandemic, the goal to reach a 25% General Fund Contingency has been temporarily deferred until such time that the City has economically recovered.

In June 2020, based on financial projections and the uncertain economic impact the pandemic was anticipated to have on Del Mar's revenue, the City Council approved a Fiscal Year 2020-2021 updated budget that continued to maintain essential services with very limited spending. Although the City has not returned to pre-pandemic revenue levels, Fiscal Year 2020-2021 revenues came in higher than projected and expenditures remained at or below projections. As such, the City will not have to use any reserves during this fiscal year. The final GFC for year ending June 30, 2021, is 29.86% or 109 days of operations, which is well above the required minimum contingency reserve. Positive results allowed the City Council to approve a transfer of \$1.10 million to other reserves in Fiscal Year 2021-2022, to begin replenishing reserves that are underfunded since a deferral of transfers was required to deal with the economic impact of the COVID-19 pandemic.

Finnell Plan

In 2007, the City Council adopted a financial objective, referred to as the Finnell Plan, to provide funding for future capital projects. The Finnell Plan was created in order to provide an automatic funding mechanism for capital projects, by constraining the growth in operating expenditures to be below the growth in revenues. The difference is then transferred to the CIP Reserve to assist in funding the City's capital projects. Due to the economic crisis caused by the pandemic, implementation of the Finnell Plan was deferred in FY 2020-2021 and no transfer was made to the CIP Reserve this year.

Awards

The Government Finance Officers' Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for 24 consecutive years. In order to be eligible to receive a GFOA award the City must publish an easily readable and comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Acknowledgments

We would like to thank the City Council of the City of Del Mar and the Executive Team for their continued leadership in the pursuit of excellence in financial reporting and for maintaining the highest level of professional standards in the management of Del Mar's finances. We would also like to thank the City's Finance Committee for their contributions to the City's continued financial viability. This report could not have been accomplished without the professionalism and dedicated services of the entire Del Mar team.

Respectfully submitted,



Ashley Jones
City Manager



Monica Molina
Finance Manager/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Del Mar
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

**CITY OF DEL MAR, CALIFORNIA
DIRECTORY OF OFFICIALS
YEAR ENDED JUNE 30, 2021**

CITY COUNCIL

Terry Gaasterland
Mayor

Dwight Worden
Deputy Mayor

Tracy Martinez
Councilmember

Dave Druker
Councilmember

Dan Quirk
Councilmember

CITY MANAGER

Ashley Jones

Assistant City Manager
Kristen M. Crane

**Director of Planning and
Community Development**
Joseph Smith

**Public Works
Director**
Joe Bride

Sheriff Captain
Herbert Taft

City Attorney
Leslie Devaney

**Administrative
Services Director**
Ashley Jones

**Director of Community Services
and Lifeguard Chief**
Jon Edelbrock

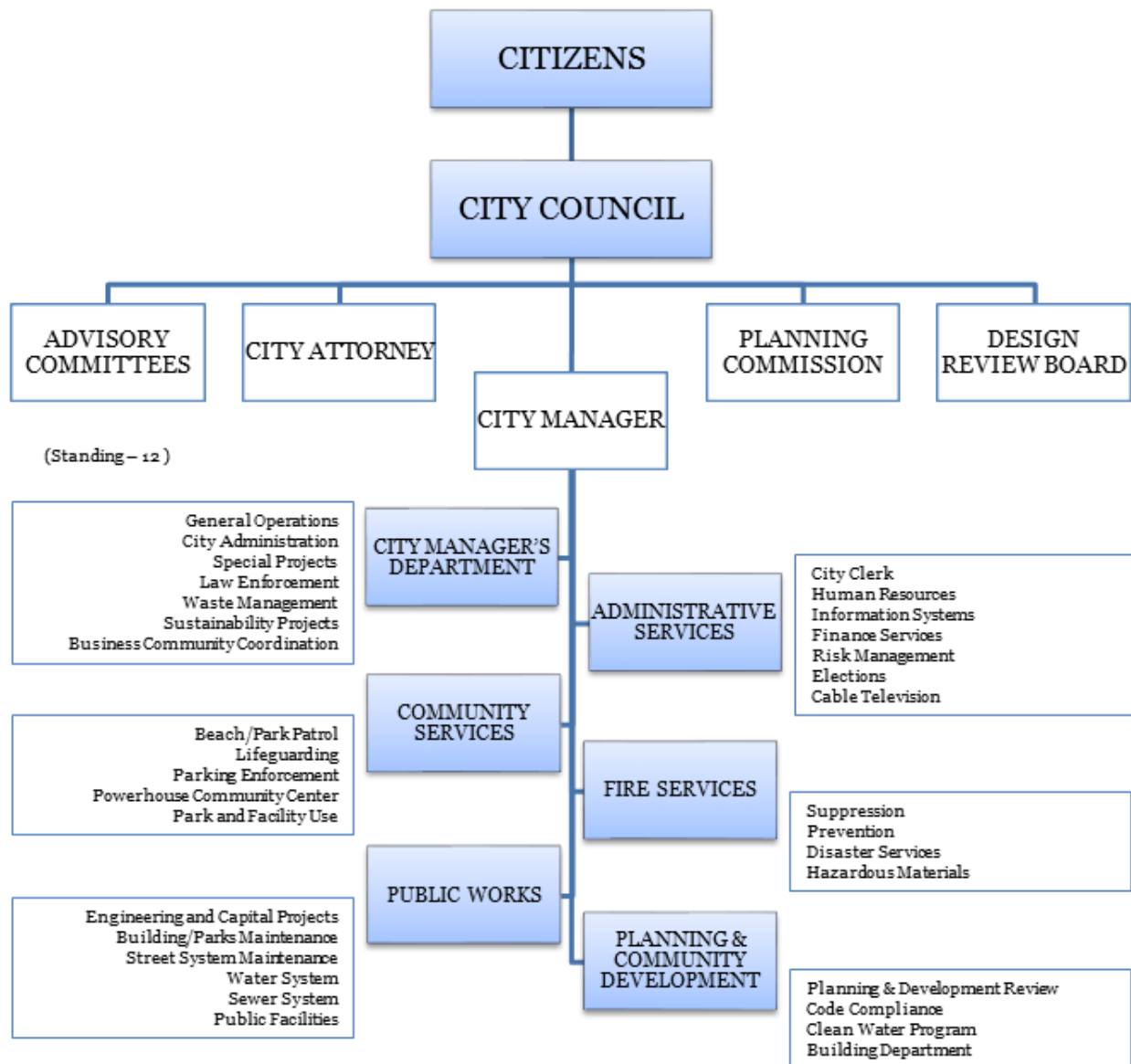
Fire Chief
Mike Stein

**CITY OF DEL MAR, CALIFORNIA
ORGANIZATIONAL CHART
YEAR ENDED JUNE 30, 2021**



DELMAR

City of Del Mar Organizational Chart



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

City Council
City of Del Mar, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California (the City), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, 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 discussed in Note 16 to the financial statements, the City implemented the Statement of Governmental Accounting Standards (GASB Statement) No. 84, Fiduciary Activities, in fiscal year 2020-2021, which resulted in a restatement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – general fund and related notes, and the miscellaneous and safety pension plans schedules of proportionate share of the net pension liability and schedules of contributions, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 financial statements, and other knowledge we obtained during the audit of the financial statements. We do not express an opinion or provide any assurance on the required supplementary 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's financial statements. The introductory section, combining and individual fund financial statements and schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

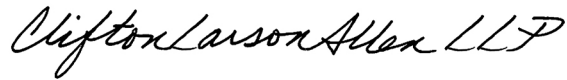
The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied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

City Council
City of Del Mar, California

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
February 21, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Del Mar (City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2021. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the Introductory Section of this report, and the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

Economic Background

The City of Del Mar continues to be in a stable financial position. The City's largest revenue source is its very stable property tax base, which has increased each year since 1995. Due to the City's highly desirable location on the coast, immediately north of the City of San Diego, its real estate market does not typically experience the downturns that the inland areas experience in periods of economic decline. As the San Diego region continues to develop, Del Mar has become increasingly desirable, and this is reflected in its property values. The two next largest revenues, transient occupancy tax (TOT) and sales and use tax (sales tax), are heavily tourist based, and reflect the decreased economic activity experienced in Del Mar, and throughout the nation, as a result of the COVID-19 pandemic.

In March of 2020, during Fiscal Year 2019-2020, Governor Newsom issued a stay at home order to protect the health and well-being of all Californians as a result of the Coronavirus. Similar orders were imposed throughout the country, and the rest of the world, which significantly reduced the volume of visitors that come to Del Mar each year. The economic loss that occurred in the last four months of that fiscal year, which is the beginning of the peak revenue generating period for Del Mar, was primarily in the areas of TOT and sales tax. Continuing on into Fiscal Year 2020-2021, the City Council prepared the City with the idea that the pandemic will continue to impact the first half of the year with the anticipation of a slight economic recovery in the second half of the year. Although the pandemic still continues to date, the conservative projections approved by the City Council for Fiscal Year 2020-2021, has helped the City continue to be in a stable financial position. Although revenues during Fiscal Year 2020-2021 have not recovered to pre-pandemic levels, the City did see positive revenue trends during the year.

In Fiscal Year 2020-2021, the City received approximately \$1.2 million less in TOT; \$1.1 million less in sales tax; and \$0.52 million less in Measure Q revenues in comparison to a Fiscal Year 2018-2019, which is the last full pre-pandemic fiscal year. On a positive note, the City gained approximately \$0.44 million in property tax during the year, and another \$0.83 million in parking violation and meter revenue when compared to Fiscal Year 2019-2020. In total, the current net loss for the year was approximately \$1 million in General Fund revenues (not including Measure Q), which represents a 5.68% loss when compared to the last full pre-pandemic fiscal year in 2018-2019.

This year, the Governmental Accounting Standards Board (GASB) implemented Statement No. 84, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has implemented this Statement and is discussed on Note 17 of the Notes to Basic Financial Statements section of this report.

The discussion and analysis below compares Fiscal Year 2020-2021 (FY 20-21) to Fiscal Year 2019-2020 (FY 19-20). All variances are relative to FY 19-20 results. FY 20-21 financial highlights include the following:

Financial Highlights

- The City's total assets in excess of its liabilities as of June 30, 2021, were \$97.57 million.
- Citywide total net position increased by \$3.08 million (3.26%) during the current fiscal year, indicating a consistent stable financial condition. The change in net position is largely due to the increase in total cash and investments and lower current liabilities at the end of the year, which was a result of keeping expenses at or below projections and receiving more revenue than anticipated.
- A net increase in total assets of \$1.78 million (1.3%) is primarily due to the net of an increase of \$4.81 million (2.78%) in current assets and a decrease in capital assets of \$3.03 million (2.62%). The Citywide non-current asset loss is largely related to how capital assets are reported. In Fiscal Year 2020-2021, most capital projects were deferred and therefore the City had lower than usual capital expenses. However, total depreciation on assets exceeded the added value of new assets leading to an overall capital asset loss for the year.
- A net decrease in total liabilities of \$0.97 million (2.2%) is primarily due to the decrease in current liabilities related to accounts payable and accrued liabilities. The deferred outflows/inflows of resources related to pension plans resulted in a net change of \$0.32 million (14.8%), largely related to lower pension expenses recognized in the current year based on lower payroll due to pandemic related salary reductions.

- At the end of the current fiscal year, the fund balance for the General Fund is \$10.47 million. This balance is available for spending at the City Council's discretion, and is equal to 76.88% of the total fiscal year expenditures of \$13.62 million, and 53.13% of total revenues of \$19.71 million, before other financing sources (uses). The Capital Projects Fund has a fund balance of \$0.31 million, and other non-major governmental funds have combined fund balances of \$0.85 million, at June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

Fiduciary Funds. The City maintains one type of fiduciary fund, the *Custodial 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 *Custodial 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 fund financial statements.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

The analysis that follows focuses on total net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities. The City's net position is made up of three components: net investment in capital assets; restricted net position; and unrestricted net position.

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the City of Del Mar, combined net position (governmental and business-type activities) totaled \$97.57 million as of June 30, 2021. This is an increase of \$3.08 million (3.26%), compared to June 30, 2020.

TABLE 1
CITY OF DEL MAR
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$15,214,972	\$11,336,123	\$6,922,637	\$5,991,431	\$22,137,609	\$17,327,554
Capital assets	89,820,875	91,923,923	26,117,711	27,044,950	115,938,586	118,968,873
Total assets	105,035,847	103,260,046	33,040,348	33,036,381	138,076,195	136,296,427
Deferred outflows of resources	2,181,463	2,220,410	592,551	652,873	2,774,014	2,873,283
Current liabilities	3,629,514	3,266,785	1,688,930	1,713,207	5,318,444	4,979,992
Non-current liabilities	28,700,149	29,450,904	9,012,133	9,573,806	37,712,282	39,024,710
Total liabilities	32,329,663	32,717,689	10,701,063	11,287,013	43,030,726	44,004,702
Deferred inflows of resources	202,563	506,354	49,655	169,407	252,218	675,761
Net investment in capital assets	72,058,048	73,838,956	20,447,077	20,418,606	92,505,125	94,257,562
Restricted	949,920	679,422	-	563,791	949,920	1,243,213
Unrestricted	1,677,116	(2,261,965)	2,435,104	1,250,437	4,112,220	(1,011,528)
Total net position	\$74,685,084	\$72,256,413	\$22,882,181	\$22,232,834	\$97,567,265	\$94,489,247

The largest component of the City's net position, \$92.51 million, is net investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), and is less any related debt, used to acquire those assets, that is outstanding. This decreased by \$1.75 million (1.86%) from the prior fiscal year. As mentioned above this is related to the reporting of depreciation in capital assets in which the depreciation for the year exceeded the value of capital expenditures. The City uses

these capital assets to provide services to citizens and they are *not* available for future spending.

The restricted portion of the City's total net position, which represents resources subject to external restrictions on how they may be used by the City, is \$0.93 million. This had a decrease of \$0.31 million (24.83%) from the prior fiscal year's amount of \$1.24 million. The remaining unrestricted net position of \$4.13 million, which reflects an increase of \$5.14 million (508.06%) from the prior year, is largely due to revenues exceeding expenditures for the current year.

As of June 30, 2021, 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 \$2.43 million (3.36%) and the total net position in business-type activities increased by \$0.65 million (2.92%).

Changes in Net Position

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$5,015,265	\$4,009,868	\$8,512,229	\$7,600,466	\$13,527,494	\$11,610,334
Operating grants and contributions	553,325	467,683	29,148	-	582,473	467,683
Capital grants and contributions	707,085	955,619	-	-	707,085	955,619
<i>General Revenues:</i>						
Property taxes	7,496,882	6,993,953	-	-	7,496,882	6,993,953
Sales and other taxes	5,799,852	6,679,239	-	-	5,799,852	6,679,239
Intergovernmental/unrestricted	79,645	120,701	-	-	79,645	120,701
Investment Income	229,973	387,953	59,028	112,833	289,001	500,786
Other	1,049,654	1,023,262	-	-	1,049,654	1,023,262
Total revenues	20,931,681	20,638,278	8,600,405	7,713,299	29,532,086	28,351,577
Expenses:						
General government	7,048,840	9,079,633	-	-	7,048,840	9,079,633
Public safety	7,699,253	7,955,624	-	-	7,014,779	7,955,624
Public works	2,514,209	2,656,048	-	-	2,514,209	2,656,048
Parks and recreation	773,562	1,162,397	-	-	773,562	1,162,397
Interest and long-term debt	485,322	630,051	-	-	485,322	630,051
Enterprise operations	-	-	7,932,882	8,296,172	7,932,882	8,296,172
Total expenses	18,521,186	21,483,753	7,932,882	8,296,172	25,769,594	29,779,925
Transfers	18,176	(77,893)	(18,176)	77,893	-	-
Change in net position	2,428,671	(923,368)	649,347	(504,980)	3,078,018	(1,428,348)
Net position - beginning of year, as restated*	72,256,413	73,179,781	22,232,834	22,737,814	94,489,247	95,917,595
Net position - end of year	\$74,685,084	\$72,256,413	\$22,882,181	\$22,232,834	\$97,567,265	\$94,489,247

Governmental Activities:

The City's net position from governmental activities increased by \$2.43 million (3.36%) in the current fiscal year, accounting for 78.90% of the total \$3.08 million increase in the City's total net position. Total revenues from governmental activities of \$20.95 million increased by \$0.39 million (1.89%), compared to the prior fiscal year. The cost of all governmental activities in FY 20-21 was \$18.52 million, a decrease of \$2.96 million (13.79%), over the prior fiscal year. Due to the unknown economic impact the pandemic was continuing to have on the City's financials, only essential services were provided in FY 20-21, which resulted in the reduction of expenses.

As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$5.02 million, which was generated by service revenues received from the performance of these activities, and had an increase of \$1.0 million (25.07%) compared to FY 19-20. Increase in this category were largely related to the increase in Building and Planning fees, parking meter revenue, and parking violation fees. Another \$0.55 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. In addition, another \$0.71 million in revenues came from capital grants and contributions, which decreased by \$0.25 million (26.01%), compared to the prior fiscal year.

Overall, the City's governmental program revenues amounted to \$6.28 million, an increase of \$0.84 million (15.51%) compared to the prior fiscal year. General revenues of \$14.67 million decreased by \$0.45 million (3.0%), in comparison to the prior fiscal year. The City had an increase in property taxes of \$0.50 million (7.19%); a decrease of sales and other taxes of \$0.88 million (13.17%); and a decrease in other revenue of \$0.04 million (2.60%) compared to the prior fiscal year.

In comparison to the prior fiscal year, the key elements contributing to the \$2.96 million decrease in expenditures from governmental activities are as follows:

- A total decrease of \$2.03 million in general government costs largely due to the decrease of special projects; reduction in expenditures to only essential services; and the required 2.5% furlough salary and benefit reduction to all full time employees and layoffs made during FY 20-21.
- A decrease of \$0.39 million in parks and recreation due to the closure of the Powerhouse Community Center for special events and rentals.
- A decrease of \$0.26 million in public safety costs largely due to the elimination of the park ranger program in FY 20-21.

Business-type Activities:

The City's business-type activities increased in net position by \$0.65 million (2.90%), for the fiscal year ended June 30, 2021. Business-type activities' total revenue increased by \$0.79 million (10.10%), during the current fiscal year to a total of \$8.58 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.91 million (12.0%). Business-type activity costs also decreased during the fiscal year by \$0.36 million (4.38%),

compared to the prior fiscal year. The increase in revenues and decrease in expenses, resulted in a change in net position of \$0.65 million, from the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds:

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

As of June 30, 2021, the City's governmental funds reported a combined ending fund balance of \$11.63 million, which is a \$4.14 million (55.34%) increase, in comparison to the prior fiscal year of \$7.48 million. The \$11.63 million governmental fund balance is composed of \$0.005 million in non-spendable; \$0.70 million in *restricted*; \$0.15 million in *committed*; \$3.13 million in *assigned* (not available for new spending); and \$7.60 million in *unassigned* funds (available for new spending).

Table 3 below shows the governmental fund balances for the fiscal years ended June 30, 2021 and June 30, 2020.

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

FISCAL YEAR 2020-2021	General	Capital Improvement	Non-Major Governmental Funds	Totals
Total revenues	\$19,708,653	\$144,140	\$741,505	\$20,594,298
Total expenditures	13,621,075	1,205,816	1,644,033	16,470,924
Excess (deficiency) of revenues over expenditures	6,087,578	(1,061,676)	(902,528)	4,123,374
Total other financing sources (uses)	(1,874,123)	1,091,981	800,318	18,176.00
Net change in fund balance	4,213,455	30,305	(102,210)	4,141,550
Fund balance - beginning	6,257,960	278,065	947,717	7,483,742
Fund balance - ended	\$10,471,415	\$308,370	\$845,507	\$11,625,292
FISCAL YEAR 2019-2020				
Total revenues	\$18,862,045	\$656,854	\$1,119,379	\$20,638,278
Total expenditures	17,539,523	2,681,516	2,493,123	22,714,162
Excess (deficiency) of revenues over expenditures	1,322,522	(2,024,662)	(1,373,744)	(2,075,884)
Total other financing sources (uses)	(3,295,251)	1,982,234	1,235,124	(77,893)
Net change in fund balance	(1,972,729)	(42,428)	(138,620)	(2,153,777)
Fund balance - beginning	8,230,689	320,493	1,086,337	9,637,519
Fund balance - ended	\$6,257,960	\$278,065	\$947,717	\$7,483,742

General Fund:

Total governmental funds includes the General Fund, the chief operating fund of the City, which has a fund balance of \$10.47 million as of June 30, 2021. This is a increase of \$4.21 million (67.33%), in comparison to the prior fiscal year. This increase is due to the net of an increase in total revenues of \$0.85 million (4.49%); a decrease in operating costs of \$3.92 million (22.34%); and a decrease in other financing uses of \$1.42 million (43.13%).

Increased revenues of \$0.85 million (4.49%) were largely related to the net of an increase to parking meter and violation revenue of \$0.83 million, an increase to property tax of \$0.40 million, and an increase to planning and building fees of \$0.36 million, offset by a decrease

in transient occupancy tax of \$0.51 million and a decrease in sales and use tax of \$0.32 million.

Total expenditures decreased by \$3.92 million (22.34%) when compared to FY 19-20. The decrease was largely related to a decrease in Measure Q project activity (which is accounted for in the General Fund) of \$2.8 million, and large operating expenditure reductions such as legal fees of \$0.60 million, when compared to FY 19-20 expenditures in the same categories. The ending fund balance is composed of \$0.05 million of non-spendable funds for prepaid items; \$2.83 million in assigned funds for specific expenditures; and \$7.59 million in unassigned funding, which is available for spending at the City's discretion.

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

Major Funds:

As of June 30, 2021, the Capital Improvement Program's fund balance of \$0.31 million, increased by \$0.03 million (10.90%) from the prior fiscal year. Total revenues decreased by \$0.51 million (78.06%) largely due to a reduction of federal grant reimbursements for the Camino del Mar Bridge project. Total expenditures decreased by \$1.48 million (55.03%) largely due to projects that were put on hold and deferred as a result of the pandemic.

Non-major Funds:

The fund balances for other governmental funds or non-major governmental funds decreased \$0.10 million (10.70%) from the FY 19-20 balance of \$0.95 million to \$0.85 million at the end of the current fiscal year. The other non-major funds are composed of special revenue funds including Road Maintenance and Rehabilitation Account (RMRA); Gas Tax, Open Space; Supplemental Law Enforcement; Regional Communications System; Grants; Housing; AB 939; Regional Transportation; and Transnet II. The fund balance of \$0.83 million is restricted or committed for specific purposes.

Proprietary Funds:

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

Enterprise Funds: The total net position in the enterprise funds, increased over the prior fiscal year by \$0.65 million (2.9%). The City's Water Fund increased by \$0.51 million (4.18%), the Wastewater Fund increased by \$0.03 million (0.304%), and the Clean Water Fund increased by \$0.11 million (122.37%).

At the end of FY 20-21, the Internal Service fund reported a net position of \$0.39 million, which is a \$0.05 million (15.56%) decrease from last fiscal year, due to higher claims activity, offset by lower charges for services.

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. Due to the unknown impact the pandemic was going to continue to have in the upcoming year, the City updated the FY 20-21 budget in June 2020, which was based on the concept that large revenue losses would continue in the first half of the year and gradually recover in the second half of the year. Projections were based with the idea that a revenue would have a full recovery in FY 23-24.

The City experienced the largest revenue loss in transient occupancy tax and sales tax between the months of November 2020 and February 2021. However, the months that followed had a stronger than anticipated recovery, leading to a favorable budget variance of \$1.86 million when comparing actual excess revenues over expenditures. This positive budget variance primarily reflects revenue realization greater than estimates of \$0.93 million due to higher tax revenues of \$0.88 million; higher licenses, fees and permits of \$0.01 million; higher charges for services of \$0.15 million; higher fines and forfeitures of \$0.13 million; and higher other revenue of \$0.19 million; which was offset by lower intergovernmental revenue of \$0.48 million and lower use of money and property of \$0.05 million.

The actual expenditures were less than the fiscal year's final appropriation by \$0.93 million primarily due to less than anticipated expenditures in general government of \$0.19 million; lower expenditures in public safety of \$0.12 million; and lower capital outlay of \$0.64 million, which was offset by an increase in public works expenditures of \$0.02 million. Lower capital outlay than projected was largely due to the appropriation for the Undergrounding project which was approved at the end of FY 20-21, but would be largely expensed in FY 21-22.

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, 2021, amounts to \$115.91 million, net of accumulated depreciation. Amounts invested in capital assets include land; buildings and improvements; machinery and equipment; bridges; roadway networks; water lines; and sewer and storm drainage systems. The total decrease in the City's capital assets, net of depreciation, for the current fiscal year was \$3.04 million (2.56%), compared to the prior fiscal year. Of the decrease, \$2.10 million is related to governmental activities and \$0.93 million in business-type activities. For capital assets by category, refer to Table 4.

Due to the anticipated financial impact of the pandemic on the City's financials, the City Council deferred most capital projects that were not contractually obligated or required to be completed for public safety reasons. The largest capital asset additions for the year included costs related to the Utility Undergrounding project of \$0.19 million; Camino del Mar Bridge project of \$0.17 million and Riverpath Del Mar project of \$0.08 million. However, the total depreciation on current assets for the year was \$2.72 million, which resulted in a net decrease of \$2.10 million in governmental activities capital assets.

The same practice of spending was implemented for business-type activities, which resulted in a decrease of \$0.93 million (3.0%) during the fiscal year. The largest capital asset expenditures for the year included the purchase of a sewer rodder and a grinder totaling \$0.11 million and water and wastewater infrastructure improvements of \$0.03 million. Similar to governmental activities, the total depreciation of the year of \$1.07 million exceeded the addition in assets, resulting in a net decrease of \$0.93 million in business-type activities capital assets.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$18,289,250	\$18,289,250	\$1,365,688	\$1,365,688	\$19,654,938	\$19,654,938
Water Rights	-	-	32,987	\$20,000		
Construction in progress	3,419,262	3,024,228	-	-	3,419,262	3,024,228
Total non-depreciable assets	21,708,512	21,313,478	1,398,675	1,385,688	23,074,200	22,679,166
Capital assets, being depreciated:						
Buildings/structures and improvement:	22,727,884	23,445,919	5,387,113	5,599,654	28,114,997	29,045,573
Machinery and equipment	875,938	1,019,016	591,508	601,537	1,467,446	1,620,553
Streets	16,898,060	17,488,316	-	-	16,898,060	17,488,316
Traffic signals	45,795	47,397	-	-	45,795	47,397
Roadway network	2,921,141	3,022,950	-	-	2,921,141	3,022,950
Bridge	22,476,728	23,339,663	-	-	22,476,728	23,339,663
Storm drainage system	2,166,817	2,247,184	20,000.00	-	2,186,817	2,247,184
Water line system	-	-	7,920,336	8,204,790	7,920,336	8,204,790
Sewer line system	-	-	10,800,079	11,253,281	10,800,079	11,253,281
Total depreciable assets, net of accumulated depreciation	68,112,363	70,610,445	24,719,036	25,659,262	92,831,399	96,269,707
Total capital assets	\$89,820,875	\$91,923,923	\$26,117,711	\$27,044,950	\$115,905,599	\$118,948,873

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, 2021, the City had total long-term debt outstanding of \$24.94 million made up of loan payable; note payable; compensated absences; and claims payable as shown in Table 5.

For governmental activities, long-term debt accounts for \$18.57 million (74.46%) of the City's total long-term debt, as of June 30, 2021. Total long-term debt is comprised of a loan through IBank, for the City Hall/Town Hall project of \$14.72 million; loan through the San Diego Association of Governments (SANDAG) of \$2.65 million; loan with the County of San Diego of \$0.23 million; compensated absences of \$0.57 million; and claims payable of \$0.39 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	
	2021	2020	2021	2020	2021	2020
Note payable	\$ 17,602,114	\$ 18,084,967	\$ 6,233,225	\$ 6,626,345	\$ 23,835,339	\$ 24,711,312
Compensated absences	574,433	489,587	136,214	120,353	710,647	609,940
Claims payable	392,079	779,706	-	-	392,079	779,706
Capital leases	-	-	-	-	-	-
	\$ 18,568,626	\$ 19,354,260	\$ 6,369,439	\$ 6,746,698	\$ 24,938,065	\$ 26,100,958

For business-type activities, long-term debt accounts for \$6.37 million (25.54%), of the City's total long-term debt, as of June 30, 2021. The Wastewater fund has a note payable with a remaining balance of \$3.44 million with the State of California for the replacement of the 21st Street Pump Station, and a note with IBank with an outstanding balance of \$2.79 million. Compensated absences in business-type activities accounts for \$0.14 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues.

The City did not incur any new long-term debt during FY 20-21. The City's long-term debt decreased by \$1.16 million (4.46%) compared to the prior fiscal year, largely due to required annual note principal payments of \$0.87 million (3.54%), and claims payable decreased by \$0.39 million (49.72%). In addition, there was a slight increase of \$0.10 million (16.51%) in compensated absences.

Economic Factors and Next Year's Budget

Local governments throughout the State of California must continuously find new ways to survive economically in order to meet their obligation of serving their communities. Cities that rely on tourism, like Del Mar, have experienced the biggest financial losses during the COVID-19 pandemic. As has been past practice, the City continues to take a conservative approach to budgeting revenues and expenditures. With some indicators of economic recovery over the next two fiscal years, the adopted FY 21-22 and FY 22-23 budget includes a gradual return to providing City services at pre-COVID levels and a restart of several important City capital and special projects. Management continues to take an active role in monitoring the budget during the fiscal year in order to address any economic changes that may occur resulting in necessary changes to projected revenues and/or appropriated expenditures.

In light of the potential impact that the COVID-19 pandemic may continue to have on revenues, management looked at the following key economic factors while preparing the adopted budget for Fiscal Year (FY) 2021-2022:

Revenues:

The City's projected revenues for FY 21-22 total \$28.80 million, which is \$0.61 million (2.17%) higher than final FY 20-21 projected revenues of \$28.19 million.

The City's three primary sources of revenues are property taxes, Transient Occupancy Tax (TOT), and Sales and Use Tax (sales tax), which make up approximately 68% percent of General Fund revenues. As we saw with COVID, TOT and sales tax revenues are vulnerable to substantial fluctuation as they are largely based on tourism. As such, a more conservative methodology is used when forecasting future revenues in these areas. These two sources of revenue were the hardest hit during the pandemic, and the two-year budget reflects a gradual recovery to these revenues with the anticipation to return to pre-COVID levels in FY 2023-2024.

Expenditures:

The City's FY 20-21 Operating and Capital Budget has expenditures of \$28.35 million, which is \$0.33 million (1.17%) higher than the prior fiscal year's final adopted budget of \$28.02 million.

Expenditures are based on anticipated operating needs, capital and special projects, and City Council driven goals and priorities. City staff approached the two-year budget process with the goal of maintaining current funding and service levels, and requested increases were limited to areas that are needed to maintain services levels, increase operational efficiencies, or those that are required in order to remain compliant with state and federal laws. Due to the COVID-19 pandemic, expenditures in the previous year were reduced to "essential items" only and the two-year budget has maintained similar levels of service, with some items, including tree trimming and landscaping, gradually being increased over the two-year budget period to pre-COVID levels.

The FY 21-22 budget is comprised of the General Fund for \$13.72 million (48.39%); Measure Q Fund of \$0.08 million (0.26%); other governmental funds of \$1.99 million (7.03%); Capital Project Funds of \$2.46 million (8.66%); special projects of \$0.62 million (2.19%); and the Workers' Compensation Fund of \$0.26 million (0.91%). The business-type funds account for \$9.23 million (32.56%).

The City's Adopted Fiscal Years 2021-2022 and 2022-2023 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 or can be found online at: <https://www.delmar.ca.us/132/Budget-Financial-Reports>.

Request for Information

This financial report is designed to provide a general overview of the City of Del Mar's finances for all those who may be interested. Questions concerning any of the information provided in this report or requests for additional financial information, should be addressed to the City of Del Mar, Finance Department, 1050 Camino Del Mar, Del Mar, California 92014, (858) 755-9354. Additional information about the City's finances can be found on the City's website at: <https://www.delmar.ca.us/132/Budget-Financial-Reports>.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF DEL MAR, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Investments	\$ 9,440,951	\$ 4,848,396	\$ 14,289,347
Receivables:			
Accounts, Net	4,171,032	1,408,777	5,579,809
Taxes	1,324,329	-	1,324,329
Accrued Interest	7,961	4,583	12,544
Inventory	-	73,034	73,034
Due from Other Agencies	220,207	-	220,207
Prepaid Expenses	50,492	24,056	74,548
Restricted Cash and Investments	-	563,791	563,791
Total Current Assets	<u>15,214,972</u>	<u>6,922,637</u>	<u>22,137,609</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	21,708,512	1,398,675	23,107,187
Being Depreciated (Net of Accumulated Depreciation)	68,112,363	24,719,036	92,831,399
Total Capital Assets	<u>89,820,875</u>	<u>26,117,711</u>	<u>115,938,586</u>
Total Noncurrent Assets	<u>89,820,875</u>	<u>26,117,711</u>	<u>115,938,586</u>
Total Assets	<u>105,035,847</u>	<u>33,040,348</u>	<u>138,076,195</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts from Pension Plans	2,181,463	592,551	2,774,014
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,862,099	1,101,245	2,963,344
Deposits Payable	638,676	65,522	704,198
Due to Other Agencies	6,236	-	6,236
Accrued Interest Payable	196,729	84,728	281,457
Long-Term Debt, Due Within One Year	925,774	437,435	1,363,209
Total Current Liabilities	<u>3,629,514</u>	<u>1,688,930</u>	<u>5,318,444</u>
Noncurrent Liabilities:			
Long-Term Debt, Due in More Than One Year	17,642,852	5,932,004	23,574,856
Net Pension Liability	11,057,297	3,080,129	14,137,426
Total Noncurrent Liabilities	<u>28,700,149</u>	<u>9,012,133</u>	<u>37,712,282</u>
Total Liabilities	<u>32,329,663</u>	<u>10,701,063</u>	<u>43,030,726</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts from Pension Plans	202,563	49,655	252,218
NET POSITION			
Net Investment in Capital Assets	72,058,048	20,447,077	92,505,125
Restricted for:			
Public Works	437,792	-	437,792
Public Safety	197,377	-	197,377
Community Development	314,751	-	314,751
Unrestricted	1,677,116	2,435,104	4,112,220
Total Net Position	<u>\$ 74,685,084</u>	<u>\$ 22,882,181</u>	<u>\$ 97,567,265</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 7,048,840	\$ 2,232,648	\$ 219,734	\$ -
Public Safety	7,699,253	2,670,239	153,068	-
Public Works	2,514,209	2,584	180,523	707,085
Parks and Recreation	773,562	109,794	-	-
Interest on Long-Term Debt	485,322	-	-	-
Total Governmental Activities	<u>18,521,186</u>	<u>5,015,265</u>	<u>553,325</u>	<u>707,085</u>
Business-Type Activities:				
Water	3,779,243	4,262,987	-	-
Wastewater	3,638,587	3,657,548	-	-
Cleanwater	515,052	591,694	29,148	-
Total Business-Type Activities	<u>7,932,882</u>	<u>8,512,229</u>	<u>29,148</u>	<u>-</u>
Total	<u>\$ 26,454,068</u>	<u>\$ 13,527,494</u>	<u>\$ 582,473</u>	<u>\$ 707,085</u>

GENERAL REVENUES

Taxes:

Property Tax

Transient Occupancy Tax

Franchise Tax

Business License Tax

Intergovernmental - Unrestricted Shared Sales
and Use Tax

Intergovernmental - Unrestricted Other

Investment Income

Other

TRANSFERS

Total General Revenues and Transfers

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Net Revenue (Expense) and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,596,458)	\$ -	\$ (4,596,458)
(4,875,946)	-	(4,875,946)
(1,624,017)	-	(1,624,017)
(663,768)	-	(663,768)
(485,322)	-	(485,322)
<u>(12,245,511)</u>	<u>-</u>	<u>(12,245,511)</u>
-	483,744	483,744
-	18,961	18,961
-	105,790	105,790
<u>-</u>	<u>608,495</u>	<u>608,495</u>
(12,245,511)	608,495	(11,637,016)
7,496,882	-	7,496,882
1,792,090	-	1,792,090
324,805	-	324,805
229,534	-	229,534
3,453,423	-	3,453,423
79,645	-	79,645
229,973	59,028	289,001
<u>1,049,654</u>	<u>-</u>	<u>1,049,654</u>
<u>18,176</u>	<u>(18,176)</u>	<u>-</u>
<u>14,674,182</u>	<u>40,852</u>	<u>14,715,034</u>
2,428,671	649,347	3,078,018
<u>72,256,413</u>	<u>22,232,834</u>	<u>94,489,247</u>
<u>\$ 74,685,084</u>	<u>\$ 22,882,181</u>	<u>\$ 97,567,265</u>

See accompanying Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

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**CITY OF DEL MAR, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021**

ASSETS	<u>General Fund</u>	<u>Capital Projects Fund Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Cash and Investments	\$ 7,358,656	\$ 366,184	\$ 971,453	\$ 8,696,293
Receivables:				
Taxes	1,324,329	-	-	1,324,329
Accrued Interest	6,621	-	712	7,333
Accounts, Net	4,007,697	54,634	108,701	4,171,032
Due from Other Agencies	128,144	30,778	61,285	220,207
Due from Other Funds	70,695	-	-	70,695
Prepaid Items	50,415	-	77	50,492
Total Assets	<u><u>\$ 12,946,557</u></u>	<u><u>\$ 451,596</u></u>	<u><u>\$ 1,142,228</u></u>	<u><u>\$ 14,540,381</u></u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 1,715,064	\$ 57,814	\$ 89,221	\$ 1,862,099
Deposits Payable	603,156	-	35,520	638,676
Due to Other Agencies	6,236	-	-	6,236
Due to Other Funds	-	-	70,695	70,695
Total Liabilities	<u>2,324,456</u>	<u>57,814</u>	<u>195,436</u>	<u>2,577,706</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenues	150,686	85,412	101,285	337,383
Total Deferred Inflows of Resources	<u>150,686</u>	<u>85,412</u>	<u>101,285</u>	<u>337,383</u>
FUND BALANCES				
Nonspendable	50,415	-	77	50,492
Restricted	-	-	698,223	698,223
Committed	-	-	147,207	147,207
Assigned	2,825,035	308,370	-	3,133,405
Unassigned	7,595,965	-	-	7,595,965
Total Fund Balances	<u>10,471,415</u>	<u>308,370</u>	<u>845,507</u>	<u>11,625,292</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u><u>\$ 12,946,557</u></u>	<u><u>\$ 451,596</u></u>	<u><u>\$ 1,142,228</u></u>	<u><u>\$ 14,540,381</u></u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Fund Balances of Governmental Funds	\$ 11,625,292
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of \$18,694,200 of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	89,820,875
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(196,729)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	
Note Payable	(17,602,114)
Claims Payable	(39,459)
Compensated Absences	(574,433)
Revenues are deferred in the fund statements due to lack of availability. In the statement of activities, the amounts are recognized as revenue.	337,383
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.	392,666
Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts effect only the government-wide statements for governmental activities:	
Deferred Outflows of Resources	2,181,463
Deferred Inflows of Resources	(202,563)
Pension Liability	(11,057,297)
Net Position of Governmental Activities	\$ 74,685,084

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Projects Fund Capital Improvement	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 13,255,773	\$ -	\$ 235,572	\$ 13,491,345
Licenses, Fees, and Permits	1,220,534	-	209,526	1,430,060
Intergovernmental	247,463	144,140	244,735	636,338
Charges for Services	2,563,903	-	-	2,563,903
Fines and Forfeitures	1,049,002	-	-	1,049,002
Use of Money and Property	219,220	-	10,753	229,973
Contributions	214,996	-	-	214,996
Other	937,762	-	40,919	978,681
Total Revenues	<u>19,708,653</u>	<u>144,140</u>	<u>741,505</u>	<u>20,594,298</u>
EXPENDITURES				
Current:				
General Government	6,029,236	45,621	175,510	6,250,367
Public Safety	7,059,446	-	65,110	7,124,556
Public Works	330,225	-	433,893	764,118
Parks and Recreation	-	-	773,085	773,085
Capital Outlay	202,168	298,818	84,348	585,334
Debt Service:				
Principal	-	378,452	104,401	482,853
Interest	-	482,925	7,686	490,611
Total Expenditures	<u>13,621,075</u>	<u>1,205,816</u>	<u>1,644,033</u>	<u>16,470,924</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,087,578	(1,061,676)	(902,528)	4,123,374
OTHER FINANCING SOURCES (USES)				
Transfers In	101,850	1,091,981	934,133	2,127,964
Transfers Out	(1,975,973)	-	(133,815)	(2,109,788)
Total Other Financing Sources (Uses)	<u>(1,874,123)</u>	<u>1,091,981</u>	<u>800,318</u>	<u>18,176</u>
NET CHANGE IN FUND BALANCES	4,213,455	30,305	(102,210)	4,141,550
Fund Balances - Beginning of Year	<u>6,257,960</u>	<u>278,065</u>	<u>947,717</u>	<u>7,483,742</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 10,471,415</u></u>	<u><u>\$ 308,370</u></u>	<u><u>\$ 845,507</u></u>	<u><u>\$ 11,625,292</u></u>

See accompanying Notes to Financial Statements.

CITY OF DEL MAR, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances of Governmental Funds	\$ 4,141,550
Amount reported for governmental activities in the statement of activities that are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over its estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	
Capital Outlay Expense	612,465
Depreciation Expense	(2,715,513)
<p>Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
	482,853
<p>Revenues deferred in the fund due to lack of availability are recognized in the statement of activities soon enough after year end to be considered available. The availability criteria does not apply to the government-wide statements and therefore, the revenue is not deferred. This amount represents revenue recorded in government-wide statements that will be recorded in the fund statements in fiscal year 2021-2022.</p>	
	337,383
<p>Some expenses reported in the statement of activities do not require the use of current available resources and, therefore, are not reported as expenditures in the governmental funds:</p>	
Change in Compensated Absences	(84,846)
Change in Claims Payable	391,581
<p>Accrued interest on debt service is recorded as expense in the government-wide statements. Interest expense is not accrued in the fund statements but recorded when paid. This is the net change in accrued interest for the current period.</p>	
	5,289
<p>Pension expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.</p>	
	(695,809)
<p>An internal service fund is used by management to charge the cost of workers' compensation activities to individual funds. The net revenues (expenses) of the internal service fund are reported with governmental activities.</p>	
	<u>(46,282)</u>
Change in Net Position of Governmental Activities	<u>\$ 2,428,671</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Nonmajor: Clean Water	Total	
ASSETS					
Current Assets:					
Cash and Investments	\$ 2,709,204	\$ 2,008,080	\$ 131,112	\$ 4,848,396	\$ 744,658
Receivables:					
Accounts	747,536	558,954	102,287	1,408,777	-
Interest	2,294	2,178	111	4,583	628
Prepaid Items	12,028	12,028	-	24,056	-
Inventory	61,789	11,245	-	73,034	-
Restricted Cash and Investments	-	563,791	-	563,791	-
Total Current Assets	<u>3,532,851</u>	<u>3,156,276</u>	<u>233,510</u>	<u>6,922,637</u>	<u>745,286</u>
Noncurrent Assets:					
Capital Assets:					
Land and Water Rights	782,025	583,663	-	1,365,688	-
Construction in Progress	16,619	16,368	-	32,987	-
Water and Wastewater System	14,952,463	18,916,739	20,000	33,889,202	-
Buildings and Improvements	4,039,761	4,293,450	-	8,333,211	-
Machinery and Equipment	304,548	1,769,774	38,325	2,112,647	-
Less: Accumulated Depreciation	<u>(8,983,889)</u>	<u>(10,610,733)</u>	<u>(21,402)</u>	<u>(19,616,024)</u>	<u>-</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>11,111,527</u>	<u>14,969,261</u>	<u>36,923</u>	<u>26,117,711</u>	<u>-</u>
Total Noncurrent Assets	<u>11,111,527</u>	<u>14,969,261</u>	<u>36,923</u>	<u>26,117,711</u>	<u>-</u>
Total Assets	<u>14,644,378</u>	<u>18,125,537</u>	<u>270,433</u>	<u>33,040,348</u>	<u>745,286</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amounts from Pension Plans	295,494	297,057	-	592,551	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	385,156	656,201	59,888	1,101,245	-
Customer Deposits	65,522	-	-	65,522	-
Claims Payable	-	-	-	-	282,096
Accrued Interest Payable	54	84,674	-	84,728	-
Current Portion of Long-Term Liabilities	14,648	418,867	3,920	437,435	-
Total Current Liabilities	<u>465,380</u>	<u>1,159,742</u>	<u>63,808</u>	<u>1,688,930</u>	<u>282,096</u>
Long-Term Liabilities:					
Claims Payable	-	-	-	-	70,524
Compensated Absences	43,945	46,455	11,761	102,161	-
Notes Payable	-	5,829,843	-	5,829,843	-
Net Pension Liability	1,536,001	1,544,128	-	3,080,129	-
Total Noncurrent Liabilities	<u>1,579,946</u>	<u>7,420,426</u>	<u>11,761</u>	<u>9,012,133</u>	<u>70,524</u>
Total Liabilities	<u>2,045,326</u>	<u>8,580,168</u>	<u>75,569</u>	<u>10,701,063</u>	<u>352,620</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Amounts from Pension Plans	24,762	24,893	-	49,655	-
NET POSITION					
Net Investment in Capital Assets	11,110,927	9,299,227	36,923	20,447,077	-
Unrestricted	1,758,857	518,306	157,941	2,435,104	392,666
Total Net Position	<u>\$ 12,869,784</u>	<u>\$ 9,817,533</u>	<u>\$ 194,864</u>	<u>\$ 22,882,181</u>	<u>\$ 392,666</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal
	Water	Wastewater	Nonmajor: Clean Water	Total	Service Fund
OPERATING REVENUES					
Water Sales	\$ 4,103,527	\$ -	\$ -	\$ 4,103,527	\$ -
Clean Water Services	-	-	589,891	589,891	-
Sewer Service	-	3,423,843	-	3,423,843	-
Charges for Services	-	-	-	-	231,771
Customer Penalties	9,556	8,320	1,803	19,679	-
Other	149,904	225,385	29,148	404,437	-
Total Operating Revenues	<u>4,262,987</u>	<u>3,657,548</u>	<u>620,842</u>	<u>8,541,377</u>	<u>231,771</u>
OPERATING EXPENSES					
Source of Supply	1,607,704	-	-	1,607,704	-
Water Treatment	346,427	-	-	346,427	-
Sewer Collection	-	216,719	-	216,719	-
Maintenance and Operation	-	-	9,326	9,326	-
General and Administrative	1,443,550	2,606,186	503,367	4,553,103	286,439
Depreciation	381,562	689,831	2,359	1,073,752	-
Total Operating Expenses	<u>3,779,243</u>	<u>3,512,736</u>	<u>515,052</u>	<u>7,807,031</u>	<u>286,439</u>
OPERATING INCOME (LOSS)	483,744	144,812	105,790	734,346	(54,668)
NONOPERATING REVENUES (EXPENSES)					
Interest Income	32,961	24,622	1,445	59,028	8,386
Interest Expense	-	(125,851)	-	(125,851)	-
Total Nonoperating Revenues (Expenses)	<u>32,961</u>	<u>(101,229)</u>	<u>1,445</u>	<u>(66,823)</u>	<u>8,386</u>
INCOME (LOSS) BEFORE TRANSFERS	516,705	43,583	107,235	667,523	(46,282)
TRANSFERS					
Transfers Out	(9,088)	(9,088)	-	(18,176)	-
Total Transfers	<u>(9,088)</u>	<u>(9,088)</u>	<u>-</u>	<u>(18,176)</u>	<u>-</u>
CHANGES IN NET POSITION	507,617	34,495	107,235	649,347	(46,282)
Net Position - Beginning of Year	<u>12,362,167</u>	<u>9,783,038</u>	<u>87,629</u>	<u>22,232,834</u>	<u>438,948</u>
NET POSITION - END OF YEAR	<u>\$ 12,869,784</u>	<u>\$ 9,817,533</u>	<u>\$ 194,864</u>	<u>\$ 22,882,181</u>	<u>\$ 392,666</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Nonmajor: Clean Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Water, Sewer, and Clean Water Customers	\$ 4,055,217	\$ 3,355,650	\$ 585,427	\$ 7,996,294	\$ -
Cash Received from Other Operating Receipts	149,904	225,385	29,148	404,437	231,771
Cash Payments for Water Purchases, Distribution, and Treatment	(1,954,131)	-	-	(1,954,131)	-
Cash Payments for Sewer Collection and Maintenance	-	(216,719)	-	(216,719)	-
Cash Payments for Services and Supplies	(906,335)	(2,362,474)	(519,540)	(3,788,349)	(147,240)
Cash Payment to Employees for Services	(500,413)	(543,713)	3,890	(1,040,236)	(135,245)
Net Cash Provided (Used) by Operating Activities	<u>844,242</u>	<u>458,129</u>	<u>98,925</u>	<u>1,401,296</u>	<u>(50,714)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and Construction of Capital Assets	(16,620)	(129,892)	-	(146,512)	-
Interest Payments on Long-Term Debt	(755)	(132,158)	-	(132,913)	-
Principal Payments on Long-Term Debt	-	(393,120)	-	(393,120)	-
Net Cash Used by Capital and Related Financing Activities	<u>(17,375)</u>	<u>(655,170)</u>	<u>-</u>	<u>(672,545)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received	34,081	27,695	1,334	63,110	9,195
Net Cash Provided by Investing Activities	<u>34,081</u>	<u>27,695</u>	<u>1,334</u>	<u>63,110</u>	<u>9,195</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	851,860	(178,434)	100,259	773,685	(41,519)
Cash and Cash Equivalents - Beginning of Year	<u>1,857,344</u>	<u>2,750,305</u>	<u>30,853</u>	<u>4,502,153</u>	<u>786,177</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,709,204</u>	<u>\$ 2,571,871</u>	<u>\$ 131,112</u>	<u>\$ 5,412,187</u>	<u>\$ 744,658</u>
CASH AND CASH EQUIVALENTS					
Cash and Cash Equivalents	\$ 2,709,204	\$ 2,008,080	\$ 131,112	\$ 4,848,396	\$ 744,658
Restricted - Cash and Cash Equivalents	-	563,791	-	563,791	-
	<u>\$ 2,709,204</u>	<u>\$ 2,571,871</u>	<u>\$ 131,112</u>	<u>\$ 5,412,187</u>	<u>\$ 744,658</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 483,744	\$ 144,812	\$ 105,790	\$ 734,346	\$ (54,668)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	381,562	689,831	2,359	1,073,752	-
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
(Increase) Decrease in Accounts Receivable	(52,314)	(76,513)	(6,267)	(135,094)	-
(Increase) Decrease in Prepaid Expense	(11,908)	(12,028)	-	(23,936)	-
(Increase) Decrease in Inventory	(1,639)	(934)	-	(2,573)	-
(Increase) Decrease in Deferred Outflows of Resources	30,081	30,241	-	60,322	-
Increase (Decrease) in Claims Payable	-	-	-	-	3,954
Increase (Decrease) in Accounts Payable	(53,821)	(390,070)	(6,847)	(450,738)	-
Increase (Decrease) in Customer Deposits	(3,913)	-	-	(3,913)	-
Increase (Decrease) in Net Pension Liability	126,178	126,843	-	253,021	-
Increase (Decrease) in Compensated Absences	5,990	5,981	3,890	15,861	-
Increase (Decrease) in Deferred Inflows of Resources	(59,718)	(60,034)	-	(119,752)	-
Total Adjustments	<u>360,498</u>	<u>313,317</u>	<u>(6,865)</u>	<u>666,950</u>	<u>3,954</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 844,242</u>	<u>\$ 458,129</u>	<u>\$ 98,925</u>	<u>\$ 1,401,296</u>	<u>\$ (50,714)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING RELATED ACTIVITY					
Noncash Changes in Fair Value of Investments	<u>\$ 7,196</u>	<u>\$ 616</u>	<u>\$ -</u>	<u>\$ 7,812</u>	<u>\$ 752</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 YEAR ENDED JUNE 30, 2021**

	Custodial Fund
ASSETS	
Account Receivable	\$ 179
Restricted Assets:	
Cash and Investments	208,601
Total Assets	208,780
 NET POSITION	
Restricted for Bond Holders	208,780
Total Net Position	\$ 208,780

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	<u>Custodial Fund</u>
ADDITIONS	
Interest Income	\$ 2,214
Special Assessments or Special Taxes Collected from Property Owners	47,093
Contribution from City	<u>37,130</u>
Total Additions	86,437
DEDUCTIONS	
Payment for Special Assessment or Special Tax Debt	<u>55,638</u>
Total Deductions	55,638
CHANGE IN NET POSITION	30,799
Total Net Position - Beginning of Year, As Restated	<u>177,981</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 208,780</u></u>

See accompanying Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

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CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its blended 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.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their statements of net position. Operating statements present increases (revenues) and decreases (expenses) in total net position.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The City's fiduciary fund financial statements report custodial funds. Custodial funds are used to account for situations where the government's role is purely custodial. Custodial funds are reported on the accrual basis of accounting and have no measurement focus.

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

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

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

The City reports the following major governmental funds:

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

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

- **Special Revenue Funds** are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.
- **Capital Project Funds** are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The **Nonmajor Enterprise Fund** accounts for the mandated costs of the City's National Pollution Discharge Eliminations System (NPDES) permit.
- The **Internal Service Fund** is used to account for the workers' compensation services provided to other departments of the City.
- **Fiduciary Funds** are used to account for assets held by the City in a custodial capacity for individuals, private organizations, or other governments. The current City's fiduciary funds include: Stratford and Luneta Undergrounding Assessment District 1989-01; Seawall Refinance Assessment District 1999-01; Ocean View/Pines Assessment District 2005-01; North Hills Undergrounding Assessment District 2007-01, and the Sunset Undergrounding Assessment District 2007-02.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the funds principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service fund are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. New Accounting Pronouncements

In fiscal year ended June 30, 2021, the City adopted the following accounting standard.

GASB Statement No. 84, Fiduciary Activities became effective for fiscal years beginning after December 15, 2019. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has implemented this Statement. See Note 16 for detail on impact to the City.

E. Investments

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

F. Cash and Cash Equivalents

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

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred "due to/from other funds" (short-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."

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

CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

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

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

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

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

Water System	40 to 50 Years
Wastewater System	40 Years
Structures	33 Years
Meters and Hydrants	25 Years
Machinery and Equipment	5 to 15 Years
Infrastructure	33 Years

I. Compensated Absences

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

J. Inventory and Prepays

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

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

CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Restricted Assets

Restricted assets consist of cash and investments, and accounts receivable held in a fiduciary capacity for several assessment districts.

L. Deferred Outflows/Inflows of Resources

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

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

In addition to liabilities, the statement of net position and governmental funds balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

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

- Deferred inflow from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, which is grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and eligibility requirements are met.
- Deferred inflows related to pensions for changes in assumptions, and changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are only recorded in the Statements of Net Position and are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Property Taxes

Under California law, property taxes are assessed and collected by the County of San Diego up to 1% of assessed value, plus other increases approved by the voters. The County bills and collects the taxes and remits them to the City in installments. The City of Del Mar accrues these taxes as a receivable and revenue as of the levy date.

Lien Date	January 1
Levy Date	June 30
Due Dates	November 1 and February 1
Collection Dates	December 10 and April 10

N. Long-Term Obligations

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

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

O. Claims and Judgments

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage. Small dollar claims and judgments are recorded as expenditures when paid. Depending on the nature of the claims, they may be paid out of a number of funds. General claims are paid from the General Fund, workers' compensation claims are paid from the internal service fund, and claims specific to an enterprise fund are paid out of the respective enterprise fund (Water, Wastewater, or Clean Water).

P. Net Position and Fund Equity

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

Net Investment in Capital Assets – this category of net position consists of capital assets net of accumulated depreciation and reduced by outstanding debt and capital related payables that are attributed to the acquisition, construction, or improvement of the assets.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Equity (Continued)

Restricted Net Position – this category of net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

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

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

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

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

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

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

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

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

CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position and Fund Equity (Continued)

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

Q. Pensions

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

R. Use of Estimates

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

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 14,289,347
Restricted Cash and Investments	563,791
Statement of Fiduciary Assets and Liabilities:	
Restricted Cash and Investments	208,601
Total Cash and Investments	<u>\$ 15,061,739</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2021 consist of the following:

Cash and Deposits:	
Petty Cash on Hand	\$ 900
Demand Deposits	1,027,489
Total Cash and Deposits	<u>1,028,389</u>
Investments:	
Federal Agency Securities	198,525
State Investment Pool	7,961,359
Investment in County Pool	2,786,789
Negotiable Certificates of Deposit	3,086,677
Total Investments	<u>14,033,350</u>
Total Cash and Investments	<u>\$ 15,061,739</u>

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer*</u>
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	None	None	\$250,000
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	None
Supranationals	5 years	15%	5%
San Diego County Pooled Investment Funds	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	\$75 million	None

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 60 Months	
Federal Agency Securities	\$ -	\$ -	\$ 198,525	\$ 198,525
State Investment Pool	7,961,359	-	-	7,961,359
Investment in County Pool	2,786,789	-	-	2,786,789
Negotiable Certificates of Deposit	705,390	764,763	1,616,524	3,086,677
Total	<u>\$ 11,453,538</u>	<u>\$ 764,763</u>	<u>\$ 1,815,049</u>	<u>\$ 14,033,350</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

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

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year-End		
			AAA	AA+	Not Rated
Federal Agency Securities	\$ 198,525		\$ -	\$ 198,525	\$ -
State Investment Pool	7,961,359	N/A	-	-	7,961,359
Investment in County Pool	2,786,789	N/A	2,786,789	-	-
Negotiable Certificates of Deposit	3,086,677	N/A	-	-	3,086,677
Total	<u>\$ 14,033,350</u>		<u>\$ 2,786,789</u>	<u>\$ 198,525</u>	<u>\$ 11,048,036</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer other than external investment pools that represent 5% or more of the City's investments.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party in the event of the failure of the counterparty (e.g., broker-dealer).

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2021, the City deposits (bank balances) were either insured by the Federal Deposit Insurance Corporation or collateralized as described above.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's prorated share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment in San Diego County Pool

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

Fair Value Measurement

The City categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement (Continued)

The City has the following recurring fair value measurements as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Negotiable Certificates of Deposit	\$ -	\$ 3,086,677	\$ -	\$ 3,086,677
Federal Agency Securities	-	198,525	-	198,525
Total Leveled Investments	<u>\$ -</u>	<u>\$ 3,285,202</u>	<u>\$ -</u>	3,285,202
State Investment Pool*				7,961,359
Investment in County Pool*				2,786,789
Total Investment Portfolio				<u>\$ 14,033,350</u>

* Not subject to fair value measurement hierarchy.

NOTE 3 CAPITAL ASSETS

A summary of changes in the governmental activities capital assets for the year ended June 30, 2021 is as follows:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 18,289,250	\$ -	\$ -	\$ 18,289,250
Construction in Progress	3,024,228	504,494	(109,460)	3,419,262
Total Capital Assets, Not Being Depreciated	21,313,478	504,494	(109,460)	21,708,512
Capital Assets, Being Depreciated:				
Buildings and Improvements	28,720,004	137,030	(32,592)	28,824,442
Machinery and Equipment	2,402,141	49,992	(34,979)	2,417,154
Infrastructure	55,534,558	30,409	-	55,564,967
Total Capital Assets, Being Depreciated	86,656,703	217,431	(67,571)	86,806,563
Less Accumulated Depreciation for:				
Buildings and Improvements	(5,274,085)	(855,065)	32,592	(6,096,558)
Machinery and Equipment	(1,383,125)	(193,070)	34,979	(1,541,216)
Infrastructure	(9,389,048)	(1,667,378)	-	(11,056,426)
Total Accumulated Depreciation	(16,046,258)	(2,715,513)	67,571	(18,694,200)
Total Capital Assets, Being Depreciated, Net	70,610,445	(2,498,082)	-	68,112,363
Total Governmental Activities Capital Assets, Net	<u>\$ 91,923,923</u>	<u>\$ (1,993,588)</u>	<u>\$ (109,460)</u>	<u>\$ 89,820,875</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions for the fiscal year ended June 30, 2021 as follows:

Governmental Activities:	
General Government	\$ 659,106
Public Safety	93,351
Public Works	1,703,985
Parks and Recreation	34,153
Community Services	224,918
Total Depreciation Expense	<u>\$ 2,715,513</u>

A summary of changes in the business-type activities capital assets for the year ended June 30, 2021 is as follows:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,365,688	\$ -	\$ -	\$ 1,365,688
Water Rights	20,000	32,987	(20,000)	32,987
Total Capital Assets, Not Being Depreciated	1,385,688	32,987	(20,000)	1,398,675
Capital Assets, Being Depreciated:				
Buildings	4,080,948	-	-	4,080,948
Improvements	4,252,263	-	-	4,252,263
Machinery and Equipment	1,999,121	113,526	-	2,112,647
Water System	14,952,463	-	-	14,952,463
Storm Drains	-	20,000	-	20,000
Wastewater System	18,916,739	-	-	18,916,739
Total Capital Assets, Being Depreciated	44,201,534	133,526	-	44,335,060
Less Accumulated Depreciation for:				
Buildings	(1,006,545)	(121,967)	-	(1,128,512)
Improvements	(1,727,012)	(90,574)	-	(1,817,586)
Machinery and Equipment	(1,397,584)	(123,555)	-	(1,521,139)
Water System	(6,747,672)	(284,455)	-	(7,032,127)
Wastewater System	(7,663,459)	(453,201)	-	(8,116,660)
Total Accumulated Depreciation	(18,542,272)	(1,073,752)	-	(19,616,024)
Total Capital Assets, Being Depreciated, Net	25,659,262	(940,226)	-	24,719,036
Total Business-Type Activities Capital Assets, Net	<u>\$ 27,044,950</u>	<u>\$ (907,239)</u>	<u>\$ (20,000)</u>	<u>\$ 26,117,711</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions for the fiscal year ended June 30, 2021 as follows:

Business-Type Activities:	
Water	\$ 381,562
Wastewater	689,831
Clean Water	2,359
Total Depreciation Expense	<u>\$ 1,073,752</u>

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2021, interfund receivables and payables are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 70,695	\$ -
Nonmajor Governmental Funds:		
Supplemental Law Enforcement Special Revenue Fund	-	62,411
RMRA Special Revenue Fund	-	8,284
Total	<u>\$ 70,695</u>	<u>\$ 70,695</u>

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

NOTE 5 INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2021 were as follows:

	<u>Transfers Out</u>				
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total</u>
<u>Transfers In</u>					
General Fund (B)	\$ -	\$ 101,850	\$ -	\$ -	\$ 101,850
Capital Improvement Capital Projects Fund (A)	1,091,981	-	-	-	1,091,981
Nonmajor Governmental Funds (B)	883,992	31,965	9,088	9,088	934,133
Total	<u>\$ 1,975,973</u>	<u>\$ 133,815</u>	<u>\$ 9,088</u>	<u>\$ 9,088</u>	<u>\$ 2,127,964</u>

Purpose of Interfund Transfers

Transfers were needed:

- A. To cover costs related to roadway and sidewalk improvements.
- B. To fund current and future capital improvement projects.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Governmental Activities:					
Direct Borrowings:					
Note Payable	\$ 2,715,000	\$ -	\$ (61,250)	\$ 2,653,750	\$ 65,000
Note Payable - City Hall	15,094,480	-	(378,788)	14,715,692	391,061
Note Payable - Regional Communications	275,487	-	(42,815)	232,672	44,009
Other Long-Term Liabilities:					
Compensated Absences	489,587	468,025	(383,179)	574,433	143,608
Claims Payable	779,706	3,408,663	(3,796,290)	392,079	282,096
Total Governmental Activities	<u>\$ 19,354,260</u>	<u>\$ 3,876,688</u>	<u>\$ (4,662,322)</u>	<u>\$ 18,568,626</u>	<u>\$ 925,774</u>
Business-Type Activities:					
Direct Borrowings:					
Notes Payable	\$ 6,626,345	\$ -	\$ (393,120)	\$ 6,233,225	\$ 403,383
Other Long-Term Liabilities:					
Compensated Absences	120,353	119,728	(103,867)	136,214	34,052
Total Business-Type Activities	<u>\$ 6,746,698</u>	<u>\$ 119,728</u>	<u>\$ (496,987)</u>	<u>\$ 6,369,439</u>	<u>\$ 437,435</u>

Governmental Long-Term Debt
Note Payable

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

The future debt service requirements for this note are as follows:

Fiscal Year Ending	Principal	Interest	Total
2022	\$ 65,000	\$ 68,897	\$ 133,897
2023	70,000	65,173	135,173
2024	70,000	51,506	121,506
2025	75,000	58,369	133,369
2026	80,000	57,202	137,202
2027 - 2031	456,250	260,269	716,519
2032 - 2036	587,500	199,054	786,554
2037 - 2041	748,750	117,880	866,630
2042 - 2044	501,250	38,710	539,960
Total	<u>\$ 2,653,750</u>	<u>\$ 917,060</u>	<u>\$ 3,570,810</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Governmental Long-Term Debt (Continued)

Note Payable – City Hall

Del Mar borrowed \$16,161,000 for its City Hall Project. Loan proceeds are requested as funds are expensed. Annual payments began on February 1, 2017, are to be paid through August 2045 at an interest rate of 3.24% per annum.

The future debt service requirements for this note are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 391,061	\$ 470,456	\$ 861,517
2023	403,731	457,578	861,309
2024	416,812	444,284	861,096
2025	430,317	430,561	860,878
2026	444,259	416,393	860,652
2027 - 2031	2,446,763	1,852,846	4,299,609
2032 - 2036	2,869,669	1,423,089	4,292,758
2037 - 2041	3,365,673	918,751	4,284,424
2042 - 2046	3,947,407	327,593	4,275,000
Total	<u>\$ 14,715,692</u>	<u>\$ 6,741,551</u>	<u>\$ 21,457,243</u>

Note Payable – Regional Communication System

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

The future debt service requirements for this note are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 44,009	\$ 6,492	\$ 50,501
2023	45,237	5,264	50,501
2024	46,499	4,002	50,501
2025	47,797	2,704	50,501
2026	49,130	1,371	50,501
Total	<u>\$ 232,672</u>	<u>\$ 19,833</u>	<u>\$ 252,505</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Business-Type Long-Term Debt

Note Payable – 21st Street Sewer Pump Station

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

The future debt service requirements for this note are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 244,116	\$ 99,901	\$ 344,017
2023	251,195	92,822	344,017
2024	258,480	85,537	344,017
2025	265,975	78,042	344,017
2026	273,689	70,328	344,017
2027 - 2031	1,492,203	227,882	1,720,085
2032 - 2033	659,221	28,813	688,034
Total	<u>\$ 3,444,879</u>	<u>\$ 683,325</u>	<u>\$ 4,128,204</u>

This note payable is secured by the net revenues generated by the Wastewater Enterprise Fund. Net revenue is defined as all revenues received less operations and maintenance costs (excluding depreciation) for the fiscal year. Net revenues for the fiscal year ended June 30, 2021 totaled \$859,265 and total debt service (principal and interest) paid during the year was \$307,196 for the note payable.

Note Payable – San Elijo Joint Powers Authority (SEJPA) Pipeline

The City entered into a finance agreement in June 2015 with the California Infrastructure and Economic Development Bank (IBank) and was approved for financial assistance in the amount of \$3,535,354 plus accrued interest provided through the Infrastructure State Revolving Fund Program. These funds were used for the replacement of a sewage pipeline. This note is secured by net revenues which are required to be 1.2 times the maximum annual debt service payable which in fiscal year 2020-2021 is \$218,082. The City's net revenue in fiscal year 2020-2011 is \$859,265 which exceeds the requirement. Annual payments began on August 1, 2016, are to be paid through August 2035 at an interest rate of 2.17% per annum.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

Business-Type Long-Term Debt (Continued)

Note Payable – San Elijo Joint Powers Authority (SEJPA) Pipeline (Continued)

The future debt service requirements for this note are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 159,267	\$ 58,779	\$ 218,046
2023	162,723	55,285	218,008
2024	166,254	51,716	217,970
2025	169,862	48,069	217,931
2026	173,548	44,343	217,891
2027 - 2031	925,889	162,934	1,088,823
2032 - 2036	1,030,803	56,881	1,087,684
Total	<u>\$ 2,788,346</u>	<u>\$ 478,007</u>	<u>\$ 3,266,353</u>

NOTE 7 FUND BALANCES

	<u>General Fund</u>	<u>Capital Improvement Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Prepaid Items	\$ 50,415	\$ -	\$ 77	\$ 50,492
Total Nonspendable	50,415	-	77	50,492
Restricted for:				
Public Safety	-	-	136,092	136,092
Public Works	-	-	219,261	219,261
Street Projects	-	-	93,119	93,119
Low-Income Housing	-	-	249,751	249,751
Total Restricted	-	-	698,223	698,223
Committed to:				
Parks and Community Center	-	-	147,207	147,207
Total Committed	-	-	147,207	147,207
Assigned to:				
Compensated Absences	100,000	-	-	100,000
Equipment Replacement	724,850	-	-	724,850
Public Television	10,993	-	-	10,993
Economic Contingency	200,000	-	-	200,000
Self-Insurance	500,000	-	-	500,000
Pension Reserve	1,220,200	-	-	1,220,200
Special Projects	68,992	-	-	68,992
Capital Projects	-	308,370	-	308,370
Total Assigned	2,825,035	308,370	-	3,133,405
Unassigned	7,595,965	-	-	7,595,965
Total Fund Balances	<u>\$ 10,471,415</u>	<u>\$ 308,370</u>	<u>\$ 845,507</u>	<u>\$ 11,625,292</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 7 FUND BALANCES (CONTINUED)

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

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

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

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

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

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

Assigned to Compensated Absences are funds set aside for unpaid vacation time due to employees.

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

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

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

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

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

Assigned to Special Projects are funds set aside from a voter's approved 1% sales tax measure that are set aside for community reinvestment/infrastructure types of projects

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

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLANS

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous		
	Classic Members Prior to January 1, 2013	Classic Members On or After January 1, 2013	New Members On or After January 1, 2013
Benefit Formula - Active	3% @ 60	2% @ 60	2% @ 62
Benefit Formula - Inactive	2% @ 55	N/A	N/A
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50 - 60	50 - 63	52 - 67
Monthly Benefits, as a Percentage of Eligible Compensation	2.0% to 3.0%	1.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	7.79%	6.92%	7.00%
Required Employer Contribution Rates:			
Normal Cost Rate	15.045%	9.114%	7.794%
Payment of Unfunded Liability	\$ 508,647	\$ 2,274	\$ 1,909

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

	Safety			
	Fire		Lifeguard	
	Prior to January 1, 2013	After January 1, 2013	Prior to January 1, 2013	After to January 1, 2013
Benefit Formula	3% @ 50	2.7% @ 57	3% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement Age	50	57	50	50
Monthly Benefits, as a Percentage of Eligible Compensation	3.00%	2.70%	3.00%	2.70%
Required Employee Contribution Rates	8.99%	13.00%	8.94%	13.00%
Required Employer Contribution Rates:				
Normal Cost Rate	22.437%	13.044%	18.152%	13.044%
Payment of Unfunded Liability	\$ 293,096	\$ 1,247	\$ 77,725	\$ 505

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. The City made contributions to the Miscellaneous and Safety Plans during the fiscal year ended June 30, 2021 of \$903,226 and \$613,844, respectively.

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

As of June 30, 2021, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 8,126,992
Safety	6,010,434
Total Net Pension Liability	<u>\$ 14,137,426</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

The City's net pension liability for each plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each plan as of the measurement date ended June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2019	0.18267 %	0.08753 %
Proportion - June 30, 2020	0.19267	0.09021
Change - Increase (Decrease)	<u>0.01000 %</u>	<u>0.00268 %</u>

For the year ended June 30, 2021, the City recognized pension expense of \$2,406,470 (\$1,414,029 – Miscellaneous Plan and \$992,441 – Safety Plan). At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 903,226	\$ -	\$ 613,844	\$ -
Differences Between Expected and Actual Experience	418,809	-	466,078	-
Change in Assumptions	-	(57,965)	-	(20,021)
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(73,050)	-	(101,182)
Net Differences Between Projected and Actual Earnings on Plan Investments	241,425	-	130,632	-
Total	<u>\$ 1,563,460</u>	<u>\$ (131,015)</u>	<u>\$ 1,210,554</u>	<u>\$ (121,203)</u>

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

\$1,517,070 (\$903,226 – Miscellaneous Plan and \$613,844 – Safety Plan) reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Miscellaneous</u>	<u>Safety</u>
2022	\$ 44,849	\$ 92,455
2023	197,767	180,568
2024	170,808	137,030
2025	115,795	65,454
2026	-	-
Thereafter	-	-

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

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

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

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

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

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	Miscellaneous		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
City's Proportionate Share of the Net Pension Liability	\$ 12,495,459	\$ 8,126,992	\$ 4,517,465
	Safety		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
City's Proportionate Share of the Net Pension Liability	\$ 8,917,601	\$ 6,010,435	\$ 3,624,830

Pension Plans Fiduciary Net Position

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

C. Payable to the Pension Plans

At June 30, 2021, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2021.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457 whereby employees authorize the City to withhold funds from their salary to be invested in the plan's investment options. The plan, organized as a trust for the exclusive benefit of the participants and available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of this plan are not the property of the City and are not subject to the claims of the City's general creditors. As a result, the assets of this plan are not reported in the financial statements. The City contributed \$38,099 to the plan during fiscal year 2020-2021.

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 IRC Section 401(a). The plan is organized as a trust for the exclusive benefit of the participants and is available to the City's management employees. The plan allows the participants to defer a portion of their salary to future years. The City does not require participants to contribute a minimum percentage of participant earnings. The participants have the option to determine a percentage of earnings to contribute into the plan.

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

NOTE 11 LITIGATION AND COMMITMENTS

Litigation

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

Construction Contracts and Commitments

As of June 30, 2021, construction contracts totaled \$48,395 of which \$48,395 has been expended. City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental funds is \$1,417,988 for capital improvements in the City and is shown as committed or restricted.

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 LITIGATION AND COMMITMENTS (CONTINUED)

Other

The City has a 25-year lease with the state of California's 22nd District Agricultural Association for use of the City's fire station that ends on June 30, 2025. The annual rent is payable every July 1st and is the greater of a) \$40,000 multiplied by the percentage which the Consumer's Price Index (CPI) for the preceding April increased compared to the base period in April 2000; or 5% annum. The annual rental increase may not exceed 10%. For fiscal year 2020-2021, the fire lease payment was \$106,132.

NOTE 12 POSTEMPLOYMENT HEALTH CARE BENEFITS

The City has no obligation to provide postemployment 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 2% administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

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

NOTE 13 RISK MANAGEMENT

The City is a member of the California State Association of Counties-Excess Insurance Authority (CSAC-EIA) beginning July 2015. CSAC-EIA is a consortium of other agencies in California who have joined together to achieve savings on insurance premiums through volume purchasing and risk management consulting. Each member pays for its proportionate share of its individually contracted insurance coverage. The City does not own an equity interest in CSAC-EIA and separate financial statements are prepared for CSAC-EIA. Copies of CSAC-EIA's annual financial report may be obtained by writing to 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

General Liability

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

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 RISK MANAGEMENT (CONTINUED)

General Liability (Continued)

The City accounts for general liability as part of long-term debt in governmental activities.

Workers' Compensation

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

General liability and workers' compensation claims were as follows for June 30, 2021:

	<u>General Liability</u>	<u>Workers' Compensation</u>
Unpaid Claims - June 30, 2019	\$ -	\$ 279,767
Incurred Claims (Including IBNR)	725,351	190,608
Claims Payments	<u>(294,311)</u>	<u>(121,709)</u>
Unpaid Claims - June 30, 2020	431,040	348,666
Incurred Claims (Including IBNR)	3,273,419	135,245
Claims Payments	<u>(3,665,000)</u>	<u>(131,291)</u>
Unpaid Claims - June 30, 2021	<u>\$ 39,459</u>	<u>\$ 352,620</u>

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

Settled claims have not exceeded any of the City's coverage amounts in any of the last three years and there were no reductions in the City's insurance coverage during the fiscal year ended June 30, 2021.

Other Insurance Policies

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

NOTE 14 ASSESSMENT DISTRICT BOND ISSUES

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

**CITY OF DEL MAR, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 14 ASSESSMENT DISTRICT BOND ISSUES (CONTINUED)

At June 30, 2021, the outstanding special assessment district bond is as follows:

- 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, 2021 were \$240,000.

NOTE 15 EXPENDITURES EXCEEDING APPROPRIATIONS

The nonmajor Regional Communications System and AB 939 Special Revenue Funds exceeded budgets by \$1,293 and \$28,074, respectively. These funds have adequate resources to cover the budget overage.

NOTE 16 RESTATEMENT

The City adopted the provisions of the Governmental Accounting Standard Board (GASB) Statement No. 84, Fiduciary Activities, which became effective during the year ended June 30, 2021. The intention of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

The implementation of the Statement required the City to record prior period adjustments. As a result, the beginning net positions of Custodial Funds were restated and increased by \$177,981.

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REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF DEL MAR, CALIFORNIA
MISCELLANEOUS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS***

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Measurement Period	June 30, 2014	June 30, 2015	June 30, 2016
Plan's Proportion of the Net Pension Liability	0.15975 %	0.16365 %	0.17212 %
Plan's Proportionate Share of the Net Pension Liability	\$ 3,948,228	\$ 4,489,625	\$ 5,979,285
Plan's Covered Payroll	\$ 2,825,926	\$ 2,850,725	\$ 3,083,838
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	139.71 %	157.49 %	193.89 %
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03 %	81.70 %	74.06 %

NOTES TO SCHEDULE

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no changes in assumptions.

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

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

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

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
MISCELLANEOUS PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (CONTINUED)
LAST TEN FISCAL YEARS***

<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
0.17671 %	0.18155 %	0.18627 %	0.19267 %
\$ 6,966,181	\$ 6,842,255	\$ 7,459,379	\$ 8,126,992
\$ 3,198,271	\$ 3,211,144	\$ 3,595,869	\$ 3,860,641
217.81 %	213.08 %	207.44 %	210.51 %
73.31 %	75.26 %	75.26 %	75.24 %

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
MISCELLANEOUS PLAN
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS***

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Contractually Required Contribution (Actuarially Determined)	\$ 411,954	\$ 529,486	\$ 579,144
Contributions in Relation to the Actuarially Determined Contributions	<u>(411,954)</u>	<u>(529,486)</u>	<u>(579,144)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,850,725	\$ 3,083,838	\$ 3,198,271
Contributions as a Percentage of Covered Payroll	14.45 %	17.17 %	18.11 %

NOTES TO SCHEDULE

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

Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)
Asset Valuation Method	15 Year Smoothed Market Method	Market Value	Market Value
Inflation	2.75 %	2.75 %	2.75 %
Salary Increases	(2)	(2)	(2)
Investment Rate of Return	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years for 3.00%@60 and 2.0%@60, 52 years for 2.0%@62**

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
MISCELLANEOUS PLAN
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN (CONTINUED)
LAST TEN FISCAL YEARS***

<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
\$ 617,792	\$ 742,811	\$ 848,836	\$ 903,226
<u>(617,792)</u>	<u>(742,811)</u>	<u>(848,836)</u>	<u>(903,226)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,211,144	\$ 3,595,869	\$ 3,860,641	\$ 3,735,541
19.24 %	20.66 %	21.99 %	24.18 %
 6/30/2015	 6/30/2016	 6/30/2017	 6/30/2018
Entry age (1) Market Value	Entry age (1) Market Value	Entry age (1) Market Value	Entry age (1) Market Value
2.75 %	2.75 %	2.65 %	2.50 %
(2) 7.50% (3)	(2) 7.375% (3)	(2) 7.25% (3)	(2) 7.00% (3)
(4)	(4)	(4)	(4)
(5)	(5)	(5)	(5)

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
SAFETY PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS***

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Measurement Period	June 30, 2014	June 30, 2015	June 30, 2016
Plan's Proportion of the Net Pension Liability	0.07501 %	0.08038 %	0.08286 %
Plan's Proportionate Share of the Net Pension Liability	\$ 2,814,100	\$ 3,311,865	\$ 4,291,288
Plan's Covered Payroll	\$ 1,271,501	\$ 1,305,573	\$ 1,336,570
Plan's Proportionate Share of the Net Pension Liability as as a Percentage of Covered Payroll	221.32 %	253.67 %	321.07 %
Plan's Proportionate Share of the Fiduciary Net Position as as a Percentage of the Plan's Total Pension Liability	81.74 %	79.38 %	74.06 %

NOTES TO SCHEDULE

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no changes in assumptions.

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

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

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

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
SAFETY PLAN
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (CONTINUED)
LAST TEN FISCAL YEARS***

<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
0.08291 %	0.08578 %	0.08753 %	0.09021 %
\$ 4,953,802	\$ 5,033,469	\$ 5,464,373	\$ 6,010,435
\$ 1,289,037	\$ 1,225,539	\$ 1,330,403	\$ 1,434,515
384.30 %	410.71 %	410.73 %	418.99 %
73.31 %	72.26 %	75.26 %	71.92 %

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
SAFETY PLAN
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS***

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Contractually Required Contribution (Actuarially Determined)	\$ 303,598	\$ 336,247	\$ 370,167
Contributions in Relation to the Actuarially Determined Contributions	<u>(303,598)</u>	<u>(336,247)</u>	<u>(370,167)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,305,573	\$ 1,336,570	\$ 1,289,037
Contributions as a Percentage of Covered Payroll	23.25%	25.16%	28.72%

NOTES TO SCHEDULE

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

Actuarial Cost Method	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)
Asset Valuation Method	15 Year Smoothed Market Method	Market Value	Market Value
Inflation	2.75 %	2.75 %	2.75 %
Salary Increases	(2)	(2)	(2)
Investment Rate of Return	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years for 3.00%@50 and 2.0%@50

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
SAFETY PLAN
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLAN (CONTINUED)
LAST TEN FISCAL YEARS***

<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
\$ 399,196	\$ 476,504	\$ 569,914	\$ 613,844
<u>(399,196)</u>	<u>(476,504)</u>	<u>(569,914)</u>	<u>(613,844)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,225,539	\$ 1,330,403	\$ 1,434,515	\$ 1,370,574
32.57%	35.82%	39.73%	44.79%
6/30/2015	6/30/2016	6/30/2017	6/30/2018
Entry age (1) Market Value	Entry age (1) Market Value	Entry age (1) Market Value	Entry age (1) Market Value
2.75 %	2.75 %	2.65 %	2.50 %
(2) 7.50% (3)	(2) 7.375% (3)	(2) 7.275% (3)	(2) 7.00% (3)
(4)	(4)	(4)	(4)
(5)	(5)	(5)	(5)

See accompanying Note to Required Supplementary Information.

**CITY OF DEL MAR, CALIFORNIA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 12,015,490	\$ 12,377,140	\$ 13,255,773	\$ 878,633
Licenses, Fees, and Permits	915,520	1,108,120	1,220,534	112,414
Intergovernmental	35,540	740,515	247,463	(493,052)
Charges for Services	2,010,340	2,410,340	2,563,903	153,563
Fines and Forfeitures	717,000	922,000	1,049,002	127,002
Use of Money and Property	266,710	266,930	219,220	(47,710)
Contributions	-	207,440	214,996	7,556
Other	302,000	747,170	937,762	190,592
Total Revenues	<u>16,262,600</u>	<u>18,779,655</u>	<u>19,708,653</u>	<u>928,998</u>
EXPENDITURES				
Current:				
General Government	5,674,870	6,217,041	6,029,236	187,805
Public Safety	7,014,900	7,186,630	7,059,446	127,184
Public Works	304,930	306,812	330,225	(23,413)
Capital Outlay	-	843,500	202,168	641,332
Total Expenditures	<u>12,994,700</u>	<u>14,553,983</u>	<u>13,621,075</u>	<u>932,908</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,267,900	4,225,672	6,087,578	1,861,906
OTHER FINANCING SOURCES (USES)				
Transfers In	323,620	85,631	101,850	(16,219)
Transfers Out	(1,704,270)	(2,148,410)	(1,975,973)	172,437
Total Other Financing Sources (Uses)	<u>(1,380,650)</u>	<u>(2,062,779)</u>	<u>(1,874,123)</u>	<u>156,218</u>
NET CHANGE IN FUND BALANCE	1,887,250	2,162,893	4,213,455	2,018,124
Fund Balance - Beginning of Year	<u>6,257,960</u>	<u>6,257,960</u>	<u>6,257,960</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,145,210</u>	<u>\$ 8,420,853</u>	<u>\$ 10,471,415</u>	<u>\$ 2,018,124</u>

See accompanying Note to Required Supplementary Information.

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CITY OF DEL MAR, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 BUDGET AND BUDGETARY ACCOUNTING

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

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers City expenditures in the General, Special Revenue, and Capital Projects Funds. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between individual accounts within a fund. Supplemental budgetary increases in appropriations for the General, Special Revenue, and Capital Project Funds in the amount of \$2,824,112 were made during the year ended June 30, 2021.
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 accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for the Regional Transportation Congestion Improvement Program (RTCIP) capital project fund and for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

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SUPPLEMENTARY INFORMATION

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**CITY OF DEL MAR, CALIFORNIA
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2021**

	General Fund	Measure Q	Total General Fund
ASSETS			
Cash and Investments	\$ 4,520,833	\$ 2,837,823	\$ 7,358,656
Receivables:			
Taxes	763,242	561,087	1,324,329
Accrued Interest	4,181	2,440	6,621
Accounts, Net	4,007,697	-	4,007,697
Due from Other Agencies	128,144	-	128,144
Due from Other Funds	70,695	-	70,695
Prepaid Items	50,415	-	50,415
	\$ 9,545,207	\$ 3,401,350	\$ 12,946,557
LIABILITIES			
Accounts Payable and Accrued Liabilities	\$ 1,616,277	\$ 98,787	\$ 1,715,064
Deposits Payable	603,156	-	603,156
Due to Other Agencies	6,236	-	6,236
Total Liabilities	2,225,669	98,787	2,324,456
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues	150,686	-	150,686
Total Deferred Inflows of Resources	150,686	-	150,686
FUND BALANCES			
Nonspendable	50,415	-	50,415
Assigned	2,825,035	-	2,825,035
Unassigned	4,293,402	3,302,563	7,595,965
Total Fund Balances	7,168,852	3,302,563	10,471,415
	\$ 9,545,207	\$ 3,401,350	\$ 12,946,557
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,545,207	\$ 3,401,350	\$ 12,946,557

**CITY OF DEL MAR, CALIFORNIA
GENERAL FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Measure Q</u>	<u>Total General Fund</u>
REVENUES			
Taxes	\$ 10,950,320	\$ 2,305,453	\$ 13,255,773
Licenses, Fees, and Permits	1,220,534	-	1,220,534
Intergovernmental	247,463	-	247,463
Charges for Services	2,563,903	-	2,563,903
Fines and Forfeitures	1,049,002	-	1,049,002
Use of Money and Property	185,550	33,670	219,220
Contributions	214,996	-	214,996
Other	936,984	778	937,762
Total Revenues	<u>17,368,752</u>	<u>2,339,901</u>	<u>19,708,653</u>
EXPENDITURES			
Current:			
General Government	6,029,236	-	6,029,236
Public Safety	7,059,446	-	7,059,446
Public Works	330,225	-	330,225
Capital Outlay	-	202,168	202,168
Total Expenditures	<u>13,418,907</u>	<u>202,168</u>	<u>13,621,075</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,949,845	2,137,733	6,087,578
OTHER FINANCING SOURCES (USES)			
Transfers In	101,850	-	101,850
Transfers Out	<u>(1,975,973)</u>	<u>-</u>	<u>(1,975,973)</u>
Total Other Financing Sources (Uses)	<u>(1,874,123)</u>	<u>-</u>	<u>(1,874,123)</u>
NET CHANGE IN FUND BALANCES	2,075,722	2,137,733	4,213,455
Fund Balances - Beginning of Year	<u>5,093,130</u>	<u>1,164,830</u>	<u>6,257,960</u>
FUND BALANCES - END OF YEAR	<u>\$ 7,168,852</u>	<u>\$ 3,302,563</u>	<u>\$ 10,471,415</u>

**CITY OF DEL MAR, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

**CITY OF DEL MAR, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System
ASSETS				
Cash and Investments	\$ 24,089	\$ 202,558	\$ 62,282	\$ 15,435
Receivables:				
Accrued Interest	-	-	129	-
Accounts, Net	11,674	53,824	-	-
Due from Other Agencies	-	-	61,285	-
Prepays	-	77	-	-
	<u>-</u>	<u>77</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 35,763</u>	<u>\$ 256,459</u>	<u>\$ 123,696</u>	<u>\$ 15,435</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	\$ 35,763	\$ 33,655	\$ -	\$ -
Deposits Payable	-	35,520	-	-
Due to Other Funds	-	-	62,411	-
Total Liabilities	<u>35,763</u>	<u>69,175</u>	<u>62,411</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenues	-	40,000	61,285	-
Total Deferred Inflow of Resources	<u>-</u>	<u>40,000</u>	<u>61,285</u>	<u>-</u>
FUND BALANCES (DEFICIT)				
Nonspendable	-	77	-	-
Restricted for:				
Public Safety	-	-	-	15,435
Low-Income Housing	-	-	-	-
Public Works	-	-	-	-
Street Projects	-	-	-	-
Committed to:				
Parks and Recreation	-	147,207	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>-</u>	<u>147,284</u>	<u>-</u>	<u>15,435</u>
	<u>-</u>	<u>147,284</u>	<u>-</u>	<u>15,435</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 35,763</u>	<u>\$ 256,459</u>	<u>\$ 123,696</u>	<u>\$ 15,435</u>

**CITY OF DEL MAR, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2021**

Special Revenue Funds				Capital Projects Funds		
Grants	Housing	AB 939	RMRA	Transnet II Capital Improvements	RTCIP	Total
\$ 106,647	\$ 253,037	\$ 220,497	\$ 73,464	\$ 3,088	\$ 10,356	\$ 971,453
106	214	186	65	3	9	712
14,212	-	14,573	14,418	-	-	108,701
-	-	-	-	-	-	61,285
-	-	-	-	-	-	77
<u>\$ 120,965</u>	<u>\$ 253,251</u>	<u>\$ 235,256</u>	<u>\$ 87,947</u>	<u>\$ 3,091</u>	<u>\$ 10,365</u>	<u>\$ 1,142,228</u>
\$ 308	\$ 3,500	\$ 15,995	\$ -	\$ -	\$ -	\$ 89,221
-	-	-	-	-	-	35,520
-	-	-	8,284	-	-	70,695
<u>308</u>	<u>3,500</u>	<u>15,995</u>	<u>8,284</u>	<u>-</u>	<u>-</u>	<u>195,436</u>
-	-	-	-	-	-	101,285
-	-	-	-	-	-	101,285
-	-	-	-	-	-	77
120,657	-	-	-	-	-	136,092
-	249,751	-	-	-	-	249,751
-	-	219,261	-	-	-	219,261
-	-	-	79,663	3,091	10,365	93,119
-	-	-	-	-	-	147,207
-	-	-	-	-	-	-
<u>120,657</u>	<u>249,751</u>	<u>219,261</u>	<u>79,663</u>	<u>3,091</u>	<u>10,365</u>	<u>845,507</u>
<u>\$ 120,965</u>	<u>\$ 253,251</u>	<u>\$ 235,256</u>	<u>\$ 87,947</u>	<u>\$ 3,091</u>	<u>\$ 10,365</u>	<u>\$ 1,142,228</u>

**CITY OF DEL MAR, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System
REVENUES				
Taxes	\$ 101,400	\$ 10,958	\$ -	\$ 44,091
Licenses, Fees, and Permits	-	109,794	-	-
Intergovernmental	-	1,612	100,000	-
Use of Money and Property	-	476	1,850	95
Other	-	39,191	-	-
Total Revenues	<u>101,400</u>	<u>162,031</u>	<u>101,850</u>	<u>44,186</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	35,802
Public Works	433,893	-	-	-
Parks and Recreation	-	773,085	-	-
Capital Outlay	-	84,348	-	-
Debt Service:				
Principal	-	-	-	42,815
Interest	-	-	-	7,686
Total Expenditures	<u>433,893</u>	<u>857,433</u>	<u>-</u>	<u>86,303</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(332,493)	(695,402)	101,850	(42,117)
OTHER FINANCING SOURCES (USES)				
Transfers In	309,241	574,391	-	50,501
Transfers Out	-	-	(101,850)	-
Total Other Financing Sources (Uses)	<u>309,241</u>	<u>574,391</u>	<u>(101,850)</u>	<u>50,501</u>
NET CHANGE IN FUND BALANCES	(23,252)	(121,011)	-	8,384
Fund Balances - Beginning of Year	<u>23,252</u>	<u>268,295</u>	<u>-</u>	<u>7,051</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ -</u>	<u>\$ 147,284</u>	<u>\$ -</u>	<u>\$ 15,435</u>

**CITY OF DEL MAR, CALIFORNIA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Special Revenue Funds				Capital Projects Funds		
Grants	Housing	AB 939	RMRA	Transnet II Capital Improvements	RTCIP	Total
\$ -	\$ -	\$ -	\$ 79,123	\$ -	\$ -	\$ 235,572
-	48,515	48,633	-	-	2,584	209,526
68,264	-	-	-	74,859	-	244,735
1,523	3,105	2,841	540	191	132	10,753
-	-	-	-	1,728	-	40,919
<u>69,787</u>	<u>51,620</u>	<u>51,474</u>	<u>79,663</u>	<u>76,778</u>	<u>2,716</u>	<u>741,505</u>
-	87,034	88,476	-	-	-	175,510
29,308	-	-	-	-	-	65,110
-	-	-	-	-	-	433,893
-	-	-	-	-	-	773,085
-	-	-	-	-	-	84,348
-	-	-	-	61,586	-	104,401
-	-	-	-	-	-	7,686
<u>29,308</u>	<u>87,034</u>	<u>88,476</u>	<u>-</u>	<u>61,586</u>	<u>-</u>	<u>1,644,033</u>
40,479	(35,414)	(37,002)	79,663	15,192	2,716	(902,528)
-	-	-	-	-	-	934,133
-	-	-	-	(31,965)	-	(133,815)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,965)</u>	<u>-</u>	<u>800,318</u>
40,479	(35,414)	(37,002)	79,663	(16,773)	2,716	(102,210)
<u>80,178</u>	<u>285,165</u>	<u>256,263</u>	<u>-</u>	<u>19,864</u>	<u>7,649</u>	<u>947,717</u>
<u>\$ 120,657</u>	<u>\$ 249,751</u>	<u>\$ 219,261</u>	<u>\$ 79,663</u>	<u>\$ 3,091</u>	<u>\$ 10,365</u>	<u>\$ 845,507</u>

**CITY OF DEL MAR, CALIFORNIA
GASOLINE TAX SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 110,780	\$ 110,780	\$ 101,400	\$ (9,380)
Other	-	-	-	-
Total Revenues	<u>110,780</u>	<u>110,780</u>	<u>101,400</u>	<u>(9,380)</u>
EXPENDITURES				
Current:				
Public Works	434,090	471,642	433,893	37,749
Total Expenditures	<u>434,090</u>	<u>471,642</u>	<u>433,893</u>	<u>37,749</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(323,310)	(360,862)	(332,493)	28,369
OTHER FINANCING SOURCES				
Transfers In	323,310	337,610	309,241	(28,369)
Total Other Financing Sources	<u>323,310</u>	<u>337,610</u>	<u>309,241</u>	<u>(28,369)</u>
NET CHANGE IN FUND BALANCE	-	(23,252)	(23,252)	-
Fund Balance - Beginning of Year	<u>23,252</u>	<u>23,252</u>	<u>23,252</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 23,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF DEL MAR, CALIFORNIA
OPEN SPACE SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,070	\$ 4,550	\$ 10,958	\$ 6,408
Licenses, Fees, and Permits	205,000	70,950	109,794	38,844
Intergovernmental	2,000	10	1,612	1,602
Use of Money and Property	500	500	476	(24)
Contributions	-	40,000	-	(40,000)
Other	40,800	41,160	39,191	(1,969)
Total Revenues	<u>250,370</u>	<u>157,170</u>	<u>162,031</u>	<u>4,861</u>
EXPENDITURES				
Current:				
Parks and Recreation	834,570	874,033	773,085	100,948
Capital Outlay	-	110,707	84,348	26,359
Total Expenditures	<u>834,570</u>	<u>984,740</u>	<u>857,433</u>	<u>127,307</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(584,200)	(827,570)	(695,402)	132,168
OTHER FINANCING SOURCES				
Transfers In	584,200	718,820	574,391	(144,429)
Total Other Financing Sources	<u>584,200</u>	<u>718,820</u>	<u>574,391</u>	<u>(144,429)</u>
NET CHANGE IN FUND BALANCE	-	(108,750)	(121,011)	(12,261)
Fund Balance - Beginning of Year	<u>268,295</u>	<u>268,295</u>	<u>268,295</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 268,295</u>	<u>\$ 159,545</u>	<u>\$ 147,284</u>	<u>\$ (12,261)</u>

**CITY OF DEL MAR, CALIFORNIA
SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of Money and Property	-	-	1,850	1,850
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>101,850</u>	<u>1,850</u>
OTHER FINANCING USES				
Transfers Out	<u>(100,000)</u>	<u>(100,000)</u>	<u>(101,850)</u>	<u>(1,850)</u>
Total Other Financing Uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>(101,850)</u>	<u>(1,850)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF DEL MAR, CALIFORNIA
REGIONAL COMMUNICATIONS SYSTEM SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 45,000	\$ 45,000	\$ 44,091	\$ (909)
Use of Money and Property	-	-	95	95
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>44,186</u>	<u>(814)</u>
EXPENDITURES				
Current:				
Public Safety	34,500	34,500	35,802	(1,302)
Debt Service:				
Principal	42,820	42,820	42,815	5
Interest	7,690	7,690	7,686	4
Total Expenditures	<u>85,010</u>	<u>85,010</u>	<u>86,303</u>	<u>(1,293)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(40,010)	(40,010)	(42,117)	(2,107)
OTHER FINANCING SOURCES				
Transfers In	(40,010)	40,010	50,501	10,491
Total Other Financing Sources	<u>(40,010)</u>	<u>40,010</u>	<u>50,501</u>	<u>10,491</u>
NET CHANGE IN FUND BALANCE	(80,020)	-	8,384	8,384
Fund Balance - Beginning of Year	<u>7,051</u>	<u>7,051</u>	<u>7,051</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ (72,969)</u>	<u>\$ 7,051</u>	<u>\$ 15,435</u>	<u>\$ 8,384</u>

**CITY OF DEL MAR, CALIFORNIA
GRANTS SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 48,470	\$ 48,470	\$ 68,264	\$ 19,794
Use of Money and Property	3,000	3,000	1,523	(1,477)
Total Revenues	<u>51,470</u>	<u>51,470</u>	<u>69,787</u>	<u>18,317</u>
EXPENDITURES				
Current:				
Public Safety	60,740	60,740	29,308	31,432
Total Expenditures	<u>60,740</u>	<u>60,740</u>	<u>29,308</u>	<u>31,432</u>
NET CHANGE IN FUND BALANCE	(9,270)	(9,270)	40,479	49,749
Fund Balance - Beginning of Year	<u>80,178</u>	<u>80,178</u>	<u>80,178</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 70,908</u>	<u>\$ 70,908</u>	<u>\$ 120,657</u>	<u>\$ 49,749</u>

**CITY OF DEL MAR, CALIFORNIA
HOUSING SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Fees, and Permits	\$ -	\$ 44,960	\$ 48,515	\$ 3,555
Use of Money and Property	3,000	3,000	3,105	105
Total Revenues	3,000	47,960	51,620	3,660
EXPENDITURES				
Current:				
General Government	73,640	87,640	87,034	606
Total Expenditures	73,640	87,640	87,034	606
NET CHANGE IN FUND BALANCE	(70,640)	(39,680)	(35,414)	4,266
Fund Balance - Beginning of Year	285,165	285,165	285,165	-
FUND BALANCE - END OF YEAR	\$ 214,525	\$ 245,485	\$ 249,751	\$ 4,266

**CITY OF DEL MAR, CALIFORNIA
 AB 939 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Licenses, Fees, and Permits	\$ 58,710	\$ 58,710	\$ 48,633	\$ (10,077)
Use of Money and Property	3,000	3,000	2,841	(159)
Total Revenues	<u>61,710</u>	<u>61,710</u>	<u>51,474</u>	<u>(10,236)</u>
EXPENDITURES				
Current:				
General Government	58,750	60,402	88,476	(28,074)
Total Expenditures	<u>58,750</u>	<u>60,402</u>	<u>88,476</u>	<u>(28,074)</u>
NET CHANGE IN FUND BALANCE	2,960	1,308	(37,002)	(38,310)
Fund Balance - Beginning of Year	<u>256,263</u>	<u>256,263</u>	<u>256,263</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 259,223</u>	<u>\$ 257,571</u>	<u>\$ 219,261</u>	<u>\$ (38,310)</u>

**CITY OF DEL MAR, CALIFORNIA
ROAD MAINTENANCE AND REHABILITATION ACCOUNT (RMRA) SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 76,400	\$ 76,400	\$ 79,123	\$ 2,723
Use of Money and Property	-	-	540	540
Total revenues	76,400	76,400	79,663	3,263
OTHER FINANCING USES				
Transfers Out	(76,400)	(76,400)	-	(76,400)
Total Other Financing Uses	(76,400)	(76,400)	-	(76,400)
NET CHANGE IN FUND BALANCE	-	-	79,663	(73,137)
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 79,663	\$ 79,663

**CITY OF DEL MAR, CALIFORNIA
TRANSNET II CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 205,000	\$ 205,000	\$ 74,859	\$ (130,141)
Use of Money and Property	-	-	191	191
Total Revenues	<u>205,000</u>	<u>205,000</u>	<u>76,778</u>	<u>(128,222)</u>
EXPENDITURES				
Debt Service:				
Principal	60,000	60,000	61,586	(1,586)
Interest	145,000	145,000	-	145,000
Total Expenditures	<u>205,000</u>	<u>205,000</u>	<u>61,586</u>	<u>143,414</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	15,192	15,192
OTHER FINANCING USES				
Transfers Out	-	-	(31,965)	(31,965)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(31,965)</u>	<u>(31,965)</u>
NET CHANGE IN FUND BALANCE	-	-	(16,773)	(16,773)
Fund Balance - Beginning of Year	19,864	19,864	19,864	-
FUND BALANCE - END OF YEAR	<u>\$ 19,864</u>	<u>\$ 19,864</u>	<u>\$ 3,091</u>	<u>\$ (16,773)</u>

**CITY OF DEL MAR, CALIFORNIA
CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND – MAJOR FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 460,350	\$ 460,350	\$ 144,140	\$ (316,210)
Total Revenues	<u>460,350</u>	<u>460,350</u>	<u>144,140</u>	<u>(316,210)</u>
EXPENDITURES				
General Government	45,280	45,280	45,621	(341)
Capital Outlay	740,000	1,048,065	298,818	749,247
Debt Service:				
Principal	378,790	378,790	378,452	338
Interest	482,930	482,930	482,925	5
Total Expenditures	<u>1,647,000</u>	<u>1,955,065</u>	<u>1,205,816</u>	<u>749,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,186,650)	(1,494,715)	(1,061,676)	433,039
OTHER FINANCING SOURCES				
Transfers In	1,186,650	1,216,650	1,091,981	(124,669)
Total Other Financing Sources	<u>1,186,650</u>	<u>1,216,650</u>	<u>1,091,981</u>	<u>(124,669)</u>
NET CHANGE IN FUND BALANCE	-	(278,065)	30,305	308,370
Fund Balance - Beginning of Year	<u>278,065</u>	<u>278,065</u>	<u>278,065</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 278,065</u>	<u>\$ -</u>	<u>\$ 308,370</u>	<u>\$ 308,370</u>

**CITY OF DEL MAR, CALIFORNIA
CUSTODIAL FUNDS
JUNE 30, 2021**

Custodial 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 custodial funds:

- Stratford and Luneta Undergrounding Assessment District 1989-01
- Seawall Refinance Assessment District 1999-01
- Ocean View/Pines Assessment District 2005-001
- North Hills Undergrounding Assessment District 2007-01
- Sunset Undergrounding Assessment District 2007-02

**CITY OF DEL MAR, CALIFORNIA
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Stratford and Luneta Undergrounding Assessment District 1989-01	Seawall Refinance Assessment District 1999-01	Ocean View/ Pines Assessment District 2005-01	North Hill Undergrounding Assessment District 2007-01	Sunset Undergrounding Assessment District 2007-02	Total
ASSETS						
Accounts Receivable	\$ 90	\$ 21	\$ 59	\$ -	\$ 9	\$ 179
Restricted Assets:						
Cash and Investments	106,056	24,724	67,403	-	10,418	208,601
Total Assets	<u>106,146</u>	<u>24,745</u>	<u>67,462</u>	<u>-</u>	<u>10,427</u>	<u>208,780</u>
NET POSITION						
Restricted for Bond Holders	106,146	24,745	67,462	-	10,427	208,780
Unrestricted	-	-	-	-	-	-
Total Net Position	<u>\$ 106,146</u>	<u>\$ 24,745</u>	<u>\$ 67,462</u>	<u>\$ -</u>	<u>\$ 10,427</u>	<u>\$ 208,780</u>

**CITY OF DEL MAR, CALIFORNIA
CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	Stratford and Luneta Undergrounding Assessment District 1989-01	Seawall Refinance Assessment District 1999-01	Ocean View/ Pines Assessment District 2005-01	North Hill Undergrounding Assessment District 2007-01	Sunset Undergrounding Assessment District 2007-02	Total
ADDITIONS						
Interest Income	\$ 1,249	\$ 293	\$ 547	\$ -	\$ 125	\$ 2,214
Special Assessments or Special Taxes Collected from Property Owners	-	-	47,093	-	-	47,093
Contribution from City	-	-	-	37,130	-	37,130
Total Additions	1,249	293	47,640	37,130	125	86,437
DEDUCTIONS						
Payment for Special Assessment or Special Tax Debt	-	-	55,638	-	-	55,638
Total Deductions	-	-	55,638	-	-	55,638
CHANGE IN NET POSITION	1,249	293	(7,998)	37,130	125	30,799
Total Net Position (Deficit) - Beginning of Year, as Restated	104,897	24,452	75,460	(37,130)	10,302	177,981
TOTAL NET POSITION (DEFICIT) - END OF YEAR	\$ 106,146	\$ 24,745	\$ 67,462	\$ -	\$ 10,427	\$ 208,780

STATISTICAL SECTION

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**CITY OF DEL MAR, CALIFORNIA
STATISTICAL SECTION
FISCAL YEAR 2020-2021**

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

Contents	Page
Financial Trends These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	100
Revenue Capacity These tables contain information that may help in assessing the viability of the City's most significant revenue sources – property taxes, transient occupancy tax (TOT), and sales and use tax.	112
Debt Capacity These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	121
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	128
Operating Information These tables contain service and infrastructure indicators that may inform one's understanding on how the information in the City's financial statements relate to the services that the City provides and the activities it performs.	131

**CITY OF DEL MAR, CALIFORNIA
NET POSITION BY COMPONENT⁽¹⁾
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2011-2012	2012-2013 ⁽²⁾	2013-2014 ⁽³⁾	2014-2015
Governmental Activities:				
Net Investment in Capital Assets	\$ 47,943,072	\$ 55,606,641	\$ 59,605,566	\$ 59,266,263
Restricted	2,143,980	965,813	980,148	795,930
Unrestricted	5,025,740	4,743,258	217,804	3,680,641
Total Governmental Activities	<u>\$ 55,112,792</u>	<u>\$ 61,315,712</u>	<u>\$ 60,803,518</u>	<u>\$ 63,742,834</u>
Business-Type Activities:				
Net Investment in Capital Assets	\$ 19,876,130	\$ 20,592,138	\$ 18,867,190	\$ 19,468,010
Restricted	-	-	-	-
Unrestricted	3,845,994	2,697,664	2,730,948	2,532,915
Total Business-Type Activities	<u>\$ 23,722,124</u>	<u>\$ 23,289,802</u>	<u>\$ 21,598,138</u>	<u>\$ 22,000,925</u>
Primary Government:				
Net Investment in Capital Assets	\$ 67,819,202	\$ 76,198,779	\$ 78,472,756	\$ 78,734,273
Restricted	2,143,980	965,813	980,148	795,930
Unrestricted	8,871,734	7,440,922	2,948,752	6,213,556
Total Primary Government	<u>\$ 78,834,916</u>	<u>\$ 84,605,514</u>	<u>\$ 82,401,656</u>	<u>\$ 85,743,759</u>

Notes:

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

The net position is considered restricted only when -

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

(b) enabling legislation is enacted by the City.

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

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

**CITY OF DEL MAR, CALIFORNIA
NET POSITION BY COMPONENT⁽¹⁾ (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year					
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
\$ 63,917,170	\$ 70,677,865	\$ 70,478,246	\$ 71,168,471	\$ 73,838,956	\$ 72,058,048
706,189	779,035	755,945	690,821	679,422	949,920
3,657,031	(1,945,483)	2,549,881	1,320,489	(1,830,925)	1,677,116
<u>\$ 68,280,390</u>	<u>\$ 69,511,417</u>	<u>\$ 73,784,072</u>	<u>\$ 73,179,781</u>	<u>\$ 72,687,453</u>	<u>\$ 74,685,084</u>
\$ 21,145,247	\$ 21,782,050	\$ 21,388,165	\$ 20,887,789	\$ 20,418,606	\$ 20,447,077
-	-	-	-	563,791	-
1,565,516	1,425,671	1,219,695	1,850,025	1,250,437	2,435,104
<u>\$ 22,710,763</u>	<u>\$ 23,207,721</u>	<u>\$ 22,607,860</u>	<u>\$ 22,737,814</u>	<u>\$ 22,232,834</u>	<u>\$ 22,882,181</u>
\$ 85,062,417	\$ 92,459,915	\$ 91,866,411	\$ 92,056,260	\$ 94,257,562	\$ 92,505,125
706,189	779,035	755,945	690,821	1,243,213	949,920
5,222,547	(519,812)	3,769,576	3,170,514	(1,011,528)	4,112,220
<u>\$ 90,991,153</u>	<u>\$ 92,719,138</u>	<u>\$ 96,391,932</u>	<u>\$ 95,917,595</u>	<u>\$ 94,489,247</u>	<u>\$ 97,567,265</u>

**CITY OF DEL MAR, CALIFORNIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2011-2012	2012-2013 ⁽²⁾	2013-2014	2014-2015
EXPENSES				
Governmental Activities:				
General Government	\$ 4,817,999	\$ 4,577,084	\$ 4,328,963	\$ 4,748,943
Public Safety	5,365,983	6,463,932	5,472,799	5,705,795
Public Works	491,439	923,784	943,013	1,649,191
Parks and Recreation	732,882	776,639	839,063	835,545
Interest on Long-Term Debt	22,603	15,813	8,438	158,679
Total Governmental Activities Expenses	<u>11,430,906</u>	<u>12,757,252</u>	<u>11,592,276</u>	<u>13,098,153</u>
Business-Type Activities:				
Water	2,544,512	2,759,682	2,964,821	3,165,994
Wastewater	2,608,785	2,786,105	2,759,107	2,965,384
Clean Water	416,849	425,569	411,143	439,752
Total Business-Type Activities Expenses	<u>5,570,146</u>	<u>5,971,356</u>	<u>6,135,071</u>	<u>6,571,130</u>
Total Primary Government Expenses	<u>\$ 17,001,052</u>	<u>\$ 18,728,608</u>	<u>\$ 17,727,347</u>	<u>\$ 19,669,283</u>
PROGRAM REVENUES				
Governmental Activities:				
Charges for Services:				
General Government	\$ 1,112,124	\$ 1,117,178	\$ 1,388,029	\$ 1,646,441
Public Safety	1,382,429	1,312,948	1,318,815	1,457,029
Public Works	-	2,165	2,209	-
Parks and Recreation	466,632	414,556	443,169	410,206
Operating Grants and Contributions	282,071	277,781	311,393	285,416
Capital Grants and Contributions	8,474,616	7,358,463	3,874,226	951,754
Total Governmental Activities Program Revenues	<u>11,717,872</u>	<u>10,483,091</u>	<u>7,337,841</u>	<u>4,750,846</u>
Business-Type Activities:				
Charges for Services:				
Water	2,477,171	2,711,877	2,861,908	2,822,138
Wastewater	2,874,751	2,998,521	3,048,006	3,675,632
Clean Water	382,709	404,313	395,404	408,037
Capital Grants and Contributions	5,000	-	5,000	5,000
Total Business-Type Activities Program Revenues	<u>5,739,631</u>	<u>6,114,711</u>	<u>6,310,318</u>	<u>6,910,807</u>
Total Primary Government Revenues	<u>\$ 17,457,503</u>	<u>\$ 16,597,802</u>	<u>\$ 13,648,159</u>	<u>\$ 11,661,653</u>
NET REVENUES (EXPENSES) ⁽¹⁾				
Governmental Activities	\$ 286,966	\$ (2,274,161)	\$ (4,254,435)	\$ (8,347,307)
Business-Type Activities	169,485	143,355	175,247	339,677
Total Net Revenues (Expenses)	<u>\$ 456,451</u>	<u>\$ (2,130,806)</u>	<u>\$ (4,079,188)</u>	<u>\$ (8,007,630)</u>
GENERAL REVENUE AND OTHER CHANGES IN NET POSITION				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 4,647,145	\$ 4,971,265	\$ 5,329,825	\$ 5,291,352
Sales and Use Tax	1,628,442	1,674,709	1,700,688	1,998,279
Transient Occupancy Tax	1,805,475	1,939,699	2,101,634	2,444,275
Franchise Tax	421,518	384,220	373,589	367,471
Business License Tax	210,243	191,786	191,734	208,898
Intergovernmental - Unrestricted Other	117,062	205,319	209,226	278,081
Investment Income	83,424	161,140	190,457	239,734
Sale of Capital Assets	18,811	-	-	-
Other	424,070	412,954	228,085	493,914
Transfers	(16,785)	(108,563)	(19,615)	(35,381)
Total Governmental Activities	<u>9,339,405</u>	<u>9,832,529</u>	<u>10,305,623</u>	<u>11,286,623</u>
Business-Type Activities:				
Unrestricted Investment Earnings	13,260	24,395	5,591	27,729
Other	25,242	26,060	-	-
Transfers	16,785	108,563	19,615	35,381
Total Business-Type Activities	<u>55,287</u>	<u>159,017</u>	<u>25,206</u>	<u>63,110</u>
Total Primary Government	<u>\$ 9,394,692</u>	<u>\$ 9,991,546</u>	<u>\$ 10,330,829</u>	<u>\$ 11,349,733</u>
CHANGE IN NET POSITION				
Governmental Activities	\$ 9,626,371	\$ 7,558,368	\$ 6,051,188	\$ 2,939,316
Business-Type Activities	224,772	323,493	200,453	402,787
Total Primary Government	<u>\$ 9,851,143</u>	<u>\$ 7,881,861</u>	<u>\$ 6,251,641</u>	<u>\$ 3,342,103</u>

NOTE

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

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

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

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

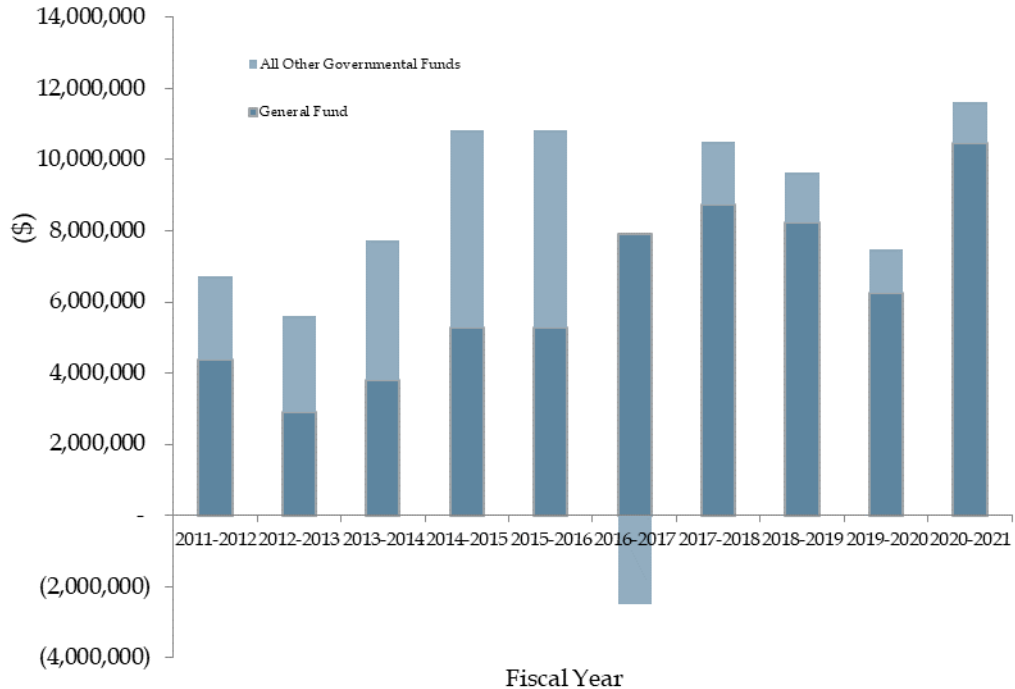
**CITY OF DEL MAR, CALIFORNIA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year						
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	
\$ 5,362,200	\$ 6,676,027	\$ 6,360,890	\$ 8,461,528	\$ 9,079,633	\$ 7,048,840	
5,716,667	6,676,661	6,861,913	7,104,779	7,955,624	7,699,253	
1,410,511	1,892,772	1,889,260	5,895,910	2,656,048	2,514,209	
936,586	951,289	894,067	776,548	1,162,397	773,562	
155,143	719,263	668,368	653,705	630,051	485,322	
<u>13,581,107</u>	<u>16,916,012</u>	<u>16,674,498</u>	<u>22,892,470</u>	<u>21,483,753</u>	<u>18,521,186</u>	
3,072,195	3,286,281	3,323,365	3,375,306	3,666,650	3,779,243	
2,500,851	2,530,107	2,996,746	3,217,465	4,029,879	3,638,587	
464,373	532,792	498,076	559,551	599,643	515,052	
<u>6,037,419</u>	<u>6,349,180</u>	<u>6,818,187</u>	<u>7,152,322</u>	<u>8,296,172</u>	<u>7,932,882</u>	
<u>\$ 19,618,526</u>	<u>\$ 23,265,192</u>	<u>\$ 23,492,685</u>	<u>\$ 30,044,792</u>	<u>\$ 29,779,925</u>	<u>\$ 26,454,068</u>	
\$ 1,547,069	\$ 1,735,309	\$ 1,894,634	\$ 1,789,928	\$ 1,913,924	\$ 2,232,648	
1,382,501	1,405,751	1,778,983	1,868,370	1,870,581	2,670,239	
-	-	2,404	2,483	-	2,584	
383,027	378,446	418,447	413,491	225,363	109,794	
231,257	522,338	481,814	329,537	467,683	553,325	
1,802,911	885,773	585,058	915,994	955,619	707,085	
<u>5,346,765</u>	<u>4,927,617</u>	<u>5,161,340</u>	<u>5,319,803</u>	<u>5,433,170</u>	<u>6,275,675</u>	
2,745,721	3,085,668	3,440,656	3,348,654	3,675,298	4,262,987	
3,486,362	3,283,228	3,096,774	3,261,067	3,362,819	3,657,548	
420,388	476,980	546,730	548,327	562,349	591,694	
5,000	5,000	5,000	-	-	29,148	
<u>6,657,471</u>	<u>6,850,876</u>	<u>7,089,160</u>	<u>7,158,048</u>	<u>7,600,466</u>	<u>8,541,377</u>	
<u>\$ 12,004,236</u>	<u>\$ 11,778,493</u>	<u>\$ 12,250,500</u>	<u>\$ 12,477,851</u>	<u>\$ 13,033,636</u>	<u>\$ 14,817,052</u>	
\$ (8,234,342)	\$ (11,988,395)	\$ (11,513,158)	\$ (17,572,667)	\$ (16,050,583)	\$ (12,245,511)	
620,052	501,696	270,973	5,726	(695,706)	608,495	
<u>\$ (7,614,290)</u>	<u>\$ (11,486,699)</u>	<u>\$ (11,242,185)</u>	<u>\$ (17,566,941)</u>	<u>\$ (16,746,289)</u>	<u>\$ (11,637,016)</u>	
\$ 5,640,285	\$ 6,752,952	\$ 6,491,063	\$ 6,679,052	\$ 6,993,953	\$ 7,496,882	
2,332,522	2,227,309	4,854,514	5,043,747	3,752,696	3,453,423	
2,617,866	2,697,297	3,001,300	2,982,510	2,300,504	1,792,090	
369,524	459,271	387,466	424,930	390,482	324,805	
226,508	240,103	241,008	243,198	235,557	229,534	
182,140	133,399	212,514	162,280	120,701	79,645	
298,974	245,548	386,787	519,309	387,953	229,973	
108,023	-	-	-	-	-	
1,050,341	437,304	211,161	913,350	1,023,262	1,049,654	
(54,285)	26,239	-	-	(77,893)	18,176	
<u>12,771,898</u>	<u>13,219,422</u>	<u>15,785,813</u>	<u>16,968,376</u>	<u>15,127,215</u>	<u>14,674,182</u>	
35,501	21,501	34,566	124,228	112,833	59,028	
-	-	-	-	-	-	
54,285	(26,239)	-	-	77,893	(18,176)	
<u>89,786</u>	<u>(4,738)</u>	<u>34,566</u>	<u>124,228</u>	<u>190,726</u>	<u>40,852</u>	
<u>\$ 12,861,684</u>	<u>\$ 13,214,684</u>	<u>\$ 15,820,379</u>	<u>\$ 17,092,604</u>	<u>\$ 15,317,941</u>	<u>\$ 14,715,034</u>	
\$ 4,537,556	\$ 1,231,027	\$ 4,272,655	\$ (604,291)	\$ (923,368)	\$ 2,428,671	
709,838	496,958	305,539	129,954	(504,980)	649,347	
<u>\$ 5,247,394</u>	<u>\$ 1,727,985</u>	<u>\$ 4,578,194</u>	<u>\$ (474,337)</u>	<u>\$ (1,428,348)</u>	<u>\$ 3,078,018</u>	

**CITY OF DEL MAR, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2011-2012	2012-2013	2013-2014	2014-2015
GENERAL FUND				
Nonspendable	\$ 525,151	\$ -	\$ -	\$ -
Assigned	1,470,192	1,475,704	1,471,791	1,471,791
Unassigned	2,384,635	1,446,003	2,345,865	3,806,755
Total General Fund	<u>\$ 4,379,978</u>	<u>\$ 2,921,707</u>	<u>\$ 3,817,656</u>	<u>\$ 5,278,546</u>
OTHER GOVERNMENTAL FUNDS				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	976,276	965,812	980,148	795,930
Committed	181,806	167,503	207,819	299,415
Assigned	1,180,204	1,535,486	2,729,399	4,451,680
Total Other Governmental Funds	<u>\$ 2,338,286</u>	<u>\$ 2,668,801</u>	<u>\$ 3,917,366</u>	<u>\$ 5,547,025</u>

**FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years**



CITY OF DEL MAR, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year					
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
\$ -	\$ 23,338	\$ 6,579	\$ 2,877	\$ 3,341	\$ 50,415
1,530,159	2,233,502	5,100,305	2,669,278	3,747,450	2,825,035
4,192,011	5,647,975	3,633,422	5,558,534	2,507,169	7,595,965
<u>\$ 5,722,170</u>	<u>\$ 7,904,815</u>	<u>\$ 8,740,306</u>	<u>\$ 8,230,689</u>	<u>\$ 6,257,960</u>	<u>\$ 10,471,415</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77
706,189	779,035	755,945	690,821	679,422	698,223
302,160	299,688	193,395	395,516	268,295	147,207
3,737,345	(3,571,263)	805,635	320,493	278,065	308,370
<u>\$ 4,745,694</u>	<u>\$ (2,492,540)</u>	<u>\$ 1,754,975</u>	<u>\$ 1,406,830</u>	<u>\$ 1,225,782</u>	<u>\$ 1,153,877</u>

CITY OF DEL MAR, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2011-2012	2012-2013	2013-2014	2014-2015
REVENUES				
Taxes	\$ 8,858,700	\$ 9,284,503	\$ 9,865,474	\$ 10,469,129
Licenses and Permits	1,047,420	1,036,973	1,320,317	1,432,809
Intergovernmental	8,077,378	7,638,143	4,165,489	1,167,061
Charges for Services	1,098,148	1,190,559	1,296,138	1,447,608
Fines and Forfeitures	815,617	669,665	586,367	633,259
Use of Money and Property	79,311	154,539	190,457	239,733
Contributions	657,875	36,921	17,368	26,100
Other Revenues	416,689	411,397	221,469	657,152
Total Revenues	<u>21,051,138</u>	<u>20,422,700</u>	<u>17,663,079</u>	<u>16,072,851</u>
EXPENDITURES				
General Government	4,848,423	5,903,824	4,326,650	4,465,857
Public Safety	5,380,136	6,457,063	5,442,607	5,707,066
Public Works	544,546	767,200	486,619	565,436
Parks and Recreation	734,815	775,814	809,797	796,933
Capital Outlays	9,796,937	7,664,337	4,960,745	2,652,017
Debt Service:				
Principal	150,000	155,000	165,000	886,500
Interest and Fiscal Charges	25,290	18,655	11,532	158,718
Cost of Issuance	-	-	-	-
Total Expenditures	<u>21,480,147</u>	<u>21,741,893</u>	<u>16,202,950</u>	<u>15,232,527</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(429,009)	(1,319,193)	1,460,129	840,324
OTHER FINANCING SOURCES (USES)				
Proceeds from Capital Lease	-	-	-	-
Issuance of Debt	-	-	704,000	2,285,606
Sale of Capital Assets	18,811	-	-	-
Transfers In	1,183,682	1,779,347	2,180,793	2,739,389
Transfers Out	(1,200,466)	(1,587,910)	(2,200,408)	(2,774,770)
Total Other Financing Sources (Uses)	<u>2,027</u>	<u>191,437</u>	<u>684,385</u>	<u>2,250,225</u>
NET CHANGE IN FUND BALANCES	<u>\$ (426,982)</u>	<u>\$ (1,127,756)</u>	<u>\$ 2,144,514</u>	<u>\$ 3,090,549</u>
Debt Service as a Percentage of Noncapital Expenditures	1.50 %	1.23 % ⁽²⁾	1.57 %	8.31 %

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.

CITY OF DEL MAR, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year					
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
\$ 11,291,573	\$ 12,483,838	\$ 15,119,862	\$ 15,561,911	\$ 13,865,011	\$ 13,491,345
1,313,261	1,473,672	1,560,470	1,424,462	1,175,755	1,430,060
2,049,910	640,435	940,761	1,144,117	1,247,627	636,338
1,471,767	1,537,125	1,760,952	1,969,158	2,102,617	2,563,903
579,364	561,080	716,505	740,862	797,887	1,049,002
298,973	245,548	496,853	519,309	387,953	229,973
13,612	77,464	161,500	25,730	32,680	214,996
1,046,464	1,101,638	190,250	902,630	1,028,748	978,681
<u>18,064,924</u>	<u>18,120,800</u>	<u>20,947,153</u>	<u>22,288,179</u>	<u>20,638,278</u>	<u>20,594,298</u>
5,055,390	6,212,785	5,921,425	7,459,736	7,511,186	6,250,367
5,769,859	6,411,309	6,405,468	6,823,281	7,309,028	7,124,556
589,870	646,739	613,939	753,994	860,139	764,118
907,484	910,515	834,530	916,556	945,702	773,085
6,620,181	11,952,324	12,347,347	7,643,140	4,953,541	585,334
50,000	88,352	481,658	478,878	499,788	482,853
155,143	506,960	672,959	657,891	634,778	490,611
-	161,610	-	-	-	-
<u>19,147,927</u>	<u>26,890,594</u>	<u>27,277,326</u>	<u>24,733,476</u>	<u>22,714,162</u>	<u>16,470,924</u>
(1,083,003)	(8,769,794)	(6,330,173)	(2,445,297)	(2,075,884)	4,123,374
157,431	-	-	-	-	-
622,150	3,687,966	11,413,179	1,587,535	-	-
-	-	-	-	-	-
3,642,313	2,156,104	6,491,721	3,452,909	3,390,584	2,127,964
<u>(3,696,598)</u>	<u>(2,129,865)</u>	<u>(6,491,721)</u>	<u>(3,452,909)</u>	<u>(3,468,477)</u>	<u>(2,109,788)</u>
<u>725,296</u>	<u>3,714,205</u>	<u>11,413,179</u>	<u>1,587,535</u>	<u>(77,893)</u>	<u>18,176</u>
<u>\$ (357,707)</u>	<u>\$ (5,055,589)</u>	<u>\$ 5,083,006</u>	<u>\$ (857,762)</u>	<u>\$ (2,153,777)</u>	<u>\$ 4,141,550</u>
1.64 %	3.99 %	7.73 %	6.65 %	6.39 %	6.13 %

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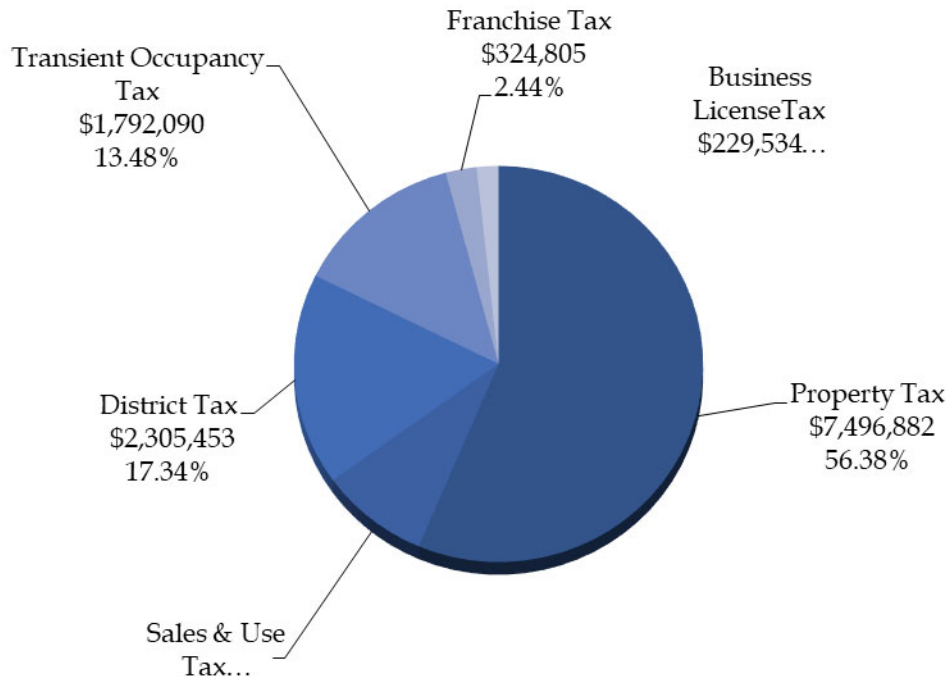
**CITY OF DEL MAR, CALIFORNIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Property Taxes (1)	Sales & Use Tax (2)	District Tax (3)	Transient Occupancy Tax	Franchise Tax	Business License Tax	Total
2020-2021	\$ 7,496,882	\$ 1,147,970	\$ 2,305,453	\$ 1,792,090	\$ 324,805	\$ 229,534	\$ 13,296,734
2019-2020	6,993,953	1,472,389	2,280,307	2,300,504	390,482	235,557	13,673,192
2018-2019	6,679,052	2,208,416	2,835,331	2,982,510	424,930	243,198	15,373,438
2017-2018	6,491,063	2,136,523	2,717,991	3,001,300	387,466	241,008	14,975,351
2016-2017	6,752,952	1,492,965	734,344	2,697,297	459,271	240,103	12,376,932
2015-2016	5,640,285	2,332,522	-	2,617,866	369,524	226,508	11,186,705
2014-2015	5,291,352	1,998,279	-	2,444,275	367,471	208,898	10,310,275
2013-2014	5,329,825	1,700,688	-	2,101,634	373,589	191,734	9,697,470
2012-2013	4,971,265	1,674,709	-	1,939,699	384,220	191,786	9,161,679
2011-2012	4,647,145	1,628,442	-	1,805,475	421,518	210,243	8,712,823
Change from Base Year 2012	55.06 %	(5.10)%	100.00 %	34.95 %	(3.03)%	19.19 %	63.42 %

Notes:

- (1) Includes Property Tax In-lieu of Vehicle License Fee (VLF) as part of the State's VLF for Property Tax Swap Adjustment.
- (2) Includes Property Tax In-Lieu of Sales Tax as part of the State's Sales and Use Tax Triple Flip Adjustment. The triple flip sales tax adjustment ended in Fiscal year 2015-16.
- (3) Measure Q for 1% District tax was passed in Fiscal year 2016-17.

**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE
Fiscal Year Ended June 30, 2021**



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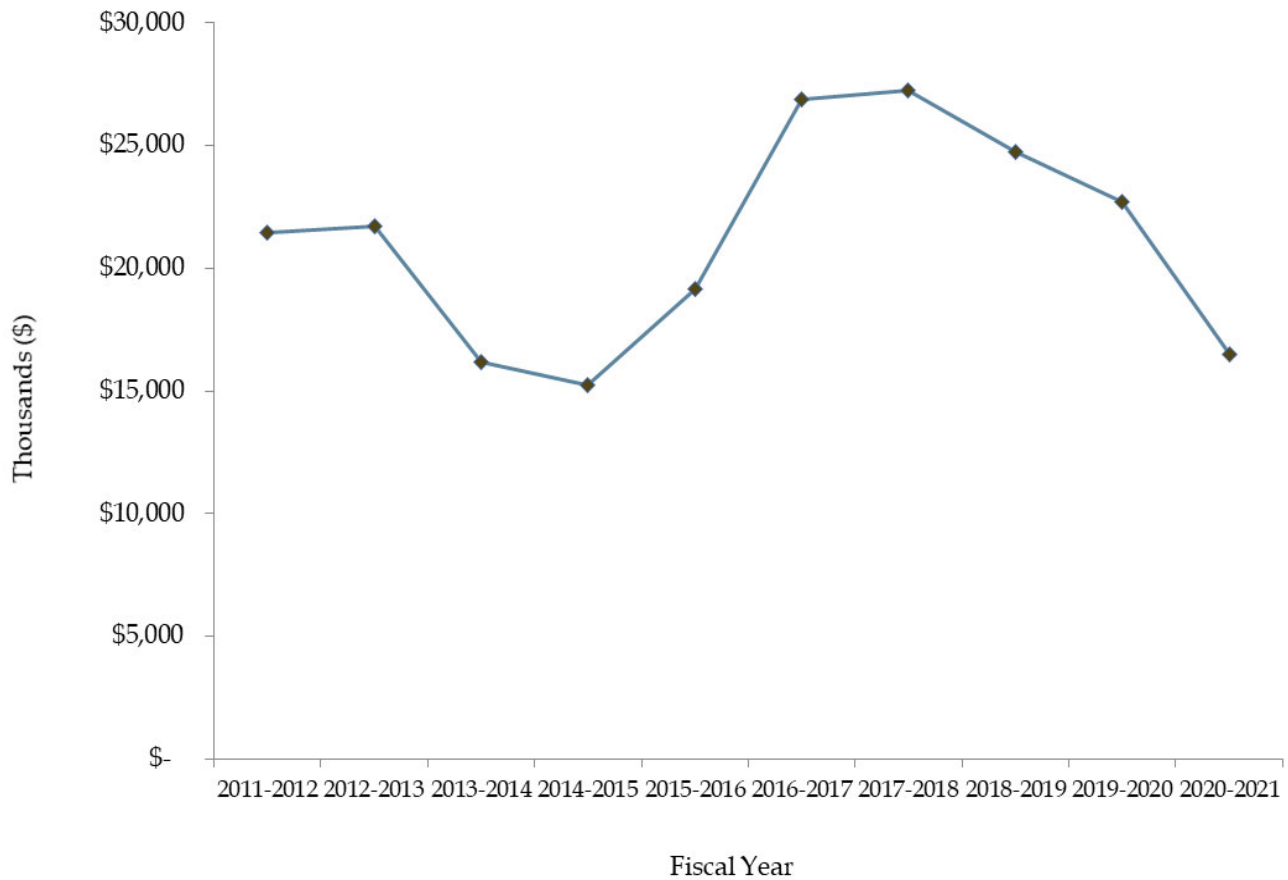
**CITY OF DEL MAR, CALIFORNIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION⁽¹⁾
LAST TEN FISCAL YEARS**

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay	Debt Service ⁽²⁾	Total
2020-2021	\$ 6,250,367	\$ 7,124,556	\$ 764,118	\$ 773,085	\$ 585,334	\$ 973,464	\$ 16,470,924
2019-2020	7,511,186	7,309,028	860,139	945,702	4,953,541	1,134,566	22,714,162
2018-2019	7,459,736	6,823,281	753,994	916,556	7,643,140	1,136,769	24,733,476
2017-2018	5,921,425	6,405,468	613,939	834,530	12,347,347	1,154,617	27,277,326
2016-2017	6,212,785	6,411,309	646,739	910,515	11,952,324	756,922	26,890,594
2015-2016	5,055,390	5,769,859	589,870	907,484	6,620,181	205,143	19,147,927
2014-2015	4,465,857	5,707,066	565,436	796,933	2,652,017	1,045,218	15,232,527
2013-2014	4,326,650	5,442,607	486,619	809,797	4,960,745	176,532	16,202,950
2012-2013	5,903,824	6,457,063	767,200	775,814	7,664,337	173,655	21,741,893
2011-2012	4,848,423	5,380,136	544,546	734,815	9,796,937	175,290	21,480,147

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.

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



**CITY OF DEL MAR, CALIFORNIA
 ASSESSED VALUE OF PROPERTY BY USER CODE
 LAST TEN FISCAL YEARS**

Category	Fiscal Year				
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Residential	\$ 2,455,807,004	\$ 2,580,568,065	\$ 2,691,922,002	\$ 2,873,316,023	\$ 3,084,334,222
Commercial	199,024,611	258,451,071	260,013,522	265,411,786	271,336,627
Industrial	2,516,402	2,956,947	2,970,364	3,014,195	3,048,474
Institutional	2,767,844	2,823,200	2,836,017	2,892,680	2,936,793
Recreational	8,765,703	9,364,269	9,689,662	11,214,206	11,767,616
Total	\$ 2,668,881,564	\$ 2,854,163,552	\$ 2,967,431,567	\$ 3,155,848,890	\$ 3,373,423,732

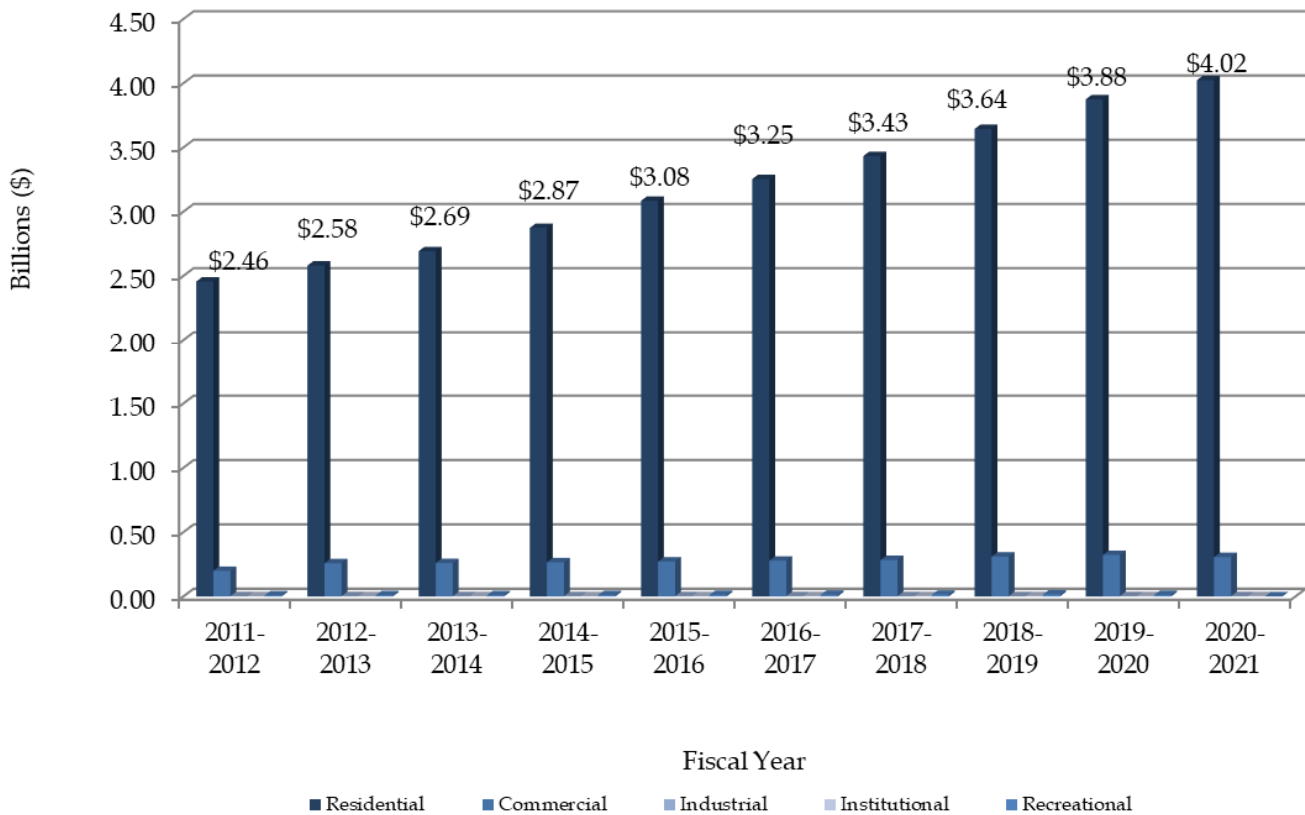
Note:

- (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.

**CITY OF DEL MAR, CALIFORNIA
 ASSESSED VALUE OF PROPERTY BY USER CODE (CONTINUED)
 LAST TEN FISCAL YEARS**

Fiscal Year				
2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
\$ 3,253,273,422	\$ 3,433,325,030	\$ 3,643,775,875	\$ 3,875,115,458	\$ 4,024,078,136
278,157,135	283,644,529	309,755,624	322,793,000	306,435,872
3,199,522	2,569,569	2,620,955	3,162,334	3,195,089
2,995,528	3,055,438	3,116,546	3,178,876	3,211,808
13,338,452	13,817,906	15,850,559	12,487,932	2,092,944
\$ 3,550,964,059	\$ 3,736,412,472	\$ 3,975,119,559	\$ 4,216,737,600	\$ 4,339,013,849

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

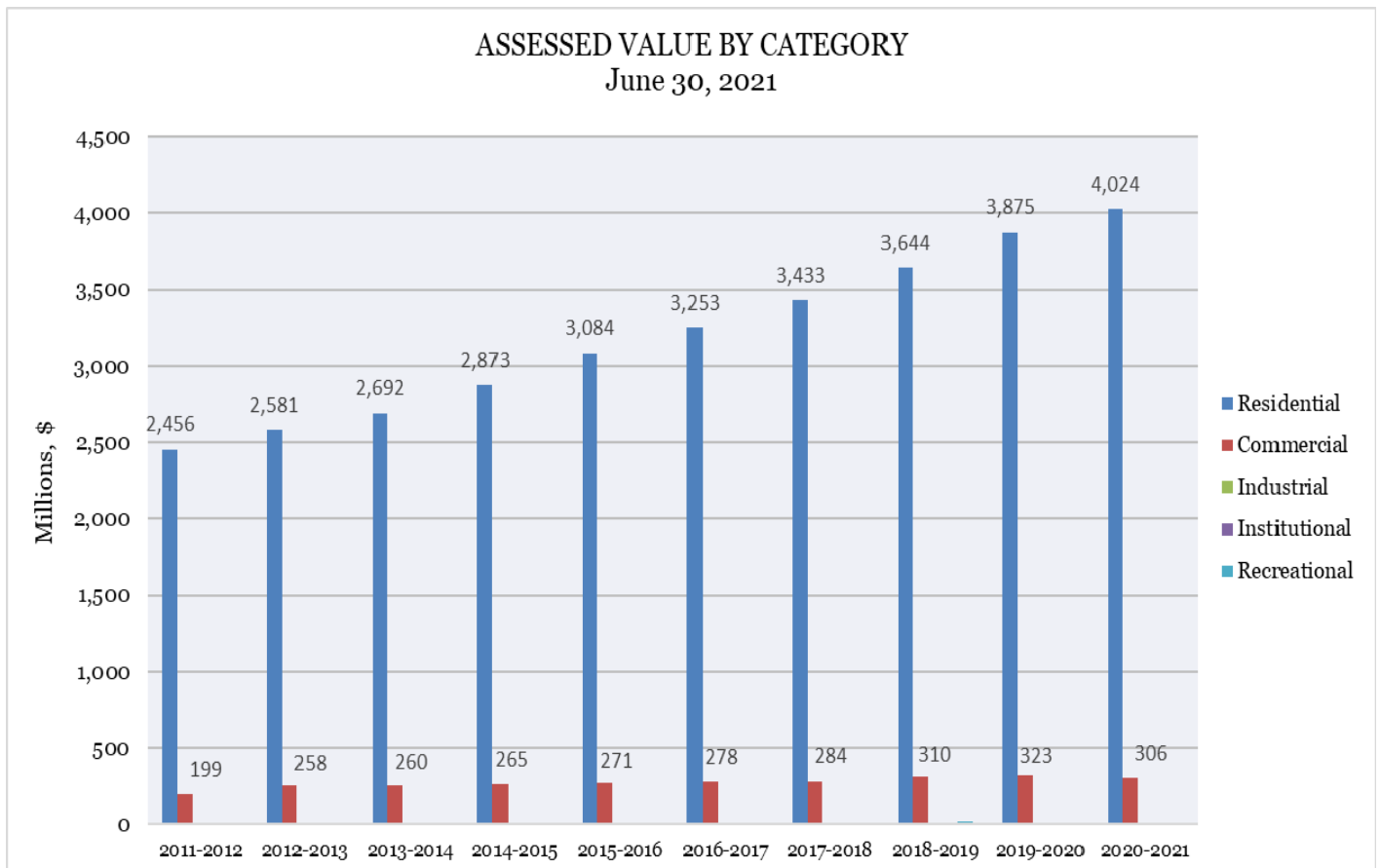


**CITY OF DEL MAR, CALIFORNIA
ESTIMATED VALUE OF TAXABLE PROPERTY⁽¹⁾
LAST TEN FISCAL YEARS**

Fiscal Year	Residential		Commercial		Industrial	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2020-2021	\$ 4,024,078,136	4,203	\$ 306,435,872	103	\$ 3,195,089	7
2019-2020	3,875,115,458	4,202	322,793,000	101	3,162,334	7
2018-2019	3,643,775,875	4,203	309,755,624	101	2,620,955	7
2017-2018	3,433,325,030	4,202	283,644,529	102	2,569,569	7
2016-2017	3,253,273,422	4,200	278,157,135	101	3,199,522	8
2015-2016	3,084,334,222	4,199	271,336,627	102	3,048,474	8
2014-2015	2,873,316,023	4,198	265,411,786	102	3,014,195	9
2013-2014	2,691,922,002	4,199	260,013,522	102	2,970,364	9
2012-2013	2,580,568,065	4,199	258,451,071	102	2,956,947	9
2011-2012	2,455,807,004	4,197	199,024,611	101	2,516,402	9

Notes:

- (1) Report formatting changes have been made to comply with the GASB Number 44 standard reporting requirement. 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.



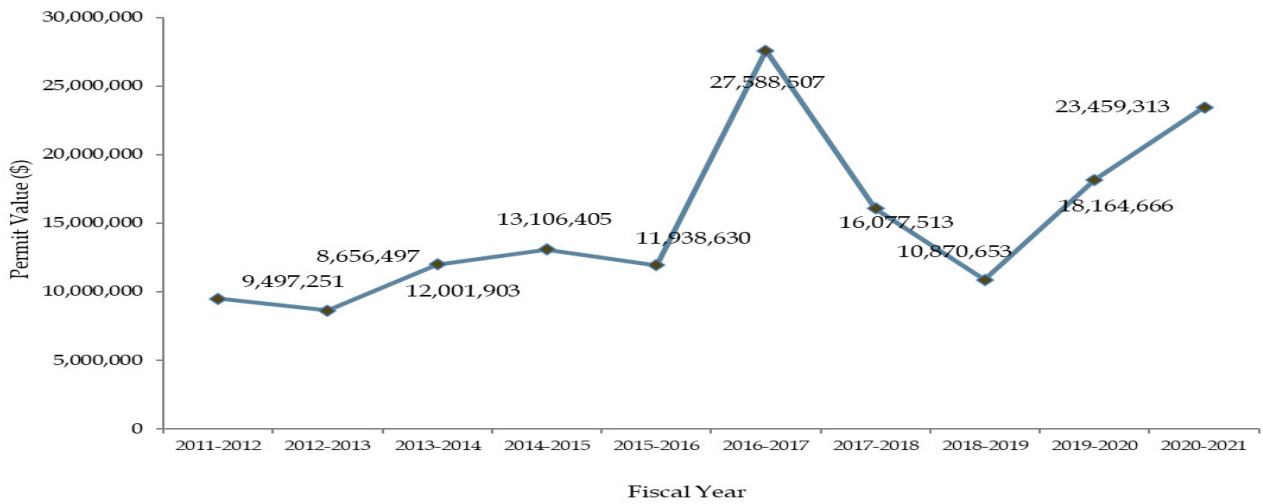
**CITY OF DEL MAR, CALIFORNIA
ESTIMATED VALUE OF TAXABLE PROPERTY⁽¹⁾ (CONTINUED)
LAST TEN FISCAL YEARS**

Institutional		Recreational		Total		Total Direct
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Tax Rate (%) (2)
\$ 3,211,808	1	\$ 2,092,944	337	\$ 4,339,013,849	4,651	0.14775
3,178,876	1	12,487,932	340	4,216,737,600	4,651	0.14775
3,116,546	1	15,850,559	342	3,975,119,559	4,654	0.14775
3,055,438	1	13,817,906	342	3,736,412,472	4,654	0.14775
2,995,528	1	13,338,452	346	3,550,964,059	4,656	0.14775
2,936,793	1	11,767,616	350	3,373,423,732	4,660	0.14775
2,892,680	1	11,214,206	337	3,155,848,890	4,647	0.14775
2,836,017	1	9,689,662	234	2,967,431,567	4,545	0.14775
2,823,200	1	9,364,269	231	2,854,163,552	4,542	0.14775
2,767,844	1	8,765,703	241	2,668,881,564	4,549	0.14775

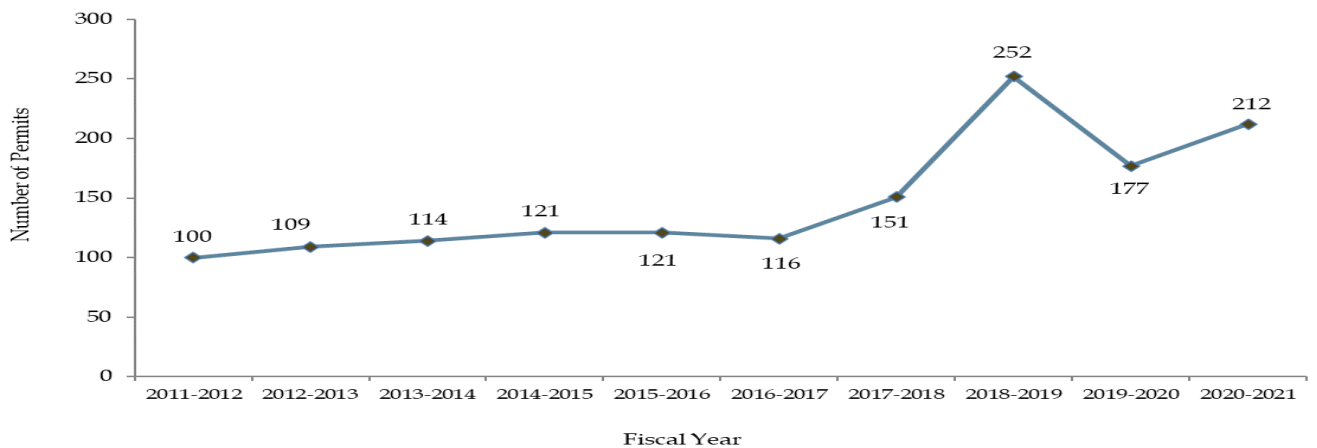
CITY OF DEL MAR, CALIFORNIA CONSTRUCTION PERMITS LAST TEN FISCAL YEARS

Fiscal Year	Construction ⁽¹⁾						Total	
	Residential		Commercial		Number of		Number of Permits	Valuation
	Number of Permits	Valuation	Number of Permits	Valuation	Number of Permits	Valuation		
2020-2021	173	\$ 19,649,957	12	\$ 3,761,147	27	\$ 48,209	212	\$ 23,459,313
2019-2020	129	16,153,000	17	1,931,000	31	80,666	177	18,164,666
2018-2019	181	10,456,000	9	300,000	62	114,653	252	10,870,653
2017-2018	105	15,674,999	5	278,000	41	124,514	151	16,077,513
2016-2017	90	13,885,482	24	13,700,850	2	2,175	116	27,588,507
2015-2016	75	10,798,630	17	572,000	29	568,000	121	11,938,630
2014-2015	101	12,075,924	3	338,000	17	692,481	121	13,106,405
2013-2014	73	10,921,237	12	951,835	29	128,831	114	12,001,903
2012-2013	64	7,771,721	11	112,926	34	771,850	109	8,656,497
2011-2012	59	6,784,857	13	2,293,192	28	419,202	100	9,497,251

PERMIT VALUATION
Last Ten Fiscal Years



NUMBER OF PERMITS
Last Ten Fiscal Years



CITY OF DEL MAR, CALIFORNIA
PROPERTY TAX RATES⁽¹⁾ – ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(RATE PER \$100 OF TAXABLE VALUE)

Fiscal Year	Total Del Mar Debt Service	County			Special Districts			Total
		San Diego County	City of Del Mar Direct Tax	Total County Base	School Districts (2)	San Diego County Water Authority (SDCWA)	Total Special Districts	
2020-2021	-	0.85225	0.14775	1.00000	0.06302	0.00350	0.06652	1.06652
2019-2020	-	0.85225	0.14775	1.00000	0.06291	0.00350	0.06641	1.06641
2018-2019	-	0.85225	0.14775	1.00000	0.03592	0.00350	0.03942	1.03942
2017-2018	-	0.85225	0.14775	1.00000	0.03672	0.00350	0.04022	1.04022
2016-2017	-	0.85225	0.14775	1.00000	0.02275	0.00350	0.02625	1.02625
2015-2016	-	0.85225	0.14775	1.00000	0.02272	0.00350	0.02622	1.02622
2014-2015	-	0.85225	0.14775	1.00000	0.02147	0.00350	0.02497	1.02497
2013-2014	0.00635	0.85225	0.14775	1.00000	0.03781	0.00350	0.04131	1.04766
2012-2013	0.00705	0.85225	0.14775	1.00000	-	0.00350	0.00350	1.01055
2011-2012	0.00600	0.85225	0.14775	1.00000	-	0.00370	0.00370	1.00970

Note:

(1) Tax Rate Area: TRA 11-001

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

**CITY OF DEL MAR, CALIFORNIA
TEN LARGEST PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND TEN YEARS AGO**

Owner/Taxpayer	Primary Use	Fiscal Year 2020-2021		Fiscal Year 2011-2012	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
Lhoberge LP	Property management	\$ 82,168,153	1.94 %	\$ -	- %
Brixton Del Mar Plaza T IC LLC	Property management	49,054,860	1.16	-	-
Jacobs Family Trust	Trust	40,396,110	0.95	30,733,629	1.17
KS Mattson Partners LP	Trust	33,937,441	0.80	-	-
Allred Family Living Survivors Trust	Trust	33,629,348	0.79	46,320,435	1.77
Del Marl LLC	Property management	32,500,000	0.77	-	-
Del Mar Thoroughbred Club	Horse racing club	28,557,288	0.67	25,403,085	0.97
Jennifer A. Moores	Trust	27,133,963	0.64	-	-
Folding Door Trust	Trust	25,105,933	0.59	-	-
McCarthy Revocable Survivors Trust	Trust	24,481,656	0.58	20,898,179	0.80
GLL BVK Properties 2007 LP	Property management	-	-	41,913,248	1.60
Madeleine A Pickens Trust	Trust	-	-	36,601,245	1.40
Stensrud Fmily Trust	Trust	-	-	28,514,670	1.09
L-O Delmar Holding Inc	Property management	-	-	25,626,097	0.98
La Atalaya LLC	Property management	-	-	19,388,844	0.74
Marsha J Naify Living Trust	Trust	-	-	19,199,965	0.73
Top Ten Totals (Secured and Unsecured)		<u>376,964,752</u>	8.90	<u>294,599,397</u>	11.24
All Others (Secured)		<u>3,856,230,155</u>	91.10	<u>2,327,225,356</u>	88.76
Total Assessed Valuation		<u>\$ 4,233,194,907</u>	100.00	<u>\$ 2,621,824,753</u>	100.00

**CITY OF DEL MAR, CALIFORNIA
TOP 25 SALES TAX PRODUCERS
CURRENT FISCAL YEAR AND TEN YEARS AGO**

Fiscal Year 2020-2021		Fiscal Year 2011-2012	
Taxpayers	Business Type	Taxpayers	Business Type
1 Americana	Casual Dining	Americana	Casual Dining
2 Banana Republic	Family Apparel	Banana Republic	Family Apparel
3 Beeside Balcony	Casual Dining	Board & Brew	Casual Dining
4 Brigantine	Casual Dining	Brigantine	Casual Dining
5 Chinese Double Happiness Restaurant	Casual Dining	Bully's Del Mar	Casual Dining
6 Del Mar Blue Print Co	Business Services	Chicken Charlies Enterprises	Quick-Service Restaurants
7 Del Mar Café	Quick-Service Restaurants	Del Mar Blue Print Company	Business Services
8 Del Mar Car Care	Auto Repair Shops	Del Mar Rendezvous	Casual Dining
9 Del Mar Liquor & Deli	Convenient Stores/Liquor	Del Mar Thoroughbred Club	Leisure/Entertainment
10 Del Mar Pizza & Pasta	Casual Dining	Design Line Interiors	Home Furnishings
11 Del Mar Rendezvous	Casual Dining	En Fuego Cantina & Grill	Casual Dining
12 Del Mar Thoroughbred Club	Leisure/Entertainment	Flavor Del Mar	Fine Dining
13 Dexters Deli	Specialty Stores	Garys & Company	Men's Apparel
14 El Agave Del Mar	Casual Dining	Il Fornaio	Fine Dining
15 En Fuego Cantina & Grill	Casual Dining	Jakes Del Mar	Casual Dining
16 Exquisite Kitchen Designe	Home Furnishings	Jimmy Os	Casual Dining
17 Il Fornaio	Fine Dining	L'Auberge Del Mar	Hotels-Liquor
18 Jakes Del Mar	Casual Dining	McDonalds	Quick-Service Rest.
19 L'Auberge Del Mar	Hotels-Liquor	Miwall Corp	Sporting Goods/Bike Store
20 Pacifica Del Mar Restaurant	Casual Dining	Nettle Creek Shop	Home Furnishings
21 Poseidon on The Beach	Casual Dining	Pacific Del Mar	Fine Dining
22 Rusty Surfboards Del Mar	Sporting Goods/Bike Stores	Poseidon Restaurant	Casual Dining
23 Sbicca	Fine Dining	Premier Food Services	Quick-Service Restaurants
24 Shinbashi Izakaya	Casual Dining	Sbicca	Fine Dining
25 Viewpoint Brewing Co	Casual Dining	State of California	Government/Social Org.
Percentage of Total Sales Tax Collected:	70.74 %		64.25 %

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

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

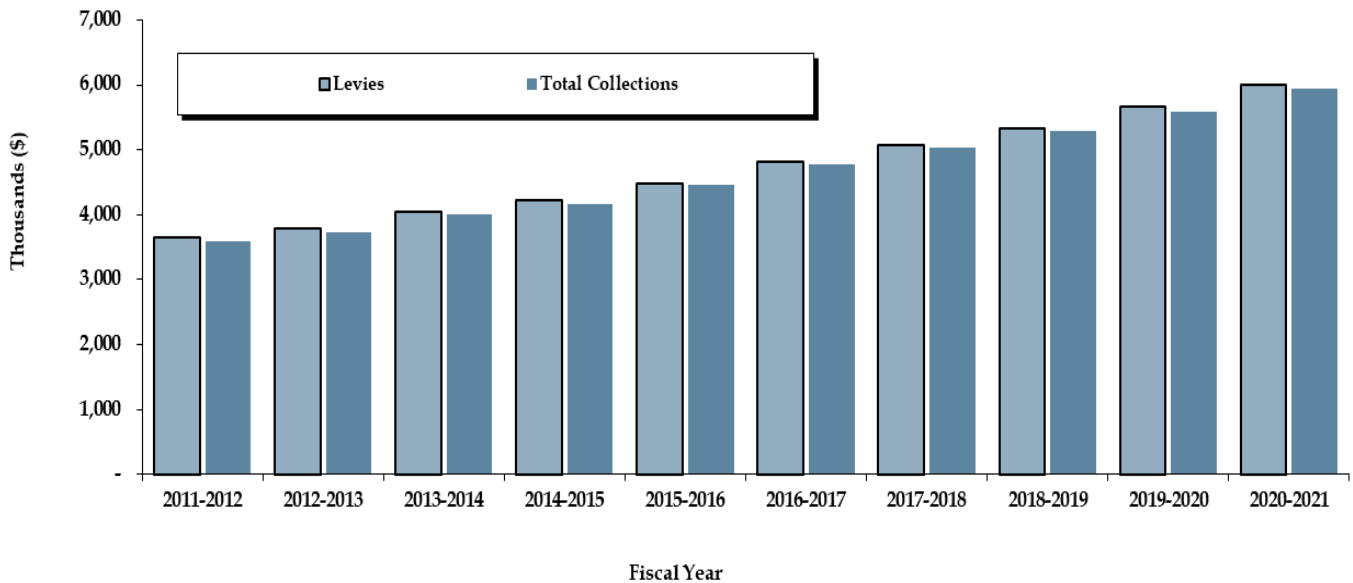
**CITY OF DEL MAR, CALIFORNIA
PROPERTY TAX LEVIES, TAX COLLECTIONS, AND DELINQUENCIES
LAST TEN FISCAL YEARS**

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
2020-2021	\$ 6,009,313	\$ 5,943,768	98.91 %	\$ 3,807	\$ 5,947,575	98.97 %
2019-2020	5,672,610	5,588,352	98.51	5,345	5,593,697	98.61
2018-2019	5,331,918	5,283,191	99.09	3,785	5,286,976	99.16
2017-2018	5,065,306	5,019,360	99.09	5,290	5,024,650	99.20
2016-2017	4,816,554	4,771,416	99.06	5,426	4,776,842	99.18
2015-2016	4,487,604	4,449,392	99.15	4,285	4,453,677	99.24
2014-2015	4,216,164	4,165,840	98.81	4,230	4,170,070	98.91
2013-2014	4,046,271	3,999,623	98.85	7,804	4,007,427	99.04
2012-2013	3,779,401	3,732,226	98.75	1,785	3,734,011	98.80
2011-2012	3,646,327	3,586,085	98.35	1,267	3,587,352	98.38

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.

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



**CITY OF DEL MAR, CALIFORNIA
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
2020-2021	\$ -	\$ -	\$ 17,602,114	\$ -	\$ 17,602,114	\$ -	\$ -	\$ -	\$ 6,233,225	\$ 6,233,225
2019-2020	-	-	18,084,967	-	18,084,967	-	-	-	6,626,345	6,626,345
2018-2019	-	28,734	18,556,021	-	18,584,755	-	-	-	7,009,468	7,009,468
2017-2018	-	56,704	17,419,394	-	17,476,098	-	-	-	6,037,965	6,037,965
2016-2017	-	99,707	6,444,870	-	6,544,577	-	-	-	4,667,547	4,667,547
2015-2016	-	-	2,845,256	-	2,845,256	-	-	-	4,566,055	4,566,055
2014-2015	-	-	2,273,106	-	2,273,106	-	440,000	-	4,771,694	5,211,694
2013-2014	170,000	-	704,000	-	874,000	-	855,000	-	4,971,536	5,826,536
2012-2013	335,000	-	-	-	335,000	-	1,250,000	-	5,168,672	6,418,672
2011-2012	490,000	-	-	-	490,000	-	1,625,000	-	4,577,583	6,202,583

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income	Percent of Personal Income
2020-2021	4,258	\$ 23,835,339	\$ 4,239,256,907	0.56 %	\$ 5,598	\$ 440,525	1.85 %
2019-2020	4,268	24,711,312	3,995,693,508	0.62	5,790	429,278	1.74
2018-2019	4,451	25,594,223	3,572,859,349	0.72	5,750	491,975	1.92
2017-2018	4,322	23,514,063	3,395,888,687	0.69	5,441	440,691	1.87
2016-2017	4,297	11,212,124	3,176,435,084	0.35	2,609	397,110	3.54
2015-2016	4,274	7,411,311	2,986,826,078	0.25	1,734	372,669	5.03
2014-2015	4,221	7,484,800	2,873,455,956	0.26	1,773	423,864	5.66
2013-2014	4,234	6,700,536	2,689,757,322	0.25	1,583	353,818	5.28
2012-2013	4,199	6,753,672	2,621,983,721	0.26	1,608	344,910	5.11
2011-2012	4,194	6,692,583	2,553,693,794	0.26	1,596	338,707	5.06

Notes:

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

**CITY OF DEL MAR, CALIFORNIA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS**

Business-type Activities									
Fiscal Year	Revenue (1)	Operating Expenses (1)	Net Available Revenue	Debt Service ⁽²⁾				Total Debt Service	Percent Coverage
				Clean Water State Revolving		Certificates of Participation			
				Principal	Interest	Principal	Interest		
2020-2021	\$ 8,541,377	\$ 7,807,031	\$ 734,346	\$ 237,236	\$ 106,781	\$ -	\$ -	\$ 344,017	213.46
2019-2020	7,600,466	8,161,847	(561,381)	230,550	113,467	-	-	344,017	(163.18)
2018-2019	7,158,048	7,113,464	44,584	224,052	119,965	-	-	344,017	12.96
2017-2018	7,089,160	6,818,187	270,973	217,738	126,279	-	-	344,017	78.77
2016-2017	6,850,876	6,349,180	501,696	211,601	132,416	-	-	344,017	145.83
2015-2016	6,657,471	5,875,267	782,204	205,638	138,379	-	-	344,017	227.37
2014-2015	6,910,807	6,406,810	503,997	199,848	144,169	415,000	32,375	791,392	63.68
2013-2014	6,310,318	5,943,962	366,356	197,136	146,881	395,000	191,109	930,126	39.39
2012-2013	6,140,771	5,769,776	370,995	-	-	375,000	191,020	566,020	65.54
2011-2012	5,764,873	5,365,943	398,930	-	-	355,000	204,203	559,203	71.34

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.

**CITY OF DEL MAR, CALIFORNIA
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
2020-2021	4,258	\$ -	\$ 4,239,256,907	-	-	\$ 440,525	-
2019-2020	4,268	-	3,995,693,508	-	-	429,278	-
2018-2019	4,451	-	3,759,707,107	-	-	491,975	-
2017-2018	4,322	-	3,572,859,349	-	-	440,691	-
2016-2017	4,297	-	3,395,888,687	-	-	397,110	-
2015-2016	4,274	-	3,176,435,084	-	-	372,669	-
2014-2015	4,221	-	2,986,826,078	-	-	423,864	-
2013-2014	4,234	170,000	2,873,455,956	0.01	40	353,818	208.13
2012-2013	4,199	335,000	2,689,757,322	0.01	80	344,910	102.96
2011-2012	4,194	490,000	2,621,983,721	0.02	117	338,707	69.12

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**CITY OF DEL MAR, CALIFORNIA
DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2021**

Fiscal Year 2020-2021 Assessed Valuation	\$4,239,256,907		
Fiscal Year 2020-2021 Population	4,258		
	Total Debt	Percent	City's Share
	June 30, 2021	Applicable	of Debt
		to City ⁽¹⁾	June 30, 2021
Overlapping Tax and Assessment Debt:			
San Diego County General Obligations	\$ 211,585,000	0.724	\$ 1,531,875
San Diego County Pension Obligations	400,125,000	0.724	2,896,905
San Diego County Superintendent of Schools:			
General Fund Obligations	8,585,000	0.724	62,155
San Dieguito Union High School District:			
General Fund Obligations	12,730,000	5.832	742,414
Total Overlapping General Fund Debt	<u>633,025,000</u>		<u>5,233,349</u>
Direct Debt and Overlapping Tax and Assessment Debt:			
Direct Debt:			
City of Del Mar	17,602,114	100.000	17,602,114
Subtotal Direct Debt	<u>17,602,114</u>		<u>17,602,114</u>
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	26,830,000	0.130	34,879
Mira Costa Community College District	306,265,000	3.536	10,829,530
San Dieguito Union High School District	431,325,000	5.832	25,154,874
Del Mar Union School District	50,060,000	20.130	10,077,078
Solana Beach School District School			
Facilities Improvements District	93,095,000	0.473	440,339
City of Del Mar 1915 Act Bonds	240,000	100.000	240,000
Subtotal Overlapping Tax and Assessment Debt	<u>907,815,000</u>		<u>46,776,700</u>
Total Direct and Overlapping Tax and Assessment Debt	925,417,114		64,378,814
Subtotal Overlapping Tax	<u>1,540,840,000</u>		<u>52,010,049</u>
Combined Total Debt	<u>\$ 1,558,442,114</u>		<u>\$ 69,612,163</u>

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

Ratios to Fiscal Year 2020-2021 Assessed Valuation:		Per Capita
City Direct Debt	0.42%	\$ 4,134
Total Overlapping Tax and Assessment Debt	1.52%	15,119
Combined Total Debt	1.64%	16,349

State School Building Aid Repayable as of June 30, 2021	<u>\$ -</u>
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**CITY OF DEL MAR, CALIFORNIA
SCHEDULE OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2011-2012	2012-2013	2013-2014	2014-2015
Assessed Valuation	\$ 2,621,983,721	\$ 2,689,757,322	\$ 2,873,455,956	\$ 2,986,826,078
Conversion Percentage	25 %	25 %	25 %	25 %
Adjusted Assessed Valuation	\$ 655,495,930	\$ 672,439,331	\$ 718,363,989	\$ 746,706,520
Debt Limit Percentage	15 %	15 %	15 %	15 %
Debt Limit	\$ 98,324,390	\$ 100,865,900	\$ 107,754,598	\$ 112,005,978
Total Net Debt Applicable to Limit: General Obligation Bonds	490,000	335,000	170,000	-
Legal Debt Margin	<u>\$ 97,834,390</u>	<u>\$ 100,530,900</u>	<u>\$ 107,584,598</u>	<u>\$ 112,005,978</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	0.50 %	0.33 %	0.16 %	- %

Note:

(1) Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with Fiscal Year 1981-1982, each parcel is now assessed at 100% 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% 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.

**CITY OF DEL MAR, CALIFORNIA
SCHEDULE OF LEGAL DEBT MARGIN (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year					
2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
\$ 3,176,435,084	\$ 3,395,888,687	\$ 3,572,849,349	\$ 3,759,707,107	\$ 3,995,693,508	\$ 4,239,256,907
25 %	25 %	25 %	25 %	25 %	25 %
\$ 794,108,771	\$ 848,972,172	\$ 893,212,337	\$ 939,926,777	\$ 998,923,377	\$ 1,059,814,227
15 %	15 %	15 %	15 %	15 %	15 %
\$ 119,116,316	\$ 127,345,826	\$ 133,981,851	\$ 140,989,017	\$ 149,838,507	\$ 158,972,134
-	-	-	-	-	-
<u>\$ 119,116,316</u>	<u>\$ 127,345,826</u>	<u>\$ 133,981,851</u>	<u>\$ 140,989,017</u>	<u>\$ 149,838,507</u>	<u>\$ 158,972,134</u>
- %	- %	- %	- %	- %	- %

CITY OF DEL MAR, CALIFORNIA 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		Average Annual		City of Del Mar		County of San Diego	
			Percent Change	County of San Diego	Percent Change	County of San Diego	Personal Income (in Thousands)	Per Capita	Personal Income (in Thousands)	Per Capita
2021	2,646	4,258	(0.23)%	3,331,279	(0.36)%	\$ 440,525	\$ 103,458	\$ -	\$ -	
2020	2,613	4,268	(4.11)	3,343,355	(0.25)	429,278	100,580	220,825,596	66,266	
2019	2,615	4,451	2.98	3,351,786	0.42	491,975	110,531	202,642,332	60,845	
2018	2,612	4,322	0.58	3,337,685	0.65	440,691	101,964	195,679,529	58,719	
2017	2,611	4,297	0.54	3,316,192	0.84	397,110	92,415	193,296,405	58,289	
2016	2,542	4,274	1.26	3,288,612	1.89	372,669	87,194	183,032,418	55,656	
2015	2,605	4,221	(0.31)	3,227,496	1.04	423,864	100,418	170,114,527	52,708	
2014	2,605	4,234	0.83	3,194,362	1.40	553,818	83,566	167,931,419	52,571	
2013	2,637	4,199	0.12	3,150,178	0.21	344,910	82,141	165,008,428	52,381	
2012	2,637	4,194	(10.00)	3,143,429	0.79	338,707	80,760	160,914,306	51,191	

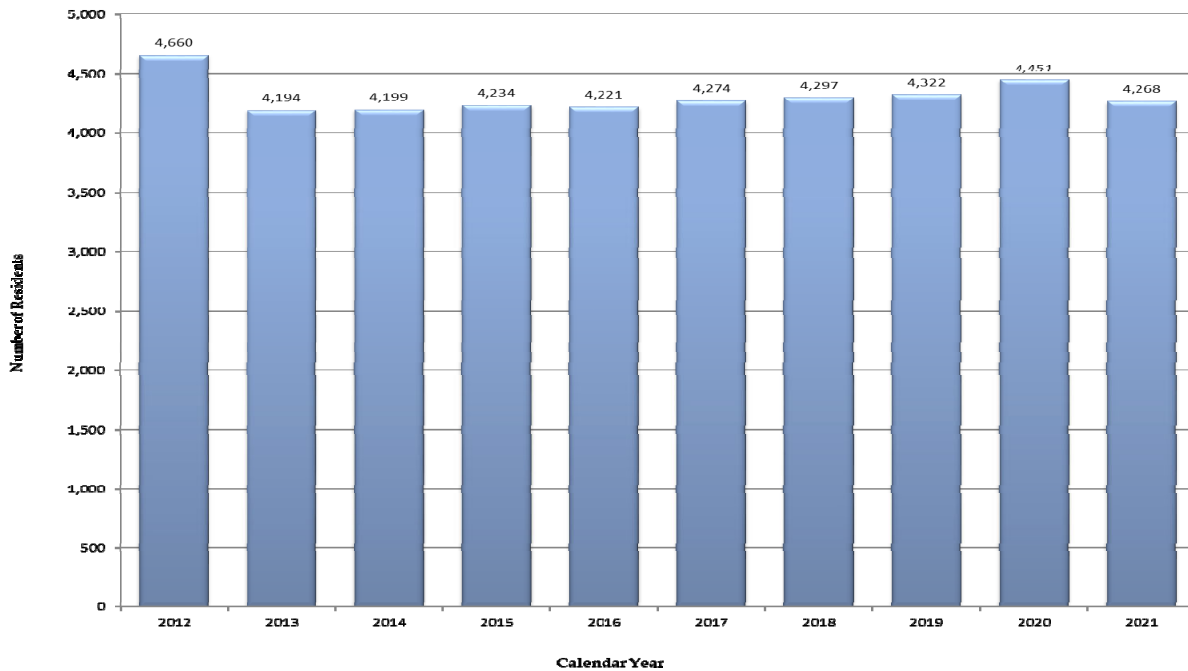
Note:

* This information is not available.

Source:

- (1) SANDAG
- (2) State of California, Finance Department
- (3) United States Bureau of Economic Analysis; HDL, Coren & Cone Demographic and Economic Statistics

**DEL MAR
POPULATION
Last Ten Calendar Years**



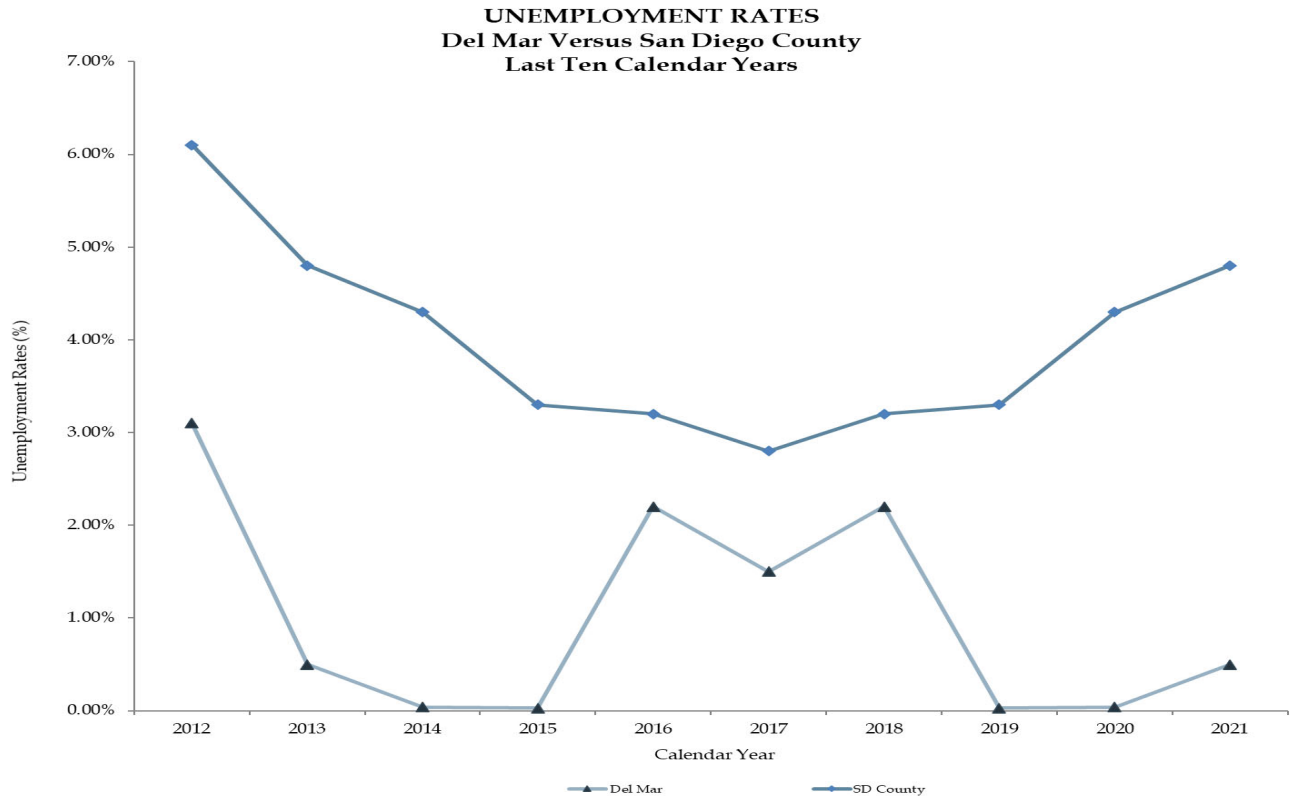
**CITY OF DEL MAR, CALIFORNIA
DEMOGRAPHIC AND ECONOMIC STATISTICS (CONTINUED)
LAST TEN CALENDAR YEARS**

Employment ⁽⁴⁾						Enrollment Del Mar Union Elementary (5)
City of Del Mar			County of San Diego			
Labor Force	Employed	Unemployment Rate	Labor Force	Employed	Unemployment Rate	
2,000	1,900	3.60 %	1,517,500	1,415,400	6.70 %	3,853
2,300	2,200	5.60	1,610,900	1,486,400	7.70	4,132
2,500	2,500	1.50	1,609,400	1,563,600	2.80	4,263
2,500	2,500	2.20	1,620,100	1,568,300	3.20	4,453
2,700	2,700	0.03	1,584,700	1,533,200	3.30	4,413
2,700	2,700	0.04	1,597,600	1,528,200	4.30	4,334
2,600	2,600	0.50	1,572,600	1,496,700	4.80	4,399
3,100	3,000	3.10	1,588,500	1,491,600	6.10	4,376
3,100	3,000	3.80	1,611,200	1,492,300	7.40	4,384
3,100	2,900	4.90	1,593,800	1,441,700	9.50	4,387

Source:

(4) State of California, Employment Development Department (EDD)

(5) State of California, Department of Education, Educational Demographics Unit



**CITY OF DEL MAR, CALIFORNIA
TOP TEN PRINCIPAL EMPLOYERS
CURRENT YEAR AND PRIOR YEAR**

Employer ⁽¹⁾	Business Type	2021		2020	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Del Mar Thoroughbred Club ⁽³⁾	Horse Racing Club	⁽³⁾ 95 - 656	18.60%	⁽³⁾ 45 - 372	16.17 %
L'Auberge Del Mar Resort Spa	Resorts	176	8.80	105	4.57
Jake's Del Mar	Restaurant	113	5.63	40	1.74
Monarch Ocean Pub	Restaurant	88	4.40	-	-
Brigantine Seafood Restaurant	Restaurant	⁽³⁾ 85	4.65	89 - 93	4.04
Poseidon Restaurant	Restaurant	65	3.25	63	2.74
Il Fornaio	Restaurant	60	3.00	55	2.39
Pacifica Del Mar	Private School	65	3.25	50	2.17
Tamarindo	Restaurant	55	2.75	-	-
Sbicca An American Bistro	Restaurant	48	2.40	30	1.30
Total Top Ten Employers		<u><u>⁽³⁾1,411</u></u>		<u><u>808</u></u>	
Total City Employment ⁽²⁾		<u><u>2,000</u></u>		<u><u>2,300</u></u>	

Notes:

(1) Represents non-governmental employers.

(2) Total City employment provided by the State Employment Development Department (EDD) - Labor Market Information Division.

(3) Total number of employees fluctuates due to seasonal employees hired during the Horse Racing season. Calculation was based on the highest number from the range.

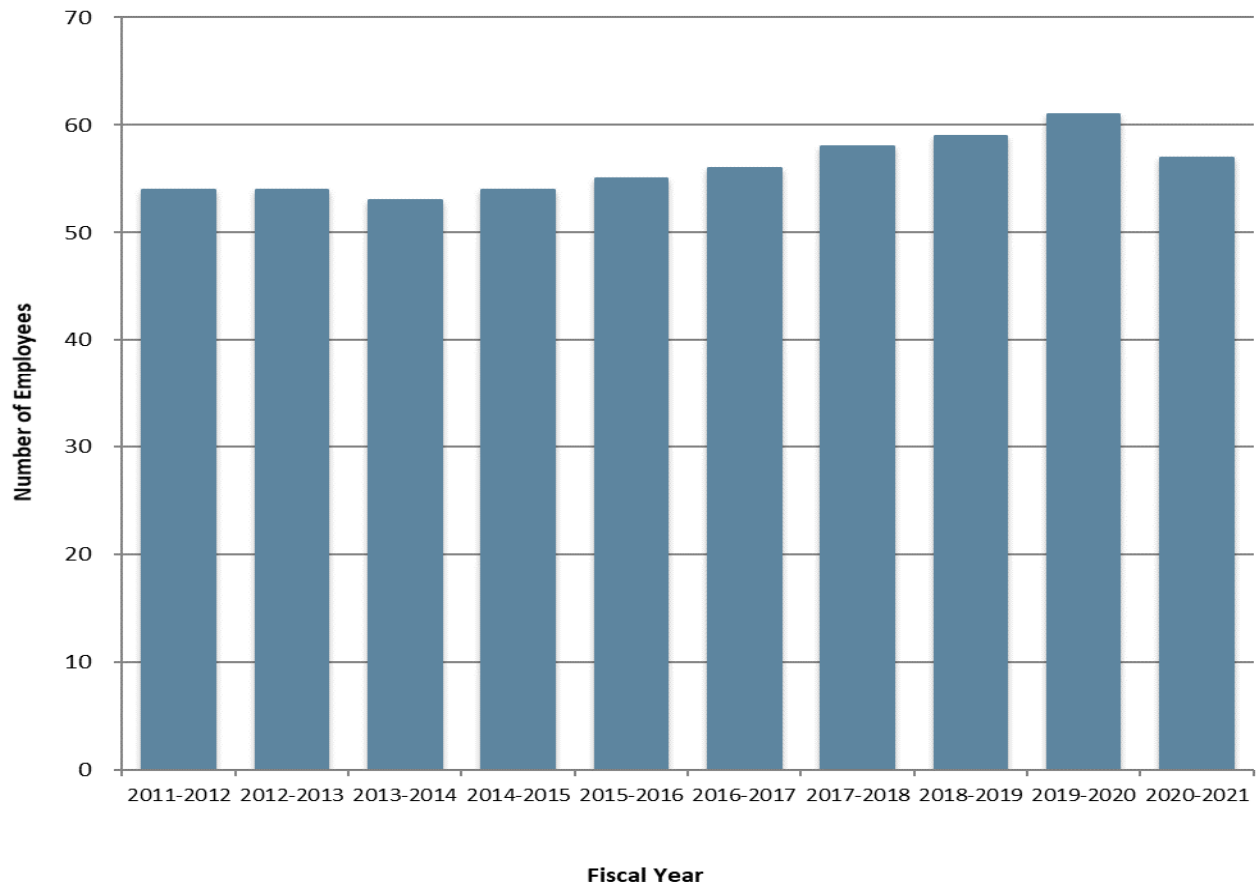
**CITY OF DEL MAR, CALIFORNIA
FULL-TIME EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
General Government	19	19	19	20	21	22	24	25	26	25
Public Safety ⁽¹⁾	17	17	16	16	16	16	15	15	15	14
Public Works	13	13	13	13	13	13	14	14	15	14
Parks and Recreation	5	5	5	5	5	5	5	5	5	4
Total	54	54	53	54	55	56	58	59	61	57

Note:

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

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



**CITY OF DEL MAR, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Police:									
Arrests ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking Citations Issued	19,060	18,000	15,694	11,818	13,074	19,672	18,777	18,097	28,480
Fire:									
Emergency Calls	1,112	1,130	1,468	1,309	806	881	849	1,033	861
Inspections	473	598	459	394	93	62	285	394	443
Public Works:									
Street Resurfacing (Miles)	0.50		1.00	1.00	1.00	1.50	2.00	2.00	2.00
Street Slurry (Miles)	0.50	-	-	-	-	-	-	-	-
Parks and Recreation:									
Number of Recreational Classes	500	468	347	485	222	287	281	192	-
Number of Facility Rentals	115	185	175	143	93	186	216	139	26
Water:									
New Construction	-	-	-	-	-	-	-	-	-
Average Daily Consumption (in Thousands of Gallons)	1,024	969	858	803	838	962	859	852	934
Sewer:									
New Construction	-	-	-	-	-	-	-	-	-
Average Daily Sewage Treatment (in Thousands of Gallons)	540	520	534	499	523	448	421	444	369

Notes:

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

**CITY OF DEL MAR, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-18	2018-2019	2019-2020	2020-2021
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	74	74	74	74	74	74	81	81	81	81
Traffic Signals	7	7	7	7	7	7	7	7	7	7
Parks and Recreation:										
Parks	5	5	5	5	5	5	5	5	5	5
Community Centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water Mains (Miles) ⁽¹⁾	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.87	29.87
Maximum Daily Capacity (Thousands of Gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains:										
Sanitary Sewers (Miles) ⁽¹⁾	24.98	24.98	24.98	24.98	24.98	24.98	24.98	24.98	24.98	24.98
Storm Drainage (Miles)	13.59	13.59	13.59	13.70	13.70	13.70	13.70	13.70	13.70	13.70
Maximum Daily Treatment Capacity (Thousands of Gallons)	877	877	877	877	877	877	877	877	877	877

Note:

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

**CITY OF DEL MAR, CALIFORNIA
MISCELLANEOUS STATISTICS
JUNE 30, 2021**

Date of Incorporation	July 15, 1959
Form of Government	Council/Manager
Area	2 square miles
Climate:	
Average Annual High Temperature	70.42° F
Average Annual Low Temperature	57.33° F
Annual Precipitation	11.5 inches
Fire Protection:	
Station	1
Firefighters and Officers	9
Fire Incident Responses	20
Emergency Medical Incident Responses	491
Public Service Calls	69
Fire Inspections	443
Culture and Leisure:	
Parks	5
Park Areas	9.69 acres
Passive/Active Recreation Areas	300.38 acres
Including Fairground/Racetrack	200 acres
Miles of Beaches	2.2 miles
Number of Beach Attendances	2,637,441
Baseball Field	1
Tennis Courts	2
Library	1
Library Inventory	16.484
Hotels:	
Major Hotel Rooms	355
Average Percent Occupancy	45%
Average Room Rate	\$257
Average Group Size Per Stay	2.5 persons*
Average Length of Stay	3.5 days*
* Information from San Diego County Profile	
Education:	
Private School	1
School District	1
Street Miles	22.5 miles
Street Lights	81
Water System:	
Service Connection	1,888 meters
Fire Hydrants	350
Sanitary Sewer Lines	24.98 miles