



*Preserving the past; built for the future*

*City of*  
**Del Mar**



***Fiscal Year Ended June 30, 2014***  
***City of Del Mar, California***



***Comprehensive Annual Financial Report***

**CITY OF DEL MAR, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2014



Prepared by the Finance Department

Teresa S. McBroome  
Director of Finance/Treasurer

**CITY OF DEL MAR**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2014

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December 19, 2014

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

**LETTER OF TRANSMITTAL**  
**FISCAL YEAR 2013-2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2013-2014 Comprehensive Annual Financial Report (CAFR) for the City of Del Mar. These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

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

The City's financial statements have been audited by White Nelson Diehl Evans LLP, certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2014.

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

**Profile of the City of Del Mar**

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

Del Mar is a small city of 4,234 residents and is primarily a residential community with substantial tourist appeal covering approximately two square miles and noted for its beautiful,

well-guarded beaches. The City is predominantly built out; however, redevelopment and revitalization opportunities exist in its commercial areas, and replacement of existing houses with larger and more elaborate dwellings is commonplace in its residential areas. The 22<sup>nd</sup> District Agricultural Association, commonly referred to as the Fairgrounds, is a significant presence in the City encompassing approximately one-fifth of the City's area. The 22<sup>nd</sup> District Agricultural Association is owned by the State of California and managed by a board of directors appointed by the Governor.

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

### **Budgetary Process**

The City adopted and implemented the City's two-year Operating and Capital budget for Fiscal Years 2013-2014 and 2014-2015. The budget process began with the City Council developing "Must-Do" Priorities, Strategic and Operational Initiatives, Council-Led Initiatives, and Citizen-Community Led Projects, reflecting Council's priorities and providing the framework around which staff resourced and proposed a budget for Council consideration. The proposed budget was presented to the Council and discussed at public workshops. The final budget was adopted by the City Council during a meeting in June 2013. The budget is monitored monthly by the Finance Department and Department Directors using financial reports which compare actual revenues and expenditures to date with budgeted amounts. Semi-annual financial reports are presented and reviewed by the Finance Committee before being presented to the Council at regularly scheduled meetings.

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

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

Del Mar relies heavily on the local real estate market, specifically property tax revenues, and tourism, as major revenue sources. For the last six fiscal years, Del Mar has led the County in increased assessed valuations. Property taxes increased six percent in Fiscal Year 2013-2014 compared to the previous year. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value; increases in value due to new construction; and the two percent annual increases permitted under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains 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 has become a popular destination for both local visitors

and vacationing travelers. As with other cities throughout the County and State, tourism had suffered in the recent recession. However, through the upswing in the tourism economy, and active promotion of tourism through the Del Mar Village Association, Del Mar has emerged positively from this difficult period. In November 2008, the voters of Del Mar approved increasing the Transient Occupancy Tax (TOT) rate from 10.5 percent to 13 percent. The City Council elected to implement 1 percent of the possible 2.5 percent increase resulting in an 11.5 percent TOT effective with the beginning of Fiscal Year 2009-2010. TOT collections increased eight percent during Fiscal Year 2013-2014 compared to the previous fiscal year, due to the increases in the average occupancy rate. Due to the improving economy, sales tax increased approximately three percent compared to the prior fiscal year.

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

Del Mar has positioned itself well to weather periods of economic instability. The City's strategic approach has been to continue fiscal conservatism by identifying new revenue sources while examining ways to reduce expenditures through alternative approaches. It has always maintained a low level of fixed obligations and has maintained prudent reserve policies. The City continues to pursue grant opportunities and low-cost financing for its projects. Additionally, the City has been able to fund certain projects through the generosity of its residents and community. We believe that the projects undertaken this fiscal year and the accomplishments highlighted below not only help us better serve our residents and businesses, but assist in building a solid foundation towards keeping the City fiscally sound and well positioned to sustain its financial health.

### **Accomplishments**

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

#### *Pension Reform and the City's Financial Forecast*

Del Mar is considered a leader in pension reform. Over the past two years, the City has worked closely with its resident-based Finance Committee to implement efforts to manage pension costs including implementing second tiers for its California Public Employees Retirement System (CalPERS) pensions and having the last of its employee labor groups pay the full employee share. During Fiscal Year 2013-2014, the City implemented the State's Public Employees' Pension Reform Act of 2013 (PEPRA) and reviewed and analyzed the effects of the changes that CalPERS made to their demographic assumptions and the five-year ramp of employer rates in order that each agency's unfunded liability is paid off within 30 years. Additionally, the Finance Committee analyzed the effects of implementing GASB Statement Number 68, which will require the City to record its pension unfunded liability in its financial statements, and used the requirements as a mechanism to calculate the transfers into a new pension reserve fund in order to set aside enough funding to pay off the City's unfunded liability within 15 years.

The City's 30-year financial forecast which projects future revenue and expenditures to ensure that all financial policies will be met in the future was updated to include the transfers to the

new pension reserve fund. The financial forecast was also used to calculate the City's capacity to build a City Hall project and to fund the Ten-Year Capital Improvement Program approved by the City Council during this fiscal year.

### *Technological Improvements*

During Fiscal Year 2013-2014, the City implemented a number of technology initiatives that have improved government transparency, provided efficiencies, and helped improve collaboration among departments, such as TRAKiT. TRAKiT is an integrated suite of software modules for tracking and managing parcels, planning applications, building permits, code enforcement, and business licenses. TRAKiT allows all City staff to simply query a parcel and see all related planning applications, business licenses, and/or code enforcement cases. This system has benefited many City departments including Planning, Finance, and Public Works.

In March 2014, the City launched a complete redesign of its public facing website ([www.delmar.ca.us](http://www.delmar.ca.us)) and migrated to a new Content Management System and hosting provider. The new website was designed and hosted by CivicPlus, a firm that specializes in government websites tailored to promote community engagement. The City has received positive feedback about the new website and is experiencing increased visitors to the site. Since launching the site in March, as of September 2014, the City has had over 100,000 visitors to the website.

The City is in the midst of implementing an enterprise Time and Attendance system, ExecuTime, to improve efficiency and reduce redundancy in the time accounting process by allowing employees to enter daily timesheets online instead of the manual paper process that is currently utilized. ExecuTime will include an automated timesheet approval workflow that will allow supervisors to manage and approve employee timesheets online and can be integrated into the City's current payroll system, Eden. The direct integration with Eden will significantly reduce the amount of data entry and paper time sheet handling required by staff and streamlines the review and approval process for supervisors. Additionally, the system will allow staff to code hours directly to projects for billing purposes and can be used to extract data for the calculation of planning and development fees and charges, and other city fees. Additional benefits include employee scheduling, overtime and leave approval, attendance, and robust reporting capabilities necessary for the anticipated Affordable Health Care Act requirements.

### *Records Management Program*

In Fiscal Year 2013-2014, the City Council authorized funding to digitize the City's official records. The project included establishing a new document management server and a 12 TB storage device for storing archived records in State required "Write Once Read Many" format based on the Secretary of State's Trustworthy Electronic Document or Record Preservation regulations. The project also included contracts for records indexing and scanning services. By storing its records using the Trustworthy Electronic Document system, the City is able to eliminate the storage of paper documents, except those that may be retained for historical reasons. Through this project, the City eliminated hard copy storage for hundreds of plan sets and hundreds of boxes of paper records. The project also allows for easier records retrieval through online full-text search. The City has approximately 59,000 documents in its Electronic Document Management System.

## *North Torrey Pines Bridge*

In April 2014, Del Mar celebrated the completion of the rehabilitation of the historic North Torrey Pines Bridge. Reconstruction of this nationally recognized historic structure, originally built in 1933, began in November 2010 and was completed in Fiscal Year 2013-2014. The bridge, which handles an average of 20,000 vehicles each day, was reconstructed to maintain its historic architecture, while retrofitting it to better withstand earthquakes due to age and salt air from the nearby ocean which had corroded the original pillars that support the bridge span. The improvements strengthen the bridge to last at least 50 years, while preserving and restoring its aesthetic charm, character, and historical features.

## *Sidewalk, Street, and Drainage Project*

The City began design of a citywide project to construct sidewalks, curb and gutters, storm drain infrastructure, and roadway repairs on Camino del Mar, Jimmy Durante Boulevard, and Via de la Valle. In May, substantial completion of construction for Segment 3, (Camino del Mar Beach Colony) was achieved. The project included approximately 2,800 feet of new curb and gutter, 12,000 square feet of sidewalks, 20 pedestrian ramps, pavement rehabilitation, and planting areas on Camino Del Mar from 22<sup>nd</sup> Street to the San Dieguito River. The project also included much needed underground storm drain infrastructure on the east side of Camino del Mar at 27th Street and included traffic calming features to achieve a more pedestrian friendly atmosphere.

## **Looking Forward**

### Citywide Planning Efforts

#### *City Hall Project*

The current City Hall is located on 1.6 acres of prime downtown property. The City Hall administration building is in need of replacement, and the community has been asked to weigh in on the issue of where it should be located and what facilities or needs should be addressed by the project. The City has conducted a needs assessment, survey, and multiple workshops with the community and analysis of options to determine the range of possibilities. The City will, upon the determination of the building program, move forward with the design process.

#### *Shores Park Master Plan*

Shores Park, located on 5.3 acres in downtown property, has initiated the master planning process to envision future activities for the site. The site currently is home to Winston School, community offices used by Del Mar nonprofit groups, and park land. The master plan process will determine a long-term vision for this prominent open space and develop a strategy to implement the community's desires.

#### *Comprehensive Parking Management Plan*

The City is underway with addressing a Comprehensive Parking Management Plan with the goal of providing adequate parking for customers, businesses, employees and visitors. The plan's actions, which will be implemented over many years, are considered essential for the continued success of Del Mar businesses and the preservation of the peaceful nature of Del Mar

residential areas. The City began with the implementation of downtown measures to improve parking and is addressing both potential management actions as well as providing additional parking.

### *Housing Element*

The City has implemented approximately half of the ordinances required by the Housing Element Update of 2012, and is in position to continue with the remainder, to stay in compliance with State mandates.

## **Financial Policies**

### *General Fund Contingency Reserve*

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

### *Finnell Plan*

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

## **Awards**

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the 18<sup>th</sup> consecutive year the City has achieved this prestigious award. In order to receive an award, the City must publish an easily readable and comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## Acknowledgments

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

Respectfully submitted,



Scott W. Huth  
City Manager



Teresa S. McBroome  
Director of Finance/Treasurer



Government Finance Officers Association

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

Presented to

**City of Del Mar  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

## **CITY COUNCIL**

*Lee Haydu*  
**Mayor**

*Al Corti*  
**Deputy Mayor**

*Sherryl Parks*  
**Councilmember**

*Donald Mosier*  
**Councilmember**

*Terry Sinnott*  
**Councilmember**

## **CITY MANAGER**

*Scott W. Huth*

**ASSISTANT CITY MANAGER**

*Mark Delin*

**CITY ATTORNEY**

*Leslie Devaney*

**DIRECTOR OF PLANNING AND  
COMMUNITY DEVELOPMENT**

*Kathy Garcia*

**ADMINISTRATIVE  
SERVICES DIRECTOR**

*Andrew Potter*

**DIRECTOR OF FINANCE/  
TREASURER**

*Teresa S. McBroom*

**DIRECTOR OF COMMUNITY SERVICES  
AND LIFEGUARD CHIEF**

*Pat Vergne*

**CITY ENGINEER**

*Tim Thiele*

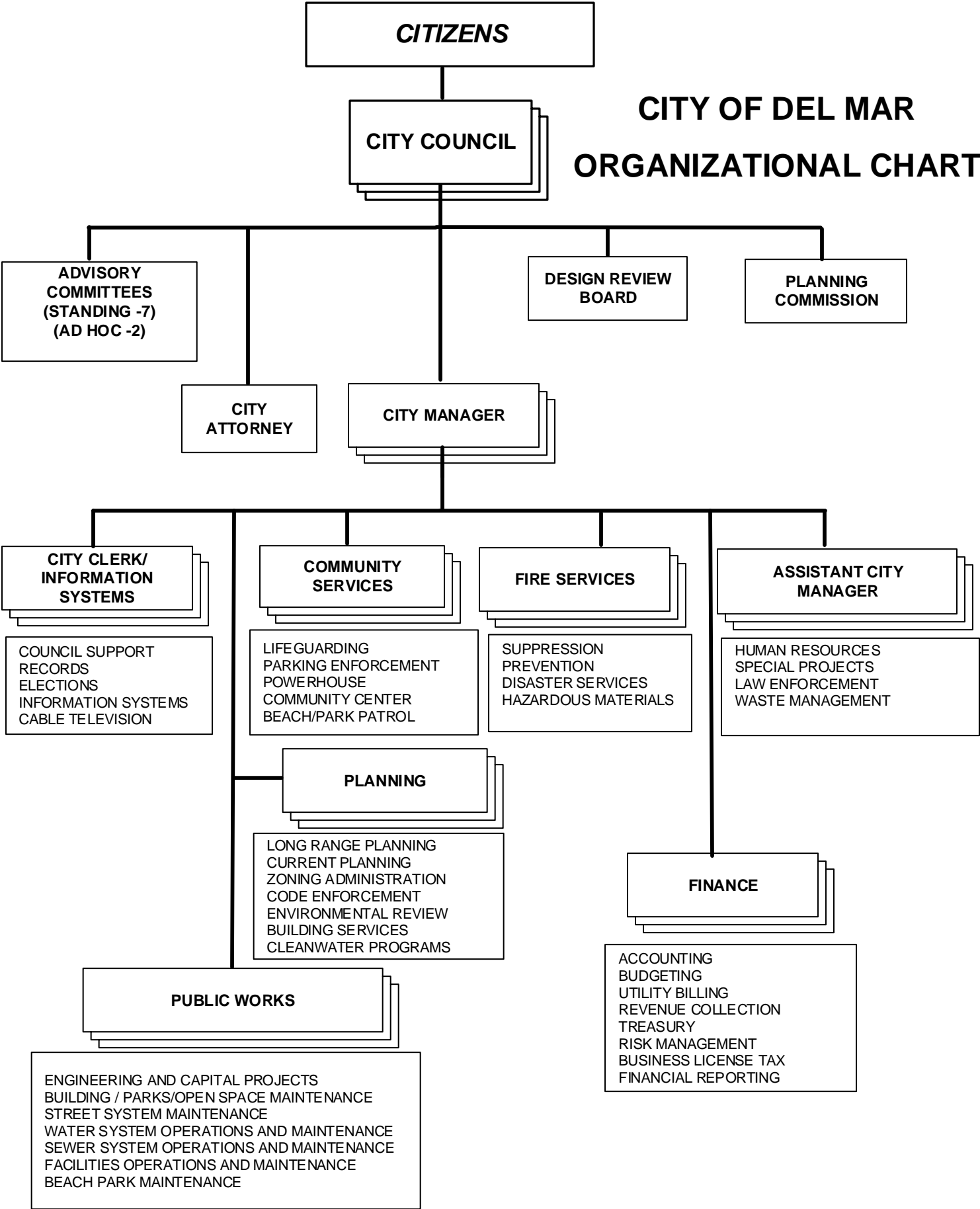
**PUBLIC WORKS DIRECTOR**

*Eric Minicilli*

**SHERIFF CAPTAIN**

*Theresa Adams-Hydar*

# CITY OF DEL MAR ORGANIZATIONAL CHART





## INDEPENDENT AUDITORS' REPORT

City Council Members  
City of Del Mar  
Del Mar, California

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1D to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2013-2014 due to the adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in \$22,880 of reductions in previously reported net position of the business-type activities and the Wastewater Enterprise Fund. Our opinion is not modified with respect to this matter.

As discussed in Note 16 to the financial statements, the net position of the governmental activities, business-type activities, and proprietary funds were restated as of July 1, 2013. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *June 30, 2013 Financial Information and Restatement*

The financial statements of the City as of June 30, 2013, were audited by other auditors whose report dated January 30, 2014, expressed an unmodified opinion on those statements. As part of our audit of the 2014 financial statements, we also audited adjustments described in Note 16 that were applied to restate the 2013 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2013 financial statements of the City other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2013 financial statements as a whole.

### *Prior-Year Comparative Information*

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statement for the year ended June 30, 2013 from which such partial information was derived.

## **Other Matters (Continued)**

### *Required Supplementary Information*

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

The budgetary comparison schedule and related note 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 of the City or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and related note are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
December 19, 2014





## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Del Mar (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2014. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the Introductory Section of this report, and with the City's financial statements, which follow this discussion.

### FINANCIAL HIGHLIGHTS

#### Economic Background

This fiscal year finds the City of Del Mar in an increasingly strong financial position with the strength in the housing market and in the overall economy. The City's largest revenue source is its very stable property tax base, which has increased each year since 1995. Due to the City's excellent location on the coast, immediately north of the City of San Diego, its real estate market does not experience the downturns that the inland areas experience in periods of economic decline. As the San Diego regional develops, Del Mar has become increasingly desirable, and this is reflected in its property values. The two next largest revenues, transient occupancy tax (TOT), and sales and use tax, are heavily tourist based, and reflect the increased economic activity experienced by the nation. TOT and sales tax have both increases compared to the prior year primarily due to higher hotel occupancy, higher hotel room rates and higher restaurant taxable sales. The City typically cash funds its Capital Improvement Program, so that it does not have significant long-term fixed cost obligations that need to be met and focuses on CIP projects that are funded by grants and outside sources. The cash-funded capital program has allowed the City to adjust its capital expenditures to the revenues available, providing the City with tremendous flexibility.

This year, the City took advantage of a program offered by its regional planning agency, the San Diego Association of Governments (SANDAG), which permits a City's Transnet sales tax revenue to be pledged towards the proceeds of SANDAG-issued debt for transportation-related projects. The City participated in this program for Fiscal Year 2013-2014 for its sidewalk program, pledging future Transnet revenue towards the repayment of \$1.2 million in proceeds through SANDAG's commercial paper program. The City, as planned, then rolled the commercial paper debt into the SANDAG long-term bond issue in September, 2014. The City was able to include the remainder of its Sidewalk, Street, and Drainage Project Segment 2

(Jimmy Durante Boulevard – San Dieguito Drive to Plaza) in the larger bond program, receiving a total of \$3.5 million in proceeds secured by its Transnet sales tax revenue.

The discussion and analysis below compares Fiscal Year 2013-2014 to Fiscal Year 2012-2013. All variances are expressed relative to Fiscal Year 2012-2013 results. Fiscal Year 2013-2014 financial highlights include the following:

### **Financial Highlights**

- The City's total assets in excess of its liabilities as of June 30, 2014 was \$90.86 million.
- Citywide total net position increased by \$6.25 million, or 7.39 percent, during the current fiscal year, indicating an improved financial condition. The positive change in net position is largely due to increased capital assets.
- A net increase in total assets of \$5.98 million, or 6.25 percent, is primarily due to an increase in capital assets and an increase in cash and investments. Liabilities had a net decrease of \$0.27 million, or 2.49 percent. Current liabilities decreased by \$0.22 million and non-current liabilities decreased by \$0.05 million.
- As of June 30, 2014, the City's governmental funds reported combined fund balances of \$7.73 million, an increase of \$2.14 million, or 38.36 percent, from June 30, 2013. The increase in fund balance is mainly attributable to a decrease in expenditures in comparison to the prior year's pay off of the CalPERS Side Fund liability. Of the \$7.73 million in fund balance, \$0.98 million is restricted, \$0.20 million is committed for the park and community center, \$4.20 million is assigned for specific activities, and \$2.35 million, is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$3.82 million, or 49.36 percent, of the total fund balance in governmental funds. This balance is available for spending at City management's discretion, and is equal to 40.01 percent of the total fiscal year expenditures of \$9.54 million, and 30.23 percent of total revenues of \$12.63 million, before other financing sources (uses). The Capital Projects Fund, and other non-major governmental funds have fund balances of \$2.73 million, and \$1.19 million, respectively, at June 30, 2014.

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

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

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

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

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

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

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

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

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

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

**Proprietary Funds.** The City of Del Mar maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Enterprise funds are used to account for the

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### *Net Position*

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Del Mar, combined net position (governmental and business-type activities) totaled \$90.86 million as of June 30, 2014. This is an increase of \$6.25 million, or 7.39 percent, compared to June 30, 2013.

TABLE 1  
CITY OF DEL MAR  
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2014	2013 as restated	2014	2013 as restated	2014	2013 as restated
Current assets	\$11,074,461	\$9,312,138	\$5,053,529	\$4,889,479	\$16,127,990	\$14,201,617
Non-current assets	-	-	451,109	451,064	451,109	451,064
Capital assets	60,309,566	55,941,641	24,693,726	25,010,810	85,003,292	80,952,451
Total assets	71,384,027	65,253,779	30,198,364	30,351,353	101,582,391	95,605,132
Current liabilities	2,752,092	3,204,413	796,172	568,256	3,548,264	3,772,669
Non-current liabilities	1,265,035	733,654	5,911,937	6,493,295	7,176,972	7,226,949
Total liabilities	4,017,127	3,938,067	6,708,109	7,061,551	10,725,236	10,999,618
Net investment in capital assets	59,605,566	55,606,641	18,867,190	20,592,138	78,472,756	76,198,779
Restricted	980,148	965,813	-	-	980,148	965,813
Unrestricted	6,781,186	4,743,258	4,623,065	2,697,664	11,404,251	7,440,922
Total net position	<b>\$67,366,900</b>	<b>\$61,315,712</b>	<b>\$23,490,255</b>	<b>\$23,289,802</b>	<b>\$90,857,155</b>	<b>\$84,605,514</b>

The largest component of the City's net position, \$78.47 million, is net investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), and is less any related debt, used to acquire those assets, that is outstanding. This increased \$2.27 million, or 2.98 percent, from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The restricted portion of the City's total net position, which represents resources subject to external restrictions on how they may be used by the City, is \$0.98 million. This is an increase of \$0.01 million from the prior fiscal year's amount of \$0.97 million. The remaining unrestricted net position of \$11.40 million is used to meet the City's ongoing obligations for the following fiscal year. This unrestricted amount increased by \$3.96 million from last fiscal year's amount of \$7.44 million.

As of June 30, 2014, 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 \$6.05 million, or 9.87 percent. The increase in total net position also accounted for an increase in business-type activities of \$0.20 million, or 0.86 percent.

## Changes in Net Position

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

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013 as restated	2014	2013 as restated	2014	2013 as restated
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$3,152,222	\$2,846,847	\$6,305,318	\$6,114,711	\$9,457,540	\$8,961,558
Operating grants and contributions	311,393	277,781	5,000	-	316,393	277,781
Capital grants and contributions	3,874,226	7,358,463	-	-	3,874,226	7,358,463
<i>General Revenues:</i>						
Property taxes	5,329,825	4,971,265	-	-	5,329,825	4,971,265
Sales and other taxes	4,576,871	4,395,733	-	-	4,576,871	4,395,733
Others	228,085	412,954	-	26,060	228,085	439,014
Unrestricted investment earnings and others	190,457	161,140	5,591	24,395	196,048	185,535
Total revenues	17,663,079	20,424,183	6,315,909	6,165,166	23,978,988	26,589,349
<b>Expenses:</b>						
General government	4,328,963	4,577,084	-	-	4,328,963	4,577,084
Public safety	5,472,799	6,463,932	-	-	5,472,799	6,463,932
Public works	943,013	923,784	-	-	943,013	923,784
Parks and recreation	839,063	776,639	-	-	839,063	776,639
Interest and fiscal charges	8,438	15,813	-	-	8,438	15,813
Enterprise operations	-	-	6,135,071	5,960,796	6,135,071	5,960,796
Total expenses	11,592,276	12,757,252	6,135,071	5,960,796	17,727,347	18,718,048
Increase (decrease) in Net Position before other revenues and transfers	6,070,803	7,666,931	180,838	204,370	6,251,641	7,871,301
Transfers	(19,615)	(108,563)	19,615	108,563	-	-
Change in net position	6,051,188	7,558,368	200,453	312,933	6,251,641	7,871,301
Net position - beginning of year, restated	61,315,712	53,757,344	23,289,802	22,976,869	84,605,514	76,734,213
Net position - end of year	<b>\$67,366,900</b>	<b>\$61,315,712</b>	<b>\$23,490,255</b>	<b>\$23,289,802</b>	<b>\$90,857,155</b>	<b>\$84,605,514</b>

### Governmental Activities:

The City's net position from governmental activities increased \$6.05 million, or 9.87 percent, in the current fiscal year, accounting for 96.79 percent of the total \$6.25 million growth, in the City's total net position. Total revenues from governmental activities decreased 13.52 percent to \$17.66 million primarily due to capital grants and contributions for the North Torrey Pines Bridge Project. The cost of all governmental activities in Fiscal Year 2013-2014 was \$11.59 million, a decrease of \$1.16 million, or 9.13 percent, over the prior fiscal year largely due to the payoff of the CalPERS sidefund in fiscal year 2012-2013. As shown in the

Statement of Activities, governmental activities were financed in part by taxpayers at \$3.15 million, which were generated by service revenues received from the performance of these activities, and increased by \$0.31 million, or 10.73 percent, compared to Fiscal Year 2012-2013. Another \$0.31 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. In addition, another \$3.87 million in revenues came from capital grants and contributions, which decreased by \$3.48 million, or 47.35 percent, compared to the prior fiscal year. Overall, the City's governmental program revenues amounted to \$7.34 million, a decrease of \$3.15 million, or 30.00 percent, compared to the prior fiscal year. General revenues of \$10.33 million increased by \$0.38 million, or 3.86 percent, in comparison to the prior fiscal year. The City had an increase in property taxes of \$0.36, or 7.21 percent, sales and other taxes of \$0.18 million, or 4.12 percent and a decrease in other general revenue of \$0.18 million compared to the prior fiscal year. In total, City Governmental Activities reported an increase of \$6.05 million in net position. In comparison to the prior fiscal year, the key elements contributing to the \$2.76 million decrease in revenues from governmental activities are as follows:

- A decrease of \$3.48 million in capital grants and contributions compared to the prior fiscal year due to lower amounts of federal grants received in the current fiscal year compared to the previous fiscal year related to the construction of the North Torrey Pines Bridge. The construction of the North Torrey Pines Bridge was completed in March 2014.
- An increase of \$0.38 million in other general revenue compared to the prior fiscal year due to an increase in property tax valuations, and increased collections of transient occupancy tax.
- An increase of \$0.31 million in charges for services compared to the prior fiscal year primarily attributable to an increase in planning and building fees.

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

The City's business-type activities increased in net position by \$0.20 million, or 0.86 percent, for the fiscal year ended June 30, 2014, accounting for 3.21 percent of the total \$6.25 million growth, in the City's net position. Business-type activities' total revenue increased by \$0.15 million, or 2.44 percent, during the current fiscal year to a total of \$6.32 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.19 million, or 3.12 percent. Related business-type activity costs also increased during the fiscal year by \$0.17 million, or 2.92 percent, compared to the prior fiscal year. The increase in revenues, expenses, and transfers resulted in a change in net position of \$0.20 million, or a 0.86 percent increase, from the prior fiscal year.

#### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

### ***Governmental Funds:***

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spending* resources. Such information is useful in assessing the City of Del Mar's financing requirements. In particular, the *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, 2014, the City's governmental funds reported a combined ending fund balance of \$7.73 million, which is a \$2.14 million, or 38.36 percent increase, in comparison to the prior fiscal year of \$5.59 million. The \$7.73 million governmental fund balance is composed of \$0.98 million in *restricted*; \$0.20 million in *committed*; \$4.20 million in *assigned* which indicate that it is not available for new spending; and \$2.35 million in *unassigned* funds.

Table 3 below shows the governmental fund balances for the two fiscal years ended June 30, 2014 and June 30, 2013.

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

<b>FISCAL YEAR 2013-2014</b>	<b>General</b>	<b>Capital Improvement</b>	<b>Non-Major Governmental Funds</b>	<b>Totals</b>
Total revenues	\$12,628,296	\$3,657,864	\$1,376,919	\$17,663,079
Total expenditures	9,540,907	4,049,905	2,612,138	16,202,950
Excess (deficiency) of revenues over expenditures	3,087,389	(392,041)	(1,235,219)	1,460,129
Total other financing sources (uses)	(2,191,440)	1,585,954	1,289,871	684,385
Net change in fund balance	895,949	1,193,913	54,652	2,144,514
Fund balance - beginning	2,921,707	1,535,486	1,133,315	5,590,508
Fund balance - ended	<b>\$3,817,656</b>	<b>\$2,729,399</b>	<b>\$1,187,967</b>	<b>\$7,735,022</b>
<b>FISCAL YEAR 2012-2013, as restated</b>				
Total revenues	\$11,983,563	\$7,100,998	\$1,338,139	\$20,422,700
Total expenditures	12,162,214	7,447,977	2,131,702	21,741,893
Excess (deficiency) of revenues over expenditures	(178,651)	(346,979)	(793,563)	(1,319,193)
Total other financing sources (uses)	(1,279,620)	702,261	768,796	191,437
Net change in fund balance	(1,458,271)	355,282	(24,767)	(1,127,756)
Fund balance - beginning	4,379,978	1,180,204	1,158,082	6,718,264
Fund balance - ended	<b>\$2,921,707</b>	<b>\$1,535,486</b>	<b>\$1,133,315</b>	<b>\$5,590,508</b>

***General Fund:***

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$3.82 million as of June 30, 2014. This is an increase of \$0.89 million, or 30.66 percent, in comparison to the prior fiscal year. This increase is due to an increase in total revenues of \$0.64 million, or 5.38 percent, a decrease in operating costs of \$2.62 million, or 21.55 percent, which is offset by an increase in other financing uses of \$0.91 million, or 71.26 percent. Revenues increased primarily due to increases in taxes, licenses, fees and permits, intergovernmental, and charges for services, offset by decrease in fines and forfeitures, use of money and property, contributions, and other revenue.

Total expenditures decreased by \$2.62 million, or 21.55 percent, as compared to the prior fiscal year, in which the largest decreases were in general government expenditures of \$1.61 million, or 27.84 percent, and public safety expenditures of \$0.93 million, or 15.18 percent due to the payoff of the City's retirement side fund liability in the prior fiscal year, as discussed below. The ending fund balance is composed of \$1.47 million assigned for specific expenditures, and the unassigned amount of \$2.35 million, which is available for spending at the City's discretion.

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

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

***Major Funds:***

As of June 30, 2014, the Capital Improvement Program's fund balance of \$2.73 million, increased by \$1.19 million, or 77.75 percent, from the prior fiscal year. This fund balance will be utilized for on-going projects and street projects in the following fiscal year, in addition to reserving for the potential City Hall project.

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

The fund balances for other governmental funds or non-major governmental funds increased \$0.05 million, or 4.82 percent, from the Fiscal Year 2012-2013 balance of \$1.13 million to \$1.19 million at the end of the current fiscal year. The other non-major funds are composed of the special revenue funds including Gas Tax, Open Space, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, AB 939, Regional Transportation, Transnet, and Wildfire Debt Service. The fund balance of \$1.19 million is restricted for specific purposes.

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

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

*Enterprise Funds:* The total net position in the enterprise funds increased over the prior fiscal year by \$0.20 million, or 0.86 percent. The City's Water Fund decreased by \$0.10 million, while the Wastewater Fund increased by \$0.30 million.

At the end of Fiscal Year 2013-2014, the Internal Service fund reported a surplus in net assets of \$0.59 million, which is a \$0.07 million, or 12.80 percent, increase from last fiscal year.

### **General Fund Budgetary Highlights**

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

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

The General Fund reflected a net total favorable budget variance of \$1.09 million when comparing actual excess revenues over expenditures amounts of \$3.09 million to the final budget of \$2.00 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$0.77 million due to higher tax revenues of \$0.34 million, higher licenses, fees and permits of \$0.17, higher intergovernmental revenues of \$0.04 million, higher charges for services revenue of \$0.12 million, higher use of money and property revenue of \$0.03 million and higher other revenues of \$0.07 million. The actual expenses were less than the fiscal year's final appropriation by \$0.32 million primarily due to less than anticipated expenditures in general government of \$0.28 million, and lower expenditures in public safety of \$0.04 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, 2014, amounts to \$85.00 million, net of accumulated depreciation. Amounts invested in capital assets includes land, buildings and improvements, machinery and equipment, bridges, roadway networks, water lines, and sewer and storm drainage systems. The total increase in the City's capital assets, net of depreciation, for the current fiscal year was \$4.05 million, compared to the prior fiscal year, in which \$4.37 million, 107.83 percent, of the increase is related to governmental activities and a \$0.32 million, or 7.83 percent, decrease in business-type activities. For capital assets by category, refer to Table 4.

- For governmental activities, the increase in capital assets during the fiscal year is primarily due to an increase in construction in progress for the Torrey Pines Bridge project of \$3.61 million and an increase in infrastructure for the improvement of City streets of \$0.55 million before depreciation. The construction of the Torrey Pines Bridge was completed in March 2014, and a transfer from construction in progress to infrastructure was made in the amount of \$26.67 million. Overall, total capital assets increased \$4.37 million in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets decreased by \$0.32 million, or 7.83 percent, during the fiscal year. This decrease was primarily attributable to the current year's depreciation of capital assets of \$0.92 million, offset by annual water and wastewater lines improvements of \$0.54 million.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
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	962,283	23,400,217	27,672	32,285	989,955	23,432,502
Total non-depreciable assets	19,251,533	41,689,467	1,393,360	1,397,973	20,644,893	43,087,440
Capital assets, being depreciated:						
Buildings/structures and improvement	5,833,979	6,082,215	6,882,303	7,096,633	12,716,282	13,178,848
Machinery and equipment	770,370	797,432	1,152,871	1,257,021	1,923,241	2,054,453
Streets	5,105,930	4,722,322	-	-	5,105,930	4,722,322
Traffic signals	36,449	37,784	-	-	36,449	37,784
Roadway network	245,948	255,106	-	-	245,948	255,106
Bridge	27,309,832	665,281	-	-	27,309,832	665,281
Storm drainage system	1,755,525	1,692,034	-	-	1,755,525	1,692,034
Water line system	-	-	7,417,899	7,363,780	7,417,899	7,363,780
Sewer line system	-	-	7,847,293	7,895,403	7,847,293	7,895,403
Total depreciable assets, net of accumulated depreciation	41,058,033	14,252,174	23,300,366	23,612,837	64,358,399	37,865,011
Total capital assets	<b>\$60,309,566</b>	<b>\$55,941,641</b>	<b>\$24,693,726</b>	<b>\$25,010,810</b>	<b>\$85,003,292</b>	<b>\$80,952,451</b>

***Debt Service Administration:***

A complete detail of outstanding debt is shown in Note 6 of the financial statements in this report. As of June 30, 2014, the City had total long-term debt outstanding of \$7.18 million in bonds, loan payable, note payable, and compensated absences, as shown in Table 5.

For governmental activities, long-term debt accounts for \$1.27 million, or 17.63 percent, of the City's total long-term debt, as of June 30, 2014. Total long-term debt is comprised of Certificates of Participation (COPs) of \$0.17 million for Wildfire Protection Debt issued in 1999, TransNet Commercial Paper loan of \$0.70 million, and compensated absences of \$0.40 million. All long-term debt in governmental activities is secured solely by specified revenue sources.

During the current fiscal year, the City borrowed \$704,000 for its Sidewalk, Street, and Drainage Project through SANDAG's debt financing program. Repayment of loan will begin in June 2017 and will be paid using the City's annual TransNet revenue allocation.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Certificates of Participation	\$ -	\$ -	\$ 855,000	\$ 1,250,000	\$ 855,000	\$ 1,250,000
Bond payable	170,000	335,000	-	-	170,000	335,000
Loan payable	704,000	-	-	-	704,000	-
Note payable	-	-	4,971,536	5,168,672	4,971,536	5,168,672
Compensated absences	391,035	398,654	85,401	74,623	476,436	473,277
	<b>\$ 1,265,035</b>	<b>\$ 733,654</b>	<b>\$ 5,911,937</b>	<b>\$ 6,493,295</b>	<b>\$ 7,176,972</b>	<b>\$ 7,226,949</b>

For business-type activities, long-term debt accounts for \$5.91 million, or 82.37 percent, of the City's total long-term debt, as of June 30, 2014. Certificates of Participation (COP) outstanding in the amount of \$0.86 million were issued for construction and repair for wastewater lines in the Wastewater Fund. The Wastewater fund has a note payable outstanding with the State of California for the replacement of the 21st Street Pump Station, which has an outstanding balance of \$4.97 million. Compensated absences in business-type activities accounts for \$0.09 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues.

The City's long-term debt decreased by \$0.05 million, or 0.69 percent, compared to the prior fiscal year, in which \$0.40 million of principal payments were paid towards Certificates of Participation, \$0.17 million of principal payments were paid towards the bond payable, \$0.20 million towards the note payable, offset by an increase of \$0.003 million in compensated absences, and a new \$0.70 million loan payable through SANDAG as mentioned previously.

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

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

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

#### **Revenues:**

- The City's projected revenues for Fiscal Year 2014-2015 is \$19.33 million, which is \$0.40 million, or 2.12 percent, higher than Fiscal Year 2013-2014 original projected revenues of \$18.93 million. During the course of Fiscal Year 2013-2014, however, revenues were adjusted to \$25.37 million, an increase of \$4.67 million, or 72.50 percent, due to grant revenues projected to be received for the construction phase of the North Torrey Pines Bridge project. Actual revenues realized for Fiscal Year 2013-2014 are \$24.15 million,

which is \$1.22 million, or 4.80 percent, lower than the final projected revenues, in which the general fund received \$0.77 million, or 6.07 percent, more than the final projected revenues, the other governmental funds received \$0.94 million, or 15.74 percent, less than the final projected revenues, and the business-type funds received \$0.16 million, or 2.59 percent, more than the final projected revenues.

- The Fiscal Year 2014-2015 revenue projections focus on the following factors:
  - The three primary supporting revenues in the General Fund are property taxes, sales tax, and transient occupancy taxes, which make-up 70.53 percent of the overall General Fund revenue, and are expected to increase from Fiscal Year 2013-2014.
  - Revenues in the business-type funds are projected to increase by \$0.05 million, or 0.80 percent, compared to the previous year.

### *Expenditures:*

The City's Fiscal Years 2013-2014 and 2014-2015 Operating and Capital Budget has expenditures of \$19.31 million for Fiscal Year 2014-2015, which is an increase of \$0.25 million, or 1.33 percent, higher than the prior fiscal year's original adopted budget.

The budget is composed of the General Fund for \$9.70 million, or 50.23 percent, other governmental funds of \$1.66 million, or 8.60 percent, Capital Improvement Program Fund of \$0.50 million, or 2.58 percent, and the Workers' Compensation Fund of \$0.26 million, or 1.34 percent. The business-type funds account for \$7.19 million, or 37.25 percent.

The budget for Fiscal Year 2014-2015 is focused on the following objectives:

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

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

### **Request for Information**

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

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CITY OF DEL MAR

STATEMENT OF NET POSITION

JUNE 30, 2014

(With comparative totals for 2013)

	Governmental Activities	Business-type Activities	Total	
			2014	2013 as restated
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 10,678,386	\$ 2,729,521	\$ 13,407,907	\$ 10,355,659
Receivables:				
Accounts, net	521,401	1,041,750	1,563,151	1,197,074
Taxes	669,062	-	669,062	676,853
Accrued interest	5,406	739	6,145	6,093
Inventory	-	74,469	74,469	72,828
Internal balances	(1,137,410)	1,137,410	-	-
Due from other agencies	337,616	69,640	407,256	1,893,110
Total current assets	<u>11,074,461</u>	<u>5,053,529</u>	<u>16,127,990</u>	<u>14,201,617</u>
Non-current assets:				
Restricted assets:				
Cash and investments with fiscal agent	-	451,109	451,109	451,064
Capital assets:				
Not being depreciated	19,251,533	1,393,360	20,644,893	43,087,440
Being depreciated (net of accumulated depreciation)	41,058,033	23,300,366	64,358,399	37,865,011
Total capital assets	<u>60,309,566</u>	<u>24,693,726</u>	<u>85,003,292</u>	<u>80,952,451</u>
Total non-current assets	<u>60,309,566</u>	<u>25,144,835</u>	<u>85,454,401</u>	<u>81,403,515</u>
Total assets	<u>71,384,027</u>	<u>30,198,364</u>	<u>101,582,391</u>	<u>95,605,132</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	2,128,930	586,422	2,715,352	2,927,021
Unearned revenue	1,067	-	1,067	5,400
Accrued interest payable	3,258	146,410	149,668	161,159
Deposits payable	618,837	63,340	682,177	679,089
Total current liabilities	<u>2,752,092</u>	<u>796,172</u>	<u>3,548,264</u>	<u>3,772,669</u>
Non-current liabilities:				
Due within one year	267,759	636,198	903,957	875,455
Due in more than one year	997,276	5,275,739	6,273,015	6,351,494
Total non-current liabilities	<u>1,265,035</u>	<u>5,911,937</u>	<u>7,176,972</u>	<u>7,226,949</u>
Total liabilities	<u>4,017,127</u>	<u>6,708,109</u>	<u>10,725,236</u>	<u>10,999,618</u>
<b>NET POSITION</b>				
Net investment in capital assets	59,605,566	18,867,190	78,472,756	76,198,779
Restricted for				
Debt service	260,595	-	260,595	227,465
Public works	116,024	-	116,024	69,408
Public safety	59,812	-	59,812	52,279
Community development	543,717	-	543,717	616,661
Unrestricted	6,781,186	4,623,065	11,404,251	7,440,922
Total net position	<u>\$ 67,366,900</u>	<u>\$ 23,490,255</u>	<u>\$ 90,857,155</u>	<u>\$ 84,605,514</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

(With comparative totals for 2013)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,328,963	\$ 1,388,029	\$ 17,368	\$ -
Public safety	5,472,799	1,318,815	134,614	-
Public works	943,013	2,209	159,411	3,874,226
Parks and recreation	839,063	443,169	-	-
Interest on long-term debt	8,438	-	-	-
Total governmental activities	11,592,276	3,152,222	311,393	3,874,226
Business-type activities:				
Water	2,964,821	2,861,908	-	-
Wastewater	2,759,107	3,048,006	-	-
Cleanwater	411,143	395,404	5,000	-
Total business-type activities	6,135,071	6,305,318	5,000	-
Total	\$ 17,727,347	\$ 9,457,540	\$ 316,393	\$ 3,874,226

General revenues:

Taxes:

Property tax

Sales and use tax

Transient occupancy tax

Franchise tax

Business license tax

Intergovernmental/unrestricted

Use of money and property

Other

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, restated

Net position, end of year

See accompanying notes to the basic financial statements.

Net Revenue (Expense) and Change in Net Position		Total	
Governmental Activities	Business-type Activities	2014	2013 as restated
(2,923,566)	\$ -	\$ (2,923,566)	\$ (3,458,385)
(4,019,370)	-	(4,019,370)	(5,024,527)
3,092,833	-	3,092,833	6,586,647
(395,894)	-	(395,894)	(362,083)
(8,438)	-	(8,438)	(15,813)
(4,254,435)	-	(4,254,435)	(2,274,161)
-	(102,913)	(102,913)	(47,805)
-	288,899	288,899	233,536
-	(10,739)	(10,739)	(21,256)
-	175,247	175,247	164,475
(4,254,435)	175,247	(4,079,188)	(2,109,686)
5,329,825	-	5,329,825	4,971,265
1,700,688	-	1,700,688	1,674,709
2,101,634	-	2,101,634	1,939,699
373,589	-	373,589	384,220
191,734	-	191,734	191,786
209,226	-	209,226	205,319
190,457	5,591	196,048	185,535
228,085	-	228,085	439,014
(19,615)	19,615	-	-
10,305,623	25,206	10,330,829	9,991,547
6,051,188	200,453	6,251,641	7,881,861
61,315,712	23,289,802	84,605,514	76,723,653
67,366,900	\$ 23,490,255	\$ 90,857,155	\$ 84,605,514

See accompanying notes to the basic financial statements.

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CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

(With comparative totals for 2013)

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Totals	
				2014	2013
<b>ASSETS</b>					
Cash and investments	\$ 5,823,772	\$ 2,825,560	\$ 1,214,180	\$ 9,863,512	\$ 7,063,671
Receivables:					
Taxes	667,710	-	1,352	669,062	676,853
Accrued interest	4,028	572	432	5,032	3,253
Accounts, net	510,621	3,650	7,130	521,401	94,865
Due from other agencies	25,907	260,840	50,869	337,616	1,821,695
Due from other funds	75,194	-	-	75,194	91,886
<b>Total assets</b>	<b>\$ 7,107,232</b>	<b>\$ 3,090,622</b>	<b>\$ 1,273,963</b>	<b>\$ 11,471,817</b>	<b>\$ 9,752,223</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,489,041	\$ 361,223	\$ 47,787	\$ 1,898,051	\$ 2,303,058
Deposits payable	592,442	-	26,395	618,837	627,258
Due to other agencies	6,236	-	-	6,236	6,236
Unearned revenue	1,067	-	-	1,067	5,400
Advance from other funds	1,200,790	-	-	1,200,790	1,200,790
Due to other funds	-	-	11,814	11,814	18,973
<b>Total liabilities</b>	<b>3,289,576</b>	<b>361,223</b>	<b>85,996</b>	<b>3,736,795</b>	<b>4,161,715</b>
<b>FUND BALANCES</b>					
Restricted	-	-	980,148	980,148	965,812
Committed	-	-	207,819	207,819	167,503
Assigned	1,471,791	2,729,399	-	4,201,190	3,011,190
Unassigned	2,345,865	-	-	2,345,865	1,446,003
<b>Total fund balances</b>	<b>3,817,656</b>	<b>2,729,399</b>	<b>1,187,967</b>	<b>7,735,022</b>	<b>5,590,508</b>
<b>Total liabilities and fund balances</b>	<b>\$ 7,107,232</b>	<b>\$ 3,090,622</b>	<b>\$ 1,273,963</b>	<b>\$ 11,471,817</b>	<b>\$ 9,752,223</b>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

JUNE 30, 2014

Fund balances of governmental funds	\$ 7,735,022
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of \$6,323,263 of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	60,309,566
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(3,258)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	
Bonds payable	(170,000)
Loan payable	(704,000)
Compensated absences	(391,035)
An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position.	<u>590,605</u>
Net position of governmental activities	<u>\$ 67,366,900</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(With comparative totals for 2013)

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Totals	
				2014	2013
<b>REVENUES</b>					
Taxes	\$ 9,445,745	\$ -	\$ 419,729	\$ 9,865,474	\$ 9,284,503
Licenses, fees and permits	831,364	-	488,953	1,320,317	1,036,973
Intergovernmental	108,614	3,649,697	407,178	4,165,489	7,638,143
Charges for services	1,296,138	-	-	1,296,138	1,190,559
Fines and forfeitures	586,367	-	-	586,367	669,665
Use of money and property	181,128	5,017	4,312	190,457	154,539
Contributions	5,228	-	12,140	17,368	36,921
Other	173,712	3,150	44,607	221,469	411,397
<b>Total revenues</b>	<b>12,628,296</b>	<b>3,657,864</b>	<b>1,376,919</b>	<b>17,663,079</b>	<b>20,422,700</b>
<b>EXPENDITURES</b>					
Current:					
General government	4,175,996	-	150,654	4,326,650	5,903,824
Public safety	5,194,208	-	248,399	5,442,607	6,457,063
Public works	170,703	-	315,916	486,619	767,200
Parks and recreation	-	-	809,797	809,797	775,814
Capital outlay	-	4,049,905	910,840	4,960,745	7,664,337
Debt service:					
Principal	-	-	165,000	165,000	155,000
Interest	-	-	11,532	11,532	18,655
<b>Total expenditures</b>	<b>9,540,907</b>	<b>4,049,905</b>	<b>2,612,138</b>	<b>16,202,950</b>	<b>21,741,893</b>
Excess (deficiency) of revenues over (under) expenditures	3,087,389	(392,041)	(1,235,219)	1,460,129	(1,319,193)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of debt	-	-	704,000	704,000	-
Transfers in	-	1,585,954	594,839	2,180,793	1,779,347
Transfers out	(2,191,440)	-	(8,968)	(2,200,408)	(1,587,910)
<b>Total other financing sources (uses)</b>	<b>(2,191,440)</b>	<b>1,585,954</b>	<b>1,289,871</b>	<b>684,385</b>	<b>191,437</b>
Net change in fund balances	895,949	1,193,913	54,652	2,144,514	(1,127,756)
Fund balance, beginning of year	2,921,707	1,535,486	1,133,315	5,590,508	6,718,264
<b>Fund balance, end of year</b>	<b>\$ 3,817,656</b>	<b>\$ 2,729,399</b>	<b>\$ 1,187,967</b>	<b>\$ 7,735,022</b>	<b>\$ 5,590,508</b>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances of governmental funds	\$ 2,144,514
Amount reported for governmental activities in the Statement of Activities that are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over its estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>	
Capital outlay expense	5,010,944
Depreciation expense	(643,019)
Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	165,000
<p>Some expenses reported in the Statement of Activities do not require the use of current available resources and, therefore, are not reported as expenditures in the governmental funds:</p>	
Change in compensated absences	7,619
<p>Accrued interest on debt service is recorded as expense in the government-wide statements. Interest expense is not accrued in the fund statements but recorded when paid. This is the net change in accrued interest for the current period.</p>	
	3,094
<p>The issuance of long-term debt provides current financial resources to governmental funds, but is reported as long-term debt in the statement of Net Position.</p>	
	(704,000)
<p>An internal service fund is used by management to charge the cost of workers' compensation activities to individual funds. The net revenues (expenses) of the internal service fund are reported with governmental activities.</p>	
	67,036
	<hr/>
Change in net assets of governmental activities	<u>\$ 6,051,188</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION

JUNE 30, 2014

(With comparative totals for 2013)

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major: Clean Water	Total		2014	2013 as restated
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 1,234,110	\$ 1,495,411	\$ -	\$ 2,729,521	\$ 814,874	\$ 3,544,395	\$ 3,291,988
Receivables:							
Accounts	501,086	475,704	64,960	1,041,750	-	1,041,750	1,102,209
Interest	-	739	-	739	374	1,113	2,840
Due from other agencies	62,763	6,877	-	69,640	-	69,640	34,356
Inventory	67,964	6,505	-	74,469	-	74,469	72,828
Total current assets	1,865,923	1,985,236	64,960	3,916,119	815,248	4,731,367	4,504,221
Non-current assets:							
Restricted assets:							
Cash and investments	-	451,109	-	451,109	-	451,109	451,064
Advance to other funds	1,200,790	-	-	1,200,790	-	1,200,790	1,200,790
Capital assets:							
Land	782,025	583,663	-	1,365,688	-	1,365,688	1,365,688
Construction in progress	-	27,672	-	27,672	-	27,672	32,285
Water and wastewater system	12,594,119	13,312,787	-	25,906,906	-	25,906,906	25,336,193
Buildings and improvements	4,039,761	4,293,450	-	8,333,211	-	8,333,211	8,333,211
Machinery and equipment	273,582	1,537,652	33,316	1,844,550	-	1,844,550	1,824,496
Less: Accumulated depreciation	(6,473,295)	(6,300,894)	(10,112)	(12,784,301)	-	(12,784,301)	(11,881,063)
Total capital assets (net of accumulated depreciation)	11,216,192	13,454,330	23,204	24,693,726	-	24,693,726	25,010,810
Total non-current assets	12,416,982	13,905,439	23,204	26,345,625	-	26,345,625	26,662,664
Total assets	14,282,905	15,890,675	88,164	30,261,744	815,248	31,076,992	31,166,885
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	475,102	95,850	15,470	586,422	-	586,422	361,618
Due to other funds	-	-	63,380	63,380	-	63,380	35,854
Claims payable	-	-	-	-	179,714	179,714	204,887
Current portion of long-term liabilities	9,164	624,706	2,328	636,198	-	636,198	610,791
Accrued interest	-	146,410	-	146,410	-	146,410	154,807
Customer deposits	63,340	-	-	63,340	-	63,340	51,831
Total current liabilities	547,606	866,966	81,178	1,495,750	179,714	1,675,464	1,419,788
Non-current liabilities:							
Claims payable	-	-	-	-	44,929	44,929	51,222
Certificates of participation	-	440,000	-	440,000	-	440,000	855,000
Compensated absences	27,492	29,573	6,986	64,051	-	64,051	55,968
Notes payable	-	4,771,688	-	4,771,688	-	4,771,688	4,971,536
Total non-current liabilities	27,492	5,241,261	6,986	5,275,739	44,929	5,320,668	5,933,726
Total liabilities	575,098	6,108,227	88,164	6,771,489	224,643	6,996,132	7,353,514
Net position:							
Net investment in capital assets	11,216,192	7,627,794	23,204	18,867,190	-	18,867,190	18,592,138
Unrestricted	2,491,615	2,154,654	(23,204)	4,623,065	590,605	5,213,670	5,221,233
Total net position	\$ 13,707,807	\$ 9,782,448	\$ -	\$ 23,490,255	\$ 590,605	\$ 24,080,860	\$ 23,813,371

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(With comparative totals for 2013)

	Business-type Activities- Enterprise Fund				Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major: Clean Water	Total		2014	2013 as restated
<b>OPERATING REVENUES</b>							
Water sales	\$ 2,841,832	\$ -	\$ -	\$ 2,841,832	\$ -	\$ 2,841,832	\$ 2,701,052
Clean water services	-	-	393,724	393,724	-	393,724	397,424
Sewer service	-	3,026,198	-	3,026,198	-	3,026,198	2,985,814
Charges for services	-	-	-	-	175,597	175,597	178,019
Customer penalties	8,661	9,620	1,680	19,961	-	19,961	25,421
Other	11,415	12,188	5,000	28,603	2,872	31,475	35,039
Total operating revenues	2,861,908	3,048,006	400,404	6,310,318	178,469	6,488,787	6,322,769
<b>OPERATING EXPENSES</b>							
Source of supply	1,277,965	-	-	1,277,965	-	1,277,965	1,235,425
Water treatment	284,221	-	-	284,221	-	284,221	274,073
Sewer collection	-	123,329	-	123,329	-	123,329	127,743
Maintenance and operation	-	673,437	-	673,437	-	673,437	650,705
General and administrative	1,066,289	1,194,252	408,987	2,669,528	111,433	2,780,961	2,731,959
Depreciation and amortization	336,346	576,980	2,156	915,482	-	915,482	936,094
Total operating expenses	2,964,821	2,567,998	411,143	5,943,962	111,433	6,055,395	5,955,999
Operating income	(102,913)	480,008	(10,739)	366,356	67,036	433,392	366,770
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest income	(144)	5,643	92	5,591	-	5,591	30,995
Interest expense	-	(191,109)	-	(191,109)	-	(191,109)	(191,020)
Total non-operating revenues	(144)	(185,466)	92	(185,518)	-	(185,518)	(160,025)
Income before transfers	(103,057)	294,542	(10,647)	180,838	67,036	247,874	206,745
Transfers in	4,484	4,484	10,647	19,615	-	19,615	108,563
Transfers out	-	-	-	-	-	-	(300,000)
Total transfers	4,484	4,484	10,647	19,615	-	19,615	(191,437)
Change in net position	(98,573)	299,026	-	200,453	67,036	267,489	15,308
Net position, beginning of year, restated	13,806,380	9,483,422	-	23,289,802	523,569	23,813,371	23,798,063
Net position, end of year	\$ 13,707,807	\$ 9,782,448	\$ -	\$ 23,490,255	\$ 590,605	\$ 24,080,860	\$ 23,813,371

See accompanying notes to the basic financial statements.

**CITY OF DEL MAR**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	2014 Total	2013 Total
	Water	Wastewater	Non-Major: Clean Water	Total			
Cash flows from operating activities:							
Cash received from water, sewer and clean water customers	\$ 2,906,062	\$ 3,043,002	\$ 368,249	\$ 6,317,313	-	\$ 6,317,313	\$ 6,128,312
Cash received from other operating receipts	11,415	12,188	5,000	28,603	178,469	207,072	213,058
Cash payments for water purchases, distribution and treatment	(1,562,186)	-	-	(1,562,186)	-	(1,562,186)	(1,509,498)
Cash payments for sewer collection and maintenance	-	(796,766)	-	(796,766)	-	(796,766)	(778,448)
Cash payments for services and supplies	(423,592)	(623,426)	(267,348)	(1,314,366)	(120,870)	(1,435,236)	(1,648,751)
Cash payment to employees for services	(481,214)	(496,720)	(116,640)	(1,094,574)	(22,029)	(1,116,603)	(1,230,917)
Net cash provided by (used for) operating activities	<u>450,485</u>	<u>1,138,278</u>	<u>(10,739)</u>	<u>1,578,024</u>	<u>35,570</u>	<u>1,613,594</u>	<u>1,173,756</u>
Cash flows from non-capital financing activities							
Cash received from other funds	4,484	4,484	10,647	19,615	-	19,615	108,563
Cash paid to other funds	-	-	-	-	-	-	(1,500,790)
Net cash provided by non-capital financing activities	<u>4,484</u>	<u>4,484</u>	<u>10,647</u>	<u>19,615</u>	<u>-</u>	<u>19,615</u>	<u>(1,392,227)</u>
Cash flows from capital and related financing activities							
Proceeds from long-term debt	-	-	-	-	-	-	591,089
Acquisition and construction of capital assets	(289,674)	(307,566)	-	(597,240)	-	(597,240)	(248,472)
Interest payments on long-term debt	-	(199,505)	-	(199,505)	-	(199,505)	(241,350)
Principal payments on long-term debt	-	(591,330)	-	(591,330)	-	(591,330)	(375,000)
Net cash (used for) capital and Related financing activities	<u>(289,674)</u>	<u>(1,098,401)</u>	<u>-</u>	<u>(1,388,075)</u>	<u>-</u>	<u>(1,388,075)</u>	<u>(273,733)</u>
Cash flows from investing activities							
Interest received	1,223	5,740	92	7,055	263	7,318	31,685
Net cash provided by investing activities	<u>1,223</u>	<u>5,740</u>	<u>92</u>	<u>7,055</u>	<u>263</u>	<u>7,318</u>	<u>31,685</u>
Net increase (decrease) in cash and Cash equivalents	166,518	50,101	-	216,619	35,833	252,452	(460,519)
Cash and cash equivalents, beginning of year (including restricted cash of \$451,064)	1,067,592	1,896,419	-	2,964,011	779,041	3,743,052	4,925,946
Cash and cash equivalents, end of year (including restricted cash of \$451,109)	<u>\$ 1,234,110</u>	<u>\$ 1,946,520</u>	<u>\$ -</u>	<u>\$ 3,180,630</u>	<u>814,874</u>	<u>\$ 3,995,504</u>	<u>\$ 4,465,427</u>
Reconciliation of operating income (loss) to net cash Provided by (used for) operating activities:							
Operating income (loss):	\$ (102,913)	\$ 480,008	\$ (10,739)	\$ 366,356	67,036	\$ 433,392	\$ 366,770
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:							
Depreciation and amortization	336,346	576,980	2,156	915,482	-	915,482	936,094
Changes in operating assets and liabilities:							
(Increase) decrease in accounts receivable	45,146	7,184	(27,155)	25,175	-	25,175	3,433
(Increase) decrease in inventory	(1,086)	(555)	-	(1,641)	-	(1,641)	(1,473)
Increase (decrease) in claims payable	-	-	-	-	(31,466)	(31,466)	36,209
Increase (decrease) in accounts payable	158,001	72,245	(5,440)	224,806	-	224,806	(59,488)
Increase (decrease) in due to other funds	-	-	27,526	27,526	-	27,526	(32,145)
Increase (decrease) in retention payable	-	-	-	-	-	-	(100,000)
Increase (decrease) in customer deposits	11,509	-	-	11,509	-	11,509	16,087
Increase (decrease) in compensated absences	3,482	2,416	2,913	8,811	-	8,811	8,269
Total adjustments	<u>553,398</u>	<u>658,270</u>	<u>-</u>	<u>1,211,668</u>	<u>(31,466)</u>	<u>1,180,202</u>	<u>806,986</u>
Net cash provided by (used for) operating activities	<u>\$ 450,485</u>	<u>\$ 1,138,278</u>	<u>\$ (10,739)</u>	<u>\$ 1,578,024</u>	<u>35,570</u>	<u>\$ 1,613,594</u>	<u>\$ 1,173,756</u>
Non-cash investing, capital and financing related activity							
Non-cash changes in fair value of investments	\$ -	\$ 680	\$ -	\$ 680	344	\$ 1,024	\$ 2,761

See accompanying notes to the basic financial statements.

**CITY OF DEL MAR**  
**AGENCY FUNDS**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2014**  
(With comparative totals for 2013)

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Account receivable	\$ 39,275	\$ 37,328
Restricted assets:		
Cash and investments (note 2)	<u>429,299</u>	<u>445,453</u>
Total assets	<u>\$ 468,574</u>	<u>\$ 482,781</u>
 <b>LIABILITIES</b>		
Due to bond holders	<u>\$ 468,574</u>	<u>\$ 482,781</u>
Total liabilities	<u>\$ 468,574</u>	<u>\$ 482,781</u>

See accompanying notes to the basic financial statements.



## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### FISCAL YEAR ENDED JUNE 30, 2014

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

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

##### A. Reporting Entity

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### C. Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent "available spendable resources".

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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 Projects Fund** is used to account for the financial resources used for the acquisition or construction of major property, equipment, or facilities (other than those financed by the proprietary funds).

The City reports the following major proprietary funds:

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The City reports the following non-major proprietary fund:

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

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Debt Service Funds are used to account for bond proceeds required to be set aside for future debt service and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City.
- Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The Internal Service Fund is used to account for the workers' compensation services provided to other departments of the City.
- Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The current City's Fiduciary Funds include: Stratford and Luneta Undergrounding Assessment District; Seawall Refinance Assessment District; Ocean View/Pines Undergrounding Assessment District; North Hills Undergrounding Assessment District; and the Sunset Undergrounding Assessment District.

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

##### D. New Accounting Pronouncements

###### Current Year Standards

In fiscal year 2013-2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the implementation of this statement, deferred bond costs, which should be recognized as an expense in the period incurred, were eliminated. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard was a decrease in the net position of the wastewater enterprise fund at July 1, 2013 by \$22,880, which is the amount of the unamortized bond issuance costs at July 1, 2013.

GASB issued the following statements in the current fiscal year which did not impact the City's financial reporting:

GASB 66 - *"Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62"*, required to be implemented in the current fiscal year did not impact the City.

GASB 70 - *"Accounting and Financial Reporting for Nonexchange Financial Guaranties"*, required to be implemented in the current fiscal year did not impact the City.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

##### Pending Accounting Standards

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

- GASB 68 - *"Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27"*, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - *"Government Combinations and Disposals of Government Operations"*, effective for periods beginning after December 15, 2013.
- GASB 71 - *"Pension Transitions for Contributions Made Subsequent to the Measurement Date, and Amendment of GASB Statement No. 68"*, effective for periods beginning after June 15, 2014.

##### E. Investments

Investments are reported in the accompanying balance sheet at fair value. The City pools investments of all funds, except assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as 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 statements of cash flows, cash and cash equivalents have been defined as demand deposits and highly liquid investments purchased with an original maturity of 90 days or less.

##### G. Receivables and Payables

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

G. Receivables and Payables, (Continued)

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

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

H. Capital Assets

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

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

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### I. Compensated Absences

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

##### J. Inventory

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.

##### K. Restricted Assets

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

##### L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the fund balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any applicable deferred outflows of resources.

In addition to liabilities, the statement of net position and the fund balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City does not have any applicable deferred inflows of resources.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

M. Property Taxes

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

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

N. Long-term Obligations

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

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

O. Use of Estimates

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### Q. Net Position and Fund Equity (Continued)

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

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

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

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

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

R. Prior Year Data

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

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Statement of Net Position

Current assets:

Cash and investments	\$ 13,407,907
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Noncurrent assets:

Cash and investments with fiscal agent	451,109
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Statement of Fiduciary Assets and Liabilities

Restricted cash and investments	<u>429,299</u>
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Total cash and investments	<u>\$ 14,288,315</u>
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Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 2,000
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Deposits with financial institutions	300,022
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Deposit with fiscal agents	451,109
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Investments	<u>13,535,184</u>
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Total cash and investments	<u>\$ 14,288,315</u>
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CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS, (Continued)

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer*</u>
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	None
County Pooled Investment Funds	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	\$40 million	None

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

Investments Authorized by Debt Agreements

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS, (Continued)

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

Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
Federal agency securities	\$ 297,978	\$ -	\$ -	\$ 297,978
Negotiable certificate of deposit	3,753,396	996,015	1,101,752	1,655,629
State investment pool	6,448,763	6,448,763	-	-
Investment in County pool	3,035,047	3,035,047	-	-
Total	<u>\$ 13,535,184</u>	<u>\$ 10,479,825</u>	<u>\$ 1,101,752</u>	<u>\$ 1,953,607</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS, (Continued)

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.

<u>Investment type</u>	<u>Fair Value</u>	Minimum Legal Rating	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>AA+</u>	<u>Not Rated</u>
Federal agency securities	\$ 297,978	A	\$ -	\$ 297,978	\$ -
Negotiable certificate of deposit	3,753,396	N/A	-	-	3,753,396
State investment pool	6,448,763	N/A	-	-	6,448,763
Investment in County pool	<u>3,035,047</u>	AA	<u>3,035,047</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,535,184</u>		<u>\$ 3,035,047</u>	<u>\$ 297,978</u>	<u>\$ 10,202,159</u>

Concentration of Credit Risk

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 2 – CASH AND INVESTMENTS, (Continued)*

##### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party in the event of the failure of the counterparty (e.g., broker-dealer). The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2014, the City had deposits with financial institutions in the amount of \$299,022 that were in excess of federal depository insurance limits. However, they were held in accounts collateralized in accordance with the California Government Code.

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

##### Investment in State Investment Pool

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

##### Investment in County Pool

The City is a 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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at <u>July 1, 2013</u>	Additions	Deletions	Balance at <u>June 30, 2014</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 18,289,250	\$ -	\$ -	\$ 18,289,250
Construction in progress	23,400,217	4,927,196	(27,365,130)	962,283
Total capital assets not being depreciated	<u>41,689,467</u>	<u>4,927,196</u>	<u>(27,365,130)</u>	<u>19,251,533</u>
Capital assets being depreciated:				
Buildings and improvements	9,054,076	10,215	-	9,064,291
Machinery and equipment	2,058,487	83,748	(6,180)	2,136,055
Infrastructure	8,826,035	27,354,915	-	36,180,950
Total capital assets being depreciated	<u>19,938,598</u>	<u>27,448,878</u>	<u>(6,180)</u>	<u>47,381,296</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,971,861)	(258,451)	-	(3,230,312)
Machinery and equipment	(1,261,055)	(110,810)	6,180	(1,365,685)
Infrastructure	(1,453,508)	(273,758)	-	(1,727,266)
Total accumulated depreciation	<u>(5,686,424)</u>	<u>(643,019)</u>	<u>6,180</u>	<u>(6,323,263)</u>
Total capital assets being depreciated, net	<u>14,252,174</u>	<u>26,805,859</u>	<u>-</u>	<u>41,058,033</u>
Governmental activities capital assets, net	<u>\$ 55,941,641</u>	<u>\$ 31,733,055</u>	<u>\$ (27,365,130)</u>	<u>\$ 60,309,566</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS, (Continued)

	Balance at <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2014</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,365,688	\$ -	\$ -	\$ 1,365,688
Construction in progress	32,285	27,672	(32,285)	27,672
Total capital assets not being depreciated	<u>1,397,973</u>	<u>27,672</u>	<u>(32,285)</u>	<u>1,393,360</u>
Capital assets, being depreciated:				
Buildings	4,080,948	-	-	4,080,948
Improvements	4,252,263	-	-	4,252,263
Machinery and equipment	1,824,496	32,299	(12,245)	1,844,550
Water system	12,303,466	290,653	-	12,594,119
Wastewater system	13,032,727	280,060	-	13,312,787
Total capital assets being depreciated	<u>35,493,900</u>	<u>603,012</u>	<u>(12,245)</u>	<u>36,084,667</u>
Less accumulated depreciation for:				
Buildings	(152,775)	(121,967)	-	(274,742)
Improvements	(1,083,803)	(92,363)	-	(1,176,166)
Machinery and equipment	(567,475)	(136,449)	12,245	(691,679)
Water system	(4,939,686)	(236,534)	-	(5,176,220)
Wastewater system	(5,137,324)	(328,170)	-	(5,465,494)
Total accumulated depreciation	<u>(11,881,063)</u>	<u>(915,483)</u>	<u>12,245</u>	<u>(12,784,301)</u>
Total capital assets being depreciated, net	<u>23,612,837</u>	<u>(312,471)</u>	<u>-</u>	<u>23,300,366</u>
Business-type activities capital assets, net	<u>\$ 25,010,810</u>	<u>\$ (284,799)</u>	<u>\$ (32,285)</u>	<u>\$ 24,693,726</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 3 – CAPITAL ASSETS, (Continued)*

Depreciation expense was charged to functions for the Fiscal Year ended June 30, 2014 as follows:

Governmental activities:	
General government	\$ 36,143
Public safety	63,163
Public works	509,541
Parks and recreation	<u>34,172</u>
Total depreciation expense – governmental activities	<u>\$ 643,019</u>
Business-type activities:	
Water	\$ 336,346
Wastewater	576,981
Clean Water	<u>2,156</u>
Total depreciation expense – business-type activities	<u>\$ 915,483</u> *

\* Does not include amortization expense

*NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES*

At June 30, 2014, interfund receivables and payables are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 75,194	\$ -
Non-Major Governmental Funds	-	11,814
Non-Major Clean Water Fund	<u>-</u>	<u>63,380</u>
	<u>\$ 75,194</u>	<u>\$ 75,194</u>

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES (Continued)

During Fiscal Year 2012-2013, the City Council approved the pay off of the City’s CalPERS Side Fund liability. The Side Fund liability had a balance of approximately \$3 million and was being charged interest at a rate of 7.5 percent annually. The payoff of the side fund liability saved the City approximately \$1.1 million in interest payments, reduced annual pension contribution by approximately \$450,000 and also decreased the future unfunded pension liability. In order to pay off the side fund, an interfund payable between the General Fund and Water Fund was created in the amount of \$1,200,790. The advance payable to the Water Fund will be repaid beginning in Fiscal Year 2014-2015 over three to four years with the savings from the reduced annual pension contributions and will be repaid at an interest rate which is the greater of: 1) 25 basis points over LAIF, or 2) 0.5 percent.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the Fiscal Year ended June 30, 2014 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>		
	General Fund	Non-Major Governmental Funds	Total
Capital Improvement Project Fund	\$ 1,585,954 <sup>(A)</sup>	\$ -	\$ 1,585,954
Non-Major Governmental Funds	594,839 <sup>(B)</sup>	-	594,839
Water Fund	-	4,484	4,484
Wastewater Fund	-	4,484	4,484
Clean Water Fund	10,647	-	10,647
Total	<u>\$ 2,191,440</u>	<u>\$ 8,968</u>	<u>\$ 2,200,408</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 5 - INTERFUND TRANSFERS, (Continued)*

Purpose of Interfund Transfers

Transfers were needed:

- A) to fund current and future capital improvement projects.
- B) because the costs of street and road maintenance exceeded the gas tax revenues received from the State; revenues collected from facility use permits from Seagrove Park and the Powerhouse Community Center do not cover the costs of maintaining open space; revenues from the State for Supplemental Law Enforcement do not cover the costs for the park ranger and part-time support; and the Library Fund does not generate sufficient revenue to cover the cost of building maintenance.

*NOTE 6 - CHANGES IN LONG-TERM LIABILITIES*

A summary of changes in long-term liabilities for the Fiscal Year ended June 30, 2014 is as follows:

	Balance at July 1, 2013	Additions	Deductions	Balance at June 30, 2014	Due Within One Year
Governmental activities:					
Bonds payable	\$ 335,000	\$ -	\$ 165,000	\$ 170,000	\$ 170,000
Loan payable	-	704,000	-	704,000	-
Compensated absences	398,654	317,394	325,013	391,035	97,759
Total governmental activities	<u>\$ 733,654</u>	<u>\$ 1,021,394</u>	<u>\$ 490,013</u>	<u>\$ 1,265,035</u>	<u>\$ 267,759</u>
Business-type activities:					
Certification of participation	\$ 1,250,000	\$ -	\$ 395,000	\$ 855,000	\$ 415,000
Note payable	5,168,672	-	197,136	4,971,536	199,848
Compensated absences	74,623	63,439	52,661	85,401	21,350
Total business-type activities	<u>\$ 6,493,295</u>	<u>\$ 63,439</u>	<u>\$ 644,797</u>	<u>\$ 5,911,937</u>	<u>\$ 636,198</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

Governmental Long-Term Debt

Bonds Payable:

1999 Wildfire Protection Bonds – Del Mar voters approved the issuance of bonds for the purpose of completing capital improvements to enhance water flows and complete necessary water upgrades for firefighting at the City’s urban/wildland boundaries. The last annual principal payment of \$170,000 is due in fiscal year ending June 30, 2015. Interest rates range from 4.50 percent to 4.60 percent.

\$ 170,000

Loan Payable:

TransNet Commercial Paper – Del Mar will borrow up to \$1,200,000 for its Sidewalk, Street, and Drainage Project through SANDAG’s debt financing program. Reimbursement is requested as funds are expensed, of which \$704,000 was collected through June 30, 2014. Annual payments ranging from \$117,187 to \$198,750 are to be paid beginning in June 2017 through June 2024, and will be paid using the City’s annual TransNet revenue allocation. The interest rate will be 2.5% per year.

\$ 704,000

Business-Type Long-Term Debt

1993 Certificates of Participation (COPS) – The Del Mar Public Facilities Corporation issued COPS in the amount of \$6,000,000 to be used to fund construction and repair of wastewater lines. The certificates mature in various amounts from \$395,000 to \$440,000 annually on September 1 each year through 2016. The interest rate is 5.00 percent. The City is covenanted to fix, prescribe, revise and collect rates, fees and charges each fiscal year that are sufficient to yield net revenues which are at least equal to 115% of the amount of principal and interest due and payable in such fiscal year.

\$ 855,000

Note Payable:

21st Street Sewer Pump Station Note Payable – The City entered into a finance agreement in February 2010 with the State Water Resources Control Board and was approved for financial assistance in the amount of \$5,000,000 plus accrued interest provided through the Clean Water State Revolving Fund. These funds 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 are to be paid beginning on August 1, 2013 through August 2032 at an interest rate of 2.9 percent per annum.

\$ 4,971,536

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

Governmental Long-Term Debt

<u>Fiscal Year</u> <u>Ending</u>	1999		
	Wildfire Protection Project		
	General Obligation Bonds, Series		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 170,000	\$ 3,910	\$ 173,910
	<u>\$ 170,000</u>	<u>\$ 3,910</u>	<u>\$ 173,910</u>

<u>Fiscal Year</u> <u>Ending</u>	SANDAG		
	TransNet Program		
	Commercial Paper		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 28,571	\$ 88,616	117,187
2018	171,429	27,321	198,750
2019	171,429	23,036	194,465
2020	171,429	18,750	190,179
2021	171,429	14,464	185,893
2022-2024	485,713	10,179	495,892
	<u>\$ 1,200,000</u>	<u>\$ 182,366</u>	<u>\$ 1,382,366</u>
Less: Remaining funds to be received	<u>(496,000)</u>	<u>-</u>	<u>(496,000)</u>
	<u>\$ 704,000</u>	<u>\$ 182,366</u>	<u>\$ 886,366</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

Business-Type Long-Term Debt

21st Street Sewer Pump Station  
Note Payable

Fiscal Year Ending	Principal	Interest	Total
2015	\$ 199,848	\$ 144,169	\$ 344,017
2016	205,638	138,379	344,017
2017	211,601	132,416	344,017
2018	217,738	126,279	344,017
2019	224,052	119,965	344,017
2020-2024	1,221,575	498,510	1,720,085
2025-2029	1,409,280	310,805	1,720,085
2030-2032	1,281,804	94,259	1,376,063
Total	<u>\$ 4,971,536</u>	<u>\$ 1,564,782</u>	<u>\$ 6,536,318</u>

1993

Sewer System Improvement Project  
Certificates of Participation

Fiscal Year Ending	Principal	Interest	Total
2015	\$ 415,000	\$ 32,375	\$ 447,375
2016	440,000	11,000	451,000
Total	<u>\$ 855,000</u>	<u>\$ 43,375</u>	<u>\$ 898,375</u>

Pledged Revenues

The 1993 COPS and note payable are 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, 2014 totaled \$1,056,988 and total debt service (principal and interest) paid during the year were \$447,625 and \$344,017 for the 1993 COPS and note payable, respectively.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – FUND BALANCES

	General Fund	Capital Improvement Projects	Other Non-Major	Total
Restricted for:				
Debt service	\$ -	\$ -	\$ 260,595	\$ 260,595
Public safety	-	-	59,812	59,812
Public works	-	-	106,764	106,764
Street projects	-	-	9,260	9,260
Low-income housing	-	-	543,717	543,717
Total restricted	-	-	980,148	980,148
Committed to:				
Parks and community center	-	-	207,819	207,819
Total committed	-	-	207,819	207,819
Assigned to:				
Compensated absences	155,041	-	-	155,041
Equipment replacement	583,630	-	-	583,630
Public television	167,546	-	-	167,546
Self-insurance	514,771	-	-	514,771
Sidewalk cafes	18,843	-	-	18,843
Software licensing	31,960	-	-	31,960
Capital projects	-	2,729,399	-	2,729,399
Total assigned	1,471,791	2,729,399	-	4,201,190
Unassigned:				
General fund	2,345,865	-	-	2,345,865
Total unassigned	2,345,865	-	-	2,345,865
Total Fund Balances	\$ 3,817,656	\$ 2,729,399	\$ 1,187,967	\$ 7,735,022

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 7 – FUND BALANCES (Continued)*

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

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

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

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

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

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

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

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

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 7 – FUND BALANCES (Continued)*

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

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

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

##### Plan Description

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

##### Contributions

Miscellaneous and safety (fire and other) are required to contribute eight percent and nine percent, respectively, of their annual covered salary. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups. Effective on the first payday after January 1, 2013, the City negotiated to no longer make contributions on behalf of the lifeguard safety employees. The City made no contributions on behalf of miscellaneous and fire safety employees.

Assembly Bill (AB) 340 created the Public Employees' Pension Reform Act (PEPRA) that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member as per PEPRA. As of June 30, 2014, the City has two employees who are participating in the new benefit formula.

For each of the fiscal years shown in the following table, the City has made employer contributions at the actuarially determined rate provided by PERS' actuaries. The City's covered payroll for PERS was \$4,097,427.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

Three-Year Trend Information for Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Contributed</u>
Miscellaneous Employees:			
June 30, 2012	22.591%	\$ 615,060	100%
June 30, 2013	23.095%	\$ 615,475	100%
June 30, 2014	15.544%	\$ 396,121	100%
Miscellaneous Employees: (Second Tier)			
June 30, 2014	8.524%	\$ 18,492	100%
Miscellaneous Employees: (PEPRA)			
June 30, 2013	6.50%	\$ 1,046	100%
June 30, 2014	6.50%	\$ 5,242	100%
Fire Safety Employees:			
June 30, 2012	50.995%	\$ 377,576	100%
June 30, 2013	47.862%	\$ 350,410	100%
June 30, 2014	25.168%	\$ 198,460	100%
Other Safety Employees:			
June 30, 2012	17.328%	\$ 81,956	100%
June 30, 2013	17.003%	\$ 81,682	100%
June 30, 2014	18.082%	\$ 87,537	100%

As of June 30, 2014 there were no members enrolled in the City’s Fire Safety Second Tier, Fire Safety PEPRA, and Other Safety PEPRA plans.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 9 - DEFERRED COMPENSATION*

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

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

On November 15, 1999, the City adopted a money purchase pension plan. The plan was created in accordance with Internal Revenue Code Section 401(a). The plan is organized as a trust for the exclusive benefit of the participants and is available to the City's management employees. The plan allows the participants to defer a portion of their salary to future years. The City does not require participants to contribute a minimum percentage of participant earnings. The participants have the option to determine a percentage of earnings to contribute into the plan. Contributions are paid for by the employees. The plan allows the participants to become immediately fully vested in their accounts and has a normal retirement age of 60. The participants will not have access to funds until termination, retirement, or death. Plan assets are held by a trustee on behalf of City employees. The assets of this plan are not reported in the financial statements.

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

##### Litigation:

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

##### Construction Contracts and Commitments:

As of June 30, 2014, construction contracts totaled \$61,496. City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental fund and nonmajor funds in the aggregate is \$162,244 for the General Fund and \$3,937 for the Grant Fund.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 11 - LITIGATION AND COMMITMENTS, (Continued)*

##### Construction Contracts and Commitments (Continued):

The City has a 25-year lease with the State of California's 22<sup>nd</sup> District Agricultural Association for use of the City's fire station that ends on June 30, 2025. The annual rent is payable every July 1<sup>st</sup> and is the greater of a) \$40,000 multiplied by the percentage which the Consumer's Price Index (CPI) for the preceding April increased compared to the base period in April 2000; or five percent annum. The annual rental increase may not exceed ten percent. For fiscal year 2013-2014, the fire lease payment was \$75,426.

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

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

#### *NOTE 13 - RISK MANAGEMENT*

The City is a member of the San Diego Pooled Insurance Program Authority (SANDPIPA), a consortium of various governmental entities in San Diego County who have joined together to achieve savings on insurance premiums through volume purchasing and risk management consulting. Each member pays for its proportionate share of its individually contracted insurance coverage and consulting services. The City does not own an equity interest in SANDPIPA and separate financial statements are prepared for SANDPIPA. Copies of SANDPIPA's annual financial report may be obtained by writing to 1237 Bear Valley Parkway, Escondido, California 95814.

##### General Liability:

As a member of SANDPIPA, the City is self-insured for the first \$125,000 of each occurrence. The difference between the City's \$125,000 self-insurance retention and \$2,500,000 of pooled liability insurance for each occurrence is covered by SANDPIPA, with an additional \$45,000,000 of purchased liability for a total of \$47,000,000. Specific coverage includes bodily injury, property damage, municipal errors and omissions and personal injury.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – RISK MANAGEMENT, (Continued)

The City accounts for general liability claims that are under their \$125,000 insurance threshold as accounts payable in the general fund.

Workers' Compensation:

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

General liability and workers' compensation claims were as follows for June 30, 2013 and 2014:

	<u>General Liability</u>		<u>Workers' Compensation</u>	
	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>
Unpaid claims, beginning of fiscal year	\$ 1,250	\$ 250,000	\$ 219,899	\$ 256,109
Incurred claims (including IBNR)	250,000	(84,313)	83,720	(9,437)
Claims payments	<u>(1,250)</u>	<u>(38,747)</u>	<u>(47,510)</u>	<u>(22,029)</u>
Unpaid claims, end of fiscal year	<u>\$ 250,000</u>	<u>\$ 126,940</u>	<u>\$ 256,109</u>	<u>\$ 224,643</u>

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

Settled claims have not exceeded any of the City's coverage amounts in any of the last three years and there were no reductions in the City's insurance coverage during the Fiscal Year ended June 30, 2014.

Other Insurance Policies:

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 14 – ASSESSMENT DISTRICT BOND ISSUES*

The City has issued Special Assessment Bonds as allowed under the State of California Special Improvement Act. The City has no obligation beyond the balances in the designated Agency fund for any delinquent assessment district bond payments. The City acts solely as an agent for those paying assessments and the bondholders of the obligations outstanding. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit, nor taxing power of the City is pledged to the payment of the bonds. Therefore, such bonds are not an appropriate liability of the City and are not included in the accompanying financial statements. At June 30, 2014, the outstanding special assessment district bonds are as follows:

- The Seawall Refinance Assessment District No. 1999-01 Bonds of \$1,350,000 were issued June 17, 1999 to finance seawall improvements. These bonds outstanding at June 30, 2014 were \$565,000.
- The Ocean View/Pines Assessment District No. 2005-01 Bonds of \$932,201 were issued October 1, 2005, to finance the removal of overhead utilities in the Ocean View Pines neighborhood area. The bonds outstanding at June 30, 2014 were \$495,000.

#### *NOTE 15 – EXPENDITURES EXCEEDING APPROPRIATIONS*

The Supplemental Law Enforcement Fund, and Regional Communications System Fund exceeded its budgets by \$18,149, and \$3,853, respectively. These funds have adequate resources to cover its budget overages.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 16 – RESTATEMENT OF NET POSTION*

Net position for the government-wide financial statements as of July 1, 2013 was restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position as previously reported as of June 30, 2013	\$ 62,671,160	\$ 24,035,057
Reduction in net position to record expense related to the pension debt for CalPERS side fund	(1,355,448)	(722,375)
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB Statement 65	<u>-</u>	<u>(22,880)</u>
Net position as restated July 1, 2013	<u>\$ 61,315,712</u>	<u>\$ 23,289,802</u>

Net position for the proprietary fund financial statements as of July 1, 2013 was restated as follows:

	<u>Water</u>	<u>Wastewater</u>	<u>Clean Water Fund</u>
Net position as previously reported as of June 30, 2013	\$ 14,123,824	\$ 9,833,984	\$ 77,249
Reduction in net position to record expense related to the pension debt for CalPERS side fund	(317,444)	(327,682)	(77,249)
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB 65	<u>-</u>	<u>(22,880)</u>	<u>-</u>
Net positon as restated July 1, 2013	<u>\$ 13,806,380</u>	<u>\$ 9,483,422</u>	<u>\$ -</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 17 - SUBSEQUENT EVENT*

In September 2014, the City Council approved the borrowing of \$3,000,000 through the TransNet debt financing program for refinance of the outstanding commercial paper for the Sidewalk, Street, and Drainage Project, of which \$704,000 is outstanding at June 30, 2014. The amounts will not be considered borrowed until the City requests reimbursement of valid project expenditures. The repayment of debt shall be the first priority on the use of the City's annual TransNet revenues.

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CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with	Prior Year Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 8,702,210	\$ 9,104,720	\$ 9,445,745	\$ 341,025	\$ 8,902,500
Licenses, fees and permits	659,580	659,580	831,364	171,784	616,630
Intergovernmental	64,850	64,850	108,614	43,764	106,506
Charges for services	1,171,390	1,171,390	1,296,138	124,748	1,190,559
Fines and forfeitures	681,730	609,490	586,367	(23,123)	669,665
Use of money and property	146,960	146,960	181,128	34,168	144,197
Contributions	-	5,228	5,228	-	36,921
Other	3,840	99,330	173,712	74,382	316,585
<b>Total revenues</b>	<b>11,430,560</b>	<b>11,861,548</b>	<b>12,628,296</b>	<b>766,748</b>	<b>11,983,563</b>
<b>EXPENDITURES</b>					
Current:					
General government	4,202,950	4,455,081	4,175,996	279,085	5,786,805
Public safety	5,212,190	5,235,190	5,194,208	40,982	6,123,864
Public works	169,410	171,638	170,703	935	251,545
<b>Total expenditures</b>	<b>9,584,550</b>	<b>9,861,909</b>	<b>9,540,907</b>	<b>321,002</b>	<b>12,162,214</b>
Excess (deficiency) of revenues over (under) expenditures	1,846,010	1,999,639	3,087,389	1,087,750	(178,651)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	300,000
Transfers out	(932,860)	(2,406,279)	(2,191,440)	214,839	(1,579,620)
Sale of capital assets	-	-	-	-	-
<b>Total other financing (uses)</b>	<b>(932,860)</b>	<b>(2,406,279)</b>	<b>(2,191,440)</b>	<b>214,839</b>	<b>(1,279,620)</b>
Net change in fund balances	913,150	(406,640)	895,949	1,302,588	(1,458,271)
Fund balance, beginning of year	2,921,707	2,921,707	2,921,707	-	4,379,978
Fund balance, end of year	\$ 3,834,857	\$ 2,515,067	\$ 3,817,656	\$ 1,302,588	\$ 2,921,707

## CITY OF DEL MAR

### NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

#### FOR THE YEAR ENDED JUNE 30, 2014

##### *NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING*

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

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers City expenditures in the General, Special Revenue, Debt Service and Capital Projects Funds. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between individual accounts within a fund. Supplemental budgetary increases in appropriations for the General, Special Revenue, Debt Service and Capital Project Funds in the amount of \$6,879,614 were made during the year ended June 30, 2014.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Unencumbered appropriations at year end automatically lapse. Those appropriations may be re-encumbered in the following year only after reconsideration.
4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds (for which annual budgets were adopted) are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.



## CITY OF DEL MAR

### NON-MAJOR GOVERNMENTAL FUNDS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

The **Open Space 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 Fund** is used to account for grant revenue received by the City from the State of California for supplemental law enforcement expenditures.

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

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

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

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

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

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

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

CITY OF DEL MAR

COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014  
 (With comparative totals for 2013)

	Special Revenue Funds					
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 254,525	\$ -	\$ 21,716	\$ 18,805	\$ 543,467
Receivables:						
Taxes	-	-	-	-	-	-
Accrued interest	-	-	-	-	11	250
Accounts, net	-	1,378	-	-	5,752	-
Due from other agencies	14,756	-	16,145	-	19,968	-
Total assets	<u>\$ 14,756</u>	<u>\$ 255,903</u>	<u>\$ 16,145</u>	<u>\$ 21,716</u>	<u>\$ 44,536</u>	<u>\$ 543,717</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 14,230	\$ 21,689	\$ 4,857	\$ -	\$ 6,440	\$ -
Deposits payable	-	26,395	-	-	-	-
Due to other funds	526	-	11,288	-	-	-
Total liabilities	<u>14,756</u>	<u>48,084</u>	<u>16,145</u>	<u>-</u>	<u>6,440</u>	<u>-</u>
Fund balances						
Restricted for:						
Public safety	-	-	-	21,716	38,096	-
Low-income housing	-	-	-	-	-	543,717
Public works	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Street projects	-	-	-	-	-	-
Committed for:						
Parks and recreation	-	207,819	-	-	-	-
Total fund balances	<u>-</u>	<u>207,819</u>	<u>-</u>	<u>21,716</u>	<u>38,096</u>	<u>543,717</u>
Total liabilities and fund balances	<u>\$ 14,756</u>	<u>\$ 255,903</u>	<u>\$ 16,145</u>	<u>\$ 21,716</u>	<u>\$ 44,536</u>	<u>\$ 543,717</u>

Special Revenue Fund	Debt Service Fund	Capital Projects Fund		Total	
AB 939	Wildfire	Transnet II	Regional Transportation (RTCIP)	2014	2013
\$ 106,965	\$ 259,124	\$ 5,149	\$ 4,429	1,214,180	\$ 1,175,854
-	1,352	-	-	1,352	1,089
49	119	1	2	432	539
-	-	-	-	7,130	19,859
-	-	-	-	50,869	27,087
<u>\$ 107,014</u>	<u>\$ 260,595</u>	<u>\$ 5,150</u>	<u>\$ 4,431</u>	<u>\$ 1,273,963</u>	<u>\$ 1,224,428</u>
\$ 250	\$ -	\$ 321	\$ -	\$ 47,787	\$ 43,795
-	-	-	-	26,395	28,345
-	-	-	-	11,814	18,973
<u>250</u>	<u>-</u>	<u>321</u>	<u>-</u>	<u>85,996</u>	<u>91,113</u>
-	-	-	-	59,812	52,278
-	-	-	-	543,717	616,661
106,764	-	-	-	106,764	60,449
-	260,595	-	-	260,595	227,465
-	-	4,829	4,431	9,260	8,959
-	-	-	-	207,819	167,503
<u>106,764</u>	<u>260,595</u>	<u>4,829</u>	<u>4,431</u>	<u>1,187,967</u>	<u>1,133,315</u>
<u>\$ 107,014</u>	<u>\$ 260,595</u>	<u>\$ 5,150</u>	<u>\$ 4,431</u>	<u>\$ 1,273,963</u>	<u>\$ 1,224,428</u>

CITY OF DEL MAR

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(With comparative totals for 2013)

	Special Revenue Funds					
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System	Grants	Housing
<b>REVENUES</b>						
Taxes	\$ 159,411	\$ 6,616	\$ -	\$ 44,157	\$ -	\$ -
Licenses, fees and permits	-	389,128	-	-	-	47,016
Intergovernmental	-	48,035	100,000	-	54,567	-
Use of money and property	-	344	-	131	97	2,440
Contributions	-	12,140	-	-	-	-
Other	-	44,607	-	-	-	-
Total revenues	<u>159,411</u>	<u>500,870</u>	<u>100,000</u>	<u>44,288</u>	<u>54,664</u>	<u>49,456</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	-	25,980	122,400
Public safety	-	-	191,929	33,613	22,857	-
Public works	315,916	-	-	-	-	-
Parks and recreation	-	809,797	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>315,916</u>	<u>809,797</u>	<u>191,929</u>	<u>33,613</u>	<u>48,837</u>	<u>122,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(156,505)</u>	<u>(308,927)</u>	<u>(91,929)</u>	<u>10,675</u>	<u>5,827</u>	<u>(72,944)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	-	-	-	-	-	-
Transfers in	153,667	349,243	91,929	-	-	-
Transfers out	-	-	-	(8,968)	-	-
Total other financing uses	<u>153,667</u>	<u>349,243</u>	<u>91,929</u>	<u>(8,968)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,838)	40,316	-	1,707	5,827	(72,944)
Fund balance, beginning of year	<u>2,838</u>	<u>167,503</u>	<u>-</u>	<u>20,009</u>	<u>32,269</u>	<u>616,661</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ 207,819</u>	<u>\$ -</u>	<u>\$ 21,716</u>	<u>\$ 38,096</u>	<u>\$ 543,717</u>

Special Revenue Fund	Debt Service Fund	Capital Improvement Program Funds		Total	
			Regional Transportation (RTCIP)		
AB 939	Wildfire	Transnet II		2014	2013
\$ -	\$ 209,545	\$ -	\$ -	\$ 419,729	\$ 382,002
50,600	-	-	2,209	488,953	420,343
-	-	204,576	-	407,178	487,941
368	576	337	19	4,312	6,570
-	-	-	-	12,140	-
-	-	-	-	44,607	41,283
<u>50,968</u>	<u>210,121</u>	<u>204,913</u>	<u>2,228</u>	<u>1,376,919</u>	<u>1,338,139</u>
1,815	459	-	-	150,654	117,019
-	-	-	-	248,399	333,199
-	-	-	-	315,916	515,655
-	-	-	-	809,797	775,814
-	-	910,840	-	910,840	216,360
-	165,000	-	-	165,000	155,000
-	11,532	-	-	11,532	18,655
<u>1,815</u>	<u>176,991</u>	<u>910,840</u>	<u>-</u>	<u>2,612,138</u>	<u>2,131,702</u>
<u>49,153</u>	<u>33,130</u>	<u>(705,927)</u>	<u>2,228</u>	<u>(1,235,219)</u>	<u>(793,563)</u>
-	-	704,000	-	704,000	-
-	-	-	-	594,839	777,086
-	-	-	-	(8,968)	(8,290)
<u>-</u>	<u>-</u>	<u>704,000</u>	<u>-</u>	<u>1,289,871</u>	<u>768,796</u>
49,153	33,130	(1,927)	2,228	54,652	(24,767)
57,611	227,465	6,756	2,203	1,133,315	1,158,082
<u>\$ 106,764</u>	<u>\$ 260,595</u>	<u>\$ 4,829</u>	<u>\$ 4,431</u>	<u>\$ 1,187,967</u>	<u>\$ 1,133,315</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
GASOLINE TAX FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 140,370	\$ 140,370	\$ 159,411	\$ 19,041	\$ 114,403
Total revenues	140,370	140,370	159,411	19,041	114,403
<b>EXPENDITURES</b>					
Current					
Public works	368,680	326,519	315,916	10,603	515,655
Total expenditures	368,680	326,519	315,916	10,603	515,655
Excess (deficiency) of revenues over (under) expenditures	(228,310)	(186,149)	(156,505)	29,644	(401,252)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	228,310	183,311	153,667	(29,644)	404,090
Total other financing sources	228,310	183,311	153,667	(29,644)	404,090
Net change in fund balances	-	(2,838)	(2,838)	-	2,838
Fund balance, beginning of year	2,838	2,838	2,838	-	-
Fund balance, end of year	\$ 2,838	\$ -	\$ -	\$ -	\$ 2,838

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
OPEN SPACE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 2,550	\$ 2,550	\$ 6,616	\$ 4,066	\$ 6,032
Licenses, fees and permits	380,990	380,990	389,128	8,138	368,178
Intergovernmental	23,400	23,400	48,035	24,635	46,424
Use of money and property	760	760	344	(416)	440
Contributions	3,870	12,100	12,140	40	-
Other	5,120	5,120	44,607	39,487	41,283
<b>Total revenues</b>	<b>416,690</b>	<b>424,920</b>	<b>500,870</b>	<b>75,950</b>	<b>462,357</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	711,700	786,930	809,797	(22,867)	775,814
Capital outlay	50,000	53,317	-	53,317	1,459
<b>Total expenditures</b>	<b>761,700</b>	<b>840,247</b>	<b>809,797</b>	<b>30,450</b>	<b>777,273</b>
Excess (deficiency) of revenues over (under) expenditures	(345,010)	(415,327)	(308,927)	106,400	(314,916)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	348,010	398,325	349,243	(49,082)	300,613
<b>Total other financing sources</b>	<b>348,010</b>	<b>398,325</b>	<b>349,243</b>	<b>(49,082)</b>	<b>300,613</b>
Net change in fund balances	3,000	(17,002)	40,316	57,318	(14,303)
Fund balance, beginning of year	167,503	167,503	167,503	-	181,806
<b>Fund balance, end of year</b>	<b>\$ 170,503</b>	<b>\$ 150,501</b>	<b>\$ 207,819</b>	<b>\$ 57,318</b>	<b>\$ 167,503</b>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Total revenues	100,000	100,000	100,000	-	100,000
<b>EXPENDITURES</b>					
Current					
Public Safety	173,780	173,780	191,929	(18,149)	172,383
Total expenditures	173,780	173,780	191,929	(18,149)	172,383
Excess (deficiency) of revenues over (under) expenditures	(73,780)	(73,780)	(91,929)	(18,149)	(72,383)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	73,780	73,780	91,929	18,149	72,383
Total other financing sources	73,780	73,780	91,929	18,149	72,383
Net change in fund balances	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
REGIONAL COMMUNICATIONS SYSTEM FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 45,000	\$ 45,000	\$ 44,157	\$ (843)	\$ 44,056
Use of money and property	-	-	131	131	63
Total revenues	45,000	45,000	44,288	(712)	44,119
<b>EXPENDITURES</b>					
Current					
Public safety	29,760	29,760	33,613	(3,853)	31,074
Total expenditures	29,760	29,760	33,613	(3,853)	31,074
Excess (deficiency) of revenues over (under) expenditures	15,240	15,240	10,675	(4,565)	13,045
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	(8,968)	(8,968)	(8,290)
Total other financing uses	-	-	(8,968)	(8,968)	(8,290)
Net change in fund balances	15,240	15,240	1,707	(13,533)	4,755
Fund balance, beginning of year	20,009	20,009	20,009	-	15,254
Fund balance, end of year	\$ 35,249	\$ 35,249	\$ 21,716	\$ (13,533)	\$ 20,009

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 19,373	\$ 34,314	\$ 54,567	\$ 20,253	\$ 145,767
Use of money and property	-	-	97	97	650
<b>Total revenues</b>	<b>19,373</b>	<b>34,314</b>	<b>54,664</b>	<b>20,351</b>	<b>146,417</b>
<b>EXPENDITURES</b>					
Current					
General government	-	-	25,980	(25,980)	2,424
Public safety	33,560	52,124	22,857	29,267	129,742
<b>Total expenditures</b>	<b>33,560</b>	<b>52,124</b>	<b>48,837</b>	<b>3,288</b>	<b>132,166</b>
Net change in fund balance	(14,187)	(17,810)	5,827	23,637	14,251
Fund balance, beginning of year	32,269	32,269	32,269	-	18,018
Fund balance, end of year	\$ 18,082	\$ 14,459	\$ 38,096	\$ 23,637	\$ 32,269

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
HOUSING FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Licenses, fees and permits	\$ 94,030	\$ 94,030	\$ 47,016	\$ (47,014)	\$ -
Use of money and property	4,210	4,210	2,440	(1,770)	3,994
Total revenues	98,240	98,240	49,456	(48,784)	3,994
<b>EXPENDITURES</b>					
Current					
General government	125,000	125,000	122,400	2,600	108,604
Total expenditures	125,000	125,000	122,400	2,600	108,604
Net change in fund balance	(26,760)	(26,760)	(72,944)	(46,184)	(104,610)
Fund balance, beginning of year	616,661	616,661	616,661	-	721,271
Fund balance, end of year	\$ 589,901	\$ 589,901	\$ 543,717	\$ (46,184)	\$ 616,661

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE**  
**AB 939 FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
 (With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Licenses, fees and permits	\$ 50,000	\$ 50,000	\$ 50,600	\$ 600	\$ 50,000
Use of money and property	-	-	368	368	227
Total revenues	50,000	50,000	50,968	968	50,227
<b>EXPENDITURES</b>					
Current					
General government	50,000	50,000	1,815	48,185	5,116
Total expenditures	50,000	50,000	1,815	48,185	5,116
Net change in fund balance	-	-	49,153	49,153	45,111
Fund balance, beginning of year	57,611	57,611	57,611	-	12,500
Fund balance, end of year	\$ 57,611	\$ 57,611	\$ 106,764	\$ 49,153	\$ 57,611

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
WILDFIRE DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 183,660	\$ 183,660	\$ 209,545	\$ 25,885	\$ 217,511
Use of money and property	1,100	1,100	576	(524)	939
Total revenues	<u>184,760</u>	<u>184,760</u>	<u>210,121</u>	<u>25,361</u>	<u>218,450</u>
<b>EXPENDITURES</b>					
Current					
General government	1,000	1,000	459	541	875
Debt service:					
Principal	165,000	165,000	165,000	-	155,000
Interest	<u>11,530</u>	<u>11,530</u>	<u>11,532</u>	<u>(2)</u>	<u>18,655</u>
Total expenditures	<u>177,530</u>	<u>177,530</u>	<u>176,991</u>	<u>539</u>	<u>174,530</u>
Net change in fund balance	7,230	7,230	33,130	25,900	43,920
Fund balance, beginning of year	<u>227,465</u>	<u>227,465</u>	<u>227,465</u>	-	<u>183,545</u>
Fund balance, end of year	<u>\$ 234,695</u>	<u>\$ 234,695</u>	<u>\$ 260,595</u>	<u>\$ 25,900</u>	<u>\$ 227,465</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
TRANSNET II  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 206,000	\$ 205,000	\$ 204,576	\$ (424)	\$ 195,750
Use of money and property	10	10	337	327	219
Total revenues	206,010	205,010	204,913	(97)	195,969
<b>EXPENDITURES</b>					
Capital outlay	206,000	1,411,756	910,840	500,916	208,006
Total expenditures	206,000	1,411,756	910,840	500,916	208,006
Excess (deficiency) of revenues over (under) expenditures	10	(1,206,746)	(705,927)	500,819	(12,037)
<b>OTHER FINANCING SOURCES</b>					
Issuance of debt	-	1,200,000	704,000	(496,000)	-
Total other financing sources	-	1,200,000	704,000	(496,000)	-
Net change in fund balances	10	(6,746)	(1,927)	4,819	(12,037)
Fund balance, beginning of year	6,756	6,756	6,756	-	18,793
Fund balance, end of year	\$ 6,766	\$ 10	\$ 4,829	\$ 4,819	\$ 6,756

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
 (With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ 2,209	\$ 2,209	\$ 2,165
Use of money and property	-	-	19	19	38
Total revenues	-	-	2,228	2,228	2,203
<b>EXPENDITURES</b>					
Capital outlay	-	-	-	-	6,895
Total expenditures	-	-	-	-	6,895
Net change in fund balances	-	-	2,228	2,228	(4,692)
Fund balance, beginning of year	2,203	2,203	2,203	-	6,895
Fund balance, end of year	\$ 2,203	\$ 2,203	\$ 4,431	\$ 2,228	\$ 2,203

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With comparative totals for 2013)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	16,840	4,684,750	3,649,697	(1,035,053)	7,043,696
Use of money and property	8,000	8,000	5,017	(2,983)	3,773
Other	-	-	3,150	3,150	53,529
Total revenues	<u>24,840</u>	<u>4,692,750</u>	<u>3,657,864</u>	<u>(1,034,886)</u>	<u>7,100,998</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>252,000</u>	<u>5,608,552</u>	<u>4,049,905</u>	<u>1,558,647</u>	<u>7,447,977</u>
Total expenditures	<u>252,000</u>	<u>5,608,552</u>	<u>4,049,905</u>	<u>1,558,647</u>	<u>7,447,977</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(227,160)</u>	<u>(915,802)</u>	<u>(392,041)</u>	<u>523,761</u>	<u>(346,979)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	<u>177,160</u>	<u>1,645,263</u>	<u>1,585,954</u>	<u>(59,309)</u>	<u>702,261</u>
Total other financing sources	<u>177,160</u>	<u>1,645,263</u>	<u>1,585,954</u>	<u>(59,309)</u>	<u>702,261</u>
Net change in fund balances	(50,000)	729,461	1,193,913	464,452	355,282
Fund balance, beginning of year	<u>1,535,486</u>	<u>1,535,486</u>	<u>1,535,486</u>	-	<u>1,180,204</u>
Fund balance, end of year	<u>\$ 1,485,486</u>	<u>\$ 2,264,947</u>	<u>\$ 2,729,399</u>	<u>\$ 464,452</u>	<u>\$ 1,535,486</u>

## **CITY OF DEL MAR**

### **AGENCY FUNDS**

**JUNE 30, 2014**

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

The City of Del Mar has the following Agency Funds:

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

**CITY OF DEL MAR**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**JUNE 30, 2014**  
(With comparative totals for 2013)

	Assessment District 1989-01	Assessment District 1999-01	Assessment District 2005-01
<b>ASSETS</b>			
Accounts receivable	\$ 44	\$ 113	\$ 1,984
Restricted assets			
Cash and investments	<u>96,286</u>	<u>231,011</u>	<u>92,544</u>
Total assets	<u>\$ 96,330</u>	<u>\$ 231,124</u>	<u>\$ 94,528</u>
<b>LIABILITIES</b>			
Due to bond holders	<u>\$ 96,330</u>	<u>\$ 231,124</u>	<u>\$ 94,528</u>
Total liabilities and fund balances	<u>\$ 96,330</u>	<u>\$ 231,124</u>	<u>\$ 94,528</u>

CITY OF DEL MAR  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 JUNE 30, 2014  
 (CONTINUED)

		Total	
North Hills Undergrounding	Sunset Undergrounding	2014	2013
\$ 37,130	\$ 4	\$ 39,275	\$ 37,328
<u>-</u>	<u>9,458</u>	<u>429,299</u>	<u>445,453</u>
<u>\$ 37,130</u>	<u>\$ 9,462</u>	<u>\$ 468,574</u>	<u>\$ 482,781</u>
<u>\$ 37,130</u>	<u>\$ 9,462</u>	<u>\$ 468,574</u>	<u>\$ 482,781</u>
<u>\$ 37,130</u>	<u>\$ 9,462</u>	<u>\$ 468,574</u>	<u>\$ 482,781</u>

**CITY OF DEL MAR  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Assessment District 1989-01</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 57	\$ 44	\$ (57)	\$ 44
Restricted assets:				
Cash and investments	95,878	603	(195)	96,286
Total assets	<u>\$ 95,935</u>	<u>\$ 647</u>	<u>\$ (252)</u>	<u>\$ 96,330</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 95,935	\$ 647	\$ (252)	\$ 96,330
Total liabilities	<u>\$ 95,935</u>	<u>\$ 647</u>	<u>\$ (252)</u>	<u>\$ 96,330</u>
 <u>Assessment District 1999-01</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 148	\$ 113	\$ (148)	\$ 113
Restricted assets:				
Cash and investments	245,230	137,937	(152,156)	231,011
Total assets	<u>\$ 245,378</u>	<u>\$ 138,050</u>	<u>\$ (152,304)</u>	<u>\$ 231,124</u>
<b>LIABILITES</b>				
Due to bond holders	\$ 245,378	\$ 138,050	\$ (152,304)	\$ 231,124
Total liabilities	<u>\$ 245,378</u>	<u>\$ 138,050</u>	<u>\$ (152,304)</u>	<u>\$ 231,124</u>
 <u>Assessment District 2005-01</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 58	\$ 1,984	\$ (58)	1,984
Restricted assets:				
Cash and investments	94,927	71,197	(73,580)	92,544
Total assets	<u>\$ 94,985</u>	<u>\$ 73,181</u>	<u>\$ (73,638)</u>	<u>\$ 94,528</u>
<b>LIABILITIES</b>				
Due to bond holders	\$ 94,985	\$ 73,181	\$ (73,638)	\$ 94,528
Total liabilities	<u>\$ 94,985</u>	<u>\$ 73,181</u>	<u>\$ (73,638)</u>	<u>\$ 94,528</u>

**CITY OF DEL MAR  
 AGENCY FUNDS, (CONTINUED)  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014**

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>North Hills Undergrounding District</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 37,059	\$ 71	\$ -	\$ 37,130
Restricted assets:				
Cash and investments	-	111,357	(111,357)	-
Total assets	<u>\$ 37,059</u>	<u>\$ 111,428</u>	<u>\$ (111,357)</u>	<u>\$ 37,130</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 37,059</u>	<u>\$ 111,428</u>	<u>\$ (111,357)</u>	<u>\$ 37,130</u>
Total liabilities	<u>\$ 37,059</u>	<u>\$ 111,428</u>	<u>\$ (111,357)</u>	<u>\$ 37,130</u>
<u>Sunset Undergrounding District</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 6	\$ 4	\$ (6)	\$ 4
Restricted assets:				
Cash and investments	9,418	60	(20)	9,458
Total assets	<u>\$ 9,424</u>	<u>\$ 64</u>	<u>\$ (26)</u>	<u>\$ 9,462</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 9,424</u>	<u>\$ 64</u>	<u>\$ (26)</u>	<u>\$ 9,462</u>
Total liabilities	<u>\$ 9,424</u>	<u>\$ 64</u>	<u>\$ (26)</u>	<u>\$ 9,462</u>
<u>Total Agency Funds</u>				
<b>ASSETS</b>				
Accounts receivable	\$ 37,328	\$ 2,216	\$ (269)	\$ 39,275
Restricted assets:				
Cash and investments	445,453	321,154	(337,308)	429,299
Total assets	<u>\$ 482,781</u>	<u>\$ 323,370</u>	<u>\$ (337,577)</u>	<u>\$ 468,574</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 482,781</u>	<u>\$ 323,370</u>	<u>\$ (337,577)</u>	<u>\$ 468,574</u>
Total liabilities	<u>\$ 482,781</u>	<u>\$ 323,370</u>	<u>\$ (337,577)</u>	<u>\$ 468,574</u>

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# CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2013-2014



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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	94
<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.	106
<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.	121
<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.	128
<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.	131

# City of Del Mar

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

Last Ten Fiscal Years Ended June 30, 2014

(Accrual basis of accounting)

	Fiscal Year				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009 <sup>(2)</sup>
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 14,984,944	\$ 16,592,553	\$ 18,622,695	\$ 32,141,682	\$ 29,850,840
Restricted	-	-	750,233	1,035,026	1,693,192
Unrestricted	5,578,002	5,960,276	6,069,386	482,410	3,731,430
Total governmental activities net position	<u>\$ 20,562,946</u>	<u>\$ 22,552,829</u>	<u>\$ 25,442,314</u>	<u>\$ 33,659,118</u>	<u>\$ 35,275,462</u>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 16,681,291	\$ 16,908,644	\$ 17,781,176	\$ 18,768,065	\$ 19,924,858
Restricted	695,027	679,588	689,363	700,635	-
Unrestricted	3,013,620	3,321,173	3,304,723	3,037,145	2,976,453
Total business-type activities net position	<u>\$ 20,389,938</u>	<u>\$ 20,909,405</u>	<u>\$ 21,775,262</u>	<u>\$ 22,505,845</u>	<u>\$ 22,901,311</u>
<b>Primary Government</b>					
Net investment in capital assets	\$ 31,666,235	\$ 33,501,197	\$ 36,403,871	\$ 51,610,382	\$ 49,775,698
Restricted	695,027	679,588	1,439,596	792,800	1,693,192
Unrestricted	8,591,622	9,281,449	9,374,109	3,761,781	6,707,883
Total primary government net position	<u>\$ 40,952,884</u>	<u>\$ 43,462,234</u>	<u>\$ 47,217,576</u>	<u>\$ 56,164,963</u>	<u>\$ 58,176,773</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 2008-2009 amounts were restated to record the write down of land in business-type activities.

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

Source: City of Del Mar, Finance Department

<b>Fiscal Year</b>				
<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>	<b>2012-2013 <sup>(9)</sup></b>	<b>2013-2014</b>
\$ 30,313,422	\$ 37,944,461	\$ 47,943,072	\$ 55,606,641	\$ 59,605,566
1,371,099	2,968,749	2,143,980	965,813	980,148
3,997,451	4,573,211	5,025,740	4,743,258	6,781,186
<u>\$ 35,681,972</u>	<u>\$ 45,486,421</u>	<u>\$ 55,112,792</u>	<u>\$ 61,315,712</u>	<u>\$ 67,366,900</u>
\$ 19,503,704	\$ 20,873,821	\$ 19,876,130	\$ 20,592,138	\$ 18,867,190
-	-	-	-	-
3,823,049	2,623,531	3,845,994	2,697,664	4,623,065
<u>\$ 23,326,753</u>	<u>\$ 23,497,352</u>	<u>\$ 23,722,124</u>	<u>\$ 23,289,802</u>	<u>\$ 23,490,255</u>
\$ 49,817,126	\$ 58,818,282	\$ 67,819,202	\$ 76,198,779	\$ 78,472,756
1,371,099	2,968,749	2,143,980	965,813	980,148
7,820,500	7,196,742	8,871,734	7,440,922	11,404,251
<u>\$ 59,008,725</u>	<u>\$ 68,983,773</u>	<u>\$ 78,834,916</u>	<u>\$ 84,605,514</u>	<u>\$ 90,857,155</u>

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

	Fiscal Year				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 3,803,204	\$ 3,800,429	\$ 3,888,011	\$ 4,359,318	\$ 4,386,669
Public safety	4,557,872	4,986,741	4,750,724	4,807,256	5,080,611
Public works	1,171,583	508,283	899,025	972,444	934,974
Parks and recreation	719,867	694,358	633,010	662,959	672,742
Community services	-	-	-	1,079	-
Interest on long-term debt	109,235	43,020	74,368	139,679	119,312
Total governmental activities expenses	<u>10,361,761</u>	<u>10,032,831</u>	<u>10,245,138</u>	<u>10,942,735</u>	<u>11,194,308</u>
<b>Business-type Activities</b>					
Water	1,879,045	2,035,750	2,064,393	2,007,296	2,113,510
Wastewater	2,062,148	2,024,322	2,038,716	2,173,470	2,236,764
Clean water	332,111	342,813	359,082	530,166	439,010
Total business-type activities expenses	<u>4,273,304</u>	<u>4,402,885</u>	<u>4,462,191</u>	<u>4,710,932</u>	<u>4,789,284</u>
Total primary government expenses	<u>\$ 14,635,065</u>	<u>\$ 14,435,716</u>	<u>\$ 14,707,329</u>	<u>\$ 15,653,667</u>	<u>\$ 15,983,592</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
Charges for services:					
General government	\$ 1,034,235	\$ 1,577,472	\$ 1,622,284	\$ 1,614,329	\$ 920,795
Public safety	1,030,952	267,613	252,613	233,027	1,172,189
Public works	-	-	-	-	14,000
Parks and recreation	699,078	782,070	590,413	498,075	406,236
Operating grants and contributions	391,369	763,816	401,153	611,539	323,436
Capital grants and contributions	1,048,930	490,044	1,557,918	7,677,470	1,762,742
Total governmental activities program revenues	<u>4,204,564</u>	<u>3,881,015</u>	<u>4,424,381</u>	<u>10,634,440</u>	<u>4,599,398</u>
<b>Business-type Activities</b>					
Charges for services:					
Water	2,188,208	2,234,603	2,390,664	2,357,075	2,344,156
Wastewater	2,380,298	2,337,586	2,424,808	2,417,053	2,345,933
Clean water	141,695	181,907	131,068	258,538	306,266
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>4,710,201</u>	<u>4,754,096</u>	<u>4,946,540</u>	<u>5,032,666</u>	<u>4,996,355</u>
Total primary government revenues	<u>\$ 8,914,765</u>	<u>\$ 8,635,111</u>	<u>\$ 9,370,921</u>	<u>\$ 15,667,106</u>	<u>\$ 9,595,753</u>
<b>Net revenues/(expenses): <sup>(1)</sup></b>					
Governmental activities	\$ (6,157,197)	\$ (6,151,816)	\$ (5,820,757)	\$ (308,295)	\$ (6,594,910)
Business-type activities	436,897	351,211	484,349	321,734	207,071
Total net revenues/(expenses)	<u>\$ (5,720,300)</u>	<u>\$ (5,800,605)</u>	<u>\$ (5,336,408)</u>	<u>\$ 13,439</u>	<u>\$ (6,387,839)</u>
<b>General Revenue and Other Changes in Net Position</b>					
<b>Governmental activities</b>					
Taxes:					
Property taxes	\$ 2,954,897	\$ 2,992,161	\$ 3,756,024	\$ 4,032,639	\$ 4,215,519
Sales and use tax	1,680,314	1,668,537	1,732,150	1,408,551	1,362,060
Transient occupancy tax	1,488,935	1,564,641	1,682,319	1,247,227	1,418,345
Franchise tax	297,079	317,261	356,121	362,404	375,033
Business license tax	185,753	186,756	182,343	193,839	197,696
Motor vehicle in-lieu tax	105,682	336,709	30,291	-	-
Intergovernmental, unrestricted	-	315,271	259,110	276,741	211,868
Use of money and property	409,202	557,198	817,285	884,169	260,440
Sale of capital assets	-	-	-	-	-
Other	291,766	298,733	113,571	360,982	341,428
Transfers	(190,864)	(175,105)	(218,972)	(241,453)	(171,135)
Total governmental activities	<u>7,222,764</u>	<u>8,062,162</u>	<u>8,710,242</u>	<u>8,525,099</u>	<u>8,211,254</u>
<b>Business-type activities</b>					
Unrestricted investment earnings	50,237	72,688	162,536	167,396	90,967
Other	-	-	-	-	127,207
Transfers	190,864	175,105	218,972	241,453	171,254
Total business-type activities	<u>241,101</u>	<u>247,793</u>	<u>381,508</u>	<u>408,849</u>	<u>389,428</u>
Total primary government	<u>\$ 7,463,865</u>	<u>\$ 8,309,955</u>	<u>\$ 9,091,750</u>	<u>\$ 8,933,948</u>	<u>\$ 8,600,682</u>
<b>Change in Net Position</b>					
Governmental activities	\$ 1,065,567	\$ 1,910,346	\$ 2,889,485	\$ 8,216,804	\$ 1,616,344
Business-type activities	677,998	599,004	865,857	730,583	596,499
Total primary government	<u>\$ 1,743,565</u>	<u>\$ 2,509,350</u>	<u>\$ 3,755,342</u>	<u>\$ 8,947,387</u>	<u>\$ 2,212,843</u>

Note:

(1) Net revenues/(expenses) is the difference between program revenues and expenses of a function or program.

It indicates the degree to which a function or program is supported with its own fees and program specific grants versus its reliance upon funding from taxes and other general revenues.

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

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

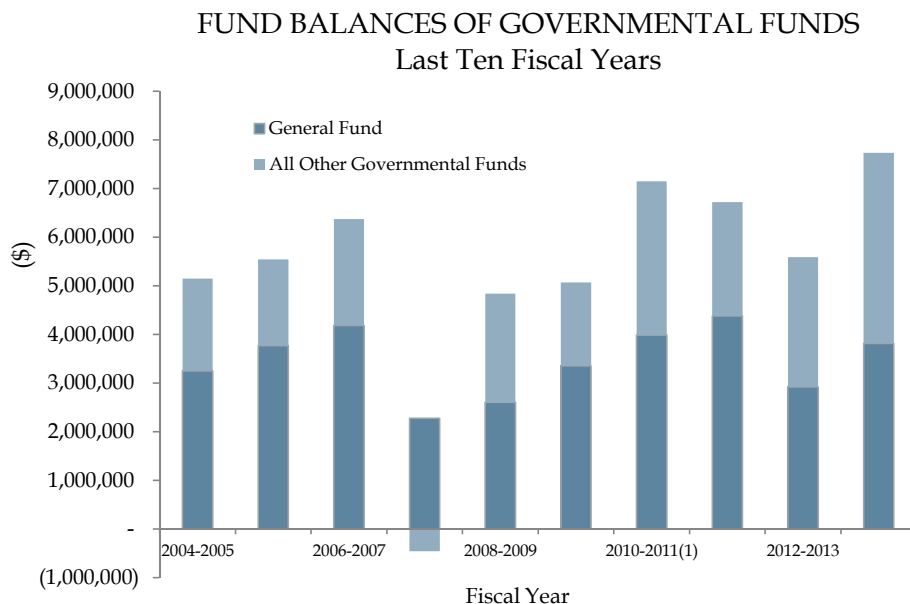
Fiscal Year				
2009-2010	2010-2011	2011-2012	2012-2013 <sup>(2)</sup>	2013-2014
\$ 4,313,697	\$ 4,124,385	\$ 4,817,999	\$ 4,577,084	\$ 4,328,963
5,115,313	5,050,517	5,365,983	6,463,932	5,472,799
1,511,201	1,057,431	491,439	923,784	943,013
686,835	692,531	732,882	776,639	839,063
-	-	-	-	-
128,910	51,070	22,603	15,813	8,438
<u>11,755,956</u>	<u>10,975,934</u>	<u>11,430,906</u>	<u>12,757,252</u>	<u>11,592,276</u>
2,323,776	2,396,157	2,544,512	2,759,682	2,964,821
2,299,233	2,453,005	2,608,785	2,786,105	2,759,107
429,372	370,017	416,849	425,569	411,143
5,052,381	5,219,179	5,570,146	5,971,356	6,135,071
<u>\$ 16,808,337</u>	<u>\$ 16,195,113</u>	<u>\$ 17,001,052</u>	<u>\$ 18,728,608</u>	<u>\$ 17,727,347</u>
\$ 1,017,198	\$ 1,308,618	\$ 1,112,124	\$ 1,117,178	\$ 1,388,029
1,268,801	1,466,187	1,382,429	1,312,948	1,318,815
-	-	-	2,165	2,209
404,801	392,672	466,632	414,556	443,169
343,777	454,648	282,071	277,781	311,393
703,612	4,194,853	8,474,616	7,358,463	3,874,226
<u>3,738,189</u>	<u>7,816,978</u>	<u>11,717,872</u>	<u>10,483,091</u>	<u>7,337,841</u>
2,234,510	2,277,701	2,477,171	2,711,877	2,861,908
2,584,404	2,622,453	2,874,751	2,998,521	3,048,006
383,946	380,080	382,709	404,313	395,404
-	5,000	5,000	-	5,000
<u>5,202,860</u>	<u>5,285,234</u>	<u>5,739,631</u>	<u>6,114,711</u>	<u>6,310,318</u>
<u>\$ 8,941,049</u>	<u>\$ 13,102,212</u>	<u>\$ 17,457,503</u>	<u>\$ 16,597,802</u>	<u>\$ 13,648,159</u>
\$ (8,017,767)	\$ (3,158,956)	\$ 286,966	\$ (2,274,161)	\$ (4,254,435)
150,479	66,055	169,485	143,355	175,247
<u>\$ (7,867,288)</u>	<u>\$ (3,092,901)</u>	<u>\$ 456,451</u>	<u>\$ (2,130,806)</u>	<u>\$ (4,079,188)</u>
\$ 4,433,968	\$ 4,510,439	\$ 4,647,145	\$ 4,971,265	\$ 5,329,825
1,367,739	1,551,454	1,628,442	1,674,709	1,700,688
1,505,530	1,704,696	1,805,475	1,939,699	2,101,634
342,989	402,677	421,518	384,220	373,589
188,535	197,639	210,243	191,786	191,734
-	-	-	-	-
163,473	140,401	117,062	205,319	209,226
199,148	123,733	83,424	161,140	190,457
-	4,171,104	18,811	-	-
271,953	171,791	424,070	412,954	228,085
(49,063)	(10,530)	(16,785)	(108,563)	(19,615)
<u>8,424,272</u>	<u>12,963,404</u>	<u>9,339,405</u>	<u>9,832,529</u>	<u>10,305,623</u>
28,378	13,762	13,260	24,395	5,591
197,522	80,252	25,242	26,060	-
49,063	10,530	16,785	108,563	19,615
<u>274,963</u>	<u>104,544</u>	<u>55,287</u>	<u>159,017</u>	<u>25,206</u>
<u>\$ 8,699,235</u>	<u>\$ 13,067,948</u>	<u>\$ 9,394,692</u>	<u>\$ 9,991,546</u>	<u>\$ 10,330,829</u>
\$ 406,510	\$ 9,804,449	\$ 9,626,371	\$ 7,558,368	\$ 6,051,188
425,442	170,599	224,772	323,493	200,453
<u>\$ 831,952</u>	<u>\$ 9,975,048</u>	<u>\$ 9,851,143</u>	<u>\$ 7,881,861</u>	<u>\$ 6,251,641</u>

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

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

	Fiscal Year				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<b>General Fund</b>					
Reserved	\$ 491,491	\$ 700,198	\$ 723,828	\$ 84,451	\$ 30,334
Unreserved	2,760,508	3,070,580	3,460,629	2,190,405	2,572,399
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 3,251,999</b>	<b>\$ 3,770,778</b>	<b>\$ 4,184,457</b>	<b>\$ 2,274,856</b>	<b>\$ 2,602,733</b>
<b>All Other Governmental Funds</b>					
Reserved	\$ 449,334	\$ 522,880	\$ 1,510,792	\$ 2,623,549	\$ 1,482,888
Unreserved, reported in:					
Special revenue funds	620,694	631,829	582,765	-	67,058
Debt service funds	190,020	149,403	163,948	-	-
Capital projects fund	637,039	469,632	(72,041)	(3,084,510)	683,550
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 1,897,087</b>	<b>\$ 1,773,744</b>	<b>\$ 2,185,464</b>	<b>\$ (460,961)</b>	<b>\$ 2,233,496</b>

Source: City of Del Mar, Finance Department



(Concluded)

<hr/> <hr/>				
Fiscal Year				
2009-2010	2010-2011 <sup>(1)</sup>	2011-2012	2012-2013	2013-2014
<hr/>				
\$ 36,396	\$ -	\$ -	\$ -	\$ -
3,320,829	-	-	-	-
-	-	525,151	-	-
-	1,681,273	1,470,192	1,475,704	1,471,791
-	2,305,009	2,384,635	1,446,003	2,345,865
<u>\$ 3,357,225</u>	<u>\$ 3,986,282</u>	<u>\$ 4,379,978</u>	<u>\$ 2,921,707</u>	<u>\$ 3,817,656</u>
\$ 963,355	\$ -	\$ -	\$ -	\$ -
342,232	-	-	-	-
-	-	-	-	-
409,384	-	-	-	-
-	976,173	976,276	965,812	980,148
-	190,215	181,806	167,503	207,819
-	1,992,576	1,180,204	1,535,486	2,729,399
<u>\$ 1,714,971</u>	<u>\$ 3,158,964</u>	<u>\$ 2,338,286</u>	<u>\$ 2,668,801</u>	<u>\$ 3,917,366</u>

Note:

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

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

	Fiscal Year				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
<b>Revenues:</b>					
Taxes	\$ 6,395,154	\$ 7,144,697	\$ 7,828,037	\$ 7,350,716	\$ 7,676,829
Licenses and permits	188,956	356,492	1,218,764	1,288,712	1,005,220
Intergovernmental	2,024,083	1,154,704	1,158,484	2,176,880	2,230,841
Charges for services	1,328,490	997,570	360,848	777,891	794,002
Fines and forfeitures	874,862	956,378	884,813	860,395	761,014
Use of money and property	560,084	546,707	781,165	426,807	225,747
Contributions	1,000	52,995	1,006,653	5,703,470	325,389
Other revenues	258,242	682,285	139,875	91,668	358,876
Total revenues	<u>11,630,871</u>	<u>11,891,828</u>	<u>13,378,639</u>	<u>18,676,539</u>	<u>13,377,918</u>
<b>Expenditures:</b>					
General government	3,636,886	3,555,998	3,780,975	4,363,308	4,376,664
Public safety	4,609,225	4,899,846	5,019,669	4,846,456	5,068,992
Public works	1,136,702	798,030	808,979	528,086	475,670
Parks and recreation	646,643	572,092	580,463	654,005	671,207
Capital outlays	957,174	1,085,464	1,734,248	12,130,994	2,807,876
Debt service:					
Principal	317,078	309,144	316,851	339,749	435,778
Interest and fiscal charges	112,363	100,691	93,083	128,514	111,144
Total expenditures	<u>11,416,071</u>	<u>11,321,265</u>	<u>12,334,268</u>	<u>22,991,112</u>	<u>13,947,331</u>
Excess of revenues over (under) expenditures	<u>214,800</u>	<u>570,563</u>	<u>1,044,371</u>	<u>(4,314,573)</u>	<u>(569,413)</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of debt	-	-	-	-	3,763,000
Sale of capital assets	-	-	-	-	-
Transfers-in	1,939,651	1,419,408	1,417,545	2,706,687	1,287,803
Transfers-out	(2,164,515)	(1,594,513)	(1,636,517)	(2,948,140)	(1,459,056)
Total other financing sources (uses)	<u>(224,864)</u>	<u>(175,105)</u>	<u>(218,972)</u>	<u>(241,453)</u>	<u>3,591,747</u>
Net change in fund balances	<u>\$ (10,064)</u>	<u>\$ 395,458</u>	<u>\$ 825,399</u>	<u>\$ (4,556,026)</u>	<u>\$ 3,022,334</u>
Debt service as a percentage of noncapital expenditures	<u>4.11%</u>	<u>4.00%</u>	<u>3.87%</u>	<u>4.31%</u>	<u>4.91%</u>

Note:

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

Source: City of Del Mar, Finance Department

(Concluded)

					Fiscal Year				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$ 7,937,072	\$ 8,521,081	\$ 8,858,700	\$ 9,284,503	\$ 9,865,474					
916,254	1,185,430	1,047,420	1,036,973	1,320,317					
1,022,692	4,470,137	8,077,378	7,638,143	4,165,489					
992,813	1,091,028	1,098,148	1,190,559	1,296,138					
781,733	891,019	815,617	669,665	586,367					
188,513	117,942	79,311	154,539	190,457					
108,559	181,627	657,875	36,921	17,368					
253,253	153,538	416,689	411,397	221,469					
12,200,889	16,611,802	21,051,138	20,422,700	17,663,079					
4,158,473	4,134,195	4,848,423	5,903,824 <sup>(2)</sup>	4,326,650					
4,994,026	5,105,353	5,380,136	6,457,063 <sup>(2)</sup>	5,442,607					
557,557	530,892	544,546	767,200 <sup>(2)</sup>	486,619					
670,548	700,050	734,815	775,814	809,797					
1,039,393	4,526,067	9,796,937	7,664,337	4,960,745					
363,293	3,637,212	150,000	155,000	165,000					
132,569	67,774	25,290	18,655	11,532					
11,915,859	18,701,543	21,480,147	21,741,893	16,202,950					
285,030	(2,089,741)	(429,009)	(1,319,193)	1,460,129					
-	-	-	-	704,000					
-	4,171,104	18,811	-	-					
584,915	5,695,089	1,183,682	1,779,347	2,180,793					
(633,978)	(5,703,402)	(1,200,466)	(1,587,910)	(2,200,408)					
(49,063)	4,162,791	2,027	191,437	684,385					
\$ 235,967	\$ 2,073,050	\$ (426,982)	\$ (1,127,756)	\$ 2,144,514					
4.56%	26.14% <sup>(1)</sup>	1.50%	1.27%	1.58%					

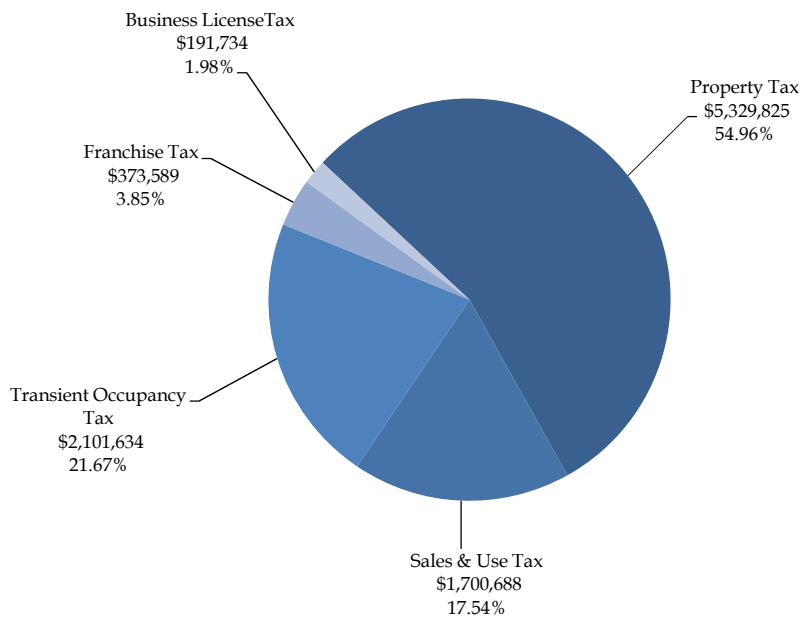
**City of Del Mar**  
**Governmental Activities Tax Revenues By Sources**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Property Taxes (1)</b>	<b>Sales &amp; Use Tax (2)</b>	<b>Transient Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2013-2014	\$ 5,329,825	\$ 1,700,688	\$ 2,101,634	\$ 373,589	\$ 191,734	\$ 9,697,470
2012-2013	4,971,265	1,674,709	1,939,699	384,220	191,786	9,161,679
2011-2012	4,647,145	1,628,442	1,805,475	421,518	210,243	8,712,823
2010-2011	4,510,439	1,551,454	1,704,696	402,677	197,639	8,366,905
2009-2010	4,433,968	1,367,739	1,505,530	342,989	188,535	7,838,761
2008-2009	4,215,519	1,362,060	1,418,345	375,033	197,696	7,568,653
2007-2008	3,796,999	1,408,551	1,247,227	362,404	193,839	7,009,020
2006-2007	3,756,024	1,732,150	1,682,319	356,121	182,343	7,708,957
2005-2006	2,992,161	1,668,537	1,564,641	317,261	186,756	6,729,356
2004-2005	2,954,897	1,680,314	1,488,935	297,079	185,753	6,606,978
Change from Base Year 2005	80.37%	1.21%	41.15%	25.75%	3.22%	46.78%

Notes:

- (1) Includes Property Tax In-lieu of Vehicle License Fee (VLF) as part of the State's VLF for Property Tax Swap Adjustment.
- (2) Includes Property Tax In-Lieu of Sales Tax as part of the State's Sales and Use Tax Triple Flip Adjustment.

**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Fiscal Year Ended June 30, 2014**



Source: City of Del Mar, Finance Department

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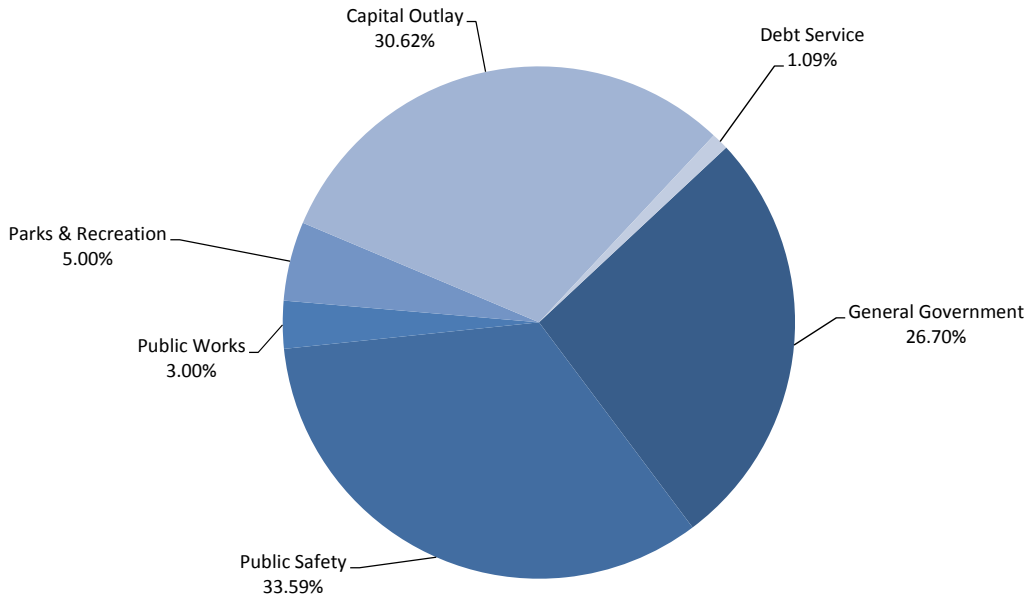
**City of Del Mar**

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

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>
2013-2014	\$ 4,326,650	\$ 5,442,607	\$ 486,619
2012-2013	5,903,824	6,457,063	767,200
2011-2012	4,848,423	5,380,136	544,546
2010-2011	4,134,195	5,105,353	530,892
2009-2010	4,158,473	4,994,026	557,557
2008-2009	4,376,664	5,068,992	475,670
2007-2008	4,363,308	4,846,456	528,086
2006-2007	3,780,975	5,019,669	808,979
2005-2006	3,555,998	4,899,846	798,030
2004-2005	3,636,886	4,609,225	1,136,702

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
Fiscal Year Ended June 30, 2014**



**Notes:**

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

Source: City of Del Mar, Finance Department

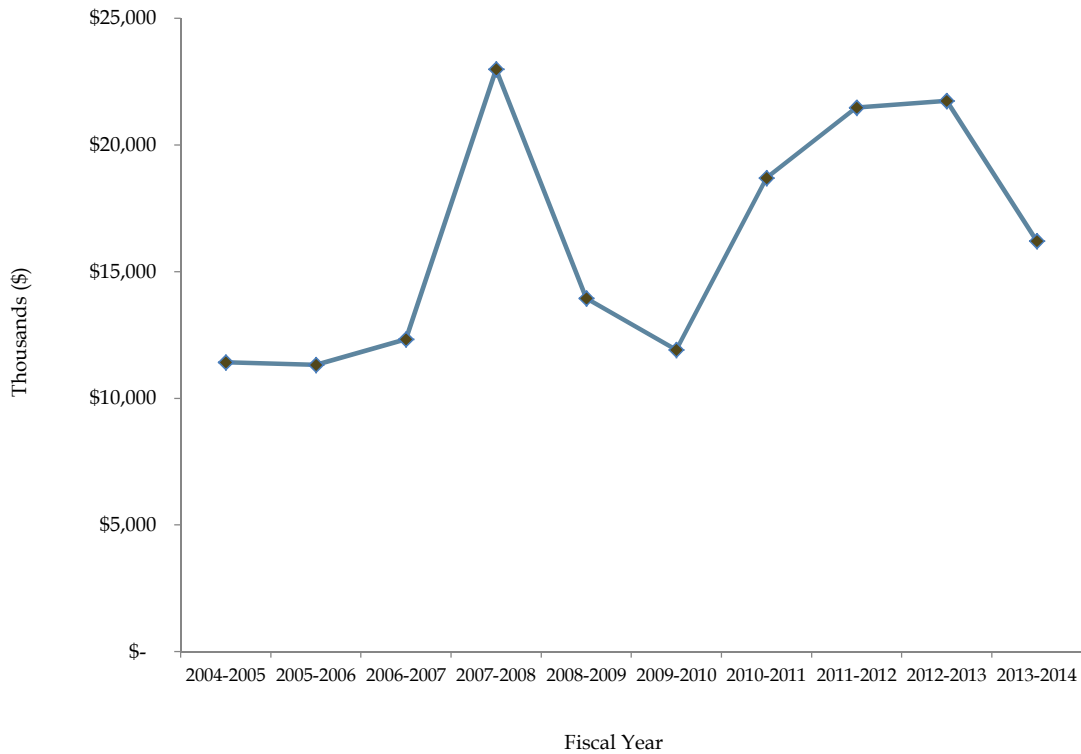
(Concluded)

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	<b>Parks and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service <sup>(2)</sup></b>	<b>Total</b>
\$	809,797	\$ 4,960,745	\$ 176,532	\$ 16,202,950
	775,814	7,664,337	173,655	21,741,893
	734,815	9,796,937	175,290	21,480,147
	700,050	4,526,067	3,704,986	18,701,543
	670,548	1,039,393	495,862	11,915,859
	671,207	2,807,876	546,922	13,947,331
	654,005	12,130,994	468,263	22,991,112
	580,463	1,734,248	409,934	12,334,268
	572,092	1,085,464	409,835	11,321,265
	646,643	957,174	429,441	11,416,071

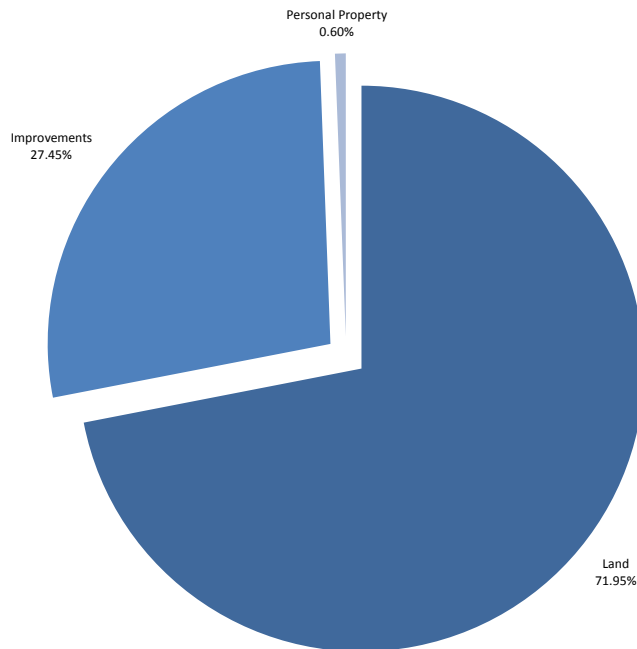
**TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
Last Ten Fiscal Years**



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

Fiscal Year	State Assessed				Locally Assessed			
	Secured - Utility				Secured			Total Before Exemptions
	Land	Improvements	Personal Property	Total	Land	Improvements	Personal Property	
2013-2014	\$ -	\$ -	\$ -	\$ -	\$ 2,070,200,773	\$ 783,962,779	\$ -	\$ 2,854,163,552
2012-2013	-	-	-	-	1,954,149,908	714,731,656	5,494	2,668,887,058
2011-2012	-	-	-	-	1,918,194,704	683,506,497	169,279	2,601,870,480
2010-2011	-	-	-	-	1,880,114,480	655,122,496	206,702	2,535,443,678
2009-2010	-	-	-	-	1,806,702,397	642,006,171	237,875	2,448,946,443
2008-2009	-	-	-	-	1,721,203,056	596,285,611	296,677	2,317,785,344
2007-2008	-	-	-	-	1,551,754,556	555,166,814	281,693	2,107,203,063
2006-2007	736,901	611,805	319,246	1,667,952	1,441,583,176	524,514,445	295,192	1,966,392,813
2005-2006	786,754	653,194	340,844	1,780,792	1,315,985,163	494,970,298	294,506	1,811,249,967
2004-2005	771,610	640,621	334,282	1,746,513	1,131,707,893	464,687,998	311,267	1,596,707,158

**ASSESSED VALUATION BY CATEGORIES  
 (TOTAL LOCALLY ASSESSED - BEFORE EXEMPTIONS)  
 Fiscal Year Ended June 30, 2014**



Note:

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

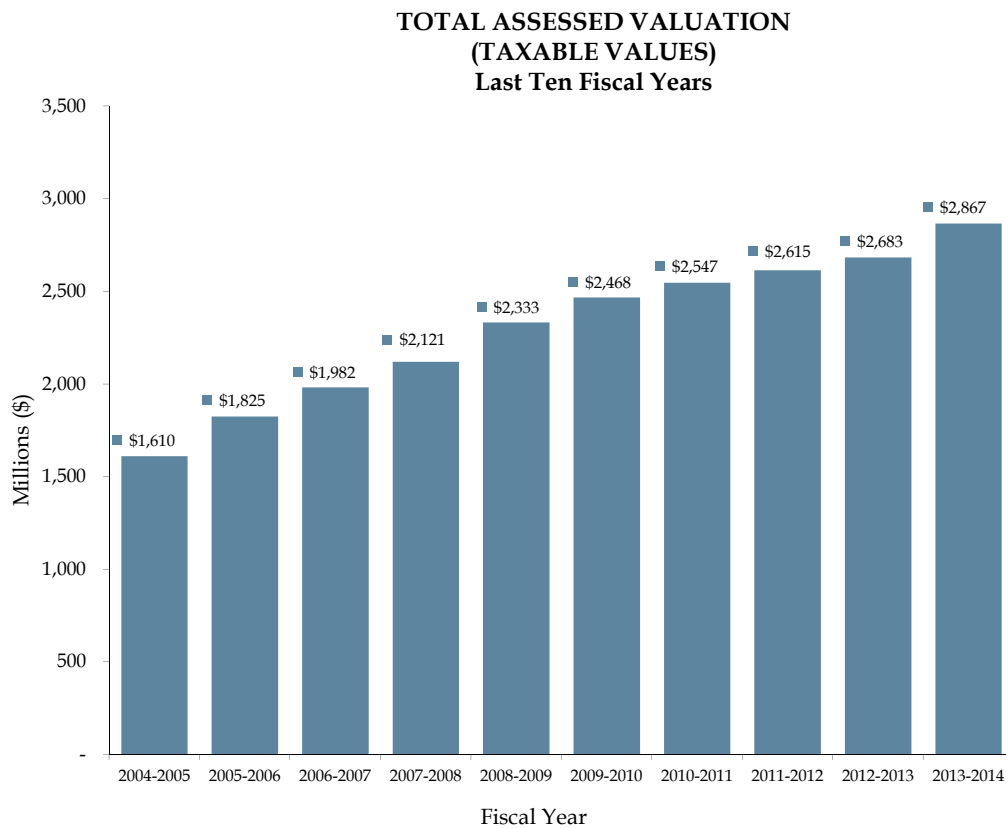
Source: Office of the Auditor & Controller, County of San Diego

(Continued)

Locally Assessed							
Secured			Unsecured				
Exemptions		Total	Improvements	Personal	Total	Other	Total
All	Home	After			Before		After
Others	Owners	Exemptions		Property	Exemptions	Exemptions	Exemptions
\$ (3,312,066)	\$ (6,386,800)	\$ 2,844,464,686	\$ 5,659,587	\$ 17,285,563	\$ 22,945,150	\$ (340,680)	\$ 22,604,470
(3,246,230)	(6,612,200)	2,659,028,628	6,299,048	18,158,999	24,458,047	(341,553)	24,116,494
(3,182,380)	(6,713,000)	2,591,975,100	5,673,292	17,923,916	23,597,208	(301,587)	23,295,621
(3,386,894)	(6,797,000)	2,525,259,784	5,012,329	16,673,086	21,685,415	(48,405)	21,637,010
(3,392,145)	(6,893,600)	2,438,660,698	5,291,249	24,013,350	29,304,599	-	29,304,599
(3,332,473)	(6,944,000)	2,307,508,871	5,304,498	20,310,207	25,614,705	-	25,614,705
(3,008,202)	(6,958,000)	2,097,236,861	5,096,765	18,871,651	23,968,416	-	23,968,416
(2,942,030)	(6,995,800)	1,956,454,983	5,365,639	18,101,740	23,467,379	-	23,467,379
(2,881,088)	(7,032,200)	1,801,336,679	6,216,428	15,276,867	21,493,295	-	21,493,295
(2,782,109)	(7,019,600)	1,586,905,449	5,305,843	15,920,040	21,225,883	-	21,225,883

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

Totals				
Fiscal Year	Totals Before Exemptions	Net Taxable Valuation	Percent Increase/ (Decrease)	Total Rate
2013-2014	\$ 2,877,108,702	\$ 2,867,069,156	6.85%	1.03296%
2012-2013	2,693,345,105	2,683,145,122	2.60%	1.01055%
2011-2012	2,625,467,688	2,615,270,721	2.68%	1.00970%
2010-2011	2,557,129,093	2,546,896,794	3.20%	1.00925%
2009-2010	2,478,251,042	2,467,965,297	5.78%	1.01052%
2008-2009	2,343,400,049	2,333,123,576	9.99%	1.01037%
2007-2008	2,131,171,479	2,121,205,277	7.05%	1.01497%
2006-2007	1,991,528,144	1,981,590,314	8.60%	1.01383%
2005-2006	1,834,524,054	1,824,610,766	13.34%	1.01205%
2004-2005	1,619,679,554	1,609,877,845	9.97%	1.01265%



Source: California Municipal Statistics, Inc.

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**City of Del Mar**

**Assessed Value of Property by User Code <sup>(1)</sup>**

**Last Ten Fiscal Years**

Category	Fiscal Year				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Residential	\$ 1,641,392,319	\$ 1,791,415,501	\$ 1,927,655,893	\$ 2,126,571,875	\$ 2,252,513,842
Commercial	159,747,464	164,367,851	168,728,531	178,609,919	183,387,390
Industrial	1,986,030	2,048,291	2,368,947	2,406,337	2,454,459
Irrigation farm	-	-	-	-	-
Rural land (Non-irrigated)	-	-	-	-	-
Institutional	2,494,104	2,543,985	2,594,863	2,646,759	2,699,693
Recreational	5,260,510	5,650,759	5,507,582	7,181,758	7,570,329
Miscellaneous	-	-	-	-	-
<b>Total</b>	<b>\$ 1,810,880,427</b>	<b>\$ 1,966,026,387</b>	<b>\$ 2,106,855,816</b>	<b>\$ 2,317,416,648</b>	<b>\$ 2,448,625,713</b>

Note:

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

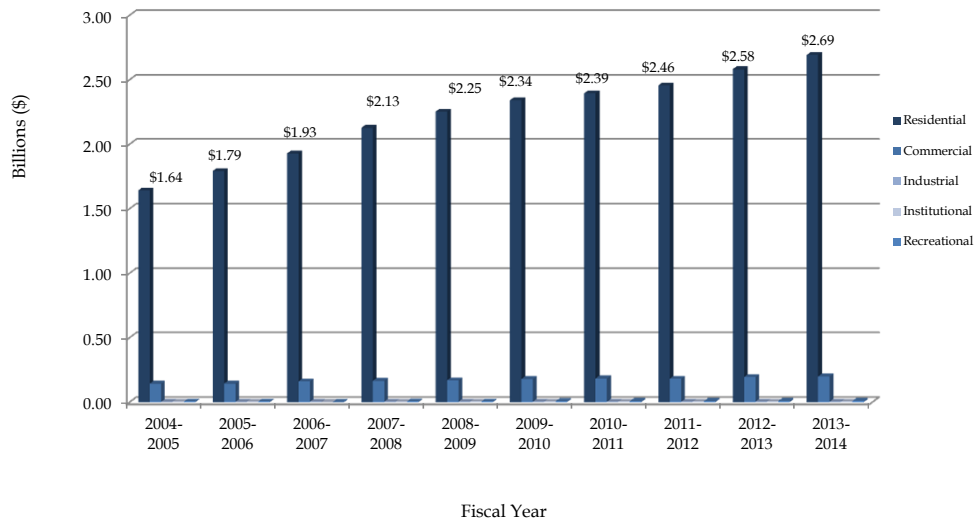
- The amounts represent total assessed value of real property, excluding personal property and fixtures, prior to exemptions.

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

(Concluded)

Fiscal Year				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$ 2,341,247,897	\$ 2,394,641,412	\$ 2,455,807,004	\$ 2,580,568,065	\$ 2,691,922,002
180,733,181	193,402,493	199,024,611	258,451,071	260,013,522
2,448,637	2,467,068	2,516,402	2,956,947	2,970,364
-	-	-	-	-
-	-	-	-	-
2,693,294	2,713,573	2,767,844	2,823,200	2,836,017
8,042,055	8,412,054	8,765,703	9,364,269	9,689,662
-	-	-	-	-
<b>\$ 2,535,165,064</b>	<b>\$ 2,601,636,600</b>	<b>\$ 2,668,881,564</b>	<b>\$ 2,854,163,552</b>	<b>\$ 2,967,431,567</b>

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



## City of Del Mar

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

#### Last Ten Fiscal Years

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Fiscal Year	Residential		Commercial		Industrial	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2013-2014	\$ 2,691,922,002	4,676	\$ 260,013,522	102	\$ 2,970,364	9
2012-2013	2,580,568,065	4,199	258,451,071	102	2,956,947	9
2011-2012	2,455,807,004	4,197	199,024,611	101	2,516,402	9
2010-2011	2,394,641,412	4,195	193,402,493	101	2,467,068	9
2009-2010	2,341,247,897	4,193	180,733,181	101	2,448,637	9
2008-2009	2,252,513,842	4,192	183,387,390	101	2,454,459	9
2007-2008	2,126,571,875	4,193	178,609,919	100	2,406,337	9
2006-2007	1,927,655,893	4,191	168,728,531	100	2,368,947	10
2005-2006	1,791,415,501	4,185	164,367,851	101	2,048,291	11
2004-2005	1,641,392,319	4,182	159,747,464	102	1,986,030	11

Notes:

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

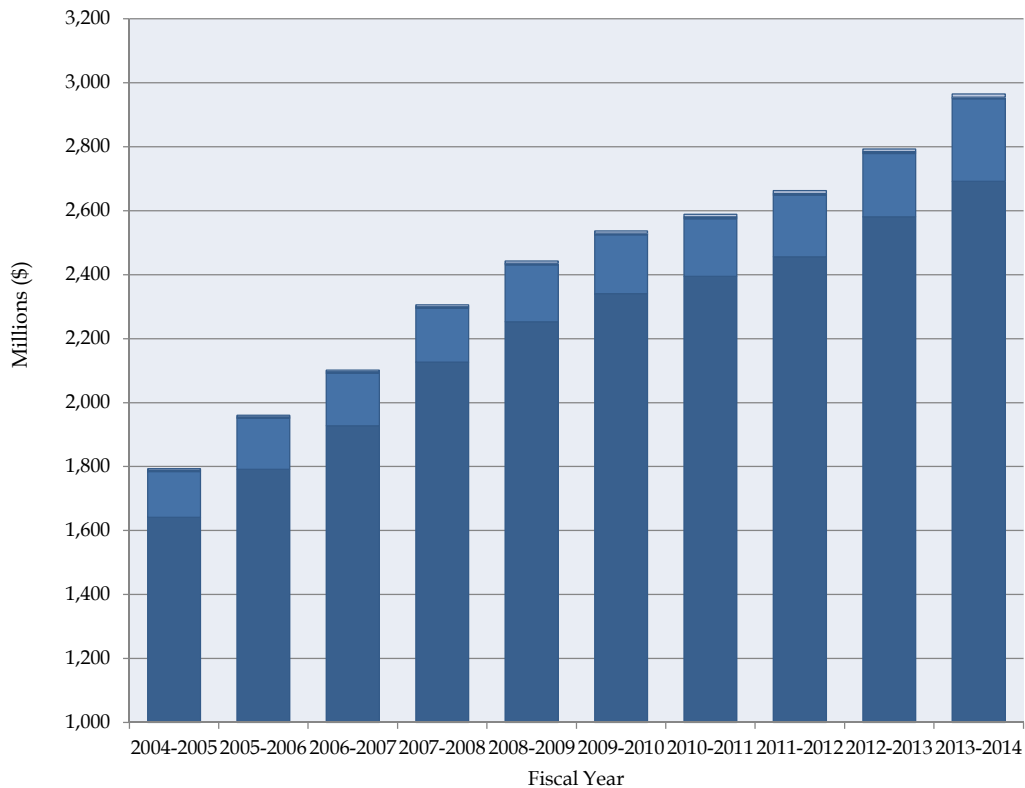
Source:

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

(Concluded)

Institutional		Recreational		Total		Total Direct
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Tax Rate (%) (2)
\$ 2,836,017	1	\$ 9,689,662	234	\$ 2,967,431,567	5,022	0.14775
2,823,200	1	9,364,269	231	2,854,163,552	4,542	0.14775
2,767,844	1	8,765,703	241	2,668,881,564	4,549	0.14775
2,713,573	1	8,412,054	241	2,601,636,600	4,547	0.14775
2,693,294	1	8,042,055	224	2,535,165,064	4,528	0.14775
2,699,693	1	7,570,329	226	2,448,625,713	4,529	0.14775
2,646,759	1	7,181,758	234	2,317,416,648	4,537	0.15688
2,594,863	1	5,507,582	215	2,106,855,816	4,517	0.14775
2,543,985	1	5,650,759	217	1,966,026,387	4,515	0.14775
2,494,104	1	5,260,510	206	1,810,880,427	4,502	0.14775

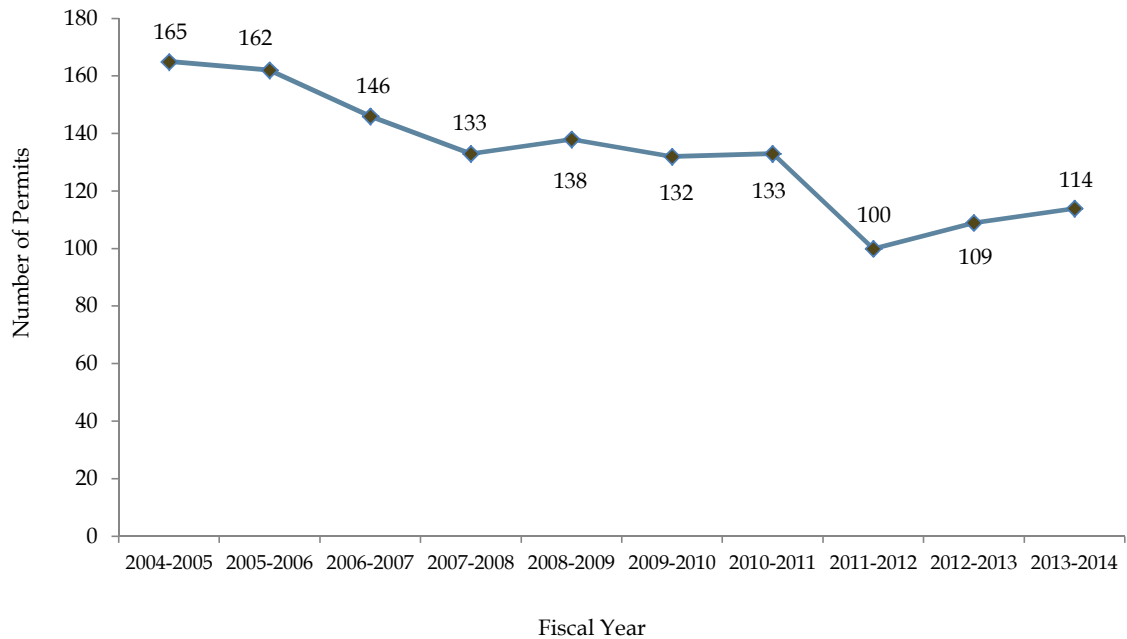
ASSESSED VALUE BY CATEGORY  
June 30, 2014



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

Fiscal Year	Construction <sup>(1)</sup>			
	Residential		Commercial	
	Number of Permits	Valuation	Number of Permits	Valuation
2013-2014	73	\$ 10,921,237	12	\$ 951,835
2012-2013	64	7,771,721	11	112,926
2011-2012	59	6,784,857	13	2,293,192
2010-2011	61	11,634,203	17	1,556,638
2009-2010	82	6,554,248	15	994,080
2008-2009	76	8,937,699	22	3,040,727
2007-2008	54	10,249,217	17	8,458,120
2006-2007	72	13,706,532	8	532,739
2005-2006	70	12,430,727	9	114,788
2004-2005	66	14,759,015	24	836,739

NUMBER OF PERMITS  
Last Ten Fiscal Years



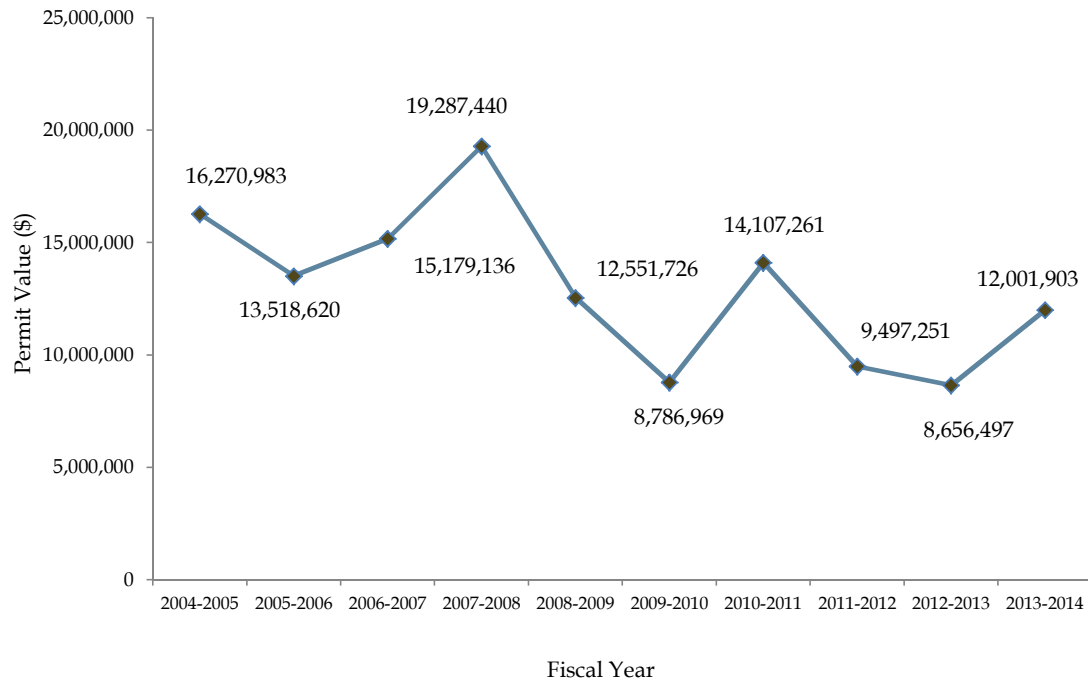
Source:

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

(Concluded)

Construction <sup>(1)</sup>		Total	
Number of Permits	Valuation	Number of Permits	Valuation
29	\$ 128,831	114	\$ 12,001,903
34	771,850	109	8,656,497
28	419,202	100	9,497,251
55	916,420	133	14,107,261
35	1,238,641	132	8,786,969
40	573,300	138	12,551,726
62	580,103	133	19,287,440
66	939,865	146	15,179,136
83	973,105	162	13,518,620
75	675,229	165	16,270,983

PERMIT VALUATION  
Last Ten Fiscal Years



## City of Del Mar

### Property Tax Rates <sup>(1)</sup> - All Overlapping Governments

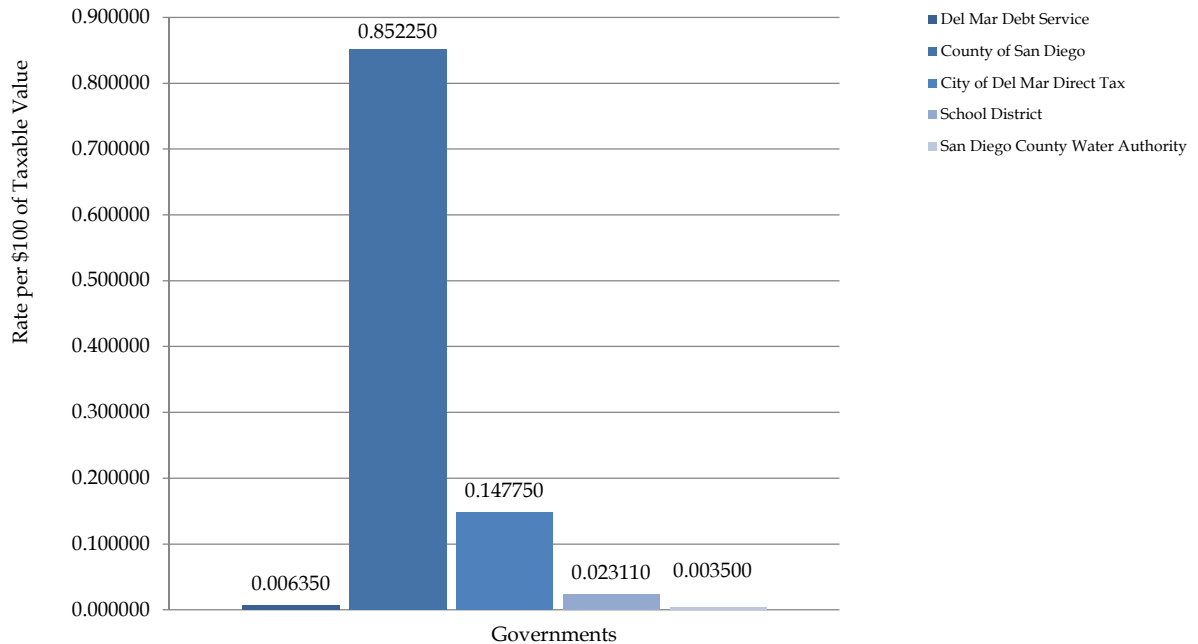
Last Ten Fiscal Years

(Rate per \$100 of Taxable Value)

Fiscal Year	Total Del Mar Debt Service	County		
		San Diego County	City of Del Mar Direct Tax	Total County Base
2013-2014	0.00635	0.85225	0.14775	1.00000
2012-2013	0.00705	0.85225	0.14775	1.00000
2011-2012	0.00600	0.85225	0.14775	1.00000
2010-2011	0.00555	0.85225	0.14775	1.00000
2009-2010	0.00622	0.85225	0.14775	1.00000
2008-2009	0.00607	0.85225	0.14775	1.00000
2007-2008	0.01047	0.86312	0.13688	1.00000
2006-2007	0.00913	0.85225	0.14775	1.00000
2005-2006	0.00685	0.85225	0.14775	1.00000
2004-2005	0.00685	0.85225	0.14775	1.00000

### PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS

Fiscal Year Ended June 30, 2014



Note:

(1) Tax Rate Area: TRA 11-001

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

(Concluded)

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<b>Special Districts</b>					
<b>School District</b>	<b>Community College District</b>	<b>San Diego</b>		<b>Total Special Districts</b>	<b>Total</b>
		<b>County Water Authority (SDCWA)</b>			
0.02311	-	0.00350	0.02661	0.02661	1.03296
-	-	0.00350	0.00350	0.00350	1.01055
-	-	0.00370	0.00370	0.00370	1.00970
-	-	0.00370	0.00370	0.00370	1.00925
-	-	0.00430	0.00430	0.00430	1.01052
-	-	0.00430	0.00430	0.00430	1.01037
-	-	0.00450	0.00450	0.00450	1.01497
-	-	0.00470	0.00470	0.00470	1.01383
-	-	0.00520	0.00520	0.00520	1.01205
-	-	0.00580	0.00580	0.00580	1.01265

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

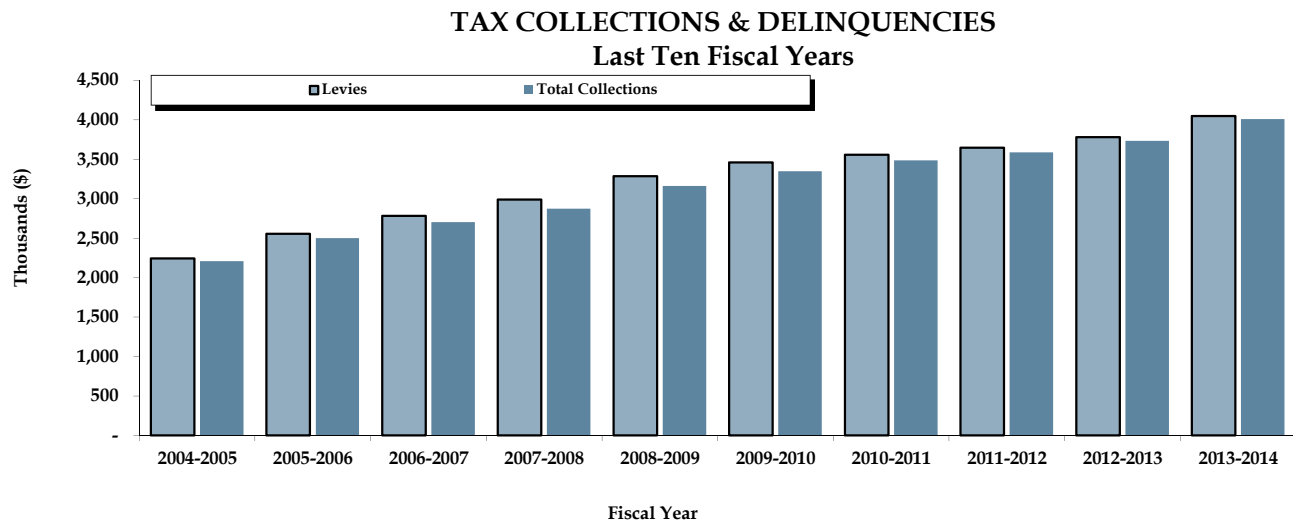
Owner/Taxpayer	Business Type	Fiscal Year 2013-2014		Fiscal Year 2004-2005	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
Lhoberge LP	Property management	\$ 115,750,111	4.03 %	\$ -	- %
G L L B V K Properties 2007 L P	Property management	43,764,642	1.52	-	-
Jacobs Family Trust	Trust	31,975,258	1.11	-	-
Allred Family Living Trust	Trust	30,325,140	1.06	-	-
Pickens Madeleine A Trust	Trust	23,460,000	0.82	-	-
Del Mar Thoroughbred Club	Horse racing club	22,864,178	0.80	19,802,824	1.24
L-O Delmar Holding, Inc.	Management company	-	-	12,546,455	0.79
Naify Marsha J Living Trust	Trust	19,975,642	0.70	-	-
2928 Camino del Mar LLC	Property management	19,282,713	0.67	-	-
Moore's Rebecca A Family Trust	Trust	17,790,847	0.62	9,874,055	0.62
Allred Family Living Trust	Trust	17,866,633	0.62	-	-
G & I III Del Mar L P	Property management	-	-	27,402,222	1.72
Bella Trust	Trust	-	-	19,996,458	1.26
Nicholas Arthur Trust	Trust	-	-	14,834,056	0.93
S K L Trust	Trust	-	-	13,080,350	0.82
Scripps Family Trust	Trust	-	-	12,096,312	0.76
Richard J & Mary M Heckmann	Trust	-	-	11,963,654	0.75
Wilcox-Cassidy Lisa Trust	Trust	-	-	11,878,800	0.75
Top Ten Totals (secured and unsecured)		343,055,164	11.95	153,475,186	9.66
All Others (secured)		2,530,400,792	88.05	1,438,161,814	90.34
Total Assessed Valuation		\$ 2,873,455,956	100.00 %	\$ 1,591,637,000	100.00 %

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



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

Fiscal Year	Secured Taxes Charge (1)	Collections at Year End	Percentage of Collections at Year End	Collections in Subsequent Years	Total Collections	Percentage of Levy
2013-2014	\$ 4,046,271	\$ 3,999,623	98.85%	\$ 7,804	\$ 4,007,427	99.04%
2012-2013	3,779,401	3,732,226	98.75%	1,785	3,734,011	98.80%
2011-2012	3,646,327	3,586,085	98.35%	1,267	3,587,352	98.38%
2010-2011	3,556,184	3,483,041	97.94%	1,558	3,484,599	97.99%
2009-2010	3,457,991	3,346,258	96.77%	2,822	3,349,080	96.85%
2008-2009	3,284,776	3,159,403	96.18%	2,675	3,162,078	96.26%
2007-2008	2,990,990	2,868,782	95.91%	4,944	2,873,726	96.08%
2006-2007	2,784,194	2,698,697	96.93%	4,525	2,703,222	97.09%
2005-2006	2,553,356	2,499,766	97.90%	1,917	2,501,683	97.98%
2004-2005	2,243,021	2,206,372	98.37%	1,119	2,207,491	98.42%



Note:

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

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Governmental Activities					Business-type Activities				
	Certificates of Participation	Capital Leases	Loans	Notes	Total	Revenue Bonds	Certificates of Participation	Capital Leases	Notes	Total
2013-2014	\$ 170,000	\$ -	\$ 704,000	\$ -	\$ 874,000	\$ -	\$ 855,000	\$ -	\$ 4,971,536	\$ 5,826,536
2012-2013	335,000	-	-	-	335,000	-	1,250,000	-	5,168,672	6,418,672
2011-2012	490,000	-	-	-	490,000	-	1,625,000	-	4,577,583	6,202,583
2010-2011	640,000	-	-	-	640,000	-	1,980,000	-	2,691,115	4,671,115
2009-2010	785,000	-	3,480,772	11,441	4,277,213	-	2,320,000	-	795,578	3,115,578
2008-2009	930,000	19,316	3,668,924	22,266	4,640,506	-	2,640,000	-	5,940	2,645,940
2007-2008	1,065,000	215,626	-	32,512	1,313,138	-	3,170,000	-	8,675	3,178,675
2006-2007	1,195,000	415,675	-	42,210	1,652,885	-	3,675,000	3,638	11,262	3,689,900
2005-2006	1,320,000	605,690	-	51,390	1,977,080	-	4,155,000	7,098	13,710	4,175,808
2004-2005	1,440,000	786,144	-	60,079	2,286,223	-	4,610,000	10,390	16,028	4,636,418

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income	Percent of Personal Income
2013-2014	4,234	\$ 6,700,536	\$ 2,873,455,956	0.23%	\$ 1,583	\$ 555,743 (2)	8.29%
2012-2013	4,205	6,753,672	2,689,757,322	0.25%	1,606	539,556	7.99%
2011-2012	4,194	6,692,583	2,621,983,721	0.26%	1,596	526,396	7.87%
2010-2011	4,187	5,311,115	2,553,693,794	0.21%	1,268	502,766	9.47%
2009-2010	4,660	7,392,791	2,474,858,897	0.30%	1,586	470,315	6.36%
2008-2009	4,591	7,286,446	2,340,067,576	0.31%	1,587	457,060	6.27%
2007-2008	4,580	4,491,813	2,104,194,861	0.21%	981	447,663	9.97%
2006-2007	4,553	5,342,785	1,981,590,314	0.27%	1,173	467,118	8.74%
2005-2006	4,528	6,152,888	1,824,610,766	0.34%	1,359	456,603	7.42%
2004-2005	4,530	6,922,641	1,609,877,845	0.43%	1,528	449,075	6.49%

Notes:

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

Source:

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

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

Business-type Activities									
Fiscal Year	Revenue (1)	Operating Expenses (1)	Net Available Revenue	Debt Service (2)				Total Debt Service	Percent Coverage
				Revenue Bonds		Certificates of Participation			
				Principal	Interest	Principal	Interest		
2013-2014	\$ 6,310,318	\$ 5,943,962	\$ 366,356	\$ -	\$ -	\$ 395,000	\$ 191,109	\$ 586,109	62.51%
2012-2013	6,140,771	5,769,776	370,995	-	-	375,000	191,020	566,020	65.54%
2011-2012	5,764,873	5,365,943	398,930	-	-	355,000	204,203	559,203	71.34%
2010-2011	5,365,486	4,901,719	463,767	-	-	340,000	158,701	498,701	93.00%
2009-2010	5,400,384	4,808,621	591,763	-	-	320,000	121,712	441,712	133.97%
2008-2009	5,123,562	4,789,283	334,279	-	-	530,000	144,688	674,688	49.55%
2007-2008	4,941,524	3,958,517	983,007	-	-	505,000	169,463	674,463	145.75%
2006-2007	5,240,144	3,916,855	1,323,289	-	-	480,000	193,038	673,038	196.61%
2005-2006	4,637,436	3,850,680	786,756	-	-	455,000	215,413	670,413	117.35%
2004-2005	4,615,536	3,747,352	868,184	55,000	3,438	435,000	236,713	730,151	118.90%

Notes:

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

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

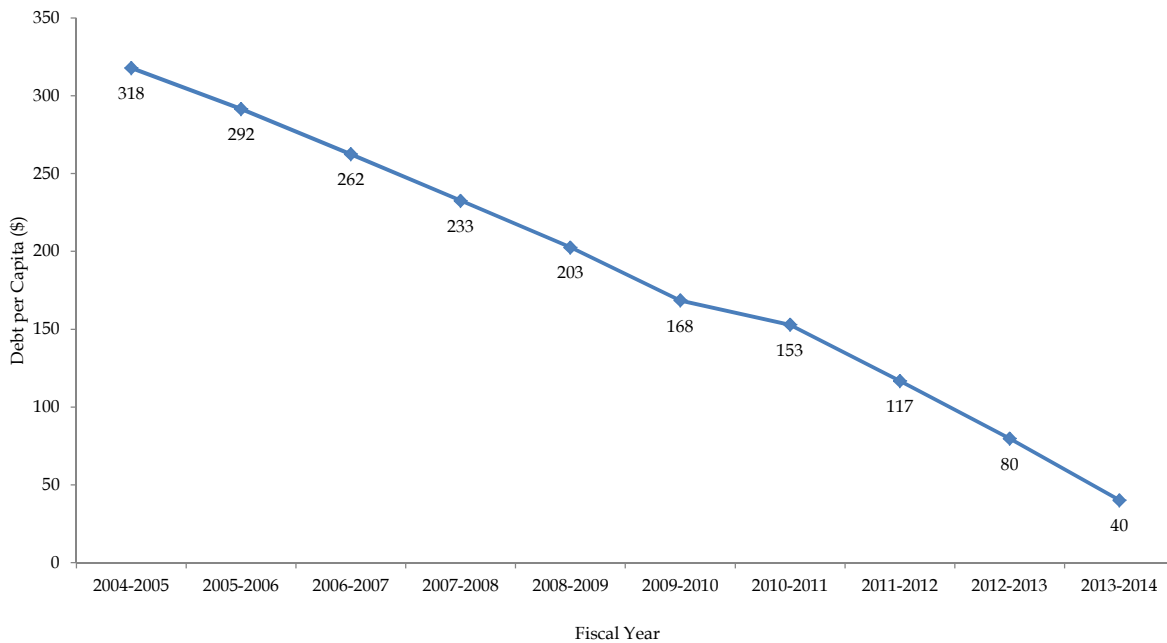
Source: City of Del Mar, Finance Department

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

**Outstanding General Bonded Debt**

Fiscal Year	Population <sup>(1)</sup>	Certificates of Participation	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income <sup>(2)</sup> (in Thousands)	Percent of Personal Income
2013-2014	4,234	\$ 170,000	\$ 2,873,455,956	0.01%	\$ 40	\$ 555,743 <sup>(3)</sup>	326.91%
2012-2013	4,199	335,000	2,689,757,322	0.01%	80	539,556	161.06%
2011-2012	4,194	490,000	2,621,983,721	0.02%	117	526,396	107.43%
2010-2011	4,187	640,000	2,553,693,794	0.03%	153	502,766	78.56%
2009-2010	4,660	785,000	2,474,858,897	0.03%	168	470,315	59.91%
2008-2009	4,591	930,000	2,340,067,576	0.04%	203	457,060	49.15%
2007-2008	4,580	1,065,000	2,104,194,861	0.05%	233	447,663	42.03%
2006-2007	4,553	1,195,000	1,981,590,314	0.06%	262	467,118	39.09%
2005-2006	4,528	1,320,000	1,824,610,766	0.07%	292	456,603	34.59%
2004-2005	4,530	1,440,000	1,609,877,845	0.09%	318	449,075	31.19%

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



Source:

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

**City of Del Mar**  
**Direct and Overlapping Bonded Debt**  
**June 30, 2014**

Fiscal Year 2013-2014 Assessed Valuation	\$2,873,455,956		
Fiscal Year 2013-2014 Population	4,234		
	Total Debt	Percent	City's Share
	June 30, 2014	Applicable	of Debt
		to City <sup>(1)</sup>	June 30, 2014
<b>Overlapping Tax and Assessment Debt:</b>			
San Diego County General Obligations	\$ 379,835,000	0.727 %	\$ 2,761,400
San Diego County Pension Obligations	720,855,256	0.727 %	5,240,618
San Diego County Superintendent of Schools			
- General Fund Obligations	16,125,000	0.727 %	117,229
Mira Costa Community College District			
- Certificates of Participation	2,060,000	3.569 %	73,521
San Dieguito Union High School District			
- General Fund Obligations	13,015,000	5.765 %	750,315
<b>Total Overlapping General Fund Debt</b>	<b>1,131,890,256</b>		<b>8,943,083</b>
<b>Direct Debt and Overlapping Tax and Assessment Debt:</b>			
Direct Debt:			
City of Del Mar	170,000	100.000 %	170,000
Subtotal Direct Debt	170,000		170,000
Overlapping Tax and Assessment Debt:			
City of Del Mar 1915 Act Bonds	1,060,000	100.000 %	1,060,000
San Dieguito Union High School District	160,000,000	5.765 %	9,224,000
Metropolitan Water District	132,275,000	0.132 %	174,603
Subtotal Overlapping Tax and Assessment Debt	293,335,000		10,458,603
<b>Total Direct and Overlapping Tax and Assessment Debt</b>	<b>293,505,000</b>		<b>10,628,603</b>
<b>Combined Total Debt</b>	<b>\$ 1,425,395,256</b>		<b>\$ 19,571,686 <sup>(2)</sup></b>

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

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

<u>Ratios to Fiscal Year 2013-2014 Assessed Valuation</u>		<u>Per Capita</u>
City Direct Debt (\$170,000) .....	0.01%	\$40
Total Overlapping Tax and Assessment Debt .....	0.37%	\$2,510
Combined Total Debt .....	0.68%	\$4,623

<u>State School Building Aid Repayable as of June 30, 2014</u>	<u>\$ -</u>
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Source: California Municipal Statistics, Inc.

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

	Fiscal Year				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Assessed valuation	\$ 1,616,897,445	\$ 1,831,642,966	\$ 1,988,586,114	\$ 2,128,163,277	\$ 2,340,067,576
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 404,224,361	\$ 457,910,742	\$ 497,146,529	\$ 532,040,819	\$ 585,016,894
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 60,633,654	\$ 68,686,611	\$ 74,571,979	\$ 79,806,123	\$ 87,752,534
Total net debt applicable to limit:					
General obligation bonds	1,440,000	1,320,000	1,195,000	1,065,000	930,000
Legal debt margin	<u>\$ 59,193,654</u>	<u>\$ 67,366,611</u>	<u>\$ 73,376,979</u>	<u>\$ 78,741,123</u>	<u>\$ 86,822,534</u>
Total debt applicable to the limit as a percentage of debt limit	<u>2.43%</u>	<u>1.96%</u>	<u>1.63%</u>	<u>1.35%</u>	<u>1.07%</u>

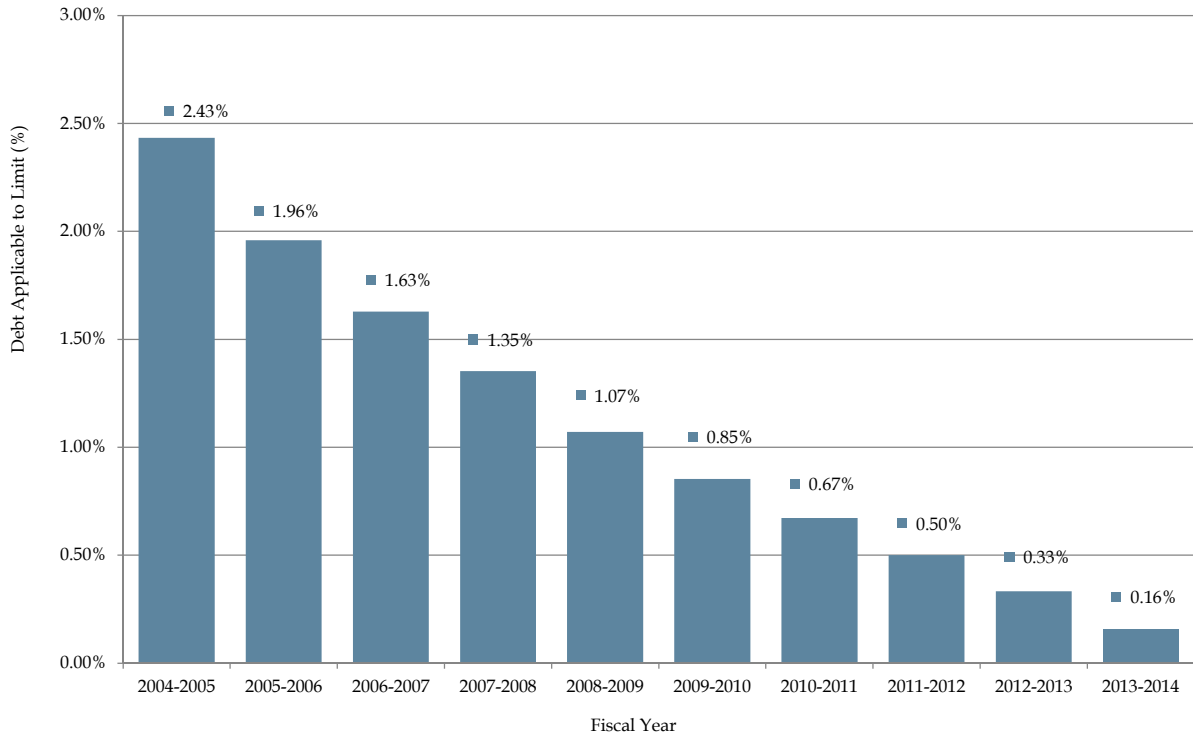
Note:

(1) Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25 percent of market value. Effective with Fiscal Year 1981-1982, each parcel is now assessed at 100 percent of market value as of the most recent change in ownership for that parcel. The computations shown above reflect a conversion of assessed valuation data for each fiscal year from current full valuation perspective to the 25 percent level that was in effect at the time the legal debt margin was enacted by the State of California for local governments located within the State.

Source: City of Del Mar

Fiscal Year				
2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
\$ 2,474,858,897	\$ 2,553,693,794	\$ 2,621,983,721	\$ 2,689,757,322	\$ 2,873,455,956
25%	25%	25%	25%	25%
\$ 618,714,724	\$ 638,423,449	\$ 655,495,930	\$ 672,439,331	\$ 718,363,989
15%	15%	15%	15%	15%
\$ 92,807,209	\$ 95,763,517	\$ 98,324,390	\$ 100,865,900	\$ 107,754,598
785,000	640,000	490,000	335,000	170,000
\$ 92,022,209	\$ 95,123,517	\$ 97,834,390	\$ 100,530,900	\$ 107,584,598
0.85%	0.67%	0.50%	0.33%	0.16%

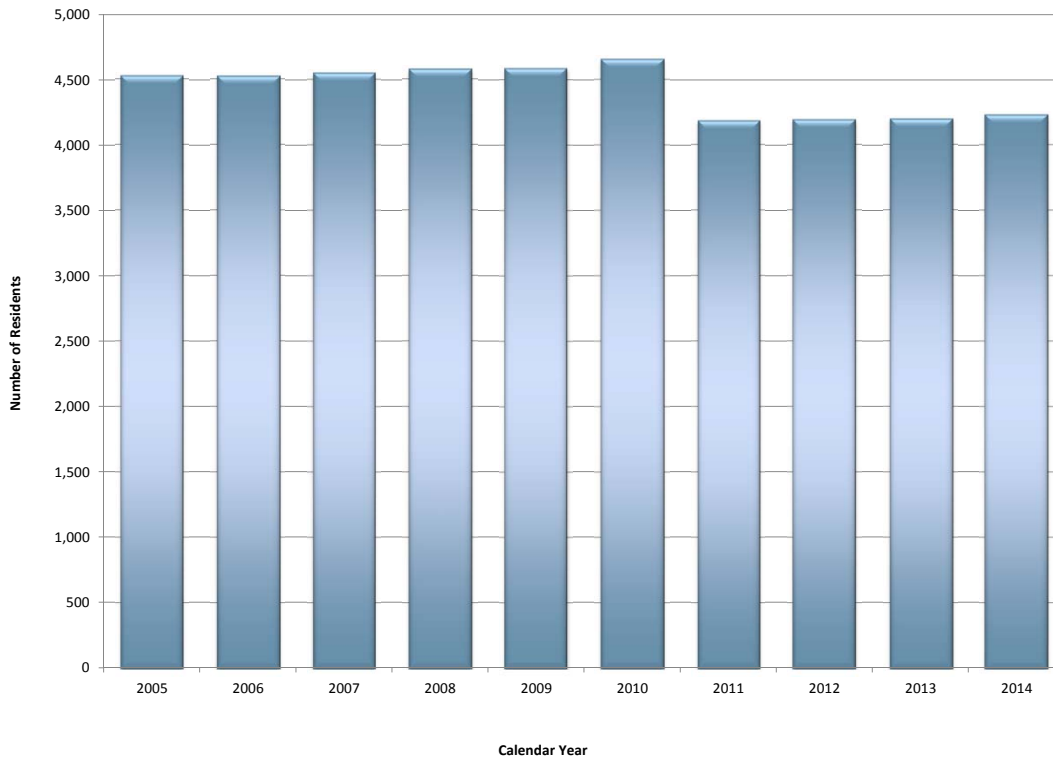
**DEBT APPLICABLE TO LIMIT  
Last Ten Fiscal Years**



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

Year	City of Del Mar Housing Units (1)	Population (2)			Personal Income (3)				
		City of Del Mar	Average Annual Percent Change	County of San Diego	Average Annual Percent Change	City of Del Mar		County of San Diego	
			Personal Income (in Thousands)		Per Capita	Personal Income (in Thousands)	Per Capita		
2014	2,639	4,234	0.83%	3,194,362	1.40%	- *	- *	- *	- *
2013	2,637	4,199	0.12%	3,150,178	0.21%	539,556	128,496	165,008,428	52,381
2012	2,637	4,194	0.17%	3,143,429	0.79%	526,396	125,512	160,914,306	51,191
2011	2,542	4,187	-10.15%	3,118,876	-3.27%	502,766	120,078	151,466,837	48,565
2010	2,542	4,660	1.50%	3,224,432	1.61%	470,315	100,926	141,243,429	43,804
2009	2,537	4,591	0.24%	3,173,407	0.86%	457,060	99,556	139,577,195	45,706
2008	2,519	4,580	0.59%	3,146,274	1.49%	447,663	97,743	104,846,916	44,766
2007	2,511	4,553	0.55%	3,100,132	1.14%	467,118	102,596	136,615,849	44,068
2006	2,499	4,528	-0.04%	3,065,077	0.89%	456,603	100,840	129,585,425	42,278
2005	2,510	4,530	-0.40%	3,038,074	0.87%	449,075	99,134	122,032,508	40,168

**POPULATION**  
**Last Ten Calendar Years**



Note:

\* This information is not available.

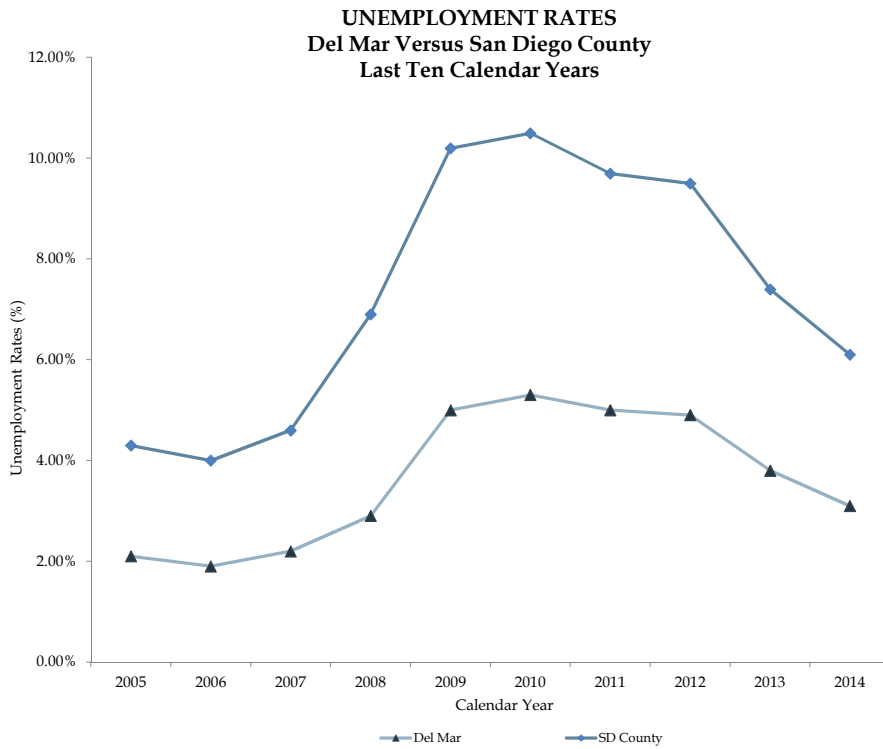
Source:

(1) SANDAG

(2) State of California, Finance Department

(3) United States Bureau of Economic Analysis

Employment <sup>(4)</sup>						Enrollment Del Mar Union Elementary <sup>(5)</sup>
City of Del Mar			County of San Diego			
Labor Force	Employed	Unemployment Rate	Labor Force	Employed	Unemployment Rate	
3,100	3,000	3.10%	1,588,500	1,491,600	6.10%	4,376
3,100	3,000	3.80%	1,611,200	1,492,300	7.40%	4,384
3,100	2,900	4.90%	1,593,800	1,441,700	9.50%	4,387
3,000	2,900	5.00%	1,579,500	1,427,000	9.70%	4,363
3,000	2,800	5.30%	1,566,700	1,406,200	10.50%	4,169
3,000	2,800	5.00%	1,574,700	1,414,600	10.20%	4,169
3,000	2,900	2.90%	1,577,200	1,468,700	6.90%	2,106
3,000	2,900	2.20%	1,542,400	1,471,600	4.60%	2,305
3,000	2,900	1.90%	1,520,500	1,459,900	4.00%	2,707
2,900	2,900	2.10%	1,505,900	1,440,500	4.30%	3,019



Source:

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

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

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

Employer <sup>(1)</sup>	Business Type	2014		2013	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
L'Auberge Del Mar Resort Spa	Resorts	250	8.33%	250	8.33%
Del Mar Fairgrounds	Banquet Rooms	180	6.00%	180	6.00%
Il Fornaio	Restaurant	115	3.83%	115	3.83%
Del Mar Thoroughbred Club	Horse racing club	115	3.83%	115	3.83%
Jake's Del Mar	Restaurant	110	3.67%	110	3.67%
Brigantine Seafood Restaurant	Restaurant	100	3.33%	100	3.33%
Re/Max Moonlight Beach Inc	Real Estate	100	3.33%	100	3.33%
Pacifica Del Mar	Restaurant	65	2.17%	65	2.17%
Poseidon Restaurant	Restaurant	50	1.67%	-	- %
Hotel Indigo	Resorts	40	1.33%	-	- %
Bully's Del Mar	Restaurant	-	- %	60	2.00%
Flavor Restaurant & Lounge	Restaurant	-	- %	50	1.67%
Total Top Ten Employers		<u>1,125</u>		<u>1,145</u>	
Total City Employment <sup>(2)</sup>		<u>3,000</u>		<u>3,000</u>	

Notes:

(1) Represents non-governmental employers.

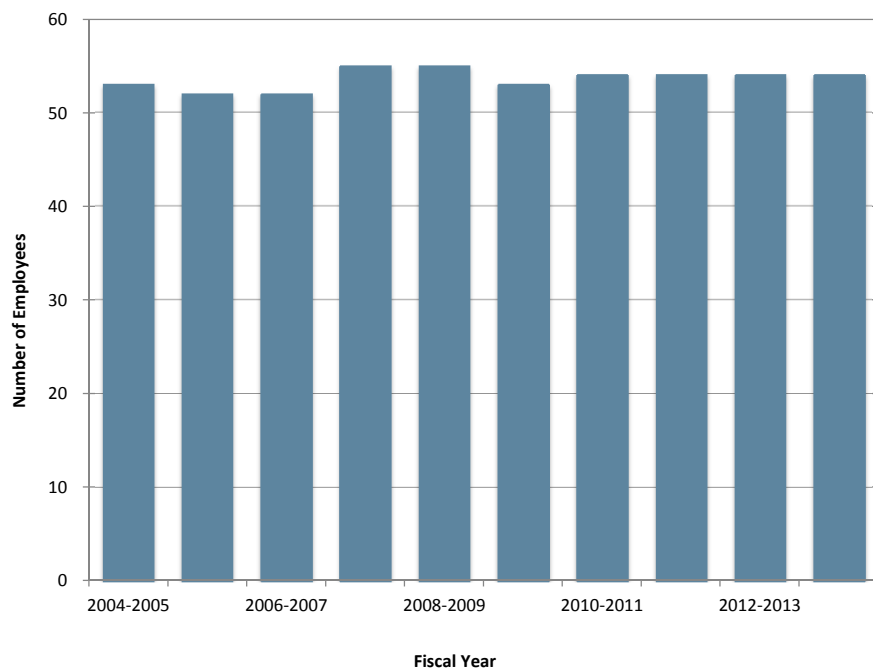
(2) Total City employment provided by EDD - Labor Market Information Division.

Source: infoUSA

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

Function	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
General government	19.5	19.5	19.5	20.5	22.0	19.0	19.0	19.0	19.0	19.0
Public safety <sup>(1)</sup>	16.5	15.5	15.5	16.5	15.0	16.0	17.0	17.0	17.0	17.0
Public works	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Parks and recreation	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total</b>	<b>53.0</b>	<b>52.0</b>	<b>52.0</b>	<b>55.0</b>	<b>55.0</b>	<b>53.0</b>	<b>54.0</b>	<b>54.0</b>	<b>54.0</b>	<b>54.0</b>

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



Note:

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

Source: City of Del Mar, Finance Department

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

Function	Fiscal Year									
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Police:										
Arrests <sup>(1)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking citations issued	22,564	24,277	18,091	19,032	20,132	20,000	27,068	21,547	19,060	18,000
Fire:										
Emergency calls	877	1,027	1,167	1,205	1,116	1,112	1,153	1,001	1,112	1,130
Inspections	130	130	130	490	471	307	240	425	473	598
Public works:										
Street resurfacing (miles)	-	0.26	0.18	0.69	0.11	0.50	-	0.50	0.50	1.00
Street slurry (miles)	-	-	-	-	-	0.50	-	0.50	0.50	-
Parks and recreation:										
Number of recreational classes	350	350	350	364	412	624	436	424	500	468
Number of facility rentals	260	290	290	256	285	130	93	85	115	185
Water:										
New construction	5	5	7	8	12	-	-	-	-	-
Average daily consumption (in thousands of gallons)	1,182	1,172	1,309	1,103	1,073	1,008	972	967	1,024	969
Sewer:										
New construction	5	6	7	5	12	-	-	-	-	-
Average daily sewage treatment (in thousands of gallons)	695	675	648	614	563	560	550	567	540	520

Notes:

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

Source: City of Del Mar

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

Function	Fiscal Year									
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Street lights	58	58	87	87	87	87	87	74	74	74
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	3	3	3	4	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28
Maximum daily capacity (thousands of gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains										
Sanitary sewers (miles)	24.37	24.37	24.37	24.37	24.37	28.85	28.85	28.85	28.85	28.85
Storm drainage (miles)	-	0.07	13.59	13.59	13.59	13.59	13.59	13.59	13.59	13.59
Maximum daily treatment capacity (thousands of gallons)	877	877	877	877	877	877	877	877	877	877

Source: City of Del Mar

# City of Del Mar

## Miscellaneous Statistics

June 30, 2014

Date of incorporation.....	July 15, 1959
Form of government.....	Council/Manager
Area.....	2 square miles
Climate:	
Average annual high temperature.....	70.17° F
Average annual low temperature.....	56.92° F
Annual precipitation.....	10.20 inches
Fire protection:	
Station.....	1
Firefighters and officers.....	9
Fire incident responses.....	330
Emergency medical incident responses.....	800
Public service calls.....	71
Fire inspections.....	598
Culture and leisure:	
Parks.....	5
Park areas.....	9.69 acres
Passive/ Active recreation areas.....	300.38 acres
including Fairground/Racetrack.....	200 acres
Miles of beaches.....	2.2 miles
Number of beach attendances.....	2,000,000
Baseball field.....	1
Tennis courts.....	2
Library.....	1
Library inventory.....	25,390
Hotels:	
Major hotel rooms.....	354
Average percent occupancy.....	63 percent
Average room rate.....	\$220
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.....	74
Water system:	
Service connection.....	1,874 meters
Fire hydrants.....	350
Sanitary sewer lines.....	28.85 miles