



# **CITY OF DEL MAR, CALIFORNIA**



**Annual Comprehensive Financial Report**

**Fiscal Year Ended**

**June 30, 2023**

**CITY OF DEL MAR, CALIFORNIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**WITH REPORT ON AUDIT BY**  
**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**  
**YEAR ENDED JUNE 30, 2023**

**PREPARED BY**  
**ADMINISTRATIVE SERVICES DEPARTMENT**  
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**FINANCE MANAGER/TREASURER**



CPAs | CONSULTANTS | WEALTH ADVISORS

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## **INTRODUCTORY SECTION**

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January 26, 2024

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

**LETTER OF TRANSMITTAL  
FISCAL YEAR 2022-2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2022-2023 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, 2023.

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 approximately 3,903 residents, as reported on the Department of Finance population estimates as of January 1, 2023, 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 22<sup>nd</sup> District Agricultural Association (DAA), which manages and operates the Del Mar Fairgrounds and is home to the Del Mar Thoroughbred Club and San Diego County Fair, has a significant presence in the City, encompassing approximately one-fifth of the City's area. The 22<sup>nd</sup> DAA is a State of California agency and is managed by a board of directors appointed by the Governor.

This report includes financial statements for the City and the financial activity related to the Del Mar Public Facilities Corporation. As a full-service City, Del Mar provides its citizens and customers with fire; marine safety; parks; planning; public works; water, wastewater, and clean water services; and contracts for waste collection, 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 2021-2022 and 2022-2023, on June 21, 2021. The budget process began with the City Council developing goals and priorities which provided the framework around which staff resourced and proposed a budget for Council consideration. On June 20, 2022, a Budget Update was approved by the City Council for the second year of a two-year budget cycle as well. Due to the recovery of revenue losses resulting from the COVID-19 pandemic recovering faster than anticipated, projections for the Fiscal Year 2022-2023 Budget were recalculated and services were restored to pre-pandemic levels. In addition, the City Council authorized to start on working on deferred capital and special projects.

The budget is monitored monthly by the City's Finance Division staff and department directors using financial reports which compare actual revenues and expenditures to date with budgeted amounts. Semi-annual financial reports are presented and reviewed by the City's Finance Committee before being presented to the Council at regularly scheduled meetings. Other financial management tools used in conjunction with the budget process are the City's reserve policies, the ten-year Capital Improvement Program (CIP), and the 10-year financial forecast. Due to the significant financial effects of the COVID-19 pandemic, some financial management tools were deferred until resources were recovered and available and were restored in the following budget cycle.

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 6.6% in Fiscal Year 2022-2023 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 \$293,568 in Fiscal Year 2022-2023. 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, but also recovered faster than anticipated to pre-pandemic levels in FY 2021-2022. In FY 2022-23, TOT revenues increased by an additional 11.6% when compared to the prior year, resulting in a total of \$3.8 million in TOT revenue for the year.

Sales tax revenues had a slower recovery and finally reached pre-pandemic levels in FY 2022-23. Receipts for FY 2022-2023 indicate that the downtown businesses continue to thrive. In comparison to the previous year, the FY 2022-2023 sales tax revenues increased by 11.5%, resulting in a total of \$2.3 million or 4.4% higher than FY 2018-2019 pre-pandemic levels of \$2.2 million.

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 \$3.8 million in Fiscal Year 2022-2023 revenues. To date, Measure Q has generated approximately \$17.6 million in district tax revenues. Though no specific projects or uses were officially designated as part of the approved general tax measure, subsequent to its passage, the City Council identified by resolution use of the additional revenue for community reinvestment and infrastructure type projects. The projects currently identified for funding with Measure Q funds include the Downtown Streetscape Project, Shores Park Master Planning, and the Utility Undergrounding Program. The Downtown Streetscape Project was finalized in Fiscal Year 2019-2020, and the Tewa Court/10<sup>th</sup> Street Utility Undergrounding Pilot Project began at the end of Fiscal Year 2020-2021, and was completed in FY 2022-2023. In Fiscal Year 2021-2022, the City Council

established undergrounding districts 1A and X1A, and continued the design and permitting phase in FY 2022-2023.

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. On July 6, 2020, the City Council approved Resolution 2020-41, which set the priorities for the use of revenues received as the City economically recovered from impacts related to the pandemic. As revenues recovered, additional surplus funds were transferred to the various reserves, including the Pension Reserve. Currently, the Pension Reserve is at the previously anticipated level it would have been had the pandemic never occurred. The Pension Reserve balance in the General Fund at the end of FY 2022-2023 is \$3.4 million.

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 2022-2023, 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***

The following Capital Improvement Program achievements occurred in Fiscal Year 2022-2023:

- Administered 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.
- Completed the Project Approval Environmental Documentation (PA/ED) Phase of the Camino del Mar Bridge Replacement Project.
- Continued design and construction work on the City's multi-year program to systematically identify, prioritize, and implement water, wastewater, and roadway pavement rehabilitation projects.
- Continued preliminary engineering and environmental permitting activities for Riverpath Del Mar Phase 3, connecting the Grand Avenue Bridge to Crest Canyon Trailhead.

- Completed essential building repairs to 17<sup>th</sup> Street/20<sup>th</sup> Street/25<sup>th</sup> Street Lifeguard Buildings.
- Completed construction of Del Mar Tot Lot Replacement Project.
- Continued design of priority storm drain repairs for future Capital Improvement Project.
- Continued facility maintenance program for City Hall, City buildings, various lifeguard towers, and public facilities throughout the City.
- Installed Storm Drain Capture Devices as required by the City's Municipal Stormwater Permit issued by the California Regional Water Quality Control Board.
- Completed over 150 Trip Hazard Repairs throughout the City of Del Mar as part of the annual sidewalk repair program.
- Completed resurfacing and restriping 21<sup>st</sup> Street Tennis Courts.
- Completed annual major arterial bike lane repair program.
- Completed design of annual Water, Wastewater, and Paving Capital Improvement Project.
- Continued the Citywide Pavement Rehabilitation Program based on a system-wide condition assessment and the prioritization program.
- Completed engineering assessment of San Dieguito Drive development.
- Completed engineering design of the Coast Boulevard Pedestrian Improvement Project.
- Completed design and installation of four traffic signal battery backup systems at signalized intersections.
- Completed conceptual design of the 20<sup>th</sup> Street Lifeguard Tower Driveway Project.
- Continued drainage alternatives analysis for the Hoska Alley Project.
- Completed construction for the Tewa/10<sup>th</sup> Street UUD Utility Undergrounding Project.
- Continued design and permitting for the Stratford Court South (UUD 1A) Utility Undergrounding Project.
- Continued design and permitting for the Crest Canyon (UUD X1A) Utility Undergrounding Project.

### *Planning and Community Development*

The Planning and Community Development Department is responsible for five functional areas within the City, which include Long Range Planning, Current Planning, Building & Safety, Code Enforcement, and the Clean Water Program. The Department has a robust work program of special projects that cover various topic areas including implementation of General Plan and State Housing law, affordable housing, regulation of short-term rentals, parking, hazard mitigation and adaptation planning. Significant milestones accomplished include:

- The City completed the required public process for solicitation of consulting services and consultant selection that resulted in consulting services agreements for affordable housing consulting services with Whitaker Real Estate Services (WRES) in July 2022; and economic consulting services with Keyser Marston Associates Inc. (KMA) and David Taussig Associates (DTA) in October 2022.
- The City completed various items related to implementation of the Del Mar Sea level Rise Adaption Plan including submittal of a comment letter on the California Coastal Commission's proposed Public Trust Doctrine Policy (July 2022), coordination with SANDAG on a Regional Beach Sand Nourishment project (RBSP 3) and coordination with the cities of Solana Beach and Encinitas and United States Army Corps on their large-scale beach nourishment projects, solicitation of state and federal funds to

- support local beach nourishment, and coordination with Southern California Edison on implementation of the fall 2022 beach nourishment placement on Del Mar beach.
- On December 14, 2022, the California Coastal Commission conditionally approved a Coastal Development Permit for the City's Riverpath Del Mar Phase 3 trail extension project.
  - The City resumed work on the Short-Term Rental Regulations in January 2023, which included data collection and formulation of a draft policy and regulatory framework for processing of a draft Ordinance through local adoption and Coastal Commission certification review in 2024.
  - In January 2023, the City completed Phase II housing feasibility studies that identify the financial feasibility related to construction of affordable housing within multiple dwelling unit development and potential incentives to facilitate affordable housing development. The City Council also adopted Ordinances applicable to Public Facilities and Public Parkland sites to complete necessary map corrections for consistency between the General Plan, Zoning Code, and Local Coastal Program; Coastal Commission certification is anticipated in February 2024.
  - In February 2023, the Coastal Commission approved a Coastal Development Permit to authorize implementation of changes to the City's Paid Parking Program that applies citywide and facilitates public access to the City's shoreline.
  - In March 2023, the City Council approved the 2021 Annual Housing Element Progress Report and subsequently submitted the report to HCD.
  - The 6<sup>th</sup> Cycle Housing Element (planning period 2021-2029) was re-adopted by the City Council on April 3, 2023 and certified by the State Department of Housing and Community Development (HCD).
  - In April 2023, the City Council adopted the Mitigated Negative Declaration (MND) environmental document for the Camino del Mar bridge replacement project. The project is currently in the engineering and design phase. Associated permit approvals will be sought in early 2024 to facilitate additional data collection and studies and resource agency approvals.
  - In spring 2023, the Coastal Commission approved a Coastal Development Permit, the State Lands Commission approved a lease, and the California Department of Fish and Wildlife approved a Streambed Alteration Agreement for the City's Sand Compatibility Opportunistic Use Program (SCOUP). The City obtained approval from the Regional Water Quality Control Board in 2022. Approval from the United States Army Corps of Engineers is still pending and is anticipated to be completed in early 2024.
  - In June 2023, the City Council adopted an Ordinance/LCPA to implement Senate Bill 9 requirements to accommodate multiple unit development and subdivisions of single dwelling unit lots. The Ordinance/LCPA is pending certification by the Coastal Commission in 2024.

### ***Technological & Administrative Enhancements***

The City completed a TRAKIT upgrade and e-TRAKIT implementation to provide public access to permit and planning project information and online payments. The project included the implementation of a 3% service fee for credit card payments to help offset merchant fee costs. The project also included integration with the Finance System to automate the recording of payments, reducing the amount of data entry required by staff.

The City also outsourced business license administration from TRAKIT to HdL which resulted in a significant improvement to operational efficiency and customer service by allowing online payments, applications, and renewals for the public.

## **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 2023-2024 include:

- Continue the Engineering Design Phase of the Camino del Mar Bridge Replacement Project.
- Complete Environmental Permitting, Engineering Design and Construction Contract Procurement activities for Riverpath Del Mar Phase 3, connecting the Grand Avenue Bridge to Crest Canyon Trailhead.
- Continue building repairs to 17<sup>th</sup> Street/20<sup>th</sup> Street/25<sup>th</sup> Street Lifeguard Buildings.
- Complete Building repairs to Public Works Building.
- Complete construction of Priority Storm Drain Capital Improvement Repairs.
- Continue comprehensive City sidewalk risk hazard removal program.
- Continue annual major arterial bike lane repair program.
- Continue facility maintenance program for City Hall, City buildings, various lifeguard towers, and public facilities throughout the City.
- Complete Engineering Design Phase of annual Water, Wastewater, and Paving, Capital Improvement Projects.
- Complete an updated citywide pavement assessment, including a prioritized schedule and estimated costs for pavement improvements and repairs in conjunction with the Citywide Pavement Rehabilitation Program.
- Complete engineering design to develop private section of San Dieguito Drive.
- Complete drainage alternatives analysis and engineering design of Hoska Alley Development Project.
- Complete construction of Coast Boulevard Pedestrian Improvement Project.
- Complete topographic survey and geotechnical studies of the Jimmy Durante Boulevard Bluff Development Project.
- Complete design and administrative design review of 20<sup>th</sup> Street Lifeguard Tower Driveway Project.
- Completed design and installation of three traffic signal battery backup systems at signalized intersections.
- Complete design of Ocean View Drainage Brow repairs.
- Complete design, permitting, and start construction for the Stratford Court South (UUD 1A) Utility Undergrounding Project.
- Complete design and permitting for the Crest Canyon (UUD X1A) Utility Undergrounding Project.
- Form the district and proceed with preliminary design for the Stratford Court North (UUD 1B) Utility Undergrounding Project.
- Form the district and proceed with preliminary design for the Beach Colony (UUD 2) Utility Undergrounding Project.

### *Housing-Related Projects with Local Coastal Program Amendments in Process:*

- **Public Facilities (PF) and Public Parkland (PP) Zoning and LCP Amendments** – This is a package of clean-up amendments that are necessary to correct errors on the City’s LCP Land Use Designation Map and Zoning Map and implements one milestone identified in the Housing Element as required for **Program 1H** (Public Facilities). The Ordinance/LCPA was adopted by the City Council January 9, 2023. Action by the CCC is anticipated to occur by February 2024.
- **Senate Bill 9 Implementation Ordinance/LCPA** – This Ordinance/LCPA was adopted by the City Council on June 19, 2023. It is necessary to implement State housing law and is identified in the Housing Element as one milestone required for implementation of **Program 6B** (Affirmatively Furthering Fair Housing) as a strategy to create housing opportunities for moderate income, lower income, and special needs households. The adopted SB 9 Ordinance (June 2023) will not take effect until the City completes processing of the associated Local Coastal Program Amendment in accordance with the Coastal Act. Coastal Commission certification is needed to facilitate processing of permit applications for proposed duplex development and urban lot splits in single dwelling unit zones in accordance with the provisions of SB 9. The Planning and Community Development Department will commence processing applications for projects consistent with SB 9 upon Coastal Commission certification of the new ordinance. Action by the CCC is anticipated to occur by August 2024.
- **Accessory Dwelling Unit (ADU) Regulations Ordinance/LCPA** – This Ordinance/LCPA was adopted by the City Council on December 18, 2023. The Housing Element requires City Council action to be completed by December 2023 in order to implement various Housing Element programs including: **Program 2F** Tiny Homes, **Program 2A** ADU Incentive Program, **Program 2B** ADU Amnesty Program, **Program 5A** Expansion of Existing Multi-Unit Development, and **Program 6B** Affirmatively Furthering Fair Housing. Action by the CCC is anticipated to occur by June 2025.

### *Affordable Housing and Housing Element Implementation*

In fiscal years 2023-2024 and 2024-2025, City Staff will continue to implement its adopted housing action programs, including continued efforts to secure a housing agreement with the State 22<sup>nd</sup> District Agricultural Association to provide affordable housing opportunities at the Fairgrounds (Housing Element Program 3A) as further described below.

- **Amendments to Facilitate Affordable Housing in the Central Commercial (CC) Zone and PF Zone** – The City is required to take actions to amend the Community Plan, Del Mar Municipal Code, and LCP to allow mixed use development with an affordable housing component up to a density of at least 20 dwelling units per acre as a permitted use. This is required to implement actions including a Community Plan amendment, Zoning Code amendment, and LCP amendment as identified in the Housing Element for **Program 1C** and **Program 1H**. The City is seeking environmental consulting services for preparation of an environmental document and processing of amendments to facilitate affordable housing in the Central Commercial (CC) Zone and the Public

Facilities (PF) Zone. The Housing Element requires the City Council decisions to be completed by April 2024. This project is required to create housing capacity per the certified Housing Element plan and must be timely completed or there are potential penalties that can be imposed by the State. City staff anticipates a Planning Commission public hearing in February 2024 prior to City Council public hearings in March/April 2024. Following City Council adoption, the Ordinance/LCPA must be submitted to CCC for review and final certification for the Ordinance/LCPA to take effect. October 2025 is estimate for final completion of CCC actions.

- **Update to Density Bonus Regulations for Compliance with State law** - The City is required to repeal and replace its existing density bonus regulations (DMMC Chapter 30.90) in order to comply with State law. **Program 1G** requires this Ordinance to be completed by June 2024. City staff anticipates presentations to the Planning Commission in March 2024 and City Council in April/May 2024.
- **Update to Inclusionary Housing and Condominium Conversion Regulations** - The City is required to update its existing inclusionary housing regulations (DMMC Chapter 24.21) to comply with State law. **Program 4D** Inclusionary Housing and **Program 4E** Condominium Conversions are required to be completed by June 2024. This will include a condominium conversion-related item for implementation of the North Commercial (NC) Zoning Ordinance Referendum settlement agreement. City staff anticipates a Planning Commission public hearing in March 2024 and City Council public hearings in April/May 2024.
- **Short Term Rental (STR) Ordinance/LCPA** - The City held public discussions for this special project in the July, September, and October 2023 City Council meetings where the Council reviewed data on existing STRs, identified Guiding Principles, reviewed past court and CCC decisions, and provided direction. Staff will seek additional policy direction from the City Council in January 2024, including review of potential revenues from an STR Transient Occupancy Tax (TOT) or fee. The City is required to adopt a STR Ordinance/LCPA by December 2024 per Housing Element **Program 5C**. This will include processing of a related component per the settlement agreement for the North Commercial (NC) Zoning Ordinance Referendum. City staff anticipates a Planning Commission hearing in April 2024 and City Council public hearings in May/June 2024. Once the City Council adopts the Ordinance/LCPA, it must be submitted to the CCC for review and certification to become effective. December 2025 is the estimate for final completion of CCC actions.
- **Community Plan Update: Environmental Justice and Safety Elements** - The City is required to amend the Del Mar Community Plan to adopt a new Environmental Justice Element per **Program 6E** and **Program 6B** to Affirmatively Further Fair Housing. The City is also required to update the existing Safety Element per **Program 6H**. This update was required to have been completed by June 2023 per the Housing Element but has been delayed due to workload constraints. The City will be utilizing 72 hours of free technical assistance available from SANDAG to resume work in January 2024 and supplement the staff work completed to-date. Staff anticipates presenting the item to Planning Commission in May 2024 and City Council in June/July 2024.

- **New Overlay Zone and Incentives to Facilitate Creation of Affordable Housing** - The City is required to create new incentives for multi-dwelling unit development with an affordable housing component to satisfy multiple programs in the Housing Element. In January 2023, Stephen Dalton Architects and Keyser Marston Associates presented the findings of affordable housing economic analysis and feasibility studies to the City Council relating to various sites identified in the Housing Element sites inventory. The report included recommendations to create a new Affordable Housing Overlay Zone with site-specific incentives per **Program 1D**. The City is seeking environmental consulting services to facilitate processing of the Zoning Code amendment, LCP amendment, and Rezone actions to implement **Program 1D** and **Program 1I** (Streamlining and Incentives for Affordable Housing). **Program 1I** has a deadline of December 2023 per the Housing Element, which will be partially addressed by a separate Ordinance for the ADU Incentive Program per **Program 2A**. Due to constrained staff resources, the additional streamlining and incentives specific to multi-unit development are being processed separately. City staff will coordinate these efforts with the Objective Design Standards work plan described below. Prior to bringing forward an Ordinance to create the new overlay zone (with site-specific incentives and rezone properties as applicable to apply the new overlay zone), staff anticipates drafts will be available in early 2024 prior to the Planning Commission and City Council public hearings in spring/summer 2024. Following City Council adoption, the Ordinance/LCPA must be submitted to CCC for review and final certification to take effect.
- **Objective Design Standards** - The City is required to adopt Objective Design Standards by June 2024 per **Program 6G**. Objective standards are defined as measurable, verifiable, and involve no personal judgement. The project is intended to facilitate affordable housing development and maintain community character in accordance with the Del Mar Community Plan and the LCP. The City has a consultant contract with Ascent Environmental Inc. to assist staff with creation of these standards. The Design Review Board will serve as the advisory body for development of the standards. The Planning Commission (advisory) and City Council will serve in their typical respective legislative roles for adoption of the Ordinance following a “kick off” public workshop in December 2023, and collection of public input via a public survey. The process will involve DRB meetings in early 2024, and Planning Commission and City Council consideration of the Ordinance in spring/summer 2024. The City has Cycle 2 Housing Acceleration Program (HAP) Grant Funds for the project. The project may require additional time to accommodate public participation through December 2024, which aligns with the timing per the HAP Grant.
- **Planning and Development of Affordable Housing on State Fairgrounds** - The City is seeking to establish control of a one to two-acre site within the State Fairgrounds property to develop lower income housing consistent with Housing Element **Program 3A**. The City is in process of finalizing a draft Exclusive Negotiating Rights Agreement (ENRA) between the City and 22nd DAA. Staff anticipates the ENRA will be ready for City Council and 22nd DAA Board consideration in early 2024. This agreement is required to be completed by April 2024.

SANDAG allocated \$1.5 million in Cycle 2 HAP Grant Funds to Del Mar to fund studies related to the plan for affordable housing on the Fairgrounds including pre-development studies, environmental assessments, and related affordable housing consulting services.

Once an agreement is in place, the City will coordinate with 22nd DAA to conduct pre-development studies to identify more precisely the site location and project description for an affordable housing project and information relating to:

- Site design feasibility
- Supplemental economic studies, financial feasibility analysis, and identification of property encumbrances
- Transportation and traffic studies to assess mobility and access
- Environmental assessment work (i.e., geotechnical/soils analysis, biology report, wetlands delineation, sea level rise resiliency)
- Assessment of infrastructure-related conditions (i.e., water, sewer, stormwater, roadways, access improvements, flood control/SLR resiliency)

During the ENRA period, the City will also be negotiating the terms of a long-term ground lease for the selected project site. The information collected will facilitate negotiations of the ground lease, selection of a developer, and future agreements for developer construction and management and operation of the affordable housing once complete. Subsequent project phases will be conducted by the selected developer, including the project environmental analysis, design (conceptual, preliminary, final), entitlement approvals, public improvements, and construction by June 2031.

- **Affordable Housing on City-Owned Sites on 10<sup>th</sup> Street and 28<sup>th</sup> Street** – In June 2022, the City completed feasibility studies confirming that the two City-owned sites at 10<sup>th</sup> Street and 28<sup>th</sup> Street identified in the Housing Element sites inventory have capacity for at least seven lower-income units. **Program 3B** requires the City, by April 2024, to contact Habitat for Humanity and/or similar non-profit organizations to solicit interest in a potential partnership for two small affordable housing developments per the Housing Element. A City Council decision on whether to proceed with such a project or an alternative strategy (i.e., land disposition) is required by January 2025. If building permits for at least seven lower income units are not issued by January 2027, then the City will be required to identify alternative sites with appropriate zoning and development standards by December 2027.

**Efforts to Address the Needs of Special Needs Households** – This relates to Housing Element **Program 4A** (residential care facilities) and **Program 4B** (supportive housing, transitional housing, and other housing needs for the homeless and at-risk populations). The City must process an Ordinance by December 2024 to amend the Zoning Code and LCP to update land use categories and permitted use allowances for residential care, transitional housing, and supportive housing. The City has HAP grant funds to support consulting services, preparation of informational handouts, public outreach, policy formation and regulations in compliance with State and Federal law, and processing of the Resolution and Ordinance through noticed public hearings of the Planning Commission, City Council, and Coastal Commission. The City is preparing to

initiate the consultant selection process by December 2023. City staff anticipates a Planning Commission public hearing in August 2024 and City Council public hearings in September/October 2024. The Ordinance/LCPA must be submitted to CCC for review and final certification to take effect. December 2025 is the estimate for final completion of CCC actions.

**Hazard Mitigation and Adaptation Planning; Other projects**

- **Conceptual Living Levee Design** – The conceptual design for a living levee along the banks of the San Dieguito River is an adaptation measure and special project in process to implement the City’s adopted plan for climate change and sea level rise. The City Council identified construction of a “living levee” with vegetated berms between the San Dieguito River and existing development as a priority adaptation measure to provide flood risk reduction and minimize the projected effects of rising sea levels in accordance with the City’s Sea Level Rise Adaptation Plan (Environmental Science Associates 2018). The living levee is a type of natural flood adaptation infrastructure that can provide coastal resilience, stabilize the shoreline, and protect adjacent communities from flooding. In June 2024, the City’s consultant (Moffat & Nichol) will present the preliminary conceptual design and options for grant funding to develop the project. The living levee is a vegetated berm that can provide flood adaptation to support development of housing in accordance with the Housing Element, including **Program 1D** (Overlay Zone sites in the Floodplain), **Program 3A** (Fairgrounds), and **Program 3B** (28<sup>th</sup> Street lot).
- **Sand Compatibility Opportunistic Use Program (SCOUP) and Beach Nourishment** - The City obtained state agency permit approvals from the Coastal Commission, State Lands Commission, Regional Water Quality Control Board, and California Fish and Wildlife to implement a Sand Compatibility Opportunistic Use Program (SCOUP) and associated beach nourishment in accordance with the City’s priority adaptation strategy to minimize flood risk. The City is actively seeking the final federal agency approval from the United States Army Corps of Engineers to complete final SCOUP approval. The SCOUP will facilitate implementation of a future beach nourishment project. The City is continuing to coordinate with Southern California Edison on their required mitigation efforts to maintain the San Dieguito Lagoon and river inlet in accordance with the applicable performance standards and place beach quality sand on the Del Mar beach. The City was awarded \$500,000 in 2023-2024 State funds for beach nourishment from Assembly Member Boerner (District 77).
- **Update to the City’s public tree manual policy and updating the Tree, Scenic Views and Sunlight Ordinance.** Establish overall workplan associated with these updates, including the preparation of a request for qualifications, retention of a consultant, and collaboration with the City Attorney’s Office to update relevant sections of the Municipal Code. The City will also prepare related entitlements and environmental review. Anticipated completion in Fiscal Year 2025.

### ***Technological & Administrative Enhancements***

Looking ahead, for Fiscal Year 2023-2024, other initiatives underway related to technological enhancements include the implementation of electronic signatures for contract and personnel document routing, computer replacements and upgrades to Windows 11, video-conferencing equipment upgrades, and implementation of electronic document recording for City Clerk department. In addition, the city continues to evaluate options for future financial system replacement.

### **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 financials related to the COVID-19 pandemic, the goal to reach a 25% General Fund Contingency was temporarily deferred until such time that the City has economically recovered. The FY 2023-2024 Budget that was adopted in June 2023, projects a full recovery of all revenue sources and reported a GFC of 27.87%, exceeding the City Council goal to reach a 25% GFC by Fiscal Year 2024-2025.

In June 2021, based on financial projections and the uncertain economic impact the pandemic was going to continue to have on Del Mar's revenue, the City Council approved the Fiscal Years 2021-2022 and 2022-2023 budget with the goal of maintaining essential services to the community, and limiting operating, capital and special project expenditures, while increasing expenditures in a slow and gradual manner as additional revenues became available. Although revenue projections in Fiscal Year 2021-2022 came in higher than expected, some General Fund revenue sources had not reached pre-COVID levels. In June 2022, an update to the Fiscal Year 2022-2023 budget was presented to the City Council with significant adjustments that included a full restoration of operational services, with the goal to restore capital and special project expenditures as revenue became available. The final GFC for year ending June 30, 2023, is 39.83% or 145 days of operations, which is well above the required minimum contingency reserve. Based on the positive results, the City Council authorized the transfer of additional funds to the Housing, Pension, and Capital reserves in Fiscal Year 2023-2024.

#### ***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 continued to be deferred in FY 2022-2023 and no transfer were included in the adopted budget. However, based on positive results in FY 2021-2022, the creation of the Capital Improvement Reserve Fund with an initial transfer of \$200,000 was approved by the City Council in FY 2022-2023.

**Acknowledgments**

We would like to thank the Del Mar City Council and Executive Management 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,



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Ashley Jones  
City Manager



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Monica Molina  
Finance Manager/Treasurer

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Presented to

**City of Del Mar  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**CITY OF DEL MAR, CALIFORNIA  
DIRECTORY OF OFFICIALS  
YEAR ENDED JUNE 30, 2023**

**CITY COUNCIL**

*Tracy Martinez*  
**Mayor**

*Dan Quirk*  
**Deputy Mayor**

*Dave Druker*  
**Councilmember**

*Terry Gaasterland*  
**Councilmember**

*Dwight Worden*  
**Councilmember**

**CITY MANAGER**

*Ashley Jones*

**INTERIM ASSISTANT  
CITY MANAGER**  
*Clement Brown\**

**ADMINISTRATIVE SERVICES  
MANAGER**  
*Sarah Krietor*

**DIRECTOR OF PLANNING AND  
COMMUNITY DEVELOPMENT**  
*Karen Brindley*

**FINANCE MANAGER/  
TREASURER**  
*Monica Molina*

**PUBLIC WORKS  
DIRECTOR**  
*Joe Bride*

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

**SHERIFF CAPTAIN**  
*Christopher Lawrence*

**FIRE CHIEF**  
*Josh Gordon*

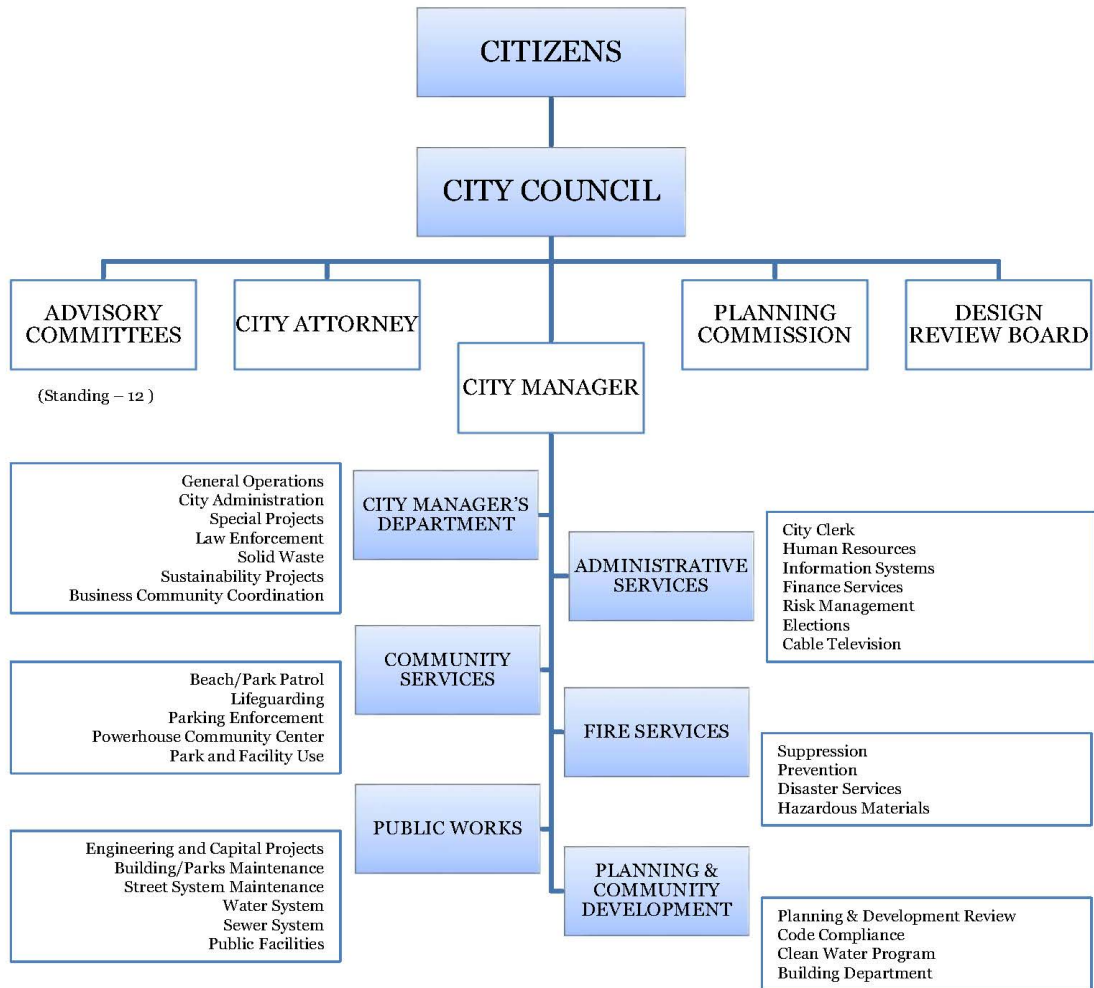
**CITY ATTORNEY**  
*Leslie Devaney*

**CITY OF DEL MAR, CALIFORNIA  
ORGANIZATIONAL CHART  
YEAR ENDED JUNE 30, 2023**



CITY OF  
DEL MAR

**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 Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Change in Accounting Principle**

As described in Note 1 to the financial statements, effective July 1, 2022, the City adopted new accounting guidance, GASB No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Required Supplementary Information**

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund schedules and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual fund schedules and combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***


Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

City Council  
City of Del Mar, California

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024, 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 City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
January 26, 2024

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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, 2023. 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 property tax base, which continues to be very stable and 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. Both sales tax and TOT recovered to pre-pandemic levels in Fiscal Year 2022-2023.

In Fiscal Year 2022-2023, the City received approximately \$0.55 million (7.09%) more in property tax; \$0.40 million more in TOT (11.59%); \$0.24 million (11.48%) more in sales tax; and \$0.06 million (1.77%) less in Measure Q revenues in comparison to Fiscal Year 2021-2022, which overall represents positive results as the City recovers and stabilizes from the economic downturn resulting from the COVID-19 pandemic. When compared to Fiscal Year 2018-2019, the last full pre-pandemic fiscal year, TOT and Measure Q revenues recovered and exceeded pre-pandemic levels during Fiscal Year 2021-2022. Sales tax lagged in recovery, reaching and exceeding pre-pandemic levels by \$0.10 million (4.43%) in Fiscal Year 2022-2023. Measure Q revenue came in slightly lower this year when compared to Fiscal Year 2021-2022, due to the slight decrease in online purchases. Measure Q revenue continues to be a stable revenue source dedicated to Downtown Streetscape, Shores Park, and Citywide Undergrounding.

This year, the Governmental Accounting Standards Board (GASB) implemented Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines the best accounting and financial reporting practices for subscription-based information technology arrangements, specifically when it comes to contracts with governments and government

entities. The City has implemented this Statement and it is discussed in Note 1 D of the Notes to Basic Financial Statements section of this report.

The discussion and analysis below compares Fiscal Year 2022-2023 (FY 22-23) to Fiscal Year 2021-2022 (FY 21-22). All variances are relative to FY 21-22 results. FY 22-23 financial highlights include the following:

### **Financial Highlights**

- The City's total assets plus deferred outflows of resources in excess of its liabilities plus deferred inflows of resources as of June 30, 2023, were \$112.23 million.
- Citywide total net position increased by \$9.22 million (8.95%) during the current fiscal year, indicating a consistent and stable financial condition. The change in net position is largely due to the increase in total cash and investments, which was a result of keeping expenses at or below projections and receiving more revenue than anticipated.
- A net increase in total assets of \$5.89 million (3.95%) is primarily due to the net of an increase of \$5.98 million (17.60%) in current assets and a decrease in capital assets of \$0.09 million (0.07%). The Citywide non-current asset loss is largely related to how capital assets are reported.
- A net increase in total liabilities of \$6.44 million (15.58%) is primarily due to the net of an increase in noncurrent liabilities related to a reduction in net pension liability of \$7.38 million (23.55%) and a decrease in current liabilities related to accounts payable, unearned revenue, and long-term debt due within one year of \$0.94 million (9.45%).
- The deferred outflows/inflows of resources resulted in a net change of \$1.62 million, largely related to the recognition of leases and decrease in deferred inflows of resources from pension plans.
- As of June 30, 2023, the City's governmental funds reported combined fund balances of \$23.08 million, which is an increase of \$6.00 million (35.16%) from June 30, 2022. The increase in fund balance is mainly attributable to the surplus of revenue received in excess of expenditures for the year. Of the \$23.08 million in fund balance, \$0.002 million is non-spendable for prepaid items; \$1.82 million is restricted; \$0.28 million is committed; \$14.58 million is assigned for specific activities; and \$6.40 million is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$19.98 million. This balance is available for spending at the City Council's discretion, and is equal to 117.64% of the total fiscal year expenditures of \$16.99 million, and 77.85% of total revenues of \$25.67 million, before other financing sources (uses). The Capital Projects Fund has a fund balance of \$0.99 million, and other non-major governmental funds have combined fund balances of \$2.10 million, at June 30, 2023.

## 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 four 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; and Sunset Undergrounding A.D. 2007-02.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### *Net Position*

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

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the City of Del Mar, combined net position (governmental and business-type activities) totaled \$112.23 million as of June 30, 2023. This is an increase of \$9.22 million (8.95%), compared to June 30, 2022.

TABLE 1  
CITY OF DEL MAR  
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$31,904,990	\$26,493,599	\$8,050,094	\$7,481,161	\$39,955,084	\$33,974,760
Capital assets	89,898,380	89,216,204	25,443,994	26,211,537	115,342,374	115,427,741
Total assets	121,803,370	115,709,803	33,494,088	33,692,698	155,297,458	149,402,501
Deferred outflows of resources	5,378,616	2,275,036	1,549,244	581,765	6,927,860	2,856,801
Current liabilities	7,740,652	8,243,512	1,305,360	1,746,320	9,046,012	9,989,832
Non-current liabilities	29,973,648	24,116,978	8,760,088	7,233,187	38,733,736	31,350,165
Total liabilities	37,714,300	32,360,490	10,065,448	8,979,507	47,779,748	41,339,997
Deferred inflows of resources	2,024,155	6,339,344	195,487	1,573,002	2,219,642	7,912,346
Net investment in capital assets	72,814,107	71,521,446	20,591,860	20,926,230	93,405,967	92,447,676
Restricted	1,822,991	1,123,980	-	-	1,822,991	1,123,980
Unrestricted	12,806,433	6,639,579	4,190,537	2,795,724	16,996,970	9,435,303
Total net position	<b>\$87,443,531</b>	<b>\$79,285,005</b>	<b>\$24,782,397</b>	<b>\$23,721,954</b>	<b>\$112,225,928</b>	<b>\$103,006,959</b>

The largest component of the City's net position, \$93.41 million, is net investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), and is less any related debt, used to acquire those assets, that is outstanding. This increased by \$0.96 million (1.04%) from the prior fiscal year. An increase is shown in this category due to capital projects expenditures that were deferred during the pandemic. The City uses these capital assets to provide services to citizens and they are *not* available for future spending.

The restricted portion of the City's total net position, which represents resources subject to external restrictions on how they may be used by the City, is \$1.82 million. This had an increase of \$0.70 million (62.19%) from the prior fiscal year amount of \$1.12 million. The remaining unrestricted net position of \$17.0 million, which reflects an increase of \$7.56 million (80.14%) from the prior year, is largely due to recovery of all large revenues sources that exceeded expenditures for the current year.

As of June 30, 2023, 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 \$8.16 million (10.29%) and the total net position in business-type activities increased by \$1.06 million (4.47%).

### *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**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$5,955,412	\$5,188,162	\$8,649,622	\$8,824,290	\$14,605,034	\$14,012,452
Operating grants and contributions	460,603	426,084	75,527	57,316	536,130	483,400
Capital grants and contributions	1,933,809	484,867	-	-	1,933,809	484,867
<i>General Revenues:</i>						
Property taxes	8,322,387	7,771,396	-	-	8,322,387	7,771,396
Sales and other taxes	10,168,997	9,562,416	-	-	10,168,997	9,562,416
Intergovernmental/unrestricted	71,964	151,499	-	-	71,964	151,499
Investment Income	559,904	(139,964)	82,951	(112,089)	642,855	(252,053)
Other	164,988	549,295	-	-	164,988	549,295
Total revenues	<u>27,638,064</u>	<u>23,993,755</u>	<u>8,808,100</u>	<u>8,769,517</u>	<u>36,446,164</u>	<u>32,763,272</u>
<b>Expenses:</b>						
General government	8,322,651	7,424,735	-	-	8,322,651	7,424,735
Public safety	7,185,111	7,626,541	-	-	7,185,111	7,626,541
Public works	2,146,591	2,644,194	-	-	2,146,591	2,644,194
Parks and recreation	1,069,630	1,059,781	-	-	1,069,630	1,059,781
Community services	-	-	-	-	-	-
Interest and long-term debt	529,709	550,712	-	-	529,709	550,712
Enterprise operations	-	-	7,973,503	8,017,615	7,973,503	8,017,615
Total expenses	<u>19,253,692</u>	<u>19,305,963</u>	<u>7,973,503</u>	<u>8,017,615</u>	<u>27,227,195</u>	<u>27,323,578</u>
Increase (decrease) in Net Position						
before other revenues and transfers	8,384,372	4,687,792	834,597	751,902	9,218,969	5,439,694
Transfers	(225,846)	(87,871)	225,846	87,871	-	-
Change in net position	8,158,526	4,599,921	1,060,443	839,773	9,218,969	5,439,694
Net position - beginning of year	<u>79,285,005</u>	<u>74,685,084</u>	<u>23,721,954</u>	<u>22,882,181</u>	<u>103,006,959</u>	<u>97,567,265</u>
Net position - end of year	<u>\$87,443,531</u>	<u>\$79,285,005</u>	<u>\$24,782,397</u>	<u>\$23,721,954</u>	<u>\$112,225,928</u>	<u>\$103,006,959</u>

## Governmental Activities:

The City's net position from governmental activities increased by \$8.16 million (10.29%) in the current fiscal year, accounting for 88.49% of the total \$9.22 million increase in the City's total net position. Total revenues from governmental activities of \$27.64 million increased by \$3.64 million (15.19%), compared to the prior fiscal year. The cost of all governmental activities in FY 22-23 was \$19.25 million, remaining pretty flat with a slight decrease of \$0.05 million (0.27%), over the prior fiscal year.

As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$5.96 million, which was generated by service revenues received from the performance of these activities, and had an increase of \$0.77 million (14.78%) compared to FY 21-22. Increase in this category was largely related to an increase in development shown in the increase of Planning and Building permit revenue; an increase to parking violation revenue; and an increase in investment income. Another \$1.33 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions and was largely related to use of the Coronavirus Relief funds to purchase the fire engine which was deferred until the City recovered from the pandemic. In addition, another \$1.06 million in revenues came from capital grants and contributions, which increased by \$0.58 million (119.22%), compared to the prior fiscal year due to the City receiving more federal funding for capital projects for the Camino del Mar Bridge project when compared to what was received in FY 21-22.

Overall, the City's governmental program revenues amounted to \$8.35 million, an increase of \$2.25 million (36.90%) compared to the prior fiscal year. General revenues of \$19.29 million increased by \$1.39 million (7.79%), in comparison to the prior fiscal year. The City had an increase in property taxes of \$0.55 million (7.09%); an increase of sales and other taxes of \$0.61 million (6.34%) largely related to recovery of sales tax, TOT, and district tax (Measure Q) revenue; and an increase in other revenue of \$0.70 million (500.0%) compared to the prior fiscal year due to the increase of market value on investment.

In comparison to the prior fiscal year, expenditures from governmental activities remained flat with a slight decrease of \$0.05 million (0.27%). The key elements contributing to the changes in expenditures from governmental activities are as follows:

- An increase of \$0.90 million (12.09%) in general government costs largely due to the purchase of the fire engine which was deferred during the pandemic and purchased with the use of Coronavirus recovery funds.
- A decrease of \$0.44 million (5.79%) in public safety costs and a decrease of \$0.50 million (18.82%) in public works, largely related to the decrease of pension cost related to GASB 68.

### **Business-type Activities:**

The City's business-type activities increased in net position by \$1.06 million (4.47%), for the fiscal year ended June 30, 2023. Business-type activities' total revenue slightly increased by \$0.04 million (0.44%), during the current fiscal year to a total of \$8.81 million in revenues. In comparison to the prior fiscal year, charges for services decreased by \$0.17 million (1.98%) and was offset by an increase in investment income of \$0.20 million (174.0%). Business-type activity costs also slightly decreased during the fiscal year by \$0.04 million (0.55%), compared to the prior fiscal year. The increase in revenues and decrease in expenses, resulted in a change in net position of \$1.06 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, 2023, the City's governmental funds reported a combined ending fund balance of \$23.08 million, which is a \$6.0 million (35.16%) increase, in comparison to the prior fiscal year of \$17.07 million. The \$23.08 million governmental fund balance is composed of \$0.002 million in non-spendable; \$1.82 million in *restricted*; \$0.28 million in *committed*; \$14.57 million in *assigned* (not available for new spending); and \$6.40 million in *unassigned* funds (available for new spending).

Table 3 below shows the governmental fund balances for the fiscal years ended June 30, 2023 and June 30, 2022.

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

<b>FISCAL YEAR 2022-2023</b>	<b>General</b>	<b>Capital Improvement</b>	<b>Non-Major Governmental Funds</b>	<b>Totals</b>
Total revenues	\$25,670,464	\$748,514	\$1,337,466	\$27,756,444
Total expenditures	16,987,292	1,813,473	2,727,476	21,528,241
Excess (deficiency) of revenues over expenditures	8,683,172	(1,064,959)	(1,390,010)	6,228,203
Total other financing sources (uses)	(4,184,592)	1,695,160	2,263,586	(225,846)
Net change in fund balance	4,498,580	630,201	873,576	6,002,357
Fund balance - beginning	15,485,442	360,814	1,227,678	17,073,934
Fund balance - ended	<b>\$19,984,022</b>	<b>\$991,015</b>	<b>\$2,101,254</b>	<b>\$23,076,291</b>
<b>FISCAL YEAR 2021-2022</b>				
Total revenues	\$22,483,491	\$179,056	\$1,301,181	\$23,963,728
Total expenditures	14,514,881	1,668,692	2,243,642	18,427,215
Excess (deficiency) of revenues over expenditures	7,968,610	(1,489,636)	(942,461)	5,536,513
Total other financing sources (uses)	(2,954,583)	1,542,080	1,324,632	(87,871)
Net change in fund balance	5,014,027	52,444	382,171	5,448,642
Fund balance - beginning	10,471,415	308,370	845,507	11,625,292
Fund balance - ended	<b>\$15,485,442</b>	<b>\$360,814</b>	<b>\$1,227,678</b>	<b>\$17,073,934</b>

***General Fund:***

Total governmental funds includes the General Fund, the chief operating fund of the City, which has a fund balance of \$19.98 million as of June 30, 2023. This is an increase of \$4.50 million (29.05%), in comparison to the prior fiscal year. This increase is due to the net of an increase in total revenues of \$3.19 million (14.17%); an increase of operating costs of \$2.47 million (17.03%); and an increase in other financing uses of \$1.23 million (41.63%).

Increased revenues of \$3.19 million (14.17%) were largely related to increases to taxes of \$1.16 million (6.67%) largely due to an increase in TOT and property taxes; an increase to intergovernmental of \$1.02 million (1,019.31%) mainly due to use of Coronavirus relief funds for the purchase of a fire truck; an increase to investment income of \$0.57 million (632.62%) based on the market rate of value on investments; and an increase to fines and forfeitures of \$0.53 million (49.50%) largely due to how parking violations were recorded in the current year since prior year revenue was not available until FY 22-23.

Total expenditures increased by \$2.47 million (17.03%) when compared to FY 21-22. The increase was largely related to an increase to general government expenditures of \$1.48 million (24.54%) largely due to the purchase of the fire engine; an increase in public safety of \$0.46 million (6.37%); and an increase in capital outlay of \$0.42 million (46.14%) related to additional capital projects that were deferred due to the pandemic. The ending fund balance is composed of \$0.002 million of non-spendable funds for prepaid items; \$1.82 million in restricted funds; \$0.28 million in committed funds; \$14.57 million in assigned funds for specific expenditures; and \$6.40 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 8 to the Basic Financial Statements.

***Major Funds:***

As of June 30, 2023, the Capital Improvement Program's fund balance of \$0.99 million, increased by \$0.63 million (174.66%) from the prior fiscal year. Due to the positive financial results in FY 21-22, the City Council authorized to re-establish the Capital Reserve Fund with an initial \$0.20 million transfer. The fund balance of \$0.99 million includes a capital reserve balance of \$0.40 million and \$0.59 million for encumbered budget funds for capital projects that were not completed in the current year. Total revenues increased by \$0.57 million (318.03%) largely due to receiving more local and federal grant funding for the Camino del Mar Bridge project. Total expenditures increased by \$0.14 million (8.68%) largely due to more project expenditures in compared to the prior year including the Camino del Mar Bridge project and Pavement Rehabilitation.

***Non-major Funds:***

The fund balances for other governmental funds or non-major governmental funds increased \$0.87 million (71.16%) from the FY 21-22 balance of \$1.23 million to \$2.10 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 \$2.10 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 \$1.06 million (4.47%). The City's Water Fund increased by \$0.36 million (2.77%), the Wastewater Fund increased by \$0.51 million (4.91%), and the Clean Water Fund increased by \$0.19 million (65.59%).

At the end of FY 22-23, the Internal Service fund reported a net position of \$0.31 million, which is lower than prior year balance of \$0.80 million.

### **General Fund Budgetary Highlights**

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

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of revenues to allow for expansion of existing programs. The original FY 22-23 budget was adopted in June 2021, as part of the two year budget for FY 21-22 and 22-23. The original budget included a full restoration of operational services, with the goal to restore capital and special project expenditures as revenue becomes available. The FY 22-23 budget update adopted in June 2022 included additional capital and special project expenditures related to the City work plan that was approved by the City Council during the Goal Setting Workshop in March 2022.

The City experienced the largest revenue losses in TOT, sales tax, and district tax (Measure Q) during the COVID-19 pandemic. By the end of FY 21-22, both TOT and district tax revenues exceeded pre-pandemic levels. Although lagging in recovery, sales tax reached pre-pandemic levels in the current year, assisting with the favorable budget variance in total revenue of \$1.5 million. This positive budget variance primarily reflects revenue realization greater than estimates due to higher tax revenues of \$0.62 million; higher licenses, fees and permits of \$0.23 million; higher fines and forfeitures of \$0.54 million; and higher investment income of \$0.22 million; which was offset by lower charges for services of \$0.21 million; and lower intergovernmental revenue of \$0.02 million.

The actual expenditures were less than the fiscal year's final appropriation by \$1.48 million primarily due to less than anticipated expenditures in general government of \$0.79 million; lower expenditures in public safety of \$0.18 million; lower expenditures in public works of \$0.31 million and lower capital outlay of \$0.35 million, which was offset by an increase in debt service expenditures of \$0.14 million.

## CAPITAL ASSET and DEBT ADMINISTRATION

### *Capital Assets:*

The City of Del Mar's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$115.34 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 \$0.08 million (0.07%), compared to the prior fiscal year. Of the net decrease, \$0.76 million decrease is related to business-type activities and \$0.68 million increase in governmental activities. For capital assets by category, refer to Table 4.

In FY 20-21, 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. Based on recovery of some revenue sources, some deferred projects began in FY 21-22. During the FY 22-23 budget update, the City Council authorized to proceed with most deferred projects based on the updated work plan. The largest capital asset additions for the year is the construction in progress for various Utility Undergrounding projects.

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	
	2023	2022	2023	2022	2023	2022
Non-depreciable assets:						
Land	\$18,289,250	\$18,289,250	\$1,365,688	\$1,365,688	\$19,654,938	\$19,654,938
Construction in progress	6,420,255	4,652,878	107,454	-	6,527,709	4,652,878
Total non-depreciable assets	<u>24,709,505</u>	<u>22,942,128</u>	<u>1,473,142</u>	<u>1,365,688</u>	<u>26,182,647</u>	<u>24,307,816</u>
Capital assets, being depreciated:						
Buildings/structures and improvement	21,274,675	21,926,539	4,962,031	5,174,572	26,236,706	27,101,111
Machinery and equipment	791,776	715,199	477,098	463,387	1,268,874	1,178,586
Right to Use Asset	257,889	339,710	-	-	257,889	339,710
Streets	16,161,197	16,690,021	-	-	16,161,197	16,690,021
Traffic signals	81,637	44,193	-	-	81,637	44,193
Roadway network	3,896,981	2,874,331	-	-	3,896,981	2,874,331
Bridge	20,750,959	21,613,794	-	-	20,750,959	21,613,794
Storm drainage system	1,973,761	2,070,289	46,909	48,394	2,020,670	2,118,683
Water line system	-	-	8,265,773	8,478,981	8,265,773	8,478,981
Sewer line system	-	-	10,219,041	10,680,515	10,219,041	10,680,515
Total depreciable assets, net of accumulated depreciation	<u>65,188,875</u>	<u>66,274,076</u>	<u>23,970,852</u>	<u>24,845,849</u>	<u>89,159,727</u>	<u>91,119,925</u>
Total capital assets	<u><b>\$89,898,380</b></u>	<u><b>\$89,216,204</b></u>	<u><b>\$25,443,994</b></u>	<u><b>\$26,211,537</b></u>	<u><b>\$115,342,374</b></u>	<u><b>\$115,427,741</b></u>

***Debt Service Administration:***

A complete detail of outstanding debt is shown in Note 7 of the financial statements in this report. As of June 30, 2023, the City had a total long-term outstanding debt of \$23.67 million made up of loan payable; note payable; compensated absences; subscriptions payable; leases payable; and claims payable as shown in Table 5.

For governmental activities, long-term debt accounts for \$18.13 million (76.58%) of the City's total long-term debt, as of June 30, 2023. Total long-term debt is comprised of loans through IBank, for the City Hall/Town Hall project of \$13.92 million, San Diego Association of Governments (SANDAG) of \$2.52 million, and County of San Diego of \$0.14 million; compensated absences of \$0.54 million; leases payable of \$0.24 million; subscriptions payable of \$0.03 million and claims payable of \$0.72 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	
	2023	2022	2023	2022	2023	2022
	restated	restated			restated	restated
Note payable	\$ 16,581,826	\$ 17,100,794	\$ 5,415,925	\$ 5,829,843	\$ 21,997,751	\$ 22,930,637
Compensated absences	544,654	544,852	126,387	120,489	671,041	665,341
Claims payable	721,280	521,261	-	-	721,280	521,261
Subscriptions Payable	33,509	54,976	-	-	33,509	54,976
Leases Payable	243,954	352,059	-	-	243,954	352,059
	<b>\$ 18,125,223</b>	<b>\$ 18,573,942</b>	<b>\$ 5,542,312</b>	<b>\$ 5,950,332</b>	<b>\$ 23,667,535</b>	<b>\$ 24,524,274</b>

For business-type activities, long-term debt accounts for \$5.54 million (23.42%), of the City's total long-term debt, as of June 30, 2023. The Wastewater fund has a note payable with a remaining balance of \$2.95 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 \$2.47 million. Compensated absences in business-type activities accounts for \$0.13 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 22-23. The City's long-term debt decreased by \$0.86 million (3.49%) compared to the prior fiscal year, largely due to required annual note principal payments of \$0.93 million (4.07%) and an increase of \$0.20 million (38.37%) in claims payable. In addition, during the current year, based on the GASB 96 requirement, subscriptions payable was added to other long-term liabilities and reported a decrease of \$0.02 million (39.05%) in the current year.

**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, experienced the biggest financial losses during the COVID-19 pandemic. Recovery of all major revenue sources returned and exceeded pre-pandemic levels at a faster pace than anticipated which allowed the City to adopt FY 23-24 budget to include restoring all City services to pre-pandemic levels as well as re-establishing capital and special projects that were previously placed on hold. 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 anticipation that all revenue sources have recovered, management looked at the following key economic factors while preparing the adopted budget for FY 23-24:

### ***Revenues:***

The City's projected revenues for FY 23-24 total \$37.0 million, which are remaining pretty flat at \$0.18 million (0.49%) higher than final FY 22-23 projected revenues of \$36.8 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 70% 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 although TOT and sales tax have recovered to pre-pandemic levels, the FY 23-24 budget projects both these revenue sources to remain relatively flat when compared to FY 22-23 projected revenues.

### ***Expenditures:***

The City's FY 23-24 Operating and Capital Budget has expenditures of \$39.45 million, which is \$2.49 million (6.74%) higher than the prior fiscal year's final adopted budget of \$36.96 million.

Expenditures are based on anticipated operating needs, capital and special projects, and City Council identified goals and priorities. City staff approached the FY 23-24 budget process with the goal of restoring service levels to pre-pandemic levels, funding important operations and re-establishing capital and special projects that were previously placed on hold.

The FY 23-24 budget is comprised of the General Fund of \$15.55 million (39.07%); Measure Q Fund of \$5.64 million (14.16%); other governmental funds of \$2.51 million (6.30%); Capital Project Funds of \$5.10 million (12.82%); special projects of \$0.35 million (0.89%); and the Workers' Compensation Fund of \$0.26 million (0.66%). The business-type funds account for \$10.39 million (26.10%).

The City's Adopted Fiscal Years 2023-2024 and 2024-2025 Operating and Capital Budget is a reflection of the City's commitment to the residents of Del Mar. A copy of the City's budget is available online at: <https://www.delmar.ca.us/132/Budget-Financial-Reports> or can be obtained by contacting the City's Finance Department.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Del Mar's finances for all those who may be interested. Questions concerning any of the information provided in this report or requests for additional financial information, should be addressed to the City of Del Mar, Finance Department, 1050 Camino Del Mar, Del Mar, California 92014, or by calling (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, 2023**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Investments	\$ 27,141,064	\$ 5,799,235	\$ 32,940,299
Receivables:			
Accounts, Net	437,359	1,552,965	1,990,324
Taxes	1,818,566	-	1,818,566
Leases	1,468,318	-	1,468,318
Accrued Interest	181,118	37,595	218,713
Inventory	-	96,508	96,508
Due from Other Agencies	856,072	-	856,072
Prepaid Expenses	2,493	-	2,493
Restricted Cash and Investments	-	563,791	563,791
Total Current Assets	<u>31,904,990</u>	<u>8,050,094</u>	<u>39,955,084</u>
Noncurrent Assets:			
Capital Assets:			
Not Being Depreciated	24,709,505	1,473,142	26,182,647
Being Depreciated (Net of Accumulated Depreciation)	65,188,875	23,970,852	89,159,727
Total Capital Assets	<u>89,898,380</u>	<u>25,443,994</u>	<u>115,342,374</u>
Total Noncurrent Assets	<u>89,898,380</u>	<u>25,443,994</u>	<u>115,342,374</u>
Total Assets	<u>121,803,370</u>	<u>33,494,088</u>	<u>155,297,458</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts from Pension Plans	5,378,616	1,549,244	6,927,860
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,979,013	717,665	2,696,678
Deposits Payable	810,921	58,141	869,062
Due to Other Agencies	6,236	-	6,236
Unearned Revenue	3,578,108	-	3,578,108
Accrued Interest Payable	185,898	73,224	259,122
Long-Term Debt, Due Within One Year	1,180,476	456,330	1,636,806
Total Current Liabilities	<u>7,740,652</u>	<u>1,305,360</u>	<u>9,046,012</u>
Noncurrent Liabilities:			
Long-Term Debt, Due in More Than One Year	16,944,747	5,085,982	22,030,729
Net Pension Liability	13,028,901	3,674,106	16,703,007
Total Noncurrent Liabilities	<u>29,973,648</u>	<u>8,760,088</u>	<u>38,733,736</u>
Total Liabilities	<u>37,714,300</u>	<u>10,065,448</u>	<u>47,779,748</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts from Leases	1,436,294	-	1,436,294
Deferred Amounts from Pension Plans	587,861	195,487	783,348
Total Deferred Inflows of Resources	<u>2,024,155</u>	<u>195,487</u>	<u>2,219,642</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	72,814,107	20,591,860	93,405,967
Restricted for:			
Public Works	520,599	-	520,599
Public Safety	150,326	-	150,326
Community Development	1,152,066	-	1,152,066
Unrestricted	12,806,433	4,190,537	16,996,970
Total Net Position	<u>\$ 87,443,531</u>	<u>\$ 24,782,397</u>	<u>\$ 112,225,928</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 8,322,651	\$ 2,579,851	\$ 111,516	\$ -
Public Safety	7,185,111	2,864,512	1,026,127	-
Public Works	2,146,591	23,720	193,843	1,062,926
Parks and Recreation	1,069,630	487,329	-	-
Interest on Long-Term Debt	529,709	-	-	-
Total Governmental Activities	<u>19,253,692</u>	<u>5,955,412</u>	<u>1,331,486</u>	<u>1,062,926</u>
<b>Business-Type Activities:</b>				
Water	3,906,853	4,228,276	-	-
Wastewater	3,403,091	3,870,619	-	-
Cleanwater	663,559	550,727	75,527	-
Total Business-Type Activities	<u>7,973,503</u>	<u>8,649,622</u>	<u>75,527</u>	<u>-</u>
Total	<u>\$ 27,227,195</u>	<u>\$ 14,605,034</u>	<u>\$ 1,407,013</u>	<u>\$ 1,062,926</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, 2023**

Net Revenue (Expense) and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (5,631,284)	\$ -	\$ (5,631,284)
(3,294,472)	-	(3,294,472)
(866,102)	-	(866,102)
(582,301)	-	(582,301)
(529,709)	-	(529,709)
<u>(10,903,868)</u>	<u>-</u>	<u>(10,903,868)</u>
-	321,423	321,423
-	467,528	467,528
-	(37,305)	(37,305)
<u>-</u>	<u>751,646</u>	<u>751,646</u>
(10,903,868)	751,646	(10,152,222)
8,322,387	-	8,322,387
3,816,392	-	3,816,392
442,408	-	442,408
276,466	-	276,466
5,633,731	-	5,633,731
71,964	-	71,964
559,904	82,951	642,855
164,988	-	164,988
<u>(225,846)</u>	<u>225,846</u>	<u>-</u>
<u>19,062,394</u>	<u>308,797</u>	<u>19,371,191</u>
8,158,526	1,060,443	9,218,969
<u>79,285,005</u>	<u>23,721,954</u>	<u>103,006,959</u>
<u>\$ 87,443,531</u>	<u>\$ 24,782,397</u>	<u>\$ 112,225,928</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, 2023**

<b>ASSETS</b>	<u>General Fund</u>	<u>Capital Projects Fund Capital Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Cash and Investments	\$ 20,289,921	\$ 3,904,206	\$ 2,181,798	\$ 26,375,925
Receivables:				
Taxes	1,818,566	-	-	1,818,566
Accrued Interest	143,668	25,650	7,842	177,160
Accounts, Net	315,785	-	121,574	437,359
Leases	1,468,318	-	-	1,468,318
Due from Other Agencies	52,749	616,414	186,909	856,072
Due from Other Funds	35,196	-	-	35,196
Prepaid Items	2,493	-	-	2,493
	<u>24,126,696</u>	<u>4,546,270</u>	<u>2,498,123</u>	<u>31,171,089</u>
Total Assets	<u>\$ 24,126,696</u>	<u>\$ 4,546,270</u>	<u>\$ 2,498,123</u>	<u>\$ 31,171,089</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 1,813,285	\$ 83,679	\$ 82,049	\$ 1,979,013
Deposits Payable	692,206	60,000	58,715	810,921
Due to Other Agencies	6,236	-	-	6,236
Due to Other Funds	-	-	35,196	35,196
Unearned Revenue	166,532	3,411,576	-	3,578,108
Total Liabilities	<u>2,678,259</u>	<u>3,555,255</u>	<u>175,960</u>	<u>6,409,474</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Leases	1,436,294	-	-	1,436,294
Unavailable Revenues	28,121	-	220,909	249,030
Total Deferred Inflows of Resources	<u>1,464,415</u>	<u>-</u>	<u>220,909</u>	<u>1,685,324</u>
<b>FUND BALANCES</b>				
Nonspendable	2,493	-	-	2,493
Restricted	-	-	1,822,991	1,822,991
Committed	-	-	278,263	278,263
Assigned	13,583,051	991,015	-	14,574,066
Unassigned	6,398,478	-	-	6,398,478
Total Fund Balances	<u>19,984,022</u>	<u>991,015</u>	<u>2,101,254</u>	<u>23,076,291</u>
	<u>\$ 24,126,696</u>	<u>\$ 4,546,270</u>	<u>\$ 2,498,123</u>	<u>\$ 31,171,089</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 24,126,696</u>	<u>\$ 4,546,270</u>	<u>\$ 2,498,123</u>	<u>\$ 31,171,089</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, 2023**

Fund Balances of Governmental Funds	\$ 23,076,291
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of \$24,164,235 of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	89,898,380
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(185,898)
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	(16,581,826)
Lease Payable	(243,954)
Subscriptions Payable	(33,509)
Claims Payable	(260,905)
Compensated Absences	(544,656)
Revenues are deferred in the fund statements due to lack of availability. In the statement of activities, the amounts are recognized as revenue.	249,030
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.	308,724
Net pension liabilities in 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	5,378,616
Deferred Inflows of Resources	(587,861)
Net Pension Liability	(13,028,901)
Net Position of Governmental Activities	<u>\$ 87,443,531</u>

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, 2023**

	General Fund	Capital Projects Fund Capital Improvement	Nonmajor Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 18,495,424	\$ -	\$ 34,115	\$ 18,529,539
Licenses, Fees, and Permits	1,558,110	-	414,059	1,972,169
Intergovernmental	1,120,888	684,950	549,983	2,355,821
Charges for Services	2,239,149	-	-	2,239,149
Fines and Forfeitures	1,594,094	-	-	1,594,094
Investment Income	481,551	63,564	14,789	559,904
Contributions	3,660	-	102,856	106,516
Other	177,588	-	221,664	399,252
Total Revenues	<u>25,670,464</u>	<u>748,514</u>	<u>1,337,466</u>	<u>27,756,444</u>
<b>EXPENDITURES</b>				
Current:				
General Government	7,497,298	42,975	137,132	7,677,405
Public Safety	7,613,455	-	70,845	7,684,300
Public Works	411,085	-	709,464	1,120,549
Parks and Recreation	-	-	1,052,138	1,052,138
Capital Outlay	1,325,554	909,189	584,767	2,819,510
Debt Service:				
Principal	129,572	403,731	105,711	639,014
Interest	10,328	457,578	67,419	535,325
Total Expenditures	<u>16,987,292</u>	<u>1,813,473</u>	<u>2,727,476</u>	<u>21,528,241</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	8,683,172	(1,064,959)	(1,390,010)	6,228,203
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	166,847	1,695,160	2,430,433	4,292,440
Transfers Out	(4,351,439)	-	(166,847)	(4,518,286)
Total Other Financing Sources (Uses)	<u>(4,184,592)</u>	<u>1,695,160</u>	<u>2,263,586</u>	<u>(225,846)</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,498,580	630,201	873,576	6,002,357
Fund Balances - Beginning of Year	<u>15,485,442</u>	<u>360,814</u>	<u>1,227,678</u>	<u>17,073,934</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 19,984,022</u>	<u>\$ 991,015</u>	<u>\$ 2,101,254</u>	<u>\$ 23,076,291</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, 2023**

Net Change in Fund Balances of Governmental Funds \$ 6,002,357

Amount reported for governmental activities in the statement of activities that are different because:

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

Capital Outlay Expense	3,658,002
Depreciation Expense	(2,858,995)
Loss on Disposal	(171,807)

Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 639,014

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. (118,380)

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

Change in Compensated Absences	9,723
Change in Claims Payable	(64,256)

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. 5,616

Pension expenditures 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. 1,147,888

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. (90,636)

Change in Net Position of Governmental Activities \$ 8,158,526

**CITY OF DEL MAR, CALIFORNIA  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Nonmajor: Clean Water	Total	
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ 2,893,044	\$ 2,595,646	\$ 310,545	\$ 5,799,235	\$ 765,139
Receivables:					
Accounts	757,067	697,743	98,155	1,552,965	-
Interest	20,020	17,117	458	37,595	3,958
Inventory	85,441	11,067	-	96,508	-
Restricted Cash and Investments	-	563,791	-	563,791	-
Total Current Assets	<u>3,755,572</u>	<u>3,885,364</u>	<u>409,158</u>	<u>8,050,094</u>	<u>769,097</u>
Noncurrent Assets:					
Capital Assets:					
Land and Water Rights	782,025	583,663	-	1,365,688	-
Construction in Progress	16,705	15,297	75,452	107,454	-
Water and Wastewater System	15,593,215	19,000,377	49,000	34,642,592	-
Buildings and Improvements	4,039,761	4,293,450	-	8,333,211	-
Machinery and Equipment	329,614	1,807,460	42,928	2,180,002	-
Less: Accumulated Depreciation	<u>(9,458,921)</u>	<u>(11,700,001)</u>	<u>(26,031)</u>	<u>(21,184,953)</u>	<u>-</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>11,302,399</u>	<u>14,000,246</u>	<u>141,349</u>	<u>25,443,994</u>	<u>-</u>
Total Noncurrent Assets	<u>11,302,399</u>	<u>14,000,246</u>	<u>141,349</u>	<u>25,443,994</u>	<u>-</u>
Total Assets	<u>15,057,971</u>	<u>17,885,610</u>	<u>550,507</u>	<u>33,494,088</u>	<u>769,097</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Amounts from Pension Plans	772,580	776,664	-	1,549,244	-
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	293,950	372,537	51,178	717,665	-
Customer Deposits	58,141	-	-	58,141	-
Claims Payable	-	-	-	-	368,298
Accrued Interest Payable	33	73,191	-	73,224	-
Current Portion of Long-Term Liabilities	<u>13,305</u>	<u>438,901</u>	<u>4,124</u>	<u>456,330</u>	<u>-</u>
Total Current Liabilities	<u>365,429</u>	<u>884,629</u>	<u>55,302</u>	<u>1,305,360</u>	<u>368,298</u>
Long-Term Liabilities:					
Claims Payable	-	-	-	-	92,075
Compensated Absences	39,914	42,505	12,371	94,790	-
Notes Payable	-	4,991,192	-	4,991,192	-
Net Pension Liability	<u>1,832,206</u>	<u>1,841,900</u>	<u>-</u>	<u>3,674,106</u>	<u>-</u>
Total Noncurrent Liabilities	<u>1,872,120</u>	<u>6,875,597</u>	<u>12,371</u>	<u>8,760,088</u>	<u>92,075</u>
Total Liabilities	<u>2,237,549</u>	<u>7,760,226</u>	<u>67,673</u>	<u>10,065,448</u>	<u>460,373</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Amounts from Pension Plans	<u>97,486</u>	<u>98,001</u>	<u>-</u>	<u>195,487</u>	<u>-</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	11,302,399	9,148,112	141,349	20,591,860	-
Unrestricted	<u>2,193,117</u>	<u>1,655,935</u>	<u>341,485</u>	<u>4,190,537</u>	<u>308,724</u>
Total Net Position	<u>\$ 13,495,516</u>	<u>\$ 10,804,047</u>	<u>\$ 482,834</u>	<u>\$ 24,782,397</u>	<u>\$ 308,724</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, 2023**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Nonmajor: Clean Water	Total	
<b>OPERATING REVENUES</b>					
Water Sales	\$ 4,168,940	\$ -	\$ -	\$ 4,168,940	\$ -
Clean Water Services	-	-	548,169	548,169	-
Sewer Service	-	3,852,247	-	3,852,247	-
Charges for Services	-	-	-	-	280,457
Customer Penalties	20,911	18,254	2,558	41,723	-
Other	38,425	118	75,527	114,070	-
Total Operating Revenues	<u>4,228,276</u>	<u>3,870,619</u>	<u>626,254</u>	<u>8,725,149</u>	<u>280,457</u>
<b>OPERATING EXPENSES</b>					
Source of Supply	1,677,581	-	-	1,677,581	-
Water Treatment	441,012	-	-	441,012	-
Maintenance and Operation	84,916	41,348	83,695	209,959	-
General and Administrative	1,310,103	2,607,690	576,181	4,493,974	380,724
Depreciation	393,241	643,771	3,683	1,040,695	-
Total Operating Expenses	<u>3,906,853</u>	<u>3,292,809</u>	<u>663,559</u>	<u>7,863,221</u>	<u>380,724</u>
<b>OPERATING INCOME (LOSS)</b>	321,423	577,810	(37,305)	861,928	(100,267)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment Income	42,488	37,755	2,708	82,951	9,631
Interest Expense	-	(110,282)	-	(110,282)	-
Total Nonoperating Revenues (Expenses)	<u>42,488</u>	<u>(72,527)</u>	<u>2,708</u>	<u>(27,331)</u>	<u>9,631</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	363,911	505,283	(34,597)	834,597	(90,636)
<b>TRANSFERS</b>					
Transfers In	-	-	225,846	225,846	-
Total Transfers	<u>-</u>	<u>-</u>	<u>225,846</u>	<u>225,846</u>	<u>-</u>
<b>CHANGES IN NET POSITION</b>	363,911	505,283	191,249	1,060,443	(90,636)
Net Position - Beginning of Year	<u>13,131,605</u>	<u>10,298,764</u>	<u>291,585</u>	<u>23,721,954</u>	<u>399,360</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 13,495,516</u>	<u>\$ 10,804,047</u>	<u>\$ 482,834</u>	<u>\$ 24,782,397</u>	<u>\$ 308,724</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Wastewater	Nonmajor: Clean Water	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Water, Sewer, and Clean Water Customers	\$ 4,231,285	\$ 3,824,429	\$ 554,507	\$ 8,610,221	\$ -
Cash Received from Other Operating Receipts	38,425	118	75,527	114,070	280,457
Cash Payments for Water Purchases, Distribution, and Treatment	(2,118,593)	-	-	(2,118,593)	-
Cash Payments for Sewer Collection and Maintenance	-	(41,348)	-	(41,348)	-
Cash Payments for Services and Supplies	(865,656)	(2,125,895)	(507,584)	(3,499,135)	(244,962)
Cash Payment to Employees for Services	(889,647)	(948,041)	(151,697)	(1,989,385)	-
Net Cash Provided (Used) by Operating Activities	395,814	709,263	(29,247)	1,075,830	35,495
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Cash Received from Other Funds	-	-	225,846	225,846	-
Net Cash Provided by Noncapital Financing Activities	-	-	225,846	225,846	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and Construction of Capital Assets	(138,257)	(52,982)	(81,913)	(273,152)	-
Interest Payments on Long-Term Debt	(11)	(116,100)	-	(116,111)	-
Principal Payments on Long-Term Debt	-	(412,807)	-	(412,807)	-
Net Cash Used by Capital and Related Financing Activities	(138,268)	(581,889)	(81,913)	(802,070)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest Received	26,202	24,940	2,382	53,524	6,705
Net Cash Provided by Investing Activities	26,202	24,940	2,382	53,524	6,705
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	283,748	152,314	117,068	553,130	42,200
Cash and Cash Equivalents - Beginning of Year	2,609,296	3,007,123	193,477	5,809,896	722,939
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,893,044</u>	<u>\$ 3,159,437</u>	<u>\$ 310,545</u>	<u>\$ 6,363,026</u>	<u>\$ 765,139</u>
<b>CASH AND CASH EQUIVALENTS</b>					
Cash and Investments	\$ 2,893,044	\$ 2,595,646	\$ 310,545	\$ 5,799,235	\$ 765,139
Restricted - Cash and Investments	-	563,791	-	563,791	-
Total Cash and Cash Equivalents	<u>\$ 2,893,044</u>	<u>\$ 3,159,437</u>	<u>\$ 310,545</u>	<u>\$ 6,363,026</u>	<u>\$ 765,139</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating Income (Loss)	\$ 321,423	\$ 577,810	\$ (37,305)	\$ 861,928	\$ (100,267)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	393,241	643,771	3,683	1,040,695	-
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
(Increase) Decrease in Accounts Receivable	50,452	(46,072)	3,780	8,160	-
(Increase) Decrease in Inventory	5,464	-	-	5,464	-
(Increase) Decrease in Deferred Outflows of Resources	(482,465)	(485,014)	-	(967,479)	-
Increase (Decrease) in Claims Payable	-	-	-	-	135,762
Increase (Decrease) in Accounts Payable	(149,617)	(270,164)	6,097	(413,684)	-
Increase (Decrease) in Retentions Payable	(12,146)	-	(7,109)	(19,255)	-
Increase (Decrease) in Customer Deposits	(14,482)	-	-	(14,482)	-
Increase (Decrease) in Net Pension Liability	971,037	976,174	-	1,947,211	-
Increase (Decrease) in Compensated Absences	(153)	3,333	1,607	4,787	-
Increase (Decrease) in Deferred Inflows of Resources	(686,940)	(690,575)	-	(1,377,515)	-
Total Adjustments	74,391	131,453	8,058	213,902	135,762
Net Cash Provided (Used) by Operating Activities	<u>\$ 395,814</u>	<u>\$ 709,263</u>	<u>\$ (29,247)</u>	<u>\$ 1,075,830</u>	<u>\$ 35,495</u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2023**

	Custodial Fund
<b>ASSETS</b>	
Account Receivable	\$ 920
Restricted Assets:	
Cash and Investments	190,181
Total Assets	191,101
 <b>NET POSITION</b>	
Restricted for Bond Holders	191,101
Total Net Position	\$ 191,101

*See accompanying Notes to Financial Statements.*

**CITY OF DEL MAR, CALIFORNIA  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2023**

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Investment Income (Loss)	\$ 2,649
Special Assessments or Special Taxes Collected from Property Owners	<u>47,629</u>
Total Additions	50,278
 <b>DEDUCTIONS</b>	
Payment for Special Assessment or Special Tax Debt	<u>58,013</u>
Total Deductions	<u>58,013</u>
 <b>CHANGE IN NET POSITION</b>	 (7,735)
Total Net Position - Beginning of Year	<u>198,836</u>
 <b>TOTAL NET POSITION - END OF YEAR</b>	 <u><u>\$ 191,101</u></u>

See accompanying Notes to Financial Statements.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023**

**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, 2023**

**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 the economic resources 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, 2023**

**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, 2023**

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

**D. Adoption of New Accounting Standards**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

**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, 2023**

**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.

Subscription-Based Information Technology Arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

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.

**CITY OF DEL MAR, CALIFORNIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

**J. Inventory and Prepaids**

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 during the periods benefited.

**K. Restricted Assets**

Restricted assets consist of cash and investments held in the Wastewater Enterprise Fund related to debt and 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 assets that applies to future periods 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 inflows related to pensions for changes in assumptions. 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.
- 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 assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**L. Deferred Outflows/Inflows of Resources (Continued)**

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

- Deferred 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 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.
- Deferred inflow related to pensions resulting from the net difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.
- Deferred inflow related to leases are amortized on a straight line basis over the length of the lease agreement.

**M. Leased Property**

Lessee

The City is a lessee for noncancellable lease of property. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements. The City recognizes lease liabilities with an initial individual value of \$10,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lessor

The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**N. 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	

**O. 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.

**P. 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).

**Q. 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, 2023**

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

**Q. 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, 2023**

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

**Q. 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.

**R. 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.

**S. 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, 2023 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 32,940,299
Restricted Cash and Investments	563,791
Statement of Fiduciary Assets and Liabilities:	
Restricted Cash and Investments	190,181
Total Cash and Investments	<u><u>\$ 33,694,271</u></u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

Cash and investments as of June 30, 2023 consist of the following:

Cash and Deposits:	
Petty Cash on Hand	\$ 700
Demand Deposits	1,764,790
Total Cash and Deposits	<u>1,765,490</u>
Investments:	
Federal Agency Securities	380,094
U.S. Treasury Securities	249,079
State Investment Pool	24,669,110
Investment in County Pool	2,771,886
Negotiable Certificates of Deposit	3,858,612
Total Investments	<u>31,928,781</u>
Total Cash and Investments	<u>\$ 33,694,271</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

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments 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	\$ -	\$ 198,503	\$ 181,591	\$ 380,094
U.S. Treasury Securities	249,079	-	-	249,079
State Investment Pool	24,669,110	-	-	24,669,110
Investment in County Pool	2,771,886	-	-	2,771,886
Negotiable Certificates of Deposit	-	690,331	3,168,281	3,858,612
Total	<u>\$ 27,690,075</u>	<u>\$ 888,834</u>	<u>\$ 3,349,872</u>	<u>\$ 31,928,781</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	\$ 380,094		\$ -	\$ 380,094	\$ -
U.S. Treasury Securities	249,079	N/A			249,079
State Investment Pool	24,669,110	N/A			24,669,110
Investment in County Pool	2,771,886	N/A	2,771,886		
Negotiable Certificates of Deposit	3,858,612	N/A			3,858,612
Total	<u>\$ 31,928,781</u>		<u>\$ 2,771,886</u>	<u>\$ 380,094</u>	<u>\$ 28,776,801</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**Concentration of Credit Risk**

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

**Custodial Credit Risk**

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

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by 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, 2023, 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.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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

**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.

The City has the following recurring fair value measurements as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Negotiable Certificates of Deposit	\$ -	\$ 3,858,612	\$ -	\$ 3,858,612
U.S. Treasury Securities	-	249,079	-	249,079
Federal Agency Securities	-	380,094	-	380,094
Total Leveled Investments	<u>\$ -</u>	<u>\$ 4,487,785</u>	<u>\$ -</u>	<u>4,487,785</u>
State Investment Pool*				24,669,110
Investment in County Pool*				<u>2,771,886</u>
Total Investment Portfolio				<u>\$ 31,928,781</u>

\* Not subject to fair value measurement hierarchy.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 CAPITAL ASSETS**

A summary of changes in the governmental activities capital assets for the year ended June 30, 2023 is as follows:

	Balance at July 1, 2022 <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance at June 30, 2023
<b>Governmental Activities</b>				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 18,289,250	\$ -	\$ -	\$ 18,289,250
Construction in Progress	<u>4,652,878</u>	<u>3,271,745</u>	<u>(1,504,368)</u>	<u>6,420,255</u>
Total Capital Assets, Not Being Depreciated	22,942,128	3,271,745	(1,504,368)	24,709,505
Capital Assets, Being Depreciated:				
Buildings and Improvements	28,885,227	334,649	(269,838)	28,950,038
Machinery and Equipment	2,417,697	257,649	(35,863)	2,639,483
Right to Use Asset - leases	452,946	-	-	452,946
Right to Use Asset - subscriptions	54,976	-	-	54,976
Infrastructure	<u>56,018,258</u>	<u>1,298,327</u>	<u>(60,918)</u>	<u>57,255,667</u>
Total Capital Assets, Being Depreciated	87,829,104	1,890,625	(366,619)	89,353,110
Less Accumulated Depreciation for:				
Buildings and Improvements	(6,958,688)	(863,743)	147,068	(7,675,363)
Machinery and Equipment	(1,702,498)	(174,659)	29,450	(1,847,707)
Right to Use Asset - leases	(113,236)	(113,236)	-	(226,472)
Right to Use Asset - subscriptions	-	(23,561)	-	(23,561)
Infrastructure	<u>(12,725,630)</u>	<u>(1,683,796)</u>	<u>18,294</u>	<u>(14,391,132)</u>
Total Accumulated Depreciation	<u>(21,500,052)</u>	<u>(2,858,995)</u>	<u>194,812</u>	<u>(24,164,235)</u>
Total Capital Assets, Being Depreciated, Net	<u>66,329,052</u>	<u>(968,370)</u>	<u>(171,807)</u>	<u>65,188,875</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 89,271,180</u>	<u>\$ 2,303,375</u>	<u>\$ (1,676,175)</u>	<u>\$ 89,898,380</u>

Depreciation expense was charged to functions for the fiscal year ended June 30, 2023 as follows:

Governmental Activities:	
General Government	\$ 658,997
Public Safety	218,697
Public Works	1,721,372
Parks and Recreation	35,011
Community Services	224,918
Total Depreciation Expense	<u>\$ 2,858,995</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

A summary of changes in the business-type activities capital assets for the year ended June 30, 2023 is as follows:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
<b>Business-Type Activities</b>				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 1,365,688	\$ -	\$ -	\$ 1,365,688
Construction in Progress	-	107,454	-	107,454
Total Capital Assets, Not Being Depreciated	1,365,688	107,454	-	1,473,142
Capital Assets, Being Depreciated:				
Buildings	4,080,948	-	-	4,080,948
Improvements	4,252,263	-	-	4,252,263
Machinery and Equipment	2,098,169	81,832	-	2,180,001
Water System	15,523,906	83,866	(14,556)	15,593,216
Storm Drains	49,000	-	-	49,000
Wastewater System	19,000,377	-	-	19,000,377
Total Capital Assets, Being Depreciated	45,004,663	165,698	(14,556)	45,155,805
Less Accumulated Depreciation for:				
Buildings	(1,250,479)	(121,967)	-	(1,372,446)
Improvements	(1,908,160)	(90,574)	-	(1,998,734)
Machinery and Equipment	(1,634,782)	(68,121)	-	(1,702,903)
Water System	(7,044,925)	(297,074)	14,556	(7,327,443)
Storm Drains	(606)	(1,485)	-	(2,091)
Wastewater System	(8,319,862)	(461,474)	-	(8,781,336)
Total Accumulated Depreciation	(20,158,814)	(1,040,695)	14,556	(21,184,953)
Total Capital Assets, Being Depreciated, Net	24,845,849	(874,997)	-	23,970,852
Total Business-Type Activities Capital Assets, Net	<u>\$ 26,211,537</u>	<u>\$ (767,543)</u>	<u>\$ -</u>	<u>\$ 25,443,994</u>

Depreciation expense was charged to functions for the fiscal year ended June 30, 2023 as follows:

Business-Type Activities:	
Water	\$ 393,241
Wastewater	643,771
Clean Water	3,683
Total Depreciation Expense	<u>\$ 1,040,695</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 LEASE RECEIVABLE**

The City, acting as lessor, leases a wireless celltower and land under long-term, noncancelable lease agreements. The leases expire at various dates through 2043 and do not provide for renewal options. During the year ended June 30, 2023, the City recognized \$97,086 and \$41,134 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**NOTE 5 INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2023, interfund receivables and payables are as follows:

	Due From	Due To
General Fund	\$ 35,196	\$ -
Nonmajor Governmental Funds:		
Supplemental Law Enforcement Special Revenue Fund	-	1,067
Regional Communications System	-	19,862
RMRA Special Revenue Fund	-	14,267
Total	\$ 35,196	\$ 35,196

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

**NOTE 6 INTERFUND TRANSFERS**

Interfund transfers for the fiscal year ended June 30, 2023 were as follows:

	Transfers Out		Total
	General Fund	Nonmajor Governmental Funds	
Transfers In	General Fund	Nonmajor Governmental Funds	Total
General Fund (B)	\$ -	\$ 166,847	\$ 166,847
Capital Improvement Capital Projects Fund (A)	1,695,160	-	1,695,160
Nonmajor Governmental Funds (B)	2,430,433	-	2,430,433
Nonmajor Enterprise Fund Clear Water Fund (C)	225,846	-	225,846
Total	\$ 4,351,439	\$ 166,847	\$ 4,518,286

**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.
- C. To fund current and future capital improvement projects.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 CHANGES IN LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2023 is as follows:

	Balance July 1, 2022 As Restated	Additions	Deletions	Balance June 30, 2023	Due Within One Year
<b>Governmental Activities:</b>					
Direct Borrowings:					
Note Payable	\$ 2,587,500	\$ -	\$ (70,000)	\$ 2,517,500	\$ 71,250
Note Payable - City Hall	14,324,631	-	(403,731)	13,920,900	416,812
Note Payable - Regional Communications	188,663	-	(45,237)	143,426	46,499
Other Long-Term Liabilities:					
Compensated Absences	544,852	380,860	(381,058)	544,654	136,164
Leases Payable	352,059	-	(108,105)	243,954	117,103
Subscriptions Payable	54,976		(21,467)	33,509	24,350
Claims Payable	521,261	258,904	(58,885)	721,280	368,298
Total Governmental Activities	<u>\$ 18,573,942</u>	<u>\$ 639,764</u>	<u>\$ (1,088,483)</u>	<u>\$ 18,125,223</u>	<u>\$ 1,180,476</u>
<b>Business-Type Activities:</b>					
Direct Borrowings:					
Notes Payable	\$ 5,829,843	\$ -	\$ (413,918)	\$ 5,415,925	\$ 424,734
Other Long-Term Liabilities:					
Compensated Absences	120,489	107,722	(101,824)	126,387	31,596
Total Business-Type Activities	<u>\$ 5,950,332</u>	<u>\$ 107,722</u>	<u>\$ (515,742)</u>	<u>\$ 5,542,312</u>	<u>\$ 456,330</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
2024	\$ 71,250	\$ 61,507	\$ 132,757
2025	76,250	58,369	134,619
2026	80,000	57,202	137,202
2027	81,250	55,833	137,083
2028	86,250	54,137	140,387
2029 - 2033	506,250	238,471	744,721
2034 - 2038	648,750	168,280	817,030
2039 - 2043	825,000	90,022	915,022
2044	142,500	9,169	151,669
Total	<u>\$ 2,517,500</u>	<u>\$ 792,990</u>	<u>\$ 3,310,490</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 CHANGES IN LONG-TERM LIABILITIES**

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

Note Payable – City Hall

Del Mar borrowed \$16,161,000 for its City Hall Project. 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>
2024	\$ 416,812	\$ 444,284	\$ 861,096
2025	430,317	430,561	860,878
2026	444,259	416,393	860,652
2027	458,653	401,765.00	860,418
2028	473,514	386,665.00	860,179
2029 - 2033	2,607,882	1,689,117	4,296,999
2034 - 2038	3,058,637	1,231,060	4,289,697
2039 - 2043	3,587,301	693,231	4,280,532
2044 - 2046	2,443,525	120,437	2,563,962
Total	<u>\$ 13,920,900</u>	<u>\$ 5,813,513</u>	<u>\$ 19,734,413</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>
2024	\$ 46,499	\$ 4,002	\$ 50,501
2025	47,797	2,704	50,501
2026	49,130	1,371	50,501
Total	<u>\$ 143,426</u>	<u>\$ 8,077</u>	<u>\$ 151,503</u>

Leases

The City leases land under a long-term, noncancelable lease agreement. The lease expires at 2025 and does not have a renewal option.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 117,103	\$ 5,758	\$ 122,861
2025	126,851	2,154	129,005
	<u>\$ 243,954</u>	<u>\$ 7,912</u>	<u>\$ 251,866</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

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

Subscription-Based Information Technology Arrangements

The City has entered into subscription based-information technology arrangements (SBITAs) for software applications. The SBITA arrangement expires in 2025 and provides for renewal options.

As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$54,976 and \$23,561, respectively.

The future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 24,350	\$ 829	\$ 25,179
2025	9,159	73	9,232
	<u>\$ 33,509</u>	<u>\$ 902</u>	<u>\$ 34,411</u>

**Business-Type Long-Term Debt**

Note Payable – 21st Street Sewer Pump Station

The City entered into a finance agreement in February 2010 with the state Water Resources Control Board and was approved for financial assistance in the amount of \$5,000,000 plus accrued interest provided through the Clean Water State Revolving Fund. These funds were used for the replacement of the 21st Street Sewer Pump Station. This note is secured by net revenues and is secured on parity with existing 1993 Sewer System Improvements Certificates of Participation. Annual payments of \$344,017, which began on August 1, 2013, are to be paid through August 2032 at an interest rate of 2.9% 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>
2024	\$ 258,480	\$ 85,537	\$ 344,017
2025	265,975	78,042	344,017
2026	273,689	70,328	344,017
2027	281,626	62,391	344,017
2028	289,793	54,224	344,017
2029 - 2033	1,580,006	140,079	1,720,085
Total	<u>\$ 2,949,569</u>	<u>\$ 490,601</u>	<u>\$ 3,440,170</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, 2023 totaled \$1,301,783 and total debt service (principal and interest) paid during the year was \$309,568 for the note payable.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 CHANGES IN LONG-TERM LIABILITIES (CONTINUED)**

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

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 2022-2023 is \$217,970. The City's net revenue in fiscal year 2022-2023 is \$1,221,583 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.

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>
2024	\$ 166,254	\$ 51,716	\$ 217,970
2025	169,862	48,069	217,931
2026	173,548	44,343	217,891
2027	177,314	40,536	217,850
2028	181,161	36,647	217,808
2029 - 2033	966,509	121,874	1,088,383
2034 - 2036	631,708	20,758	652,466
Total	<u>\$ 2,466,356</u>	<u>\$ 363,943</u>	<u>\$ 2,830,299</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 FUND BALANCES**

	General Fund	Capital Improvement Capital Projects Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Prepaid Items	\$ 2,493	\$ -	\$ -	\$ 2,493
Total Nonspendable	2,493	-	-	2,493
<b>Restricted for:</b>				
Public Safety	-	-	150,326	150,326
Public Works	-	-	385,565	385,565
Street Projects	-	-	135,034	135,034
Low-Income Housing	-	-	1,152,066	1,152,066
Total Restricted	-	-	1,822,991	1,822,991
<b>Committed to:</b>				
Parks and Community Center	-	-	278,263	278,263
Total Committed	-	-	278,263	278,263
<b>Assigned to:</b>				
Compensated Absences	100,000	-	-	100,000
Equipment Replacement	985,400	-	-	985,400
Public Television	3,572	-	-	3,572
Self-Insurance	450,000	-	-	450,000
Pension Reserve	3,400,000	-	-	3,400,000
Special Projects	874,180	-	-	874,180
Measure Q	7,769,899	-	-	7,769,899
Capital Projects	-	991,015	-	991,015
Total Assigned	13,583,051	991,015	-	14,574,066
Unassigned	6,398,478	-	-	6,398,478
Total Fund Balances	<u>\$ 19,984,022</u>	<u>\$ 991,015</u>	<u>\$ 2,101,254</u>	<u>\$ 23,076,291</u>

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

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 FUND BALANCES (CONTINUED)**

**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 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.

**Assigned to Measure Q** are funds used for the acquisition and construction of major capital projects.

**NOTE 9 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.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 RETIREMENT PLANS (CONTINUED)**

**A. General Information about the Pension Plans (Continued)**

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 five 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, 2023 are summarized as follows:

	<u>Miscellaneous</u>		
	<u>Classic Members Prior to January 1, 2013</u>	<u>Classic Members On or After January 1, 2013</u>	<u>New Members On or After January 1, 2013</u>
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	7.81%	6.93%	7.00%
Required Employer Contribution Rates:			
Normal Cost Rate	14.840%	8.950%	7.560%
Payment of Unfunded Liability	\$ 693,185	\$ 3,610	\$ 2,610

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 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%	8.95%	13.00%
Required Employer Contribution Rates:				
Normal Cost Rate	22.470%	12.780%	18.170%	12.780%
Payment of Unfunded Liability	\$ 389,636	\$ 2,081	\$ 108,084	\$ 923

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, 2023 of \$1,123,944 and \$736,587, respectively.

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

As of June 30, 2023, 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	\$ 9,694,211
Safety	7,008,796
Total Net Pension Liability	<u>\$ 16,703,007</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 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, 2022, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

	<u>Miscellaneous</u>	<u>Safety</u>
Proportion - June 30, 2021	0.23996 %	0.09424 %
Proportion - June 30, 2022	0.26470	0.12040
Change - Increase (Decrease)	<u>0.02474 %</u>	<u>0.02616 %</u>

For the year ended June 30, 2023, the City recognized pension expense of \$314,861 (\$74,382 – Miscellaneous Plan and \$240,479 – Safety Plan). At June 30, 2023, 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	\$ 1,123,944	\$ -	\$ 736,587	\$ -
Differences Between Expected and Actual Experience	194,679	(130,387)	290,069	(76,110)
Change in Assumptions	993,375		706,699	-
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(385,410)	-	(191,441)
Net Differences Between Projected and Actual Earnings on Plan Investments	1,775,720	-	1,106,787	-
Total	<u>\$ 4,087,718</u>	<u>\$ (515,797)</u>	<u>\$ 2,840,142</u>	<u>\$ (267,551)</u>

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 RETIREMENT PLANS (CONTINUED)**

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

\$1,860,531 (\$1,123,944 – Miscellaneous Plan and \$736,587 – 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, 2024. 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>
2024	\$ 573,615	\$ 512,412
2025	502,241	400,043
2026	286,029	248,394
2027	1,086,092	675,155
2028	-	-
Thereafter	-	-

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Market Value of Assets	Market Value of Assets
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
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 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 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 (a) (b)
Global Equity	30.00 %	4.45 %
Global Equity - Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00 %	

(a) An expected inflation of 2.30% used for this period

(b) Figures are based on the 2021 Asset Liability Management study.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 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 6.90%. 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 (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's Proportionate Share of the Net Pension Liability	<u>\$ 14,735,493</u>	<u>\$ 9,694,211</u>	<u>\$ 5,546,487</u>
	Safety		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's Proportionate Share of the Net Pension Liability	<u>\$ 10,312,611</u>	<u>\$ 7,008,796</u>	<u>\$ 4,308,673</u>

Pension Plans Fiduciary Net Position

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

**CITY OF DEL MAR, CALIFORNIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 RETIREMENT PLANS (CONTINUED)**

**C. Payable to the Pension Plans**

At June 30, 2023, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2023.

**NOTE 10 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 \$12,000 to the plan during fiscal year 2022-2023.

**NOTE 11 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.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 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 14 for additional information regarding the City's risk management and Note 8 for the amount of fund balance assigned to self-insurance.

**Construction Contracts and Commitments**

As of June 30, 2023, construction contracts totaled \$3,976,323 of which \$844,786 has been expended. City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental funds is \$4,982,475 for capital improvements in the City and is shown as committed, assigned or restricted.

**NOTE 13 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.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 14 RISK MANAGEMENT**

The City is a member of the Public Risk Innovation, Solutions, and Management (PRISM). PRISM 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 PRISM and separate financial statements are prepared for PRISM. 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 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 \$25,000,000 of pooled liability insurance for each occurrence is covered by PRISM, with an additional \$25,000,000 of purchased liability for a total of \$50,000,000. Specific coverage includes bodily injury, property damage, municipal errors and omissions and personal injury.

The City accounts for general liability 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, 2023:

	General Liability	Workers' Compensation
Unpaid Claims - June 30, 2021	\$ 39,459	\$ 352,620
Incurred Claims (Including IBNR)	204,287	109,148
Claims Payments	<u>(47,097)</u>	<u>(137,156)</u>
Unpaid Claims - June 30, 2022	196,649	324,612
Incurred Claims (Including IBNR)	71,806	187,098
Claims Payments	<u>(7,550)</u>	<u>(51,335)</u>
Unpaid Claims - June 30, 2023	<u>\$ 260,905</u>	<u>\$ 460,375</u>

The general liability claims are recorded in the governmental activities. The workers' compensation claims are recorded in the internal service fund.

**CITY OF DEL MAR, CALIFORNIA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 14 RISK MANAGEMENT (CONTINUED)**

Settled claims have not exceeded any of the City's coverage amounts in any of the last three years and there were no reductions in the City's insurance coverage during the fiscal year ended June 30, 2023.

**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 15 ASSESSMENT DISTRICT BOND ISSUES**

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

At June 30, 2023, 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, 2023 were \$200,000.

**NOTE 16 EXPENDITURES EXCEEDING APPROPRIATIONS**

The nonmajor Grants and Housing Special Revenue Funds exceeded budgets by \$1,639 and \$1,593, respectively. These funds have adequate resources to cover the budget overage.

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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, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

\* Fiscal year 2015 was the first year of implementation and therefore only nine 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>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
0.17671 %	0.18155 %	0.18627 %	0.19267 %	0.23996 %	0.26470 %
\$ 6,966,181	\$ 6,842,255	\$ 7,459,379	\$ 8,126,992	\$ 4,556,451	\$ 9,694,211
\$ 3,198,271	\$ 3,211,144	\$ 3,595,869	\$ 3,860,641	\$ 3,735,541	\$ 3,786,039
217.81 %	213.08 %	207.44 %	210.51 %	121.98 %	256.05 %
73.31 %	75.26 %	75.26 %	75.24 %	86.87 %	73.79 %

*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 nine years are shown.

**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>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
\$ 617,792	\$ 742,811	\$ 848,836	\$ 903,226	\$ 1,024,043	\$ 1,123,944
<u>(617,792)</u>	<u>(742,811)</u>	<u>(848,836)</u>	<u>(903,226)</u>	<u>(1,024,043)</u>	<u>(1,123,944)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,211,144	\$ 3,595,869	\$ 3,860,641	\$ 3,735,541	\$ 3,786,039	\$ 4,002,813
19.24 %	20.66 %	21.99 %	24.18 %	27.05 %	28.08 %
6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Entry age (1) Market Value	Entry age (1) Market Value	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 %	2.50 %	2.30 %
(2) 7.50% (3)	(2) 7.375% (3)	(2) 7.25% (3)	(2) 7.00% (3)	(2) 7.00% (3)	(2) 6.90% (3)
(4)	(4)	(4)	(4)	(4)	(4)
(5)	(5)	(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, 2022:

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:

The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

\* Fiscal year 2015 was the first year of implementation and therefore only nine 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>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
0.08291 %	0.08578 %	0.08753 %	0.09021 %	0.09424 %	0.12040 %
\$ 4,953,802	\$ 5,033,469	\$ 5,464,373	\$ 6,010,435	\$ 3,791,431	\$ 7,008,796
\$ 1,289,037	\$ 1,225,539	\$ 1,330,403	\$ 1,434,515	\$ 1,370,574	\$ 1,281,066
384.30 %	410.71 %	410.73 %	418.99 %	276.63 %	547.11 %
73.31 %	72.26 %	75.26 %	71.92 %	82.83 %	70.70 %

*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 nine 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>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
\$ 399,196	\$ 476,504	\$ 569,914	\$ 613,844	\$ 674,037	\$ 736,587
<u>(399,196)</u>	<u>(476,504)</u>	<u>(569,914)</u>	<u>(613,844)</u>	<u>(674,037)</u>	<u>(736,587)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,225,539	\$ 1,330,403	\$ 1,434,515	\$ 1,370,574	\$ 1,281,066	\$ 1,311,964
32.57%	35.82%	39.73%	44.79%	52.62%	56.14%
6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Entry age (1) Market Value	Entry age (1) Market Value	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 %	2.50 %	2.30 %
(2) 7.50% (3)	(2) 7.375% (3)	(2) 7.275% (3)	(2) 7.00% (3)	(2) 7.00% (3)	(2) 6.90% (3)
(4)	(4)	(4)	(4)	(4)	(4)
(5)	(5)	(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, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 16,854,350	\$ 17,874,350	\$ 18,495,424	\$ 621,074
Licenses, Fees, and Permits	1,224,350	1,324,350	1,558,110	233,760
Intergovernmental	261,000	1,139,535	1,120,888	(18,647)
Charges for Services	2,450,780	2,450,780	2,239,149	(211,631)
Fines and Forfeitures	859,000	1,059,000	1,594,094	535,094
Investment Income	263,500	263,500	481,551	218,051
Contributions	-	3,652	3,660	8
Other	55,170	55,170	177,588	122,418
Total Revenues	<u>21,968,150</u>	<u>24,170,337</u>	<u>25,670,464</u>	<u>1,500,127</u>
<b>EXPENDITURES</b>				
Current:				
General Government	6,986,570	8,290,055	7,497,298	792,757
Public Safety	7,712,320	7,789,915	7,613,455	176,460
Public Works	489,140	716,292	411,085	305,207
Capital Outlay	75,000	1,675,750	1,325,554	350,196
Debt Service:				
Principal	-	-	129,572	(129,572)
Interest	-	-	10,328	(10,328)
Total Expenditures	<u>15,263,030</u>	<u>18,472,012</u>	<u>16,987,292</u>	<u>1,484,720</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	6,705,120	5,698,325	8,683,172	2,984,847
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	40,000	30,000	166,847	(136,847)
Transfers Out	(3,407,220)	(4,155,688)	(4,351,439)	(195,751)
Total Other Financing Sources (Uses)	<u>(3,367,220)</u>	<u>(4,125,688)</u>	<u>(4,184,592)</u>	<u>(332,598)</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,337,900	1,572,637	4,498,580	2,652,249
Fund Balance - Beginning of Year	<u>15,485,442</u>	<u>15,485,442</u>	<u>15,485,442</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 18,823,342</u>	<u>\$ 17,058,079</u>	<u>\$ 19,984,022</u>	<u>\$ 2,652,249</u>

See accompanying Note to Required Supplementary Information.

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**CITY OF DEL MAR, CALIFORNIA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**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 \$5,641,386 were made during the year ended June 30, 2023.
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, 2023**

	General Fund	Measure Q	Total General Fund
<b>ASSETS</b>			
Cash and Investments	\$ 13,012,029	\$ 7,277,892	\$ 20,289,921
Receivables:			
Taxes	1,174,786	643,780	1,818,566
Accrued Interest	93,694	49,974	143,668
Accounts, Net	315,785	-	315,785
Leases	1,468,318	-	1,468,318
Due from Other Agencies	52,749	-	52,749
Due from Other Funds	35,196	-	35,196
Prepaid Items	2,493	-	2,493
	<b>\$ 16,155,050</b>	<b>\$ 7,971,646</b>	<b>\$ 24,126,696</b>
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 1,678,208	\$ 135,077	\$ 1,813,285
Deposits Payable	625,536	66,670	692,206
Due to Other Agencies	6,236	-	6,236
Unearned Revenue	166,532	-	166,532
Total Liabilities	2,476,512	201,747	2,678,259
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	1,436,294	-	1,436,294
Unavailable Revenues	28,121	-	28,121
Total Deferred Inflows of Resources	1,464,415	-	1,464,415
<b>FUND BALANCES</b>			
Nonspendable	2,493	-	2,493
Assigned	5,813,152	7,769,899	13,583,051
Unassigned	6,398,478	-	6,398,478
Total Fund Balances	12,214,123	7,769,899	19,984,022
	<b>\$ 16,155,050</b>	<b>\$ 7,971,646</b>	<b>\$ 24,126,696</b>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<b>\$ 16,155,050</b>	<b>\$ 7,971,646</b>	<b>\$ 24,126,696</b>

**CITY OF DEL MAR, CALIFORNIA  
GENERAL FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Measure Q</u>	<u>Total General Fund</u>
<b>REVENUES</b>			
Taxes	\$ 15,167,955	\$ 3,327,469	\$ 18,495,424
Licenses, Fees, and Permits	1,558,110	-	1,558,110
Intergovernmental	1,120,888	-	1,120,888
Charges for Services	2,239,149	-	2,239,149
Fines and Forfeitures	1,594,094	-	1,594,094
Investment Income	407,074	74,477	481,551
Contributions	3,660	-	3,660
Other	177,588	-	177,588
Total Revenues	<u>22,268,518</u>	<u>3,401,946</u>	<u>25,670,464</u>
<b>EXPENDITURES</b>			
Current:			
General Government	7,497,298	-	7,497,298
Public Safety	7,613,455	-	7,613,455
Public Works	411,085	-	411,085
Capital Outlay	-	1,325,554	1,325,554
Debt Service:			
Principal	129,572	-	129,572
Interest	10,328	-	10,328
Total Expenditures	<u>15,661,738</u>	<u>1,325,554</u>	<u>16,987,292</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	6,606,780	2,076,392	8,683,172
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	166,847	-	166,847
Transfers Out	<u>(4,351,439)</u>	-	<u>(4,351,439)</u>
Total Other Financing Sources (Uses)	<u>(4,184,592)</u>	-	<u>(4,184,592)</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,422,188	2,076,392	4,498,580
Fund Balances - Beginning of Year	<u>9,791,935</u>	<u>5,693,507</u>	<u>15,485,442</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 12,214,123</u>	<u>\$ 7,769,899</u>	<u>\$ 19,984,022</u>

**CITY OF DEL MAR, CALIFORNIA  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

**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, 2023**

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System
<b>ASSETS</b>				
Cash and Investments	\$ 14,696	\$ 371,689	\$ -	\$ 33,756
Receivables:				
Accrued Interest	-	-	1,067	-
Accounts, Net	19,552	34,229	-	-
Due from Other Agencies	-	180,000	-	-
	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 34,248</u>	<u>\$ 585,918</u>	<u>\$ 1,067</u>	<u>\$ 33,756</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 24,416	\$ 34,940	\$ -	\$ -
Deposits Payable	-	58,715	-	-
Due to Other Funds	-	-	1,067	19,862
Total Liabilities	<u>24,416</u>	<u>93,655</u>	<u>1,067</u>	<u>19,862</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable Revenues	-	214,000	-	-
Total Deferred Inflow of Resources	<u>-</u>	<u>214,000</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Public Safety	-	-	-	13,894
Low-Income Housing	-	-	-	-
Public Works	-	-	-	-
Street Projects	9,832	-	-	-
Committed to:				
Parks and Recreation	-	278,263	-	-
Total Fund Balances	<u>9,832</u>	<u>278,263</u>	<u>-</u>	<u>13,894</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 34,248</u>	<u>\$ 585,918</u>	<u>\$ 1,067</u>	<u>\$ 33,756</u>

**CITY OF DEL MAR, CALIFORNIA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2023**

Special Revenue Funds				Capital Projects Funds		
Grants	Housing	AB 939	RMRA	Transnet II Capital Improvements	RTCIP	Total
\$ 136,765	\$ 1,153,314	\$ 348,389	\$ 88,593	\$ 3,170	\$ 31,426	\$ 2,181,798
1,008	2,252	2,647	646	20	202	7,842
14,881	-	37,500	15,412	-	-	121,574
6,909	-	-	-	-	-	186,909
<u>\$ 159,563</u>	<u>\$ 1,155,566</u>	<u>\$ 388,536</u>	<u>\$ 104,651</u>	<u>\$ 3,190</u>	<u>\$ 31,628</u>	<u>\$ 2,498,123</u>
\$ 16,222	\$ 3,500	\$ 2,971	\$ -	\$ -	\$ -	\$ 82,049
-	-	-	-	-	-	58,715
-	-	-	14,267	-	-	35,196
<u>16,222</u>	<u>3,500</u>	<u>2,971</u>	<u>14,267</u>	<u>-</u>	<u>-</u>	<u>175,960</u>
6,909	-	-	-	-	-	220,909
<u>6,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,909</u>
136,432	-	-	-	-	-	150,326
-	1,152,066	-	-	-	-	1,152,066
-	-	385,565	-	-	-	385,565
-	-	-	90,384	3,190	31,628	135,034
-	-	-	-	-	-	278,263
<u>136,432</u>	<u>1,152,066</u>	<u>385,565</u>	<u>90,384</u>	<u>3,190</u>	<u>31,628</u>	<u>2,101,254</u>
<u>\$ 159,563</u>	<u>\$ 1,155,566</u>	<u>\$ 388,536</u>	<u>\$ 104,651</u>	<u>\$ 3,190</u>	<u>\$ 31,628</u>	<u>\$ 2,498,123</u>

**CITY OF DEL MAR, CALIFORNIA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System
<b>REVENUES</b>				
Taxes	\$ -	\$ 34,115	\$ -	\$ -
Licenses, Fees, and Permits	-	390,339	-	-
Intergovernmental	105,890	4,334	100,000	43,585
Investment Income (Loss)	-	1,629	1,576	405
Contributions	-	102,856	-	-
Other	-	6,393	65,271	-
Total Revenues	<u>105,890</u>	<u>539,666</u>	<u>166,847</u>	<u>43,990</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	26,344
Public Works	709,464	-	-	-
Parks and Recreation	-	1,052,138	-	-
Capital Outlay	-	584,767	-	-
Debt Service:				
Principal	-	-	-	13,092
Interest	-	-	-	1,523
Total Expenditures	<u>709,464</u>	<u>1,636,905</u>	<u>-</u>	<u>40,959</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(603,574)	(1,097,239)	166,847	3,031
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	613,406	1,017,027	-	-
Transfers Out	-	-	(166,847)	-
Total Other Financing Sources (Uses)	<u>613,406</u>	<u>1,017,027</u>	<u>(166,847)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	9,832	(80,212)	-	3,031
Fund Balances - Beginning of Year	<u>-</u>	<u>358,475</u>	<u>-</u>	<u>10,863</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 9,832</u></u>	<u><u>\$ 278,263</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,894</u></u>

**CITY OF DEL MAR, CALIFORNIA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

Special Revenue Funds				Capital Projects Funds			
Grants	Housing	AB 939	RMRA	Transnet II Capital Improvements	RTCIP	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,115	
-	-	-	-	-	23,720	414,059	
69,956	-	5,000	87,954	133,264	-	549,983	
1,559	2,546	4,145	2,430	434	65	14,789	
-	-	-	-	-	-	102,856	
-	-	150,000	-	-	-	221,664	
<u>71,515</u>	<u>2,546</u>	<u>159,145</u>	<u>90,384</u>	<u>133,698</u>	<u>23,785</u>	<u>1,337,466</u>	
-	101,143	35,989	-	-	-	137,132	
44,501	-	-	-	-	-	70,845	
-	-	-	-	-	-	709,464	
-	-	-	-	-	-	1,052,138	
-	-	-	-	-	-	584,767	
22,619	-	-	-	70,000	-	105,711	
2,632	-	-	-	63,264	-	67,419	
<u>69,752</u>	<u>101,143</u>	<u>35,989</u>	<u>-</u>	<u>133,264</u>	<u>-</u>	<u>2,727,476</u>	
1,763	(98,597)	123,156	90,384	434	23,785	(1,390,010)	
-	800,000	-	-	-	-	2,430,433	
-	-	-	-	-	-	(166,847)	
<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,263,586</u>	
1,763	701,403	123,156	90,384	434	23,785	873,576	
134,669	450,663	262,409	-	2,756	7,843	1,227,678	
<u>\$ 136,432</u>	<u>\$ 1,152,066</u>	<u>\$ 385,565</u>	<u>\$ 90,384</u>	<u>\$ 3,190</u>	<u>\$ 31,628</u>	<u>\$ 2,101,254</u>	

**CITY OF DEL MAR, CALIFORNIA  
GASOLINE TAX SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 129,000	\$ 107,000	\$ 105,890	\$ (1,110)
Total Revenues	<u>129,000</u>	<u>107,000</u>	<u>105,890</u>	<u>(1,110)</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	760,910	870,410	709,464	160,946
Total Expenditures	<u>760,910</u>	<u>870,410</u>	<u>709,464</u>	<u>160,946</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(631,910)	(763,410)	(603,574)	159,836
<b>OTHER FINANCING SOURCES</b>				
Transfers In	631,910	763,410	613,406	(150,004)
Total Other Financing Sources	<u>631,910</u>	<u>763,410</u>	<u>613,406</u>	<u>(150,004)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	9,832	9,832
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,832</u>	<u>\$ 9,832</u>

**CITY OF DEL MAR, CALIFORNIA  
OPEN SPACE SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,000	\$ 12,000	\$ 34,115	\$ 22,115
Licenses, Fees, and Permits	360,000	360,000	390,339	30,339
Intergovernmental	5,000	185,000	4,334	(180,666)
Investment Income	500	500	1,629	1,129
Contributions	100,000	137,000	102,856	(34,144)
Other	42,360	42,360	6,393	(35,967)
Total Revenues	519,860	736,860	539,666	(197,194)
<b>EXPENDITURES</b>				
Current:				
Parks and Recreation	1,173,490	1,201,110	1,052,138	148,972
Capital Outlay	331,400	747,720	584,767	162,953
Total Expenditures	1,504,890	1,948,830	1,636,905	311,925
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(985,030)	(1,211,970)	(1,097,239)	114,731
<b>OTHER FINANCING SOURCES</b>				
Transfers In	985,030	975,650	1,017,027	41,377
Total Other Financing Sources	985,030	975,650	1,017,027	41,377
<b>NET CHANGE IN FUND BALANCE</b>	-	(236,320)	(80,212)	156,108
Fund Balance - Beginning of Year	358,475	358,475	358,475	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 358,475	\$ 122,155	\$ 278,263	\$ 156,108

**CITY OF DEL MAR, CALIFORNIA  
SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Investment Income	-	-	1,576	1,576
Other	-	65,270	65,271	1
Total Revenues	100,000	165,270	166,847	1,577
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	100,000	165,270	166,847	1,577
<b>OTHER FINANCING USES</b>				
Transfers Out	(100,000)	(165,270)	(166,847)	(1,577)
Total Other Financing Uses	(100,000)	(165,270)	(166,847)	(1,577)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ -	\$ -	\$ -

**CITY OF DEL MAR, CALIFORNIA  
REGIONAL COMMUNICATIONS SYSTEM SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 48,000	\$ 48,000	\$ 43,585	\$ (4,415)
Investment Income	-	-	405	405
Total Revenues	48,000	48,000	43,990	(4,010)
<b>EXPENDITURES</b>				
Current:				
Public Safety	34,500	34,500	26,344	8,156
Debt Service:				
Principal	22,620	22,620	13,092	9,528
Interest	2,640	2,640	1,523	1,117
Total Expenditures	59,760	59,760	40,959	18,801
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(11,760)	(11,760)	3,031	14,791
<b>OTHER FINANCING SOURCES</b>				
Transfers In	11,760	11,760	-	(11,760)
Total Other Financing Sources	11,760	11,760	-	(11,760)
<b>NET CHANGE IN FUND BALANCE</b>	-	-	3,031	3,031
Fund Balance - Beginning of Year	10,863	10,863	10,863	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 10,863	\$ 10,863	\$ 13,894	\$ 3,031

**CITY OF DEL MAR, CALIFORNIA  
GRANTS SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 51,000	\$ 65,143	\$ 69,956	\$ 4,813
Investment Income	470	470	1,559	1,089
Total Revenues	51,470	65,613	71,515	5,902
<b>EXPENDITURES</b>				
Current:				
Public Safety	28,719	42,862	44,501	(1,639)
Debt Service:				
Principal	22,619	22,619	22,619	-
Interest	2,632	2,632	2,632	-
Total Expenditures	53,970	68,113	69,752	(1,639)
<b>NET CHANGE IN FUND BALANCE</b>	(2,500)	(2,500)	1,763	4,263
Fund Balance - Beginning of Year	134,669	134,669	134,669	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 132,169	\$ 132,169	\$ 136,432	\$ 4,263

**CITY OF DEL MAR, CALIFORNIA  
HOUSING SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment Income	\$ 3,000	\$ 3,000	\$ 2,546	\$ (454)
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>2,546</u>	<u>(454)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	99,550	99,550	101,143	(1,593)
Total Expenditures	<u>99,550</u>	<u>99,550</u>	<u>101,143</u>	<u>(1,593)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(96,550)	(96,550)	(98,597)	(2,047)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	200,000	800,000	800,000	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	103,450	703,450	701,403	(2,047)
Fund Balance - Beginning of Year	<u>450,663</u>	<u>450,663</u>	<u>450,663</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 554,113</u>	<u>\$ 1,154,113</u>	<u>\$ 1,152,066</u>	<u>\$ (2,047)</u>

**CITY OF DEL MAR, CALIFORNIA  
 AB 939 SPECIAL REVENUE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses, Fees, and Permits	\$ 67,500	\$ -	\$ -	\$ -
Intergovernmental	-	-	5,000	
Investment Income	500	500	4,145	3,645
Other	-	149,000	150,000	
Total Revenues	68,000	149,500	159,145	9,645
<b>EXPENDITURES</b>				
Current:				
General Government	73,590	77,090	35,989	41,101
Total Expenditures	73,590	77,090	35,989	41,101
<b>NET CHANGE IN FUND BALANCE</b>	(5,590)	72,410	123,156	50,746
Fund Balance - Beginning of Year	262,409	262,409	262,409	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 256,819	\$ 334,819	\$ 385,565	\$ 50,746

**CITY OF DEL MAR, CALIFORNIA  
ROAD MAINTENANCE AND REHABILITATION ACCOUNT (RMRA) SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 97,000	\$ 85,400	\$ 87,954	\$ 2,554
Investment Income	-	-	2,430	2,430
Total revenues	97,000	85,400	90,384	4,984
<b>OTHER FINANCING USES</b>				
Transfers Out	(97,000)	(85,400)	-	85,400
Total Other Financing Uses	(97,000)	(85,400)	-	85,400
<b>NET CHANGE IN FUND BALANCE</b>	-	-	90,384	90,384
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ -	\$ 90,384	\$ 90,384

**CITY OF DEL MAR, CALIFORNIA  
TRANSNET II CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 417,700	\$ 341,000	\$ 133,264	\$ (207,736)
Investment Income	-	-	434	434
Total Revenues	417,700	341,000	133,698	(207,302)
<b>EXPENDITURES</b>				
Capital Outlay	212,700	136,000	-	136,000
Debt Service:				
Principal	66,250	66,250	70,000	(3,750)
Interest	138,750	138,750	63,264	75,486
Total Expenditures	417,700	341,000	133,264	207,736
<b>NET CHANGE IN FUND BALANCE</b>	-	-	434	434
Fund Balance - Beginning of Year	2,756	2,756	2,756	-
<b>FUND BALANCE - END OF YEAR</b>	\$ 2,756	\$ 2,756	\$ 3,190	\$ 434

**CITY OF DEL MAR, CALIFORNIA  
CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND – MAJOR FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,567,300	\$ 1,987,337	\$ 684,950	\$ (1,302,387)
Investment Income	-	-	63,564	63,564
Total Revenues	<u>1,567,300</u>	<u>1,987,337</u>	<u>748,514</u>	<u>(1,238,823)</u>
<b>EXPENDITURES</b>				
General Government	42,980	42,980	42,975	5
Capital Outlay	2,091,300	3,007,151	909,189	2,097,962
Debt Service:				
Principal	403,730	403,731	403,731	-
Interest	457,580	457,580	457,578	2
Total Expenditures	<u>2,995,590</u>	<u>3,911,442</u>	<u>1,813,473</u>	<u>2,097,969</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,428,290)	(1,924,105)	(1,064,959)	859,146
<b>OTHER FINANCING SOURCES</b>				
Transfers In	1,428,290	1,628,290	1,695,160	66,870
Total Other Financing Sources	<u>1,428,290</u>	<u>1,628,290</u>	<u>1,695,160</u>	<u>66,870</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	(295,815)	630,201	926,016
Fund Balance - Beginning of Year	<u>360,814</u>	<u>360,814</u>	<u>360,814</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 360,814</u>	<u>\$ 64,999</u>	<u>\$ 991,015</u>	<u>\$ 926,016</u>

**CITY OF DEL MAR, CALIFORNIA  
CUSTODIAL FUNDS  
JUNE 30, 2023**

Custodial funds are used to account for assets held by the City 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
- Sunset Undergrounding Assessment District 2007-02

**CITY OF DEL MAR, CALIFORNIA  
CUSTODIAL FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2023**

	Stratford and Luneta Undergrounding Assessment District 1989-01	Seawall Refinance Assessment District 1999-01	Ocean View/ Pines Assessment District 2005-01	Sunset Undergrounding Assessment District 2007-02	Total
<b>ASSETS</b>					
Accounts Receivable	\$ 677	\$ 158	\$ 19	\$ 66	\$ 920
Restricted Assets:					
Cash and Investments	105,148	24,513	50,192	10,328	190,181
Total Assets	<u>105,825</u>	<u>24,671</u>	<u>50,211</u>	<u>10,394</u>	<u>191,101</u>
<b>NET POSITION</b>					
Restricted for Bond Holders	<u>105,825</u>	<u>24,671</u>	<u>50,211</u>	<u>10,394</u>	<u>191,101</u>
Total Net Position	<u>\$ 105,825</u>	<u>\$ 24,671</u>	<u>\$ 50,211</u>	<u>\$ 10,394</u>	<u>\$ 191,101</u>

**CITY OF DEL MAR, CALIFORNIA  
CUSTODIAL FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2023**

	Stratford and Luneta Undergrounding Assessment District 1989-01	Seawall Refinance Assessment District 1999-01	Ocean View/ Pines Assessment District 2005-01	Sunset Undergrounding Assessment District 2007-02	Total
<b>ADDITIONS</b>					
Investment Income	\$ 1,715	\$ 399	\$ 371	\$ 164	\$ 2,649
Special Assessments or Special Taxes Collected from Property Owners	-	-	47,629	-	47,629
Total Additions	<u>1,715</u>	<u>399</u>	<u>48,000</u>	<u>164</u>	<u>50,278</u>
<b>DEDUCTIONS</b>					
Payment for Special Tax Debt	-	-	58,013	-	58,013
Total Deductions	<u>-</u>	<u>-</u>	<u>58,013</u>	<u>-</u>	<u>58,013</u>
<b>CHANGE IN NET POSITION</b>	1,715	399	(10,013)	164	(7,735)
Total Net Position - Beginning of Year	<u>104,110</u>	<u>24,272</u>	<u>60,224</u>	<u>10,230</u>	<u>198,836</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 105,825</u>	<u>\$ 24,671</u>	<u>\$ 50,211</u>	<u>\$ 10,394</u>	<u>\$ 191,101</u>

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**CITY OF DEL MAR, CALIFORNIA  
STATISTICAL SECTION  
FISCAL YEAR 2022-2023**

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	114
<b>Revenue Capacity</b> These tables contain information that may help in assessing the viability of the City's most significant revenue sources – property taxes, transient occupancy tax (TOT), and sales and use tax.	125
<b>Debt Capacity</b> These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	134
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	140
<b>Operating Information</b> These tables contain service and infrastructure indicators that may inform one's understanding on how the information in the City's financial statements relate to the services that the City provides and the activities it performs.	143

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

	Fiscal Year			
	2013-2014 <sup>(3)</sup>	2014-2015	2015-2016	2016-2017
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$ 59,605,566	\$ 59,266,263	\$ 63,917,170	\$ 70,677,865
Restricted	980,148	795,930	706,189	779,035
Unrestricted	217,804	3,680,641	3,657,031	(1,945,483)
Total Governmental Activities	<u>\$ 60,803,518</u>	<u>\$ 63,742,834</u>	<u>\$ 68,280,390</u>	<u>\$ 69,511,417</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	\$ 18,867,190	\$ 19,468,010	\$ 21,145,247	\$ 21,782,050
Restricted	-	-	-	-
Unrestricted	2,730,948	2,532,915	1,565,516	1,425,671
Total Business-Type Activities	<u>\$ 21,598,138</u>	<u>\$ 22,000,925</u>	<u>\$ 22,710,763</u>	<u>\$ 23,207,721</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$ 78,472,756	\$ 78,734,273	\$ 85,062,417	\$ 92,459,915
Restricted	980,148	795,930	706,189	779,035
Unrestricted	2,948,752	6,213,556	5,222,547	(519,812)
Total Primary Government	<u>\$ 82,401,656</u>	<u>\$ 85,743,759</u>	<u>\$ 90,991,153</u>	<u>\$ 92,719,138</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<sup>(1)</sup> (CONTINUED)**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

Fiscal Year					
2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
\$ 70,478,246	\$ 71,168,471	\$ 73,838,956	\$ 72,058,048	\$ 71,521,446	\$ 72,814,107
755,945	690,821	679,422	934,485	1,123,980	1,822,991
2,549,881	1,320,489	(1,830,925)	1,674,375	6,639,579	12,806,433
<u>\$ 73,784,072</u>	<u>\$ 73,179,781</u>	<u>\$ 72,687,453</u>	<u>\$ 74,666,908</u>	<u>\$ 79,285,005</u>	<u>\$ 87,443,531</u>
\$ 21,388,165	\$ 20,887,789	\$ 20,418,606	\$ 20,447,077	\$ 20,926,230	\$ 20,591,860
-	-	563,791	-	-	-
1,219,695	1,850,025	1,250,437	2,453,280	2,795,724	4,190,537
<u>\$ 22,607,860</u>	<u>\$ 22,737,814</u>	<u>\$ 22,232,834</u>	<u>\$ 22,900,357</u>	<u>\$ 23,721,954</u>	<u>\$ 24,782,397</u>
\$ 91,866,411	\$ 92,056,260	\$ 94,257,562	\$ 92,505,125	\$ 92,447,676	\$ 93,405,967
755,945	690,821	1,243,213	934,485	1,123,980	1,822,991
3,769,576	3,170,514	(1,011,528)	(1,011,528)	9,435,303	16,996,970
<u>\$ 96,391,932</u>	<u>\$ 95,917,595</u>	<u>\$ 94,489,247</u>	<u>\$ 92,428,082</u>	<u>\$ 103,006,959</u>	<u>\$ 112,225,928</u>

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

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

	Fiscal Year			
	2013-2014	2014-2015	2015-2016	2016-2017
<b>EXPENSES</b>				
Governmental Activities:				
General Government	\$ 4,328,963	\$ 4,748,943	\$ 5,362,200	\$ 6,148,811
Public Safety	5,472,799	5,705,795	5,716,667	6,148,811
Public Works	943,013	1,649,191	1,410,511	1,410,511
Parks and Recreation	839,063	835,545	936,586	936,586
Interest on Long-Term Debt	8,438	158,679	155,143	155,143
Total Governmental Activities Expenses	<u>11,592,276</u>	<u>13,098,153</u>	<u>13,581,107</u>	<u>16,755,463</u>
Business-Type Activities:				
Water	2,964,821	3,165,994	3,072,195	3,072,195
Wastewater	2,759,107	2,965,384	2,500,851	2,500,851
Clean Water	411,143	439,752	464,373	464,373
Total Business-Type Activities Expenses	<u>6,135,071</u>	<u>6,571,130</u>	<u>6,037,419</u>	<u>6,037,419</u>
Total Primary Government Expenses	<u>\$ 17,727,347</u>	<u>\$ 19,669,283</u>	<u>\$ 19,618,526</u>	<u>\$ 22,792,882</u>
<b>PROGRAM REVENUES</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$ 1,117,178	\$ 1,388,029	\$ 1,646,441	\$ 1,646,441
Public Safety	1,312,948	1,318,815	1,457,029	1,457,029
Public Works	2,165	2,209	-	-
Parks and Recreation	414,556	443,169	410,206	410,206
Operating Grants and Contributions	277,781	311,393	285,416	285,416
Capital Grants and Contributions	7,358,463	3,874,226	951,754	951,754
Total Governmental Activities Program Revenues	<u>10,483,091</u>	<u>7,337,841</u>	<u>4,750,846</u>	<u>5,142,836</u>
Business-Type Activities:				
Charges for Services:				
Water	2,711,877	2,861,908	2,822,138	2,822,138
Wastewater	2,998,521	3,048,006	3,675,632	3,675,632
Clean Water	404,313	395,404	408,037	408,037
Capital Grants and Contributions	-	5,000	5,000	5,000
Total Business-Type Activities Program Revenues	<u>6,114,711</u>	<u>6,310,318</u>	<u>6,910,807</u>	<u>6,910,807</u>
Total Primary Government Revenues	<u>\$ 16,597,802</u>	<u>\$ 13,648,159</u>	<u>\$ 11,661,653</u>	<u>\$ 12,053,643</u>
<b>NET REVENUES (EXPENSES) <sup>(1)</sup></b>				
Governmental Activities	\$ (1,109,185)	\$ (5,760,312)	\$ (8,830,261)	\$ (11,055,811)
Business-Type Activities	(20,360)	(260,812)	873,388	873,388
Total Net Revenues (Expenses)	<u>\$ (1,129,545)</u>	<u>\$ (6,021,124)</u>	<u>\$ (7,956,873)</u>	<u>\$ (10,182,423)</u>
<b>GENERAL REVENUE AND OTHER CHANGES IN NET POSITION</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 4,971,265	\$ 5,329,825	\$ 5,291,352	\$ 5,291,352
Sales and Use Tax	1,674,709	1,700,688	1,998,279	1,998,279
Transient Occupancy Tax	1,939,699	2,101,634	2,444,275	2,444,275
Franchise Tax	384,220	373,589	367,471	367,471
Business License Tax	191,786	191,734	208,898	208,898
Intergovernmental - Unrestricted Other	205,319	209,226	278,081	278,081
Investment Income	161,140	190,457	239,734	239,734
Sale of Capital Assets	-	-	-	-
Other	412,954	228,085	493,914	493,914
Transfers	(108,563)	(19,615)	(35,381)	(35,381)
Total Governmental Activities	<u>9,832,529</u>	<u>10,305,623</u>	<u>11,286,623</u>	<u>12,012,664</u>
Business-Type Activities:				
Unrestricted Investment Earnings	24,395	5,591	27,729	27,729
Other	26,060	-	-	-
Transfers	108,563	19,615	35,381	35,381
Total Business-Type Activities	<u>159,018</u>	<u>25,206</u>	<u>63,110</u>	<u>63,110</u>
Total Primary Government	<u>\$ 9,991,547</u>	<u>\$ 10,330,829</u>	<u>\$ 11,349,733</u>	<u>\$ 12,075,774</u>
<b>CHANGE IN NET POSITION</b>				
Governmental Activities	\$ 7,558,368	\$ 6,051,188	\$ 2,939,316	\$ 4,956,853
Business-Type Activities	323,493	200,453	402,787	402,787

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

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

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

		Fiscal Year									
		2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023				
\$	6,360,890	\$	8,461,528	\$	9,079,633	\$	7,048,840	\$	7,424,735	\$	8,322,651
	6,861,913		7,104,779		7,955,624		7,699,253		7,626,541		7,185,111
	1,889,260		5,895,910		2,656,048		2,514,209		2,644,194		2,146,591
	894,067		776,548		1,162,397		773,562		1,059,781		1,069,630
	668,368		653,705		630,051		485,322		550,712		529,709
	<u>16,674,498</u>		<u>22,892,470</u>		<u>21,483,753</u>		<u>18,521,186</u>		<u>19,305,963</u>		<u>19,253,692</u>
	3,323,365		3,375,306		3,666,650		3,779,243		4,043,288		3,906,853
	2,996,746		3,217,465		4,029,879		3,638,587		3,337,828		3,403,091
	498,076		559,551		599,643		515,052		636,499		663,559
	<u>6,818,187</u>		<u>7,152,322</u>		<u>8,296,172</u>		<u>7,932,882</u>		<u>8,017,615</u>		<u>7,973,503</u>
\$	<u>23,492,685</u>	\$	<u>30,044,792</u>	\$	<u>29,779,925</u>	\$	<u>26,454,068</u>	\$	<u>27,323,578</u>	\$	<u>27,227,195</u>
\$	1,735,309	\$	1,894,634	\$	1,789,928	\$	1,913,924	\$	2,158,279	\$	2,579,851
	1,405,751		1,778,983		1,868,370		1,870,581		2,579,997		2,864,512
	-		2,404		2,483		-		2,636		23,720
	378,446		418,447		413,491		225,363		447,250		487,329
	522,338		481,814		329,537		467,683		426,084		1,331,486
	885,773		585,058		915,994		955,619		484,867		1,062,926
	<u>4,927,617</u>		<u>5,161,340</u>		<u>5,319,803</u>		<u>5,433,170</u>		<u>6,099,113</u>		<u>8,349,824</u>
	3,085,668		3,440,656		3,348,654		3,675,298		4,363,056		4,228,276
	3,283,228		3,096,774		3,261,067		3,362,819		3,884,184		3,870,619
	476,980		546,730		548,327		562,349		557,050		550,727
	5,000		5,000		-		-		57,316		75,527
	<u>6,850,876</u>		<u>7,089,160</u>		<u>7,158,048</u>		<u>7,600,466</u>		<u>8,861,606</u>		<u>8,725,149</u>
\$	<u>11,778,493</u>	\$	<u>12,250,500</u>	\$	<u>12,477,851</u>	\$	<u>13,033,636</u>	\$	<u>14,960,719</u>	\$	<u>17,074,973</u>
\$	(11,746,881)	\$	(17,731,130)	\$	(16,163,950)	\$	(13,088,016)	\$	(13,206,850)	\$	(10,903,868)
	32,689		(63,162)		(1,138,124)		(332,416)		843,991		751,646
\$	<u>(11,714,192)</u>	\$	<u>(17,794,292)</u>	\$	<u>(17,302,074)</u>	\$	<u>(13,420,432)</u>	\$	<u>(12,362,859)</u>	\$	<u>(10,152,222)</u>
\$	6,752,952	\$	6,491,063	\$	6,679,052	\$	6,993,953	\$	7,771,396	\$	8,322,387
	2,227,309		4,854,514		5,043,747		3,752,696		5,456,137		5,633,731
	2,697,297		3,001,300		2,982,510		2,300,504		3,419,866		3,816,392
	459,271		387,466		424,930		390,482		404,226		442,408
	240,103		241,008		243,198		235,557		282,187		276,466
	133,399		212,514		162,280		120,701		151,499		71,964
	245,548		386,787		519,309		387,953		(139,964)		559,904
	-		-		-		-		-		-
	437,304		211,161		913,350		1,023,262		549,295		164,988
	26,239		-		-		(77,893)		(87,871)		(225,846)
	<u>13,219,422</u>		<u>15,785,813</u>		<u>16,968,376</u>		<u>15,127,215</u>		<u>17,806,771</u>		<u>19,062,394</u>
	21,501		34,566		124,228		112,833		(112,089)		82,951
	-		-		-		-		-		-
	(26,239)		-		-		77,893		87,871		225,846
	<u>(4,738)</u>		<u>34,566</u>		<u>124,228</u>		<u>190,726</u>		<u>(24,218)</u>		<u>308,797</u>
\$	<u>13,214,684</u>	\$	<u>15,820,379</u>	\$	<u>17,092,604</u>	\$	<u>(120)15,317,941</u>	\$	<u>17,782,553</u>	\$	<u>19,371,191</u>
\$	1,472,541	\$	(1,945,317)	\$	804,426	\$	2,039,199	\$	4,599,921	\$	8,158,526
	27,951		(28,596)		(101,896)		(11,690)		819,773		1,060,443

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

	Fiscal Year			
	2013-2014	2014-2015	2015-2016	2015-2016
<b>GENERAL FUND</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	1,471,791	1,471,791	1,530,159	1,530,159
Unassigned	2,345,865	3,806,755	4,192,011	4,192,011
Total General Fund	<u>\$ 3,817,656</u>	<u>\$ 5,278,546</u>	<u>\$ 5,722,170</u>	<u>\$ 5,722,170</u>
<b>OTHER GOVERNMENTAL FUNDS</b>				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	980,148	795,930	706,189	706,189
Committed	207,819	299,415	302,160	302,160
Assigned	2,729,399	4,451,680	3,737,345	3,737,345
Total Other Governmental Funds	<u>\$ 3,917,366</u>	<u>\$ 5,547,025</u>	<u>\$ 4,745,694</u>	<u>\$ 4,745,694</u>

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

Fiscal Year					
2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
\$ 6,579	\$ 2,877	\$ 3,341	\$ 50,415	\$ 88	\$ 2,493
5,100,305	2,669,278	3,747,450	2,825,035	9,953,902	13,583,051
<u>3,633,422</u>	<u>5,558,534</u>	<u>2,507,169</u>	<u>7,595,965</u>	<u>5,531,452</u>	<u>6,398,478</u>
<u>\$ 8,740,306</u>	<u>\$ 8,230,689</u>	<u>\$ 6,257,960</u>	<u>\$ 10,471,415</u>	<u>\$ 15,485,442</u>	<u>\$ 19,984,022</u>
\$ -	\$ -	\$ -	\$ 77	\$ 88	\$ -
755,945	690,821	679,422	698,223	869,203	1,822,991
193,395	395,516	268,295	147,207	358,387	278,263
<u>805,635</u>	<u>320,493</u>	<u>278,065</u>	<u>308,370</u>	<u>360,814</u>	<u>991,015</u>
<u>\$ 1,754,975</u>	<u>\$ 1,406,830</u>	<u>\$ 1,225,782</u>	<u>\$ 1,153,877</u>	<u>\$ 1,588,492</u>	<u>\$ 3,092,269</u>

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

	Fiscal Year			
	2013-2014	2014-2015	2015-2016	2016-2017
<b>REVENUES</b>				
Taxes	\$ 9,865,474	\$ 10,469,129	\$ 11,291,573	\$ 12,483,838
Licenses and Permits	1,320,317	1,432,809	1,313,261	1,473,672
Intergovernmental	4,165,489	1,167,061	2,049,910	640,435
Charges for Services	1,296,138	1,447,608	1,471,767	1,537,125
Fines and Forfeitures	586,367	633,259	579,364	561,080
Use of Money and Property	190,457	239,733	298,973	245,548
Contributions	17,368	26,100	13,612	77,464
Other Revenues	221,469	657,152	1,046,464	1,101,638
Total Revenues	<u>17,663,079</u>	<u>16,072,851</u>	<u>18,064,924</u>	<u>18,120,800</u>
<b>EXPENDITURES</b>				
General Government	4,326,650	4,465,857	5,055,390	6,212,785
Public Safety	5,442,607	5,707,066	5,769,859	6,411,309
Public Works	486,619	565,436	589,870	646,739
Parks and Recreation	809,797	796,933	907,484	910,515
Capital Outlays	4,960,745	2,652,017	6,620,181	11,952,324
Debt Service:				
Principal	165,000	886,500	50,000	88,352
Interest and Fiscal Charges	11,532	158,718	155,143	506,960
Cost of Issuance	-	-	-	161,610
Total Expenditures	<u>16,202,950</u>	<u>15,232,527</u>	<u>19,147,927</u>	<u>26,890,594</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,460,129	840,324	(1,083,003)	(8,769,794)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Capital Lease	-	-	157,431	-
Issuance of Debt	704,000	2,285,606	622,150	3,687,966
Sale of Capital Assets	-	-	-	-
Transfers In	2,180,793	2,739,389	3,642,313	2,156,104
Transfers Out	<u>(2,200,408)</u>	<u>(2,774,770)</u>	<u>(3,696,598)</u>	<u>(2,129,865)</u>
Total Other Financing Sources (Uses)	<u>684,385</u>	<u>2,250,225</u>	<u>725,296</u>	<u>3,714,205</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 2,144,514</u>	<u>\$ 3,090,549</u>	<u>\$ (357,707)</u>	<u>\$ (5,055,589)</u>
Debt Service as a Percentage of Noncapital Expenditures	1.57 %	8.31 %	1.64 %	3.99 %

**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					
2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
\$ 15,119,862	\$ 15,561,911	\$ 13,865,011	\$ 13,491,345	\$ 17,366,143	\$ 18,529,539
1,560,470	1,424,462	1,175,755	1,430,060	1,692,744	1,972,169
940,761	1,144,117	1,247,627	636,338	910,521	2,355,821
1,760,952	1,969,158	2,102,617	2,563,903	2,492,438	2,239,149
716,505	740,862	797,887	1,049,002	1,066,270	1,594,094
496,853	519,309	387,953	229,973	(139,964)	559,904
161,500	25,730	32,680	214,996	83,719	106,516
190,250	902,630	1,028,748	978,681	491,857	399,252
<u>20,947,153</u>	<u>22,288,179</u>	<u>20,638,278</u>	<u>20,594,298</u>	<u>23,963,728</u>	<u>27,756,444</u>
5,921,425	7,459,736	7,511,186	6,250,367	6,310,134	7,677,405
6,405,468	6,823,281	7,309,028	7,124,556	7,206,806	7,684,300
613,939	753,994	860,139	764,118	904,826	1,120,549
834,530	916,556	945,702	773,085	1,016,920	1,052,138
12,347,347	7,643,140	4,953,541	585,334	1,830,395	2,819,510
481,658	478,878	499,788	482,853	602,207	639,014
672,959	657,891	634,778	490,611	555,927	535,325
-	-	-	-	-	-
<u>27,277,326</u>	<u>24,733,476</u>	<u>22,714,162</u>	<u>16,470,924</u>	<u>18,427,215</u>	<u>21,528,241</u>
(6,330,173)	(2,445,297)	(2,075,884)	4,123,374	5,536,513	6,228,203
-	-	-	-	-	-
11,413,179	1,587,535	-	-	-	-
-	-	-	-	-	-
6,491,721	3,452,909	3,390,584	2,127,964	3,505,148	4,292,440
<u>(6,491,721)</u>	<u>(3,452,909)</u>	<u>(3,468,477)</u>	<u>(2,109,788)</u>	<u>(3,593,019)</u>	<u>(4,518,286)</u>
<u>11,413,179</u>	<u>1,587,535</u>	<u>(77,893)</u>	<u>18,176</u>	<u>(87,871)</u>	<u>(225,846)</u>
<u>\$ 5,083,006</u>	<u>\$ (857,762)</u>	<u>\$ (2,153,777)</u>	<u>\$ 4,141,550</u>	<u>\$ 5,448,642</u>	<u>\$ 6,002,357</u>
7.73 %	6.65 %	6.39 %	6.14 %	6.97 %	6.57 %

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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
2022-2023	\$ 8,322,387	\$ 2,306,262	\$ 3,327,469	\$ 3,816,392	\$ 442,408	\$ 276,466	\$ 18,491,384
2021-2022	7,771,396	2,068,716	3,387,421	3,419,866	404,226	282,524	17,334,150
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
Change from Base Year 2013	67.41 %	37.71 %	100.00 %	96.75 %	15.14 %	44.15 %	101.83 %

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.

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

Fiscal Year	General Government	Public Safety	Public Works	Parks and Recreation	Capital Outlay	Debt Service <sup>(2)</sup>	Total
2022-2023	\$ 7,677,405	\$ 7,684,300	\$ 1,120,549	\$ 1,052,138	\$ 2,819,510	\$ 1,174,339	\$ 21,528,241
2021-2022	6,310,134	7,206,806	904,826	1,016,920	1,830,395	1,158,134	18,427,215
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

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.

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

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

Note:

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

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

Fiscal Year					
2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	
\$ 3,643,775,875	\$ 3,875,115,458	\$ 4,024,078,136	\$ 4,361,607,012	\$ 4,630,568,441	
309,755,624	322,793,000	306,435,872	337,705,751	355,543,713	
2,620,955	3,162,334	3,195,089	3,346,988	5,819,841	
3,116,546	3,178,876	3,211,808	3,926,043	4,004,563	
15,850,559	12,487,932	2,092,944	2,075,659	2,827,368	
-	-	-	26,600	-	
<u>\$ 3,975,119,559</u>	<u>\$ 4,216,737,600</u>	<u>\$ 4,339,013,849</u>	<u>\$ 4,708,688,053</u>	<u>\$ 4,998,763,926</u>	

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

Fiscal Year	Residential		Commercial		Industrial	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2022-2023	\$ 4,630,568,441	4,203	\$ 355,543,713	97	\$ 5,819,841	6
2021-2022	4,361,607,012	4,203	337,705,751	102	3,346,988	7
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

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<sup>(1)</sup> (CONTINUED)  
LAST TEN FISCAL YEARS**

Institutional		Recreational		Other		Total		Total Direct
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Tax Rate (%) (2)
\$ 4,004,563	1	\$ 2,827,368	312	-	-	\$ 4,998,763,926	4,619	0.14775
3,926,043	1	2,075,659	306	26,600	1	4,708,688,053	4,620	0.14775
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

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

Fiscal Year	Construction <sup>(1)</sup>						Total	
	Residential		Commercial		Number of		Number of	
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Permits	Valuation
2022-2023	208	\$ 22,760,412	13	\$ 8,913,250	-	\$ -	221	\$ 31,673,662
2021-2022	177	21,181,429	19	912,000	-	-	196	22,093,429
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	27,588,507
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

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

Fiscal Year	Total Del Mar Debt Service	County			Special Districts			Total
		San Diego County	City of Del Mar Direct Tax	Total County Base	School Districts (2)	San Diego County Water Authority (SDCWA)	Total Special Districts	
2022-2023	-	0.85225	0.14775	1.00000	0.06162	0.00350	0.06512	1.06512
2021-2022	-	0.85225	0.14775	1.00000	0.04271	0.00350	0.04621	1.04621
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

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 2022-2023		Fiscal Year 2013-2014	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
Lhoberge LP	Property management	\$ 82,066,036	1.73 %	\$ 115,750,111	4.30 %
2808 of Trust	Trust	44,314,389	0.94	-	-
Jacobs Family Trust	Trust	41,630,899	0.88	31,975,258	1.19
Brixton Del Mar Plaza T I C LLC	Property management	41,500,000	0.88	-	-
Bucket + Space LLC	Property management	35,281,261	0.75	-	-
Allred Family Living Survivors Trust	Trust	34,657,301	0.73	30,325,140	1.13
2075 Seaview LLC	Property management	33,855,462	0.72	-	-
Miyago Do LLC	Trust	28,119,027	0.59	-	-
Moores Rebecca A Family Trust	Trust	27,963,370	0.59	17,790,847	0.66
Del Mar Thoroughbred Club	Horse racing club	26,531,654	0.56	22,864,178	0.85
GLL BVK Properties 2007 LP	Property management	-	-	43,764,642	1.63
Madeleine A Pickens Trust	Trust	-	-	23,460,000	0.87
Marsha J Naify Living Trust	Trust	-	-	19,975,642	0.74
2928 Camino del Mar LLC	Property management	-	-	19,282,713	0.72
Allred Family Living Survivors Trust	Trust	-	-	17,866,633	0.66
Top Ten Totals (Secured and Unsecured)		395,919,399	8.37	343,055,164	12.75
All Others (Secured)		4,336,335,065	91.63	2,346,702,158	87.25
Total Assessed Valuation		<u>\$ 4,732,254,464</u>	100.00	<u>\$ 2,689,757,322</u>	100.00

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

Fiscal Year 2022-2023		Fiscal Year 2013-2014	
Taxpayers	Business Type	Taxpayers	Business Type
1 Beeside Balcony	Casual dining	Americana	Casual dining
2 Brigantine	Fine Dining	Banana Republic	Retail clothing
3 Brogdon Concessions	Quick-service restaurants	Brigantine	Casual dining
4 C&C Concessions	Quick-service restaurants	Bully's Del Mar	Casual dining
5 Chicken Charlies Enterprises	Quick-service restaurants	Chicken Charlies Enterprises*	Quick-service restaurants
6 Chins Szechwan Del Mar	Fine dining	Del Mar Blue Print Co	Printing
7 Copper Kettle	Quick-service restaurants	Del Mar Rendezvous	Casual dining
8 Del Mar Blue Print Co.	Printing	Del Mar Thoroughbred Club	Horse racing club
9 Del Mar Pizza & Pasta	Casual dining	Design Line Interiors	Furniture/Appliances
10 Design Line Interiors	Home furnishings	En Fuego Cantina & Grill	Casual dining
11 Dexters Deli	Specialty stores	Il Fornaio	Casual dining
12 En Fuego Cantina & Grill	Casual dining	Jakes Del Mar	Fine dining
13 Il Fornaio	Fine dining	Jimmy Os	Fine dining
14 Jakes Del Mar	Fine dining	Juicy's	Food service
15 L'Auberge Del Mar	Casual dining	L'Auberge Del Mar	Casual dining
16 La Mesa RV Center	Recreation products	Miwall Wholesale Ammo*	Recreation products
17 Mattress Firm	Home furnishings	Pacifica Del Mar	Casual dining
18 Monarch	Casual dining	Pinnacle Appliance Distributors	Sporting Goods/Bike Stores
19 Pacifica Del Mar Restaurant	Fine dining	Poseidon Restaurant	Home Furnishings
20 Poseidon on the Beach	Fine dining	Premier Food Services*	Quick-service restaurants
21 Premier Food Services	Quick-service restaurants	Prep Kitchen Del Mar	Fine dining
22 Sbicca	Casual dining	Sbicca An American Bistro	Fine dining
23 Shimbashi Izakaya	Casual dining	Sippers & More Restaurant*	Quick-Service Restaurants
24 Tamarindo	Casual dining	State of California	Government
25 Viewpoint Brewing Co.	Casual dining	The Board & Brew	Casual dining
Percentage of Total Sales Tax Collected 67.47 %		67.70 %	

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

Sources: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, The HdL Companies

\* 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
2022-2023	\$ 6,747,350	\$ 6,660,529	98.71 %	\$ 10,566	\$ 6,671,095	98.87 %
2021-2022	6,219,718	6,152,218	98.91	6,047	6,158,265	99.01
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

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.

**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	Leases	Loans	Notes	Total	Revenue Bonds	Certificates of Participation	Capital Leases	Notes	Total
2022-2023	\$ -	243,954	\$ 16,581,826	\$ -	\$ 16,825,780	\$ -	\$ -	\$ -	\$ 5,415,925	\$ 5,415,925
2021-2022	-	352,059	17,100,794	-	17,452,853	-	-	-	5,829,843	5,829,843
2020-2021	-	452,946	17,602,114	-	18,055,060	-	-	-	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

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income	Percent of Personal Income
2022-2023	3,903	\$ 22,241,705	\$ 4,732,254,464	0.47 %	\$ 5,699	\$ 501,255	2.25 %
2021-2022	3,929	23,282,696	4,355,955,764	0.53	5,926	486,655	2.09
2020-2021	4,258	24,288,285	4,239,256,907	0.57	5,704	440,525	1.81
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

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

Business-Type Activities									
Fiscal Year	Revenue (1)	Operating Expenses (1)	Net Available Revenue	Debt Service <sup>(2)</sup>				Total Debt Service	Percent Coverage
				Clean Water State Revolving		Certificates of Participation			
				Principal	Interest	Principal	Interest		
2022-2023	\$ 8,725,149	\$ 7,863,221	\$ 861,928	\$ 251,195	\$ 92,822	\$ -	\$ -	\$ 344,017	250.55
2021-2022	8,881,606	7,899,048	982,558	244,116	99,901	-	-	344,017	285.61
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

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

<u>Fiscal Year</u>	<u>Population <sup>(1)</sup></u>	<u>Certificates of Participation</u>	<u>Taxable Assessed Value</u>	<u>Percent of Taxable Assessed Value</u>	<u>Debt Per Capita</u>	<u>Personal Income <sup>(2)</sup> (in Thousands)</u>	<u>Percent of Personal Income</u>
2022-2023	3,903	\$ -	\$ 4,732,254,464	- %	\$ -	\$ 501,255	- %
2021-2022	3,929	-	4,355,955,764	-	-	486,655	-
2020-2021	4,258	-	4,239,256,907	-	-	440,525	-
2019-2020	4,451	-	3,759,707,107	-	-	491,975	-
2018-2019	4,322	-	3,572,859,349	-	-	440,691	-
2017-2018	4,297	-	3,395,888,687	-	-	397,110	-
2016-2017	4,274	-	3,176,435,084	-	-	372,669	-
2015-2016	4,221	-	2,986,826,078	-	-	423,864	-
2014-2015	4,234	170,000	2,873,455,956	0.01	40	353,818	208.13
2013-2014	4,199	335,000	2,689,757,322	0.01	80	344,910	102.96

**CITY OF DEL MAR, CALIFORNIA  
DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2023**

Fiscal Year 2022-2023 Assessed Valuation	\$4,732,254,464		
Fiscal Year 2022-2023 Population	3,903		
	<u>Total Debt</u>	<u>Percent</u>	<u>City's Share</u>
	June 30, 2023	Applicable	of Debt
		to City <sup>(1)</sup>	June 30, 2023
Overlapping Tax and Assessment Debt:			
San Diego County General Obligations	\$ 229,680,000	0.720	\$ 1,653,696
San Diego County Pension Obligations	277,990,000	0.720	2,001,528
San Diego County Superintendent of Schools:			
General Fund Obligations	6,935,000	0.720	49,932
San Dieguito Union High School District:			
General Fund Obligations	12,730,000	5.825	741,523
Solana Beach School District			
General Fund Obligations	<u>89,095,000</u>	0.497	<u>24,557</u>
Total Overlapping General Fund Debt	616,430,000		4,471,236
Direct Debt and Overlapping Tax and Assessment Debt:			
Direct Debt:			
City of Del Mar	<u>16,581,826</u>	100.000	<u>16,581,826</u>
Subtotal Direct Debt	16,581,826		16,581,826
Overlapping Tax and Assessment Debt:			
Metropolitan Water District	19,215,000	0.013	24,980
Mira Costa Community College District	376,155,000	3.524	13,255,702
San Dieguito Union High School District	416,410,000	5.825	24,255,883
Del Mar Union School District	107,675,000	20.547	22,123,982
Solana Beach School District School			
Facilities Improvements District	5,819,247	0.497	442,802
City of Del Mar 1915 Act Bonds	<u>150,000</u>	100.000	<u>150,000</u>
Subtotal Overlapping Tax and Assessment Debt	<u>925,424,247</u>		<u>60,253,349</u>
Total Direct and Overlapping Tax and Assessment Debt	942,006,073		76,835,175
Subtotal Overlapping Tax	<u>1,541,854,247</u>		<u>64,724,585</u>
Combined Total Debt	<u>\$ 1,558,436,073</u>		<u>\$ 81,306,411</u>

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

Ratios to Fiscal Year 2022-2023 Assessed Valuation:		<u>Per Capita</u>
City Direct Debt	0.00%	\$ 4,248
Total Overlapping Tax and Assessment Debt	1.27%	19,686
Combined Total Debt	1.37%	20,832

State School Building Aid Repayable as of June 30, 2023	<u>\$ -</u>
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**CITY OF DEL MAR, CALIFORNIA  
SCHEDULE OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS**

	Fiscal Year			
	2013-2014	2014-2015	2015-2016	2016-2017
Assessed Valuation	\$ 2,873,455,956	\$ 2,986,826,078	\$ 3,176,435,084	\$ 3,395,888,687
Conversion Percentage	25 %	25 %	25 %	25 %
Adjusted Assessed Valuation	\$ 718,363,989	\$ 746,706,520	\$ 794,108,771	\$ 848,972,172
Debt Limit Percentage	15 %	15 %	15 %	15 %
Debt Limit	\$ 107,754,598	\$ 112,005,978	\$ 119,116,316	\$ 127,345,826
Total Net Debt Applicable to Limit: General Obligation Bonds	170,000	-	-	-
Legal Debt Margin	<u>\$ 107,584,598</u>	<u>\$ 112,005,978</u>	<u>\$ 119,116,316</u>	<u>\$ 127,345,826</u>
Total Debt Applicable to the Limit as a Percentage of Debt Limit	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					
2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
\$ 3,572,849,349	\$ 3,759,707,107	\$ 3,759,707,107	\$ 4,239,256,907	\$ 4,355,955,764	\$ 4,732,254,464
25 %	25 %	25 %	25 %	25 %	25 %
\$ 893,212,337	\$ 939,926,777	\$ 939,926,777	\$ 1,059,814,227	\$ 1,088,988,941	\$ 1,183,063,616
15 %	15 %	15 %	15 %	15 %	15 %
\$ 133,981,851	\$ 140,989,017	\$ 140,989,017	\$ 158,972,134	\$ 163,348,341	\$ 177,459,542
-	-	-	-	-	-
<u>\$ 133,981,851</u>	<u>\$ 140,989,017</u>	<u>\$ 140,989,017</u>	<u>\$ 158,972,134</u>	<u>\$ 163,348,341</u>	<u>\$ 177,459,542</u>
- %	- %	- %	- %	- %	- %

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

Year	City of Del Mar Housing Units <sup>(1)</sup>	Population <sup>(2)</sup>				Personal Income <sup>(3)</sup>			
		City of Del Mar		County of San Diego		City of Del Mar		County of San Diego	
		Average Annual Percent Change	Average Annual Percent Change	Average Annual Percent Change	Average Annual Percent Change	Personal Income (in Thousands)	Per Capita	Personal Income (in Thousands)	Per Capita
		City of Del Mar	County of San Diego	City of Del Mar	County of San Diego				
2023	2,543	3,903	(0.66)%	3,269,755	(0.53)%	\$ 501,255	\$ 128,428	\$ -	\$ -
2022	2,615	3,929	(7.73)	3,287,306	(1.32)	486,655	123,862	244,332,306	74,326
2021	2,615	4,258	(0.23)	3,331,279	(0.36)	440,525	103,458	244,349,315	73,350
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	0.95	3,194,362	1.62	553,818	83,566	167,931,419	52,571

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

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

Employment <sup>(4)</sup>						Enrollment
City of Del Mar			County of San Diego			Del Mar
Labor Force	Employed	Unemployment Rate	Labor Force	Employed	Unemployment Rate	Union Elementary <sup>(5)</sup>
2,100	2,100	1.60 %	1,602,600	1,535,800	4.20 %	3,748
2,200	2,200	1.00 %	1,587,400	1,534,200	3.40 %	3,895
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

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 <sup>(1)</sup>	Business Type	2023		2022	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Del Mar Thoroughbred Club <sup>(3)</sup>	Horse Racing Club	<sup>(3)</sup> 90-750	35.71%	<sup>(3)</sup> 98-729	18.60 %
L'Auberge Del Mar Resort Spa	Resorts	144	6.86	179	8.80
Monarch Ocean Pub	Restaurant	115	5.48	96	4.40
Brigantine Seafood Restaurant	Restaurant	100	4.43	95	4.65
Jake's Del Mar	Restaurant	97	4.62	205	5.63
Poseidon Restaurant	Restaurant	84	4.00	65	3.25
Pacifica Del Mar	Restaurant	70	3.33	65	3.25
Il Fornaio	Restaurant	70	3.33	63	3.00
Sbicca An American Bistro	Restaurant	55	2.62	48	2.40
Tamarindo	Restaurant	27	1.29	44	2.75
Total Top Ten Employers		<u>1,491</u>		<u>1,411</u>	
Total City Employment <sup>(2)</sup>		<u>2,100</u>		<u>2,000</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	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
General Government	19	20	21	22	24	25	26	25	25	25
Public Safety <sup>(1)</sup>	16	16	16	16	15	15	15	14	9	9
Public Works	13	13	13	13	14	14	15	14	15	16
Parks and Recreation	5	5	5	5	5	5	5	4	11	12
Total	<u>53</u>	<u>54</u>	<u>55</u>	<u>56</u>	<u>58</u>	<u>59</u>	<u>61</u>	<u>57</u>	<u>60</u>	<u>62</u>

Note:

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

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

Function	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
<b>Police:</b>									
Arrests <sup>(1)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking Citations Issued	18,000	15,694	11,818	13,074	19,672	18,777	18,097	28,480	26,517
<b>Fire:</b>									
Emergency Calls	1,130	1,468	1,309	806	881	849	1,033	861	1,622
Inspections	598	459	394	93	62	285	394	443	435
<b>Public Works:</b>									
Street Resurfacing (Miles)		1.00	1.00	1.00	1.50	2.00	2.00	2.00	0.50
Street Slurry (Miles)	-	-	-	-	-	-	-	-	-
<b>Parks and Recreation:</b>									
Number of Recreational Classes	468	347	485	222	287	281	192	-	36
Number of Facility Rentals	185	175	143	93	186	216	139	26	211
<b>Water:</b>									
New Construction	-	-	-	-	-	-	-	-	-
Average Daily Consumption (in Thousands of Gallons)	969	858	803	838	962	859	852	934	900
<b>Sewer:</b>									
New Construction	-	-	-	-	-	-	-	-	-
Average Daily Sewage Treatment (in Thousands of Gallons)	520	534	499	523	448	421	444	369	367

**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									
	2013-2014	2014-2015	2015-2016	2016-2017	2017-18	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
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	25.0
Street Lights	74	74	74	74	81	81	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) <sup>(1)</sup>	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) <sup>(1)</sup>	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	13.70	13.70	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	1,476	1,476

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, 2023**

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	377
Emergency Medical Incident Responses	1275
Public Service Calls	182
Fire Inspections	325
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	2,905,796
Baseball Field	1
Tennis Courts	2
Library	1
Library Inventory	14,779
Hotels:	
Major Hotel Rooms	355
Average Percent Occupancy	65%
Average Room Rate	\$366
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	1,889 meters
Fire Hydrants	350
Sanitary Sewer Lines	24.98 miles



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