

# City of Del Mar, California

Fiscal  
Year  
Ended  
June 30, 2011



# Comprehensive Annual Financial Report





# City of Del Mar, California

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011



Prepared by the  
Finance Department

Teresa S. McBroome  
Director of Finance/Treasurer

**CITY OF DEL MAR**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2011

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# City of Del Mar



December 9, 2011

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

## **LETTER OF TRANSMITTAL**

### **FISCAL YEAR 2010-2011 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2010-2011 Comprehensive Annual Financial Report (CAFR) for the City of Del Mar. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

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

The City's financial statements have been audited by Mayer Hoffman McCann, P.C., certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2011.

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 charter City incorporated in 1959. It is located about 20 miles north of San Diego on the Southern California Coast. 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 rotating amongst Council members annually.

Del Mar is a small coastal city of 4,161 residents and is primarily a residential community with substantial tourist appeal covering approximately two square miles and noted for its beautiful, well-guarded beaches. The City is predominantly built out; however, redevelopment opportunities exist in both commercial revitalization areas and other neighborhoods. The 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 and sewer, and Sheriff services.

### **Budgetary Process**

The adoption of the Fiscal Years 2011-2012 and 2012-2013 Operating and Capital Budget is the City's second time implementing a two-year budget document. 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. In May 2011, the proposed budget was presented to the Council and discussed at public workshops. The final budget was adopted by the City Council at a meeting in June 2011. The budget is monitored monthly by the Finance Department and Department Heads using financial reports which compare actual revenues and expenditures to date with budgeted amounts. Quarterly 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 Financial Condition**

Del Mar is a small fully built-out coastal city, which relies heavily on the local real estate market, specifically property tax revenues, and tourism, as major revenue sources. For the last four fiscal years, Del Mar has led the County in increased assessed valuations. Del Mar was one of the few cities in the region with increased valuations compared to the majority of the cities in San Diego County which saw no growth or had reduced valuations. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value, as well as the two percent annual increases permitted under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains fairly strong, even in the current real estate market. In addition, since Del Mar has been largely built out for many years, with properties occupied by long-time residents, many of Del Mar's residential properties carry very low assessed values compared to current market value and as these properties turn over they are reassessed at higher values.

Tourism is a significant industry and a major source of revenue for the City. With its beautiful beaches and moderate climate, Del Mar has become a popular destination for both local visitors and vacationing travelers. As with other cities throughout the County and State, tourism has suffered dramatically over these past three years; however, through a number of City Council

actions, focused on economic revitalization of the downtown area, Del Mar has emerged positively from this difficult period. In November 2008, the voters of Del Mar approved increasing the Transient Occupancy Tax (TOT) rate from 10.5 percent to 13 percent. As a result, the City Council implemented a one percent increase resulting in an 11.5 percent TOT effective with the beginning of Fiscal Year 2009-2010. TOT collections increased 13 percent during Fiscal Year 2010-2011 compared to the previous fiscal year. This is due to the increase in the TOT rate and an increase in the average occupancy rate during Fiscal Year 2010-2011 compared to Fiscal Year 2009-2010. Sales tax increased approximately five percent compared to the prior fiscal year. This increase is primarily reflective of Council's adoption of a new sidewalk café ordinance and establishing horizontal zoning rules, as well as the more than \$33 million in re-investments that the City Council, businesses owners, and commercial owners have taken to beautify and update their properties in the downtown village area.

Not within the City's control, the State of California (State) remains in one of the worst economic cycles in history. Their continuing budget shortfall directly impacts local governments and the communities it serves. Governor Brown adopted a budget with radical restructuring of State finances that shifted greater responsibility to local governments, most notably the permanent shut down of local redevelopment agencies in California. As the City of Del Mar does not have a redevelopment agency, it will not be directly affected but recognizes the impact on neighboring communities. The adopted State budget created changes to eliminate the Motor Vehicle License Fees allocated to the City in exchange for continuing the funding of the Citizens Option for Public Safety (COPS) programs. This affected Del Mar minimally; however, the State's continual fiscal crisis is a cause of concern and the City actively monitors the State's budget process for any actions that may affect local government.

On a positive note, as a fully built-out city, Del Mar is not as dependent on growth-related revenues as other jurisdictions. The State's and the national economies have had tremendous impacts to cities and counties throughout California, however, in these past three fiscal years, Del Mar has positioned itself to successfully overcome these challenges. 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. We believe that the projects undertaken this fiscal year and the accomplishments highlighted below assist in building a solid foundation towards keeping the City fiscally sound and well positioned to sustain its financial health.

### **Accomplishments**

Del Mar is proud of the leadership in the community and the accomplishments that have been achieved. Based on direction by the City Council, highlighted below are the City's accomplishments this fiscal year based on the "Must-Do" Priorities, Strategic Initiatives, and Operational Initiatives:

#### ***Must Do's***

##### ***Retirement of Shores Property Debt/Sale of Balboa Avenue Lot***

The Shores Property was acquired in May 2008 from the Del Mar Unified School District (DMUSD) for \$8.5 million. Through the fundraising efforts of the Friends of the Del Mar Parks and the Winston School, \$5.0 million was raised with the difference of \$3.5 million financed

initially by the City through a promissory note with the DMUSD to extend the period in order to provide fundraisers more time to raise the difference. In order to pay off the promissory note with the DMUSD, the City negotiated a three-year loan with a balloon payment of \$3.2 million due on November 13, 2011 with Union Bank of California at a much lower interest rate.

Subsequent to the loan, options were developed for Council consideration to pay off the loan if the fundraisers could not raise the remaining monies. The Balboa Avenue lot, an existing City-owned lot that has been vacant since 1973 when a pressure treatment plant and cement water reservoir tank were deemed obsolete, was under consideration to be sold since it was no longer needed. With its whitewater views extending 270 degrees into beautiful views of the East County mountains, the sale of this vacant lot was anticipated to generate sufficient revenue to retire the debt on the Shores Property. In September 2010, the Balboa Avenue lot sold at auction for \$4.4 million, enough to retire the debt on the Shores Property and to partially fund the Beach Safety Center CIP project. The debt was retired on November 13, 2010, a full year before the balloon payment was due, freeing up approximately \$300,000 in debt service payments from the General Fund for Fiscal Year 2010-2011. Through the sale of the Balboa Avenue lot, the City replaced an idle asset with 5.3 acres of usable property by the community.

#### *Winston School Lease*

The Shores property is the home of the Winston School, a private, nonprofit school serving special needs children. The Winston School occupies approximately 1.8 acres of the site, and formerly leased its site and buildings from the DMUSD. After the City acquired the property, the lease was assigned to the City. Of the \$5.0 million that was raised, \$2.9 million was raised on behalf of the Winston School, and credited in the form of prepaid rent.

In July 2010, the Council approved a ground lease agreement with the Winston School for a term of 55 years, effective July 1, 2008 and expiring on June 30, 2063, unless sooner terminated. The rental rate is \$197,245 per year, payable in monthly installments effective July 1, 2007, and escalated by the CPI for each year based upon the previous year's rental rate. The CPI will not be charged during the period of prepaid rent, but after the prepaid rent is exhausted, the full amount as calculated by the cumulative CPI from July 1, 2007 will be charged. The Winston School has acquired ownership of the existing improvements as specified in the Ground Lease and is required to achieve certain milestones for the redevelopment of the property.

#### *Operational Initiatives*

In continuing to serve the interests of the community and ensuring the highest level of service to its residents, businesses, and visitors, revenue ideas that were implemented during the previous fiscal year were built upon during Fiscal Year 2010-2011. A Tourist Business Improvement District (TBID) was created to market the City as a premier overnight destination. Beach parking meter rates were increased and the parking program was expanded in partnership with other organizations. The City continued to benefit from revenue ideas from the previous fiscal year, including the recovery of fees and charges for services provided to the Water and Wastewater Funds, the increase in planning and land use permits, and engineering reviews, and an increase in water, clean water, and wastewater rates, based on the second year of a five-year plan that was approved in the previous year. Fiscal Year 2010-2011 was the first year that the General Fund did not subsidize the Clean Water program.

The City continued its review of their service delivery model and made changes to enhance operational efficiencies and reduce costs. Request for Proposals (RFPs) were sent out to have a pool of firms available on an as-needed basis in performing environmental (CEQA) compliance, landscape and architectural design, economics, planning and graphics, housing element updates, and legal consulting services. Substantial work was done on the solid waste and recycling program including the preparation of the RFP for a new provider.

The City proactively managed pension costs by creating a pension reserve fund which led to a nomination of the Golden Watchdog Award from the San Diego Taxpayer's Association. A second tier for new hires with the City's represented fire safety employees was negotiated and short-term savings were achieved with fire safety employees agreeing to pay the remaining four percent of the Employee portion of pension costs, effective October 2010, resulting in the fire safety employees paying the entire nine percent of the Employee share.

### *Strategic Initiatives*

#### *Downtown Revitalization*

As part of its downtown revitalization efforts, the City has continued its reinvestment in the downtown, designing additional downtown streetscape improvements that will be implemented in the new year to beautify the area and improve the walkability of the downtown corridor. The Village revitalization process was reinvigorated with Community Conversations, outreaching to those who had not followed Form Base Code. Through these Conversations, Council was able to develop a direction for the Implementation Plan, known as the Village Specific Plan. The majority of the effort was undertaken with staff time.

### Major Initiatives

#### *"Must-Do" Priorities*

##### *North Torrey Pines Bridge*

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

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

## *21<sup>st</sup> Street Pump Station*

The City's previous 21<sup>st</sup> Street Pump Station is approximately 35 years old and was the central facility for conveying Del Mar's sewage to the City of San Diego's Metropolitan Sewage System. Due to its age, condition, and current operating constraints, replacement of the facility was a critical task. Project financing was provided through a \$5.0 million loan from the State Revolving Fund, the repayment of which was included in the Fiscal Years 2010-2014 sewer rates. The new facility became operational in 2011 and the demolition of the previous pump station is scheduled for early 2012.

## *Operational Initiatives*

### *Beach Safety Center*

The existing lifeguard headquarters building is a 45-year-old cinderblock structure and was built by volunteers. The building was originally for lifeguard staff only, but currently functions as offices for Community Services such as Parking Enforcement, Beach Maintenance, and Park and Recreation management with a staff that often exceeds 70 employees due to the seasonal nature of its programs. It is also a very active first aid station for the 2 million plus visitors that visit the Del Mar beach.

The new facility will include a two-story Lifeguard Headquarters with offices, first aid room, public restrooms, and a handicapped accessibility pathway to the new facility and the beach. It will also have a sea wall, and provide an appropriate landscape buffer to connect to and coordinate with the Coast Boulevard Streetscape Plan. In addition to the obvious improved look and feel of the new facility, enhancements to the 17<sup>th</sup> Street drainage, sea wall, and restroom facilities, will make a significant impact on the area infrastructure.

The construction phase of the 17<sup>th</sup> Street Beach Safety Center commenced in late September. Work on the project has been moving at a steady rate, despite periodic rain. The overall project estimate is \$2.7 million and is funded through the fundraising efforts and generosity of the Friends of the Powerhouse (\$710,000), a grant of \$650,000 awarded by the State's Coastal Conservancy, approximately \$720,000 from the sale of the Balboa Lot, and the remainder from the City's General Fund and Capital Reserve Fund.

## **Looking Forward**

### *Strategic Initiatives*

#### *Downtown Revitalization*

The Council has embarked on an intense program to develop the implementation of goals associated with downtown revitalization. The Council's primary goal is to create a vibrant and successful commercial district for its residents and businesses as envisioned in the Community Plan. This includes designing a walkable village, preserving important view corridors, and providing incentives to land owners. The City has embarked on a Specific Plan that is defining the public realm, the development parcel requirements, and the mechanisms to realize the goals and actions. Environmental assessment is running in a parallel track, allowing the impacts assessments to inform the plan recommendations.

The Specific Plan will address the design of the public realm, primarily Camino del Mar, and how it can implement the goals of the Community Plan. The private development parcels are being addressed in order to stimulate reinvestment. Parking and traffic, as well as the pedestrian realm will be thought through in a comprehensive manner to address concerns and promote a walkable downtown.

### **Long-Term Financial Planning**

The City completed a long-range capital financing plan during the preparation of the Fiscal Years 2009-2010 and 2010-2011 budget. The plan included 10-year projections for the General Fund's operating revenues and expenditures, in addition to projecting 10 years of capital projects that are funded with general government dollars. The City will continue to revise this plan and use it for future financial forecasting and capital planning.

### **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 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 expenditures. The City also maintains a \$500,000 revenue loss reserve that is in addition to the contingency reserve. As part of the budget adoption process in June 2000, the City Council approved an expanded reserve policy providing for, in addition to the 10 percent minimum contingency reserve, a mandatory review of reserves should the contingency reserve reach 20 percent to increase the Capital Improvement Program reserve.

#### ***Finnell Plan***

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

### **Awards**

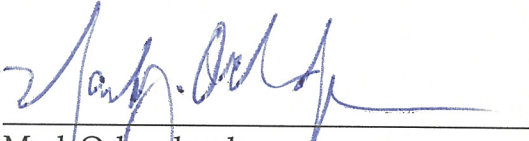
The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This was the fifteenth consecutive year the City has achieved 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 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 support 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. 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,

  
\_\_\_\_\_  
Mark Ochendusko  
Interim City Manager

  
\_\_\_\_\_  
Teresa S. McBroome  
Director of Finance/Treasurer

# 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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

## CITY COUNCIL

*Donald Mosier*  
**Mayor**

*Carl Hilliard*  
**Deputy Mayor**

*Mark E. Filanc*  
**Councilmember**

*Lee Haydu*  
**Councilmember**

*Terry Sinnott*  
**Councilmember**

## CITY MANAGER

*Karen P. Brust*

*Mark O. Ochendusko \**

**ASSISTANT CITY MANAGER**

*Mark Delin*

**CITY ATTORNEY**

*Leslie Devaney*

**DIRECTOR OF PLANNING AND  
COMMUNITY DEVELOPMENT**

*Kathy Garcia*

**CITY CLERK AND  
INFORMATION SYSTEMS DIRECTOR**

*Mercedes Martin*

**DIRECTOR OF FINANCE/  
TREASURER**

*Teresa S. McBroome*

**DIRECTOR OF COMMUNITY SERVICES  
AND LIFEGUARD CHIEF**

*Pat Vergne*

**CITY ENGINEER**

*Tim Thiele*

**PUBLIC WORKS DIRECTOR**

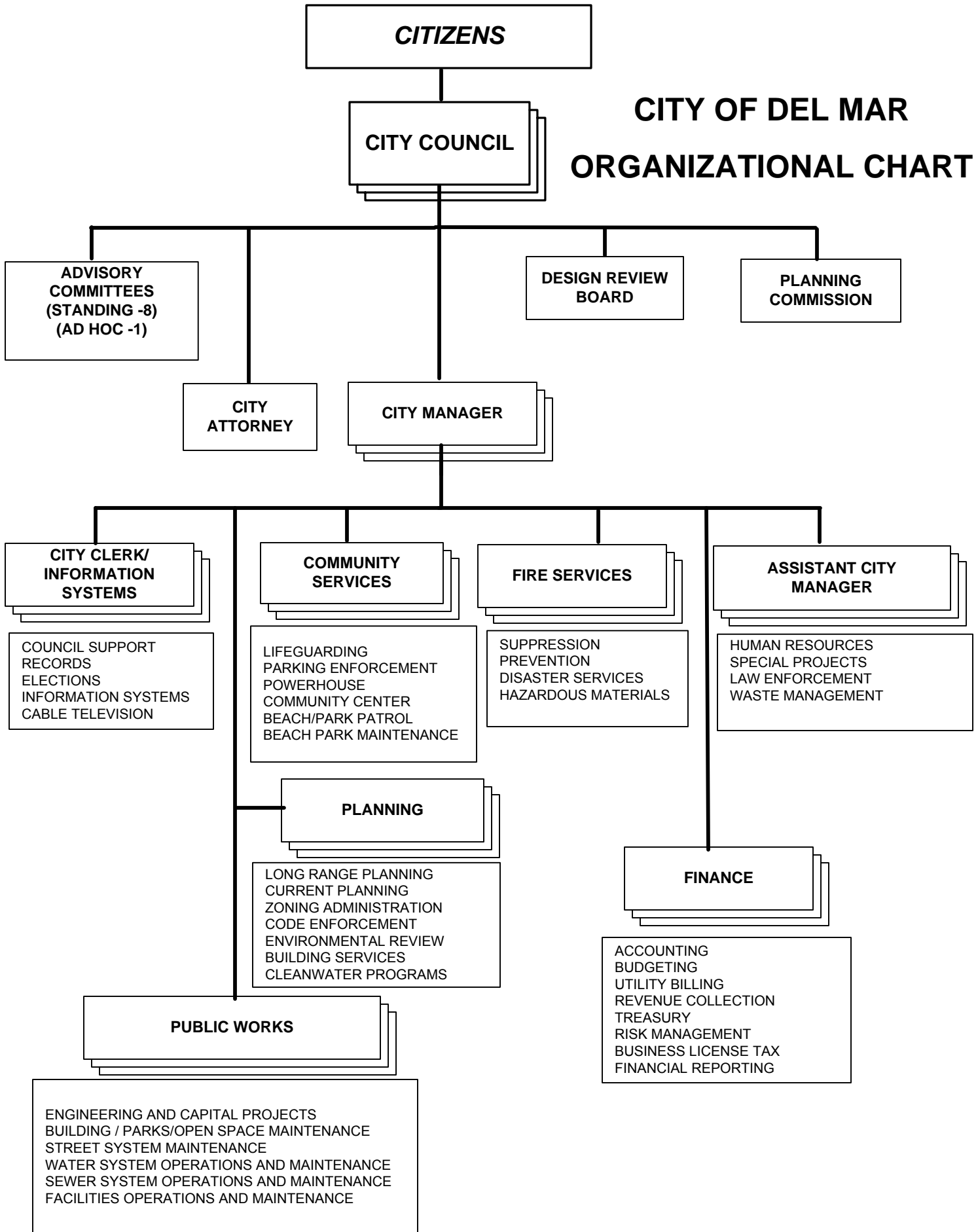
*Eric Minicilli*

**SHERIFF CAPTAIN**

*Sherri Sarro*

*\* Assumed interim position on July 1, 2011*

# CITY OF DEL MAR ORGANIZATIONAL CHART



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**Mayer Hoffman McCann P.C.**

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Honorable Mayor and City Council  
City of Del Mar, California

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Del Mar. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year partial comparative information has been derived from the City's basic financial statements for the year ended June 30, 2010 and, in our report dated December 17, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, of the City of Del Mar, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described further in notes 1 and 8 to the financial statements, the accompanying financial statements reflect certain changes in the reporting fund types and fund balance classifications for governmental funds due to the implementation of GASB Statement No. 54.

The information identified in the accompanying *management's discussion and analysis* and in the budgetary comparison schedules for the General Fund and Open Space Fund are not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on them.



Honorable Mayor and City Council  
City of Del Mar

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules of the non-major funds and major capital improvement fund have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 9, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

*Mayor Hoffman McLean P.C.*

Irvine, California  
December 9, 2011







## 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, 2011. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the Introductory Section of this report, and with the City's financial statements, which follow this discussion.

### FINANCIAL HIGHLIGHTS

#### Economic Background

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

The discussion and analysis below compares Fiscal Year 2010-2011 to Fiscal Year 2009-2010. All variances are expressed relative to Fiscal Year 2009-2010 results. Fiscal Year 2010-2011 financial highlights include the following:

#### Financial Highlights

- The City's total assets exceeded its liabilities as of June 30, 2011 leaving \$68.98 million in net assets.
- Citywide total net assets increased by \$9.98 million, or 16.90 percent, during the current fiscal year, indicating an improved financial condition. The positive change

in net assets is largely due to increased capital assets and decreased long-term liabilities.

- A net increase in total assets of \$9.31 million, or 13.28 percent, is primarily due to an increase in the ending cash and investments balance at the end of the fiscal year due to increases in revenues and an increase in capital assets as discussed later. Liabilities had a net decrease of \$0.67 million, or 6.03 percent, primarily due to a decrease in long-term liabilities. Current liabilities increased by \$1.21 million and long-term liabilities decreased by \$1.88 million.
- As of June 30, 2011, the City's governmental funds reported combined fund balances of \$7.15 million, an increase of \$2.07 million, or 40.87 percent, from Fiscal Year 2009-2010. Of the \$7.15 million in fund balance, \$0.21 million is restricted, \$0.95 million is committed, \$4.17 million is assigned for specific activities, and \$1.81 million, is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$3.99 million, or 55.79 percent, of the total fund balance in governmental funds. This balance is available for spending at City management's discretion, and is equal to 44.09 percent of the total fiscal year expenditures of \$9.04 million, and 35.63 percent of total revenues of \$11.19 million, before other financing sources (uses). The Open Space Fund, Capital Improvement Program Fund, and other non-major governmental funds have fund balances of \$0.19 million, \$1.99 million, and \$0.98 million, respectively, at June 30, 2011.

## 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 comprised 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 Assets* presents information on the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for three funds that are considered to be major funds. These three funds consist of the General Fund, the Open Space Special Revenue Fund, and the Capital Improvement Program Fund. Data from the other nine governmental funds are combined into a single, aggregated presentation and are considered non-major funds.

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

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

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

***Fiduciary Funds.*** The City maintains one type of fiduciary fund, the *Agency Funds*. The fiduciary fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The *Agency Funds* account for five Assessment District (A.D.) bond issues, Stratford & 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 Assets*

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

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

As noted earlier, net assets 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 assets (governmental and business-type activities) totaled \$68.98 million as of June 30, 2011. This is an increase of \$9.98 million, or 16.90 percent, compared to June 30, 2010.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current assets	\$11,269,458	\$8,205,004	\$3,937,296	\$4,603,015	\$15,206,754	\$12,808,019
Non-current assets	-	-	495,058	505,733	495,058	505,733
Capital assets	38,584,461	34,590,634	25,093,877	22,168,098	63,678,338	56,758,732
Total Assets	49,853,919	42,795,638	29,526,231	27,276,846	79,380,150	70,072,484
Current liabilities	3,585,918	2,915,412	1,667,270	1,123,886	5,253,188	4,039,298
Non-current liabilities	781,580	4,198,254	4,361,609	2,826,207	5,143,189	7,024,461
Total Liabilities	4,367,498	7,113,666	6,028,879	3,950,093	10,396,377	11,063,759
Invested in capital assets, net of related debt	37,944,461	30,313,422	20,873,821	19,503,704	58,818,282	49,817,126
Restricted	2,968,749	1,371,099	-	-	2,968,749	1,371,099
Unrestricted	4,573,211	3,997,451	2,623,531	3,823,049	7,196,742	7,820,500
Total Net Assets	<b>\$45,486,421</b>	<b>\$35,681,972</b>	<b>\$23,497,352</b>	<b>\$23,326,753</b>	<b>\$68,983,773</b>	<b>\$59,008,725</b>

The largest component of the City's net assets, \$58.82 million, is investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), less any related debt, used to acquire those assets, that are outstanding. This increased \$9.00 million, or 18.07 percent, from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's total net assets, which represents resources subject to external restrictions on how they may be used by the City, is \$2.97 million. This is an increase of \$1.60 million from the prior fiscal year's amount of \$1.37 million. The remaining unrestricted net assets of \$7.20 million are used to meet the City's ongoing obligations for the following fiscal year. This unrestricted amount decreased by \$0.62 million from last fiscal year's amount of \$7.82 million.

As of June 30, 2011, the City has positive balances in both categories of governmental and business-type net assets. The total net assets in the governmental activities increased by \$9.80 million, or 27.48 percent. The increase in total net assets also accounted for an increase in business-type activities of \$0.17 million, or 0.73 percent.

## Changes in Net Assets

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

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$3,167,477	\$2,690,800	\$5,280,234	\$5,202,860	\$8,447,711	\$7,893,660
Operating grants and contributions	454,648	343,777	-	-	454,648	343,777
Capital grants and contributions	4,194,853	703,612	5,000	-	4,199,853	703,612
<i>General Revenues:</i>						
Property taxes	4,510,439	4,433,968	-	-	4,510,439	4,433,968
Sales and other taxes	3,996,867	3,404,793	-	-	3,996,867	3,404,793
Sale of capital assets	4,171,104	-	-	-	4,171,104	-
Others	171,791	435,431	80,252	197,522	252,043	632,953
Unrestricted investment earnings and others	123,733	199,148	13,762	28,378	137,495	227,526
<b>Total Revenues</b>	<b>20,790,912</b>	<b>12,211,529</b>	<b>5,379,248</b>	<b>5,428,760</b>	<b>26,170,160</b>	<b>17,640,289</b>
<b>Expenses:</b>						
General government	4,124,385	4,313,697	-	-	4,124,385	4,313,697
Public safety	5,050,517	5,115,313	-	-	5,050,517	5,115,313
Public works	1,057,431	1,511,201	-	-	1,057,431	1,511,201
Parks and recreation	692,531	686,835	-	-	692,531	686,835
Interest and fiscal charges	51,070	128,910	-	-	51,070	128,910
Enterprise operations	-	-	5,219,179	5,052,381	5,219,179	5,052,381
<b>Total Expenses</b>	<b>10,975,934</b>	<b>11,755,956</b>	<b>5,219,179</b>	<b>5,052,381</b>	<b>16,195,113</b>	<b>16,808,337</b>
Increase (decrease) in Net Assets before other revenues and transfers	9,814,978	455,573	160,069	376,379	9,975,047	831,952
Transfers	(10,530)	(49,063)	10,530	49,063	-	-
<b>Change in Net Assets</b>	<b>9,804,448</b>	<b>406,510</b>	<b>170,599</b>	<b>425,442</b>	<b>9,975,047</b>	<b>831,952</b>
Net assets - beginning of year, restated	35,681,972	35,275,462	23,326,753	22,901,311	59,008,725	58,176,773
<b>Net assets - end of year</b>	<b>\$45,486,420</b>	<b>\$35,681,972</b>	<b>\$23,497,352</b>	<b>\$23,326,753</b>	<b>\$68,983,772</b>	<b>\$59,008,725</b>

### Governmental Activities:

The City's net assets from governmental activities increased \$9.80 million, or 27.48 percent, in the current fiscal year, accounting for 98.29 percent of the total \$9.98 million growth, in the City's total net assets. Total revenues from governmental activities increased 70.26 percent to \$20.79 million. The cost of all governmental activities in Fiscal Year 2010-2011 was

\$10.98 million, a decrease of \$0.78 million, or 6.64 percent, under the prior fiscal year. As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$3.17 million, which were generated by service revenues received from the performance of these activities, and increased by \$0.48 million, or 17.72 percent, compared to Fiscal Year 2009-2010. Another \$0.45 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. This revenue category increased by \$0.11 million, or 32.25 percent. In addition, another \$4.19 million in revenues came from capital grants and contributions, which increased by \$3.49 million, or 496.19 percent, compared to the prior fiscal year. This increase is attributable to more federal grants revenue received during the current year than in the prior year related to the North Torrey Pines Bridge Project. Overall, the City's governmental program revenues amounted to \$7.82 million, an increase of \$4.08 million, or 109.11 percent, compared to the prior fiscal year. General revenues of \$12.97 million increased by \$4.50 million, or 53.11 percent, in comparison to the prior fiscal year. This increase is attributable to an increase in property taxes of \$0.08 million, or 1.72 percent and sales and other taxes of \$0.43 million, or 12.01 percent, compared to the prior fiscal year. The City also had a sale of capital assets during this fiscal year in the amount of \$4.17 million. In total, City Governmental Activities reported an increase of \$9.80 million in net assets. In comparison to the prior fiscal year, the key elements contributing to the \$8.58 million increase in revenues from governmental activities are as follows:

- An increase of \$3.49 million more in capital grants and contributions compared to the prior fiscal year due to federal grants received in the current fiscal year compared to the previous fiscal year related to the construction of the North Torrey Pines Bridge.
- An increase of \$0.48 million in charges for services compared to the prior fiscal year primarily attributable to increases in parking meter revenue and administrative charges charged to the Enterprise Funds.
- An increase of \$4.17 million in sale of capital assets compared to the prior fiscal year due to the sale of the Balboa property.
- An increase of \$0.18 million in sales and use tax compared to the prior fiscal year due to increased sales tax collections from increased taxable sales.

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

The City's business-type activities increased its net assets by \$0.17 million, or 0.73 percent, for the fiscal year ended June 30, 2011, accounting for 1.71 percent of the total \$9.98 million growth, in the City's net assets. Business-type activities' total revenue decreased by \$0.05 million, or 0.91 percent, during the current fiscal year to a total of \$5.38 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.08 million, or 1.49 percent. Related business-type activity costs also increased during the fiscal year by \$0.17 million, or 3.30 percent, compared to the prior fiscal year. The increase in revenues, expenditures, and transfers resulted in a change in net assets of \$0.17 million, or a 0.73 percent increase, from the prior fiscal year.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### *Governmental Funds:*

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

As of June 30, 2011, the City's governmental funds reported a combined ending fund balance of \$7.15 million, which is a \$2.07 million, or 40.87 percent increase, in comparison to the prior fiscal year of \$5.07 million. The \$7.15 million governmental fund balance is composed of \$0.21 million in *restricted*; \$0.95 million in *committed*; \$4.12 in *assigned* which indicate that it is not available for new spending; and \$1.80 million in *unassigned* funds.

Table 3 below shows the governmental fund balances for the two fiscal years ended June 30, 2011 and June 30, 2010.

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

<b>FISCAL YEAR 2010-2011</b>	<b>General</b>	<b>Open Space Debt Service</b>	<b>Capital Improvement</b>	<b>Non-Major Governmental Funds</b>	<b>Totals</b>
Total revenues	\$11,189,555	\$424,792	\$4,399,208	\$598,247	\$16,611,802
Total expenditures	9,040,948	4,217,073	4,525,028	918,494	18,701,543
Excess (deficiency) of revenues over expenditures	2,148,607	(3,792,281)	(125,820)	(320,247)	(2,089,741)
Total other financing sources (uses)	(1,519,550)	3,638,625	1,691,802	351,914	4,162,791
Net change in fund balance	629,057	(153,656)	1,565,982	31,667	2,073,050
Fund balance - beginning	3,357,225	343,871	426,594	944,506	5,072,196
Fund balance - ending	<b>\$3,986,282</b>	<b>\$190,215</b>	<b>\$1,992,576</b>	<b>\$976,173</b>	<b>\$7,145,246</b>
<b>FISCAL YEAR 2009-2010</b>					
Total revenues	\$10,390,923	\$605,353	\$395,456	\$809,157	\$12,200,889
Total expenditures	9,013,085	962,009	664,879	1,275,886	11,915,859
Excess (deficiency) of revenues over expenditures	1,377,838	(356,656)	(269,423)	(466,729)	285,030
Total other financing sources (uses)	(623,346)	174,373	12,467	387,443	(49,063)
Net change in fund balance	754,492	(182,283)	(256,956)	(79,286)	235,967
Fund balance - beginning, as restated	2,602,733	526,154	683,550	1,023,792	4,836,229
Fund balance - ending	<b>\$3,357,225</b>	<b>\$343,871</b>	<b>\$426,594</b>	<b>\$944,506</b>	<b>\$5,072,196</b>

***General Fund:***

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$3.99 million as of June 30, 2011. This is an increase of \$0.63 million, or 18.74 percent, in comparison to the prior fiscal year. This increase is due to the increase in total revenues of \$0.80 million, or 7.69 percent, and the increase in operating costs of \$0.03 million, or 0.31 percent. Revenues increased primarily due to increases in taxes, licenses, fees and permits, charges for services, fines and forfeitures and use of money and other, offset by decreases in intergovernmental, contributions and other revenues.

Total expenditures increased by \$0.03 million, or 0.31 percent, as compared to the prior fiscal year, in which the largest increase was in public safety expenditures of \$0.08 million, or 1.66 percent and the reduction in debt service payments of \$0.02 million from the payoff of capital leases in the prior year. The ending fund balance is comprised of \$2.18 million assigned for specific expenditures, and the unassigned amount of \$1.81 million, which is available for spending at the City's discretion.

Additional detailed information regarding combined fund balance reserves is presented in Note 8 to the Basic Financial Statements.

***Major Funds:***

As of June 30, 2011, the fund balance in the Open Space Special Revenue Fund decreased by \$0.15 million from the prior fiscal year, and has an ending fund balance of \$0.19 million. Total revenues of this fund decreased by \$0.18 million, or 29.83 percent, compared to the prior fiscal year. Total expenditures increased by \$3.26 million or 338.36 percent compared to the prior fiscal year due to a decrease in capital outlay.

As of June 30, 2011, the Capital Improvement Program's fund balance of \$1.99 million, increased by \$1.57 million, or 367.09 percent, from the prior fiscal year. This fund balance will be utilized for on-going projects and street projects in the following fiscal year.

***Non-major Funds:***

The fund balances for other governmental funds or non-major governmental funds increased \$0.03 million, or 3.35 percent, from the Fiscal Year 2009-2010 balance of \$0.94 million to \$0.98 million at the end of the current fiscal year. The other non-major funds are composed of the remaining special revenue funds including Gas Tax, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, Proposition 42, Regional Transportation, Transnet, and Wildfire Debt Service. The fund balance of \$0.98 million is comprised of \$0.21 million, which is restricted for repayment of debts, and the remaining amount of \$0.76 million, which is committed.

***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 assets in the enterprise funds increased over the prior fiscal year by \$0.17 million, or 0.7 percent. The City's Water Fund decreased \$0.05 million, the Wastewater Fund increased \$0.20 million, while the Clean Water Fund decreased by \$0.02 million. The decrease in the Water and Clean Water funds are due to the operating losses during the fiscal year. The Wastewater Fund's increase in net assets was due to the surplus in operating revenues over operating expenses.

At the end of Fiscal Year 2010-2011, the Internal Service fund reported a surplus in net assets of \$0.80 million, which is a \$0.12 million, or 17.41 percent, increase from last fiscal year. This increase was attributable to the increase in charges for services of \$0.11 million, or 187.53 percent due to the large fund balance at the beginning of the fiscal year. Operating expenses decreased \$0.25 million, or 18.99 percent, compared to the prior fiscal year due to a decrease in claims expenses.

## **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 \$1.10 million when comparing actual amounts of \$2.14 million to the final budget of \$1.04 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$0.76 million due to higher tax revenues of \$0.47 million, higher fines and forfeitures of \$0.16 million, higher licenses, fees and permits revenues of \$0.05 million, and higher charges for services revenue of \$0.08 million. The actual expenses were less than the fiscal year's final appropriation by \$0.34 million primarily due to less than anticipated expenditures in general government of \$0.20 million and lower anticipated expenditures in public safety of \$0.10 million.

## **CAPITAL ASSET and DEBT ADMINISTRATION**

### *Capital Assets:*

The City of Del Mar's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$63.68 million, net of accumulated depreciation. Amounts invested in capital assets includes land, buildings and improvements, machinery and equipment, bridges, roadway networks, water lines, and sewer and storm drainage systems. The total increase in the City's capital assets, net of depreciation, for the current fiscal year was \$6.92 million, compared to the prior fiscal year, in which \$3.99 million, or 57.71 percent, of the increase is related to governmental activities and a \$2.93 million, or 42.29 percent, increase in business-type activities. For governmental activities 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 \$4.44 million before depreciation. Overall, total capital assets increased \$3.99 million in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets increased by \$2.93 million, or 13.20 percent, during the fiscal year. This increase was primarily attributable to the increase of construction in progress due to the 21<sup>st</sup> Pump Station project.

Additional information on the City of Del Mar's capital assets can be located in Note 4 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	
	2011	2010	2011	2010	2011	2010
Non-depreciable assets:						
Land	\$18,289,250	\$18,300,034	\$1,205,457	\$1,205,457	\$19,494,707	\$19,505,491
Construction in progress	9,696,231	5,260,461	4,446,352	1,411,924	14,142,583	6,672,385
Total non-depreciable assets	27,985,481	23,560,495	5,651,809	2,617,381	33,637,290	26,177,876
Capital assets, being depreciated:						
Buildings/structures and improvement	3,646,832	3,819,368	3,425,937	3,519,979	7,072,769	7,339,347
Machinery and equipment	299,987	336,462	336,261	405,659	636,248	742,121
Streets	3,797,711	3,914,471	-	-	3,797,711	3,914,471
Traffic signals	40,455	41,790	-	-	40,455	41,790
Roadway network	273,421	282,579	-	-	273,421	282,579
Bridge	722,386	750,939	-	-	722,386	750,939
Storm drainage system	1,818,187	1,884,530	-	-	1,818,187	1,884,530
Water line system	-	-	7,863,950	7,670,852	7,863,950	7,670,852
Sewer line system	-	-	7,815,919	7,954,227	7,815,919	7,954,227
Total depreciable assets, net of accumulated depreciation	10,598,979	11,030,139	19,442,067	19,550,717	30,041,046	30,580,856
Total capital assets	<b>\$38,584,460</b>	<b>\$34,590,634</b>	<b>\$25,093,876</b>	<b>\$22,168,098</b>	<b>\$63,678,336</b>	<b>\$56,758,732</b>

***Debt Service Administration:***

A complete detail of outstanding debt is shown in Note 7 of the financial statements in this report. As of June 30, 2011, the City had total long-term debt outstanding of \$5.76 million in bonds, notes payable, and compensated absences, as shown in Table 5.

For governmental activities, long-term debt accounts for \$1.03 million, or 17.86 percent, of the City's total long-term debt, as of June 30, 2011. Total long-term debt is comprised of Certificates of Participation (COPs) of \$0.64 million for Wildfire Protection Debt issued in 1999, and compensated absences of \$0.39 million. All long-term debt in governmental activities is secured solely by specified revenue sources. During Fiscal Year 2010-2011, the note payable issued in 1995 to the County of San Diego and Imperial Counties for a regional communications system was paid off. The City also sold the Balboa property with a large portion of the gain used to pay the outstanding loan payable and the remainder transferred to the CIP Fund for the Beach Safety CIP Project.

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Certificates of Participation	\$ -	\$ -	\$ 1,980,000	\$ 2,320,000	\$ 1,980,000	\$ 2,320,000
Bond Payable	640,000	785,000	-	-	640,000	785,000
Notes Payable	-	11,441	2,691,115	795,578	2,691,115	807,019
Loan Payable	-	3,480,772	-	-	-	3,480,772
Compensated absences	388,774	354,179	60,658	71,574	449,432	425,753
	<b>\$ 1,028,774</b>	<b>\$ 4,631,392</b>	<b>\$ 4,731,773</b>	<b>\$ 3,187,152</b>	<b>\$ 5,760,547</b>	<b>\$ 7,818,544</b>

For business-type activities, long-term debt accounts for \$4.73 million, or 82.14 percent, of the City's total long-term debt, as of June 30, 2011. Certificates of Participation (COP) outstanding in the amount of \$1.98 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 \$2.69 million. Compensated absences in business-type activities accounts for \$0.06 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues. During Fiscal Year 2010-2011, the note payable issued to the County of San Diego and Imperial Counties for a regional communications system was paid off.

The City's long-term debt decreased by \$2.06 million, or 26.32 percent, compared to the prior fiscal year, in which \$0.34 million of principal payments were paid towards Certificates of Participation, \$0.15 million of principal payments were paid towards the bond payable, \$3.48 million of principal were paid towards the loan payable, offset by a \$0.02 increase in compensated absences, and \$1.91 million in a new note payable.

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

Local governments throughout the State of California have to continually find new ways to survive economically in order to meet their obligation of serving their communities. While the economy is faring better than recent years, it has not recovered fully. 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 predicted 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 2011-2012 and 2012-2013. The explanations below relate to Fiscal Year 2011-2012:

***Revenues:***

- The City's projected revenues for Fiscal Year 2011-2012 is \$21.07 million, which is \$14.35 million, or 40.52 percent, lower than Fiscal Year 2010-2011 original projected revenues of \$35.42 million due to grant revenues projected to be received for the construction phase of the North Torrey Pines Bridge project. During the course of Fiscal Year 2010-2011, however, revenues were adjusted to \$42.70 million, an increase of \$7.28 million, or 20.54 percent. Actual revenues realized for Fiscal Year 2010-2011 are \$22.15 million, which is \$24.96 million, or 52.98 percent, lower than the final projected revenues, in which the general fund received \$0.03 million, or 0.32 percent, less than the final projected revenues, the other governmental funds received \$16.15 million, or 74.87 percent, less than the final projected revenues, and the business-type funds received \$5.09 million, or 48.67 percent, less than the final projected revenues.
- The Fiscal Year 2011-2012 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 69 percent of the overall General Fund revenue, and are expected to increase slightly from Fiscal Year 2010-2011.
  - Other general governmental funds include \$2.67 million in Federal Grants revenue for the construction phase of the North Torrey Pines Bridge Rehabilitation CIP Project expected to be expended during Fiscal Year 2011-2012.
  - Revenues in the business-type funds are projected to decrease by \$4.62 million, or 42.09 percent, due primarily to higher projected reimbursement of the 21<sup>st</sup> Pump Station costs during Fiscal Year 2010-2011.

***Expenditures:***

The City's Adopted Fiscal Years 2011-2012 and 2012-2013 Operating and Capital Budget has expenditures of \$21.68 million for Fiscal Year 2011-2012, which is a decrease of \$12.75 million, or 37.03 percent, lower than the prior fiscal year's original adopted budget.

The budget is comprised of the General Fund for \$9.80 million, or 45.21 percent, other governmental funds of \$1.72 million, or 7.92 percent, Capital Improvement Program Fund of \$3.62 million, or 16.69 percent, and the Workers' Compensation Fund of \$0.18 million, or 0.84 percent. The business-type funds account for \$6.36 million, or 29.34 percent.

The budget decreased by \$12.75 million, in comparison to the Fiscal Year 2010-2011 original adopted budget. The decrease is primarily due to the North Torrey Pines Bridge CIP project in the Capital Improvement Program Fund of \$11.72 million, a decrease in other general governmental funds of \$0.50 million, and in the business-type funds for \$1.41 million.

Decreases in the adopted budget for Fiscal Year 2011-2012 are focused on the following objectives:

- Reducing general government expenditures for consulting services for legal services.
- Reduction of on-going capital improvement projects that are grant funded or funded by loans.

The Fiscal Years 2011-2012 and 2012-2013 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 ASSETS

JUNE 30, 2011

(With comparative totals for 2010)

	Governmental Activities	Business-type Activities	Total	
			2011	2010
<b>ASSETS</b>				
Current assets:				
Cash and investments (note 2)	\$ 9,204,240	\$ 2,952,789	\$ 12,157,029	\$ 10,326,449
Receivables:				
Accounts, net	143,906	970,179	1,114,085	1,650,606
Taxes	555,213	-	555,213	488,478
Accrued interest	10,919	3,481	14,400	18,453
Inventory	-	70,602	70,602	82,056
Internal balances	59,755	(59,755)	-	-
Due from other agencies	1,295,425	-	1,295,425	241,977
Total current assets	11,269,458	3,937,296	15,206,754	12,808,019
Non-current assets:				
Restricted assets:				
Cash and investments with fiscal agent (note 2)	-	451,059	451,059	451,174
Deferred charges	-	43,999	43,999	54,559
Capital assets (note 3):				
Land	18,289,250	1,365,688	19,654,938	19,505,491
Construction in progress	9,696,231	4,286,122	13,982,353	6,672,385
Water and wastewater systems	-	24,611,911	24,611,911	24,014,721
Buildings and improvements	6,219,644	4,334,703	10,554,347	10,554,346
Machinery and equipment	1,823,893	1,062,750	2,886,643	2,886,808
Infrastructure	7,649,807	-	7,649,807	7,641,022
Less: accumulated depreciation	(5,094,364)	(10,567,297)	(15,661,661)	(14,516,041)
Total capital assets, net of depreciation	38,584,461	25,093,877	63,678,338	56,758,732
Total non-current assets	38,584,461	25,588,935	64,173,396	57,264,465
Total assets	49,853,919	29,526,231	79,380,150	70,072,484
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	2,635,935	1,158,358	3,794,293	2,528,912
Deferred revenue	39,801	-	39,801	84,056
Accrued interest payable	11,881	92,771	104,652	70,299
Deposits payable	651,107	45,977	697,084	561,946
Long-term liabilities, current portion (note 6)	247,194	370,164	617,358	794,083
Total current liabilities	3,585,918	1,667,270	5,253,188	4,039,296
Non-current liabilities:				
Long-term liabilities (note 6)	781,580	4,361,609	5,143,189	7,024,460
Total liabilities	4,367,498	6,028,879	10,396,377	11,063,756
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	37,944,461	20,873,821	58,818,282	49,817,126
Restricted for				
Debt service	188,348	-	188,348	208,220
Public works	7,763	-	7,763	13,327
Public safety	17,479	-	17,479	12,146
Community development	762,583	-	762,583	710,813
Capital projects	1,992,576	-	1,992,576	426,594
Unrestricted	4,573,211	2,623,531	7,196,742	7,820,499
Total net assets	\$ 45,486,421	\$ 23,497,352	\$ 68,983,773	\$ 59,008,725

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(With comparative totals for 2010)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,124,385	\$ 1,308,618	\$ 181,627	\$ -
Public safety	5,050,517	1,466,187	156,082	-
Public works	1,057,431	-	116,939	4,194,853
Parks and recreation	692,531	392,672	-	-
Interest on long-term debt	51,070	-	-	-
Total governmental activities	10,975,934	3,167,477	454,648	4,194,853
Business-type activities:				
Water	2,396,157	2,277,701	-	-
Wastewater	2,453,005	2,622,453	-	-
Cleanwater	370,017	380,080	-	5,000
Total business-type activities	5,219,179	5,280,234	-	5,000
Total	\$ 16,195,113	\$ 8,447,711	\$ 454,648	\$ 4,199,853

General revenues:

Taxes:

Property tax

Sales and use tax

Transient occupancy tax

Franchise tax

Business license tax

Intergovernmental/unrestricted

Use of money and property

Sale of capital assets

Other

Transfers

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

See accompanying notes to the basic financial statements.

Net Revenue (Expense) and Change in Net Assets			
Governmental Activities	Business-type Activities	Total	
		2011	2010
\$ (2,634,140)	\$ -	\$ (2,634,140)	(3,295,940)
(3,428,248)	-	(3,428,248)	(3,584,236)
3,254,361	-	3,254,361	(834,647)
(299,859)	-	(299,859)	(174,034)
(51,070)	-	(51,070)	(128,910)
(3,158,956)	-	(3,158,955)	(8,017,767)
-	(118,456)	(118,456)	(89,266)
-	169,448	169,448	285,171
-	15,063	15,063	(45,426)
-	66,055	66,055	150,479
(3,158,956)	66,055	(3,092,900)	(7,867,288)
4,510,439	-	4,510,439	4,433,968
1,551,454	-	1,551,454	1,367,739
1,704,696	-	1,704,696	1,505,530
402,677	-	402,677	342,989
197,639	-	197,639	188,535
140,401	-	140,401	163,473
123,733	13,762	137,495	227,526
4,171,104	-	4,171,104	-
171,791	80,252	252,043	469,480
(10,530)	10,530	-	-
12,963,404	104,544	13,067,948	8,699,240
9,804,449	170,599	9,975,048	831,952
35,681,972	23,326,753	59,008,725	58,176,773
\$ 45,486,421	\$ 23,497,352	\$ 68,983,773	\$ 59,008,725

See accompanying notes to the basic financial statements.

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CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

(With comparative totals for 2010)

	General Fund	Special Revenue Open Space Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Total	
					2011	2010
<b>ASSETS</b>						
Cash and investments	\$ 4,902,042	\$ 281,102	\$ 1,820,639	\$ 976,317	\$ 7,980,100	\$ 5,930,774
Receivables:						
Taxes	553,967	-	-	1,246	555,213	488,478
Accrued interest	7,140	186	1,004	1,145	9,475	12,821
Accounts, net	111,089	803	1,842	30,172	143,906	391,551
Due from other agencies	39,464	-	1,190,737	28,165	1,258,366	133,836
Due from other funds (note 4)	132,849	-	-	-	132,849	106,732
<b>Total assets</b>	<b>\$ 5,746,551</b>	<b>\$ 282,091</b>	<b>\$ 3,014,222</b>	<b>\$ 1,037,045</b>	<b>\$ 10,079,909</b>	<b>\$ 7,064,192</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,100,860	\$ 68,131	\$ 1,021,646	\$ 17,083	\$ 2,207,720	\$ 1,356,850
Deposits payable	627,362	23,745	-	-	651,107	519,988
Deferred revenue	32,047	-	-	7,754	39,801	84,056
Due to other funds (note 4)	-	-	-	36,035	36,035	31,102
<b>Total liabilities</b>	<b>1,760,269</b>	<b>91,876</b>	<b>1,021,646</b>	<b>60,872</b>	<b>2,934,663</b>	<b>1,991,996</b>
<b>FUND BALANCES (NOTE 7)</b>						
Restricted	\$ -	\$ -	\$ -	\$ 976,173	\$ 976,173	288,937
Committed	-	190,215	-	-	190,215	1,047,594
Assigned	1,681,273	-	1,992,576	-	3,673,849	1,396,391
Unassigned	2,305,009	-	-	-	2,305,009	2,339,274
<b>Total fund balances</b>	<b>3,986,282</b>	<b>190,215</b>	<b>1,992,576</b>	<b>976,173</b>	<b>7,145,246</b>	<b>5,072,196</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,746,551</b>	<b>\$ 282,091</b>	<b>\$ 3,014,222</b>	<b>\$ 1,037,045</b>	<b>\$ 10,079,909</b>	<b>\$ 7,064,192</b>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

Fund balances of governmental funds	\$ 7,145,246
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	38,584,461
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(11,881)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	(1,028,774)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	<u>797,369</u>
Net assets of governmental activities	<u><u>\$ 45,486,421</u></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, 2011

(With comparative totals for 2010)	General Fund	Special	Capital	Non-Major	Totals	
		Revenue Open Space Fund	Improvement Program Fund	Governmental Funds	2011	2010
<b>REVENUES</b>						
Taxes	\$ 8,187,046	\$ 16,038	\$ -	\$ 317,997	\$ 8,521,081	\$ 7,937,072
Licenses, fees and permits	684,499	359,883	-	141,048	1,185,430	916,254
Intergovernmental	81,135	38,067	4,216,199	134,736	4,470,137	1,022,692
Charges for services	1,091,028	-	-	-	1,091,028	992,813
Fines and forfeitures	891,019	-	-	-	891,019	781,733
Use of money and property	106,943	1,072	5,461	4,466	117,942	188,513
Contributions	431	3,648	177,548	-	181,627	108,559
Other	149,672	6,084	-	-	155,756	253,253
Total revenues	11,191,773	424,792	4,399,208	598,247	16,614,020	12,200,889
<b>EXPENDITURES</b>						
Current:						
General government	4,040,310	-	-	93,885	4,134,195	4,158,473
Public safety	4,862,319	-	-	243,034	5,105,353	4,994,026
Public works	138,319	-	-	392,573	530,892	557,557
Parks and recreation	-	700,050	-	-	700,050	670,548
Capital outlay	-	683	4,525,028	356	4,526,067	1,039,393
Debt service:						
Principal	-	3,480,772	-	156,440	3,637,212	363,293
Interest	-	35,568	-	32,206	67,774	132,569
Total expenditures	9,040,948	4,217,073	4,525,028	918,494	18,701,543	11,915,859
Excess (deficiency) of revenues over (under) expenditures	2,150,825	(3,792,281)	(125,820)	(320,247)	(2,087,523)	285,030
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (note 5)	-	3,638,625	1,691,802	362,444	5,692,871	584,915
Transfers out (note 5)	(5,692,872)	-	-	(10,530)	(5,703,402)	(633,978)
Sale of capital assets	4,171,104	-	-	-	4,171,104	-
Total other financing sources (uses)	(1,521,768)	3,638,625	1,691,802	351,914	4,160,573	(49,063)
Net change in fund balances	629,057	(153,656)	1,565,982	31,667	2,073,050	235,967
Fund balance, beginning of year	3,357,225	343,871	426,594	944,506	5,072,196	4,836,229
Fund balance, end of year	\$ 3,986,282	\$ 190,215	\$ 1,992,576	\$ 976,173	\$ 7,145,246	\$ 5,072,196

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, 2011

Net change in fund balances of governmental funds	\$ 2,073,050
Amount reported for governmental activities in the Statement of Activities that are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital outlay expense	4,525,431
Depreciation expense	(498,200)
Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long term liabilities in the statement of net assets	3,637,213
Some expenses reported in the Statement of Activities do not require the use of current available resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	(34,595)
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.	(16,704)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of internal service funds are reported with governmental activities. The net revenue or expense of certain activities of the internal service fund is reported with governmental activities.	<u>118,254</u>
Change in net assets of governmental activities	<u>\$ 9,804,449</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

JUNE 30, 2011

(With comparative totals for 2010)

	Business-type Activities Enterprise Fund			Total	Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major Enterprise Fund			2011	2010
<b>ASSETS</b>							
Current Assets:							
Cash and investments	\$ 2,048,990	\$ 903,437	\$ 362	\$ 2,952,789	\$ 1,224,140	\$ 4,176,929	\$ 4,395,675
Receivables:							
Accounts	448,278	415,889	106,012	970,179	-	970,179	1,259,055
Interest	2,112	1,129	240	3,481	1,444	4,925	5,632
Due from other agencies	-	-	-	-	-	-	32,511
Inventory	59,556	11,046	-	70,602	-	70,602	82,056
Total current assets	2,558,936	1,331,501	106,614	3,997,051	1,225,584	5,222,635	5,774,929
Non-current assets:							
Restricted assets:							
Cash and investments	-	451,059	-	451,059	-	451,059	451,174
Deferred charges	-	43,999	-	43,999	-	43,999	54,559
Capital assets:							
Land	782,025	583,663	-	1,365,688	-	1,365,688	1,205,457
Construction in progress	-	4,286,122	-	4,286,122	-	4,286,122	1,411,924
Water and wastewater system	12,303,466	12,308,445	-	24,611,911	-	24,611,911	24,014,721
Buildings and improvements	4,039,761	294,942	-	4,334,703	-	4,334,703	4,334,703
Machinery and equipment	266,298	782,036	14,416	1,062,750	-	1,062,750	1,062,750
Less: Accumulated depreciation	(5,442,521)	(5,114,726)	(10,050)	(10,567,297)	-	(10,567,297)	(9,861,457)
Total capital assets (net of accumulated depreciation)	11,949,029	13,140,482	4,366	25,093,877	-	25,093,877	22,168,098
Total non-current assets	11,949,029	13,635,540	4,366	25,588,935	-	25,588,935	22,673,831
Total assets	14,507,965	14,967,041	110,980	29,585,986	1,225,584	30,811,570	28,448,760
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	293,912	838,250	26,196	1,158,358	-	1,158,358	640,699
Due to other funds	-	-	59,755	59,755	-	59,755	38,571
Claims payable	-	-	-	-	342,572	342,572	394,239
Current portion of long-term liabilities	6,528	361,839	1,797	370,164	-	370,164	360,945
Accrued interest	-	92,771	-	92,771	-	92,771	41,714
Customer deposits	45,977	-	-	45,977	-	45,977	41,958
Total current liabilities	346,417	1,292,860	87,748	1,727,025	342,572	2,069,597	1,518,126
Non-current liabilities:							
Claims payable	-	-	-	-	85,643	85,643	98,560
Certificates of participation	-	1,625,000	-	1,625,000	-	1,625,000	1,980,000
Compensated absences	19,584	20,518	5,392	45,494	-	45,494	53,680
Notes payable	-	2,691,115	-	2,691,115	-	2,691,115	792,526
Total non-current liabilities	19,584	4,336,633	5,392	4,361,609	85,643	4,447,252	2,924,766
Total liabilities	366,001	5,629,493	93,140	6,088,634	428,215	6,516,849	4,442,892
Net assets:							
Invested in capital assets, net of related debt	11,949,029	8,920,426	4,366	20,873,821	-	20,873,821	19,503,705
Unrestricted	2,192,935	417,122	13,474	2,623,531	797,369	3,420,900	4,502,163
Total net assets	\$ 14,141,964	\$ 9,337,548	\$ 17,840	\$ 23,497,352	\$ 797,369	\$ 24,294,721	\$ 24,005,868

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Business-type Activities- Enterprise Fund				Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major Enterprise Fund	Total		2011	2010
<b>OPERATING REVENUES</b>							
Water sales	\$ 2,270,130	\$ -	\$ -	\$ 2,270,130	\$ -	\$ 2,270,130	\$ 2,225,412
Clean water services	-	-	376,656	376,656	-	376,656	379,696
Sewer service	-	2,613,797	-	2,613,797	-	2,613,797	2,574,247
Charges for services	-	-	-	-	168,412	168,412	58,573
Customer penalties	7,571	8,656	3,424	19,651	-	19,651	23,505
Other	56,380	23,872	5,000	85,252	-	85,252	197,524
Total operating revenues	2,334,081	2,646,325	385,080	5,365,486	168,412	5,533,898	5,458,957
<b>OPERATING EXPENSES</b>							
Source of supply	974,893	-	-	974,893	-	974,893	897,506
Transmission and distribution	321,514	-	-	321,514	-	321,514	311,745
Water treatment	134,612	-	-	134,612	-	134,612	173,970
Sewer collection	-	194,791	-	194,791	-	194,791	183,089
Plant maintenance and operation	-	1,083,107	-	1,083,107	-	1,083,107	1,002,279
General and administrative	629,014	638,449	367,670	1,635,133	55,949	1,691,082	1,953,739
Depreciation and amortization	336,095	377,957	2,347	716,399	-	716,399	718,854
Total operating expenses	2,396,128	2,294,304	370,017	5,060,449	55,949	5,116,398	5,241,182
Operating income	(62,047)	352,021	15,063	305,037	112,463	417,500	217,775
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest income	9,245	3,641	876	13,762	5,791	19,553	39,013
Interest expense	(29)	(158,701)	-	(158,730)	-	(158,730)	(121,880)
Total non-operating revenues	9,216	(155,060)	876	(144,968)	5,791	(139,177)	(82,867)
Income before transfers	(52,831)	196,961	15,939	160,069	118,254	278,323	134,908
Transfers in	5,265	5,265	-	10,530	-	10,530	49,063
Change in net assets	(47,566)	202,226	15,939	170,599	118,254	288,853	183,971
Net assets, beginning of year	14,189,530	9,135,322	1,901	23,326,753	679,115	24,005,868	23,821,897
Net assets, end of year	\$ 14,141,964	\$ 9,337,548	\$ 17,840	\$ 23,497,352	\$ 797,369	\$ 24,294,721	\$ 24,005,868

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, 2011  
(With comparative totals for 2010)

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	2011 Total	2010 Total
	Water	Wastewater	Non-Major Enterprise Fund Clean Water	Total			
Cash flows from operating activities:							
Cash received from water, sewer & clean water customers	\$ 2,329,828	\$ 2,929,515	\$ 354,421	\$ 5,613,764	\$ -	\$ 5,613,764	\$ 4,816,618
Cash received from other operating receipts	56,380	23,872	5,000	85,252	168,412	253,664	256,097
Cash payments for water purchases, distribution and treatment	(1,431,019)	-	-	(1,431,019)	-	(1,431,019)	(1,383,220)
Cash payments for sewer collection & maintenance	-	(1,277,897)	-	(1,277,897)	-	(1,277,897)	(1,185,367)
Cash payments for services & supplies	(485,739)	202,497	(273,282)	(556,524)	(78,868)	(635,392)	(786,856)
Cash payment to employees for services	(218,783)	(242,928)	(86,469)	(548,180)	(384,237)	(932,417)	(740,746)
Net cash provided by (used for) operating activities	250,667	1,635,059	(330)	1,885,396	(294,693)	1,590,703	976,526
Cash flows from non-capital financing activities							
Transfers received	5,265	5,265	-	10,530	-	10,530	49,063
Net cash provided by non-capital financing activities	5,265	5,265	-	10,530	-	10,530	49,063
Cash flows from capital and related financing activities							
Proceeds from long-term debt	-	1,933,129	-	1,933,129	-	1,933,129	792,526
Acquisition and construction of capital assets	(323,613)	(3,308,006)	-	(3,631,619)	-	(3,631,619)	(830,943)
Interest payments on long-term debt	(87)	(107,584)	-	(107,671)	-	(107,671)	(124,278)
Principal payments on long-term debt	(2,221)	(374,540)	-	(376,761)	-	(376,761)	(322,128)
Net cash (used for) capital and related financing activities	(325,921)	(1,857,001)	-	(2,182,922)	-	(2,182,922)	(484,823)
Cash flows from investing activities							
Interest received	9,752	3,962	692	14,406	5,852	20,258	44,850
Net cash provided by investing activities	9,752	3,962	692	14,406	5,852	20,258	44,850
Net increase (decrease) in cash and cash equivalents	(60,237)	(212,715)	362	(272,590)	(288,841)	(561,431)	585,616
Cash and cash equivalents, beginning of year (including restricted cash of \$451,174)	2,109,227	1,567,213	-	3,676,440	1,170,409	4,846,849	4,261,233
Cash and cash equivalents, end of year (including restricted cash of \$451,059)	\$ 2,048,990	\$ 1,354,498	\$ 362	\$ 3,403,850	\$ 881,568	\$ 4,285,418	\$ 4,846,849
Reconciliation of operating income (loss) to net cash							
Provided by (used for) operating activities:							
Operating income (loss):	\$ (62,047)	\$ 352,021	\$ 15,063	\$ 305,037	\$ 112,463	\$ 417,500	\$ 217,775
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:							
Depreciation and amortization	336,095	377,957	2,347	716,399	-	716,399	718,854
Changes in operating assets and liabilities:							
(Increase) decrease in accounts receivable	39,987	307,062	(30,659)	316,390	-	316,390	(368,890)
(Increase) decrease in due from other agencies	-	-	5,000	5,000	-	5,000	(5,000)
(Increase) decrease in inventory	8,121	3,333	-	11,454	-	11,454	(6,240)
(Increase) decrease in prepaid items	-	-	-	-	-	-	-
Increase (decrease) in claims payable	-	-	-	-	(407,156)	(407,156)	192,088
Increase (decrease) in accounts payable	(73,423)	598,771	(7,689)	517,659	-	517,659	206,143
Increase (decrease) in due to other funds	-	-	21,184	21,184	-	21,184	38,571
Increase (decrease) in retentions payable	-	-	-	-	-	-	(12,782)
Increase (decrease) in customer deposits	4,019	-	-	4,019	-	4,019	(7,782)
Increase (decrease) in long-term debt	-	(2,166)	-	(2,166)	-	(2,166)	-
Increase (decrease) in compensated absences	(2,085)	(1,919)	(5,576)	(9,580)	-	(9,580)	3,789
Total adjustments	312,714	1,283,038	(15,393)	1,580,359	(407,156)	1,173,203	758,751
Net cash provided by (used for) operating activities	\$ 250,667	\$ 1,635,059	\$ (330)	\$ 1,885,396	\$ (294,693)	\$ 1,590,703	\$ 976,526
Non-cash investing, capital and financing related activity							
Non-cash changes in fair value of investments	\$ 3,188	\$ 1,979	\$ 362	\$ 5,255	\$ 2,179	\$ 7,434	\$ 7,499

See accompanying notes to the basic financial statements.

**CITY OF DEL MAR  
 AGENCY FUNDS  
 STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2011**  
 (With comparative totals for 2010)

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Account receivable	\$ 37,633	\$ 37,663
Restricted assets		
Cash and investments (note 2)	<u>481,679</u>	<u>477,771</u>
Total assets	<u>\$ 519,312</u>	<u>\$ 515,434</u>
 <b>LIABILITIES</b>		
Due to other funds (note 4)	\$ 37,059	\$ 37,059
Due to bond holders	<u>482,253</u>	<u>478,375</u>
Total liabilities	<u>\$ 519,312</u>	<u>\$ 515,434</u>

See accompanying notes to the basic financial statements.





# CITY OF DEL MAR

## NOTES TO BASIC FINANCIAL STATEMENTS

### FISCAL YEAR ENDED JUNE 30, 2011

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

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

#### A. Reporting Entity

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

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

The Del Mar Public Facilities Corporation (the Corporation) was formed on August 16, 1993, under the Nonprofit Public Benefit Corporation Law of the State of California to provide financial assistance to the City of Del Mar by acquiring, leasing, constructing or financing public sewer and/or water facilities and improvements. The financial activities of the Corporation have been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in GASB Statement Number 14. The City does not produce separate financial statements for the Corporation.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### A. Reporting Entity, (Continued)

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

##### B. Fund Accounting

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, however, are unlike all other fund types, reporting only assets and liabilities.

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The City reports the following major governmental funds:

- The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Open Space Fund accounts for park and beach maintenance and the Powerhouse Community Center maintenance and operations. It is partially funded by facility use permits committed by City Council Resolution Number 2011-53 for the community center.
- The Capital Improvement Project Fund is used to account for the financial resources used for the acquisition or construction of major property, equipment, or facilities (other than those financed by the proprietary funds).

The City reports the following major proprietary funds:

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

The City reports the following non-major proprietary fund:

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

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

- Debt Service Funds are used to account for bond proceeds required to be set aside for future debt service and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City.
- Capital Improvement 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow those standards set by the GASB as opposed to subsequently issued private sector guidance.

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

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

## 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 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. Investments

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

The City pools investments of all funds, except assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as investments. Investment income earned by the pooled investments is allocated to the various funds on a quarterly basis, based on each fund's average cash and investment balance.

##### E. Cash and Cash Equivalents

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

F. Receivables and Payables

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 income. In order to accrue the amount of the year end receivables the City estimates the amount of unbilled receivables based on that portion of the billing cycle that has elapsed as of the fiscal year end.

G. Capital Assets

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

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

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

H. Compensated Absences

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

I. Inventory

The enterprise fund inventories are valued at average cost. The inventory consists of meters, pipes, and other parts required to provide water and wastewater services to customers.

J. Restricted Assets

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

K. Property Taxes

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### L. Long-term Obligations

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

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

##### M. Use of Estimates

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

##### N. Claims and Judgments

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### O. Fund Equity

The accompanying financial statements reflect certain changes that have been made with respect to the reporting of the components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance.

Due to the implementation of GASB Number 54, the components of the fund balances of governmental funds now reflect the component classifications described below. Prior year amounts have been restated to reflect the component designations required by GASB Number 54.

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, an ordinance, or a minutes action to constitute a formal action of City Council for the purposes of establishing committed fund balance.

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

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

P. Prior Year Data

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2011, are classified in the accompanying financial statements as follows:

Statement of Net Assets

Current assets:

Cash and investments \$ 12,157,029

Noncurrent assets:

Cash and investments with fiscal agent 451,059

Statement of Fiduciary Net Assets

Restricted cash and investments 481,679

Total cash and investments \$ 13,089,767

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand \$ 2,000

Deposits with financial institutions 485,132

Investments (including those with fiscal agents) 12,602,635

Total cash and investments \$ 13,089,767

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. 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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

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

Investments Authorized by Debt Agreements

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

<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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – CASH AND INVESTMENTS, (Continued)

Disclosures Relating to Interest Rate Risk

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

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

<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>
State investment pool	\$10,137,913	\$10,137,913	\$ -	\$ -
Investment in County Pool	2,013,663	2,013,663	-	-
Deposit with fiscal agent	<u>451,059</u>	<u>451,059</u>	<u>-</u>	<u>-</u>
Total	<u>\$12,602,635</u>	<u>\$12,602,635</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS, (Continued)

<u>Investment type</u>	<u>Fair Value</u>	Minimum Legal <u>Rating</u>	<u>Rating as of Year End</u>			
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
State investment pool	\$10,137,913	N/A	\$ -	\$ -	\$ -	\$10,137,913
Investment in County pool	2,013,663	N/A	2,013,663	-	-	-
Deposit with fiscal agent	<u>451,059</u>	N/A	<u>451,059</u>	-	-	-
Total	<u>\$12,602,635</u>		<u>\$2,464,722</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,137,913</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.

Information pertaining to concentration of credit risk for the investments held in the deferred compensation plan is not available.

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, 2011, the

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

City had deposits with financial institutions in the amount of \$288,583 that were in excess of federal depository insurance limits and held in uncollateralized accounts.

#### Custodial Credit Risk, (Continued)

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

Cash held at the County represents funds received from a voter-approved property tax assessment to be used to pay for the City's portion in the regional 800 MHz communications system. The City is a participant in the San Diego County Investment Pool (the Pool). The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company and does not have any binding guarantees for share values. An oversight committee monitors the management of the Pool.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Balance at July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 18,300,034	\$ -	\$ (10,784)	18,289,250
Construction in progress	<u>5,260,461</u>	<u>4,499,734</u>	<u>(63,964)</u>	<u>9,696,231</u>
Total capital assets not being depreciated	<u>23,560,495</u>	<u>4,499,734</u>	<u>(74,748)</u>	<u>27,985,481</u>
Capital assets being depreciated:				
Buildings and improvements	6,219,643	-	-	6,219,643
Machinery and equipment	1,824,058	58,254	(58,419)	1,823,893
Infrastructure	<u>7,641,022</u>	<u>8,785</u>	<u>-</u>	<u>7,649,807</u>
Total capital assets being depreciated	<u>15,684,723</u>	<u>67,039</u>	<u>(58,419)</u>	<u>15,693,343</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,400,275)	(172,536)	-	(2,572,811)
Machinery and equipment	(1,487,596)	(94,729)	58,419	(1,523,906)
Infrastructure	<u>(766,713)</u>	<u>(230,934)</u>	<u>-</u>	<u>(997,647)</u>
Total accumulated depreciation	<u>(4,654,584)</u>	<u>(498,199)</u>	<u>58,419</u>	<u>(5,094,364)</u>
Total capital assets being depreciated, net	<u>11,030,139</u>	<u>(431,160)</u>	<u>-</u>	<u>10,598,979</u>
Governmental activities capital assets, net	<u>\$ 34,590,634</u>	<u>\$ 4,068,574</u>	<u>\$ (74,748)</u>	<u>\$ 38,584,460</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS, (Continued)

	Balance at <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2011</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,205,457	\$ -	\$ -	\$ 1,205,457
Construction in progress	<u>1,411,924</u>	<u>3,631,618</u>	<u>(597,190)</u>	<u>4,446,352</u>
Total capital assets not being depreciated	<u>2,617,381</u>	<u>3,631,618</u>	<u>(597,190)</u>	<u>5,651,809</u>
Capital assets, being depreciated:				
Buildings	82,441	-	-	82,441
Improvements	4,252,262	-	-	4,252,262
Machinery and equipment	1,062,750	-	-	1,062,750
Water system	11,877,045	426,422	-	12,303,467
Wastewater system	<u>12,137,676</u>	<u>170,768</u>	<u>-</u>	<u>12,308,444</u>
Total capital assets being depreciated	<u>29,412,174</u>	<u>597,190</u>	<u>-</u>	<u>30,009,364</u>
Less accumulated depreciation for:				
Buildings	(26,952)	(1,962)	-	(28,917)
Improvements	(787,772)	(92,081)	-	(879,848)
Machinery and equipment	(657,091)	(69,398)	-	(726,489)
Water system	(4,206,193)	(233,322)	-	(4,439,517)
Wastewater system	<u>(4,183,449)</u>	<u>(309,077)</u>	<u>-</u>	<u>(4,492,526)</u>
Total accumulated depreciation	<u>(9,861,457)</u>	<u>(705,840)</u>	<u>-</u>	<u>(10,567,297)</u>
Total capital assets being depreciated, net	<u>19,550,717</u>	<u>(108,650)</u>	<u>-</u>	<u>19,442,067</u>
Business-type activities capital assets, net	<u>\$ 22,168,098</u>	<u>\$ 3,522,968</u>	<u>\$ (597,190)</u>	<u>\$ 25,093,876</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, 2011 as follows:

Governmental activities:	
General government	\$ 37,981
Public safety	35,091
Public works	130,457
Parks and recreation	47,691
Community development	<u>246,979</u>
Total depreciation expense – governmental activities	<u>\$ 498,199</u>
Business-type activities:	
Water	336,095
Wastewater	367,398
Clean Water	<u>2,347</u>
Total depreciation expense – business-type activities	<u>\$ 705,840</u>

*NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES*

At June 30, 2011, interfund receivables and payables are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 132,849	\$ -
Non-Major Governmental Funds	-	36,035
Non-Major Enterprise	-	59,755
Fiduciary Funds	<u>-</u>	<u>37,059</u>
	<u>\$ 132,849</u>	<u>\$ 132,849</u>

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 - INTERFUND TRANSFERS

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”.

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.

Interfund transfers for the fiscal year ended June 30, 2011 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Open Space Fund	\$ 3,638,625 (A)	\$ -	\$3,638,625
Capital Improvement Project Fund	1,691,802 (B)	-	1,691,802
Non-Major Governmental Funds	362,445 (C)	-	362,445
Water Fund	-	5,265	5,265
Sewer Fund	-	5,265	5,265
Non-Major Enterprise Fund	-	-	-
Total	<u>\$ 5,692,872</u>	<u>\$ 10,530</u>	<u>\$ 5,703,402</u>

Purpose of Interfund Transfers

Transfers were used to:

- A) Revenues collected from facility use permits from Seagrove Park and the Powerhouse Community Center do not cover the costs of maintaining open space. Additionally, the sale of the Balboa Property was transferred to the Open Space Fund to pay-off the loan to Union Bank.
- B) Some of the proceeds from the sale of the Balboa Property were transferred to the CIP fund to fund the Beach Safety Project. The other transfers are to fund future CIP projects.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 5 - INTERFUND TRANSFERS, (Continued)*

- C) Gas tax revenues from the State do not cover the costs of street and road maintenance. Revenues from the State for Supplemental Law Enforcement do not cover the costs for the park ranger and part-time support.

*NOTE 6 - CHANGES IN LONG-TERM LIABILITIES*

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2011 is as follows:

	Balance at <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>June 30, 2011</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 785,000	\$ -	\$ (145,000)	\$ 640,000	\$ 150,000
Note payable	11,441	-	(11,441)	-	-
Loans payable	3,480,772	-	(3,480,772)	-	-
Compensated absences	<u>354,179</u>	<u>303,759</u>	<u>(269,164)</u>	<u>388,774</u>	<u>97,194</u>
Total governmental activity	<u>4,631,392</u>	<u>303,759</u>	<u>(3,906,377)</u>	<u>1,028,774</u>	<u>247,194</u>
Business-type activities:					
Certification of participation	2,320,000	-	340,000	1,980,000	355,000
Note payable	795,578	1,933,129	34,540	2,691,115	-
Compensated absences	<u>71,573</u>	<u>72,019</u>	<u>82,934</u>	<u>60,658</u>	<u>15,165</u>
Total business-type activities	<u>\$ 3,187,151</u>	<u>\$ 2,005,148</u>	<u>\$ 457,474</u>	<u>\$ 4,731,773</u>	<u>\$ 370,165</u>

Governmental long-term debt

Bonds Payable:

1999 Wildfire Protection Bonds - Del Mar voters approved the issuance of bonds for \$1,950,000 for the purpose of completing capital improvements to enhance water flows and to complete necessary water upgrades for firefighting at the City's urban/wildland boundaries. Annual principal payments of \$145,000 to \$170,000 are due through 2014. Interest rates ranges from 4.20 percent to 4.60 percent.

\$ 640,000

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

Business-Type Long-Term Debt

1993 Certificates of Participation (COPS) – The Del Mar Public Facilities Corporation issued COPS consisting of \$6,000,000 to be used to fund construction and repair of wastewater lines. The certificates mature in various amounts from \$320,000 to \$440,000 annually on September 1 each year through 2015. The interest rate is 5.00 percent. \$ 1,980,000

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 provided through the Clean Water State Revolving Fund. These funds will be used for the replacement of the 21st Street Sewer Pump Station. This note is secured by net revenues and is secured on parity with existing 1993 Sewer System Improvements Certificates of Participation. Increases to the loan are recorded as expense reimbursements are requested. Annual payments of \$344,884 are to be paid beginning on August 1, 2013 through August 2032 at an interest rate of 2.9 percent per annum. \$ 2,691,115

Governmental Long-Term Debt

1999			
Wildfire Protection Project General			
Obligation Bonds, Series 1999			
<u>Fiscal Year</u>			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 150,000	\$ 25,290	\$ 175,290
2013	155,000	18,655	173,655
2014	165,000	11,533	176,533
2015	<u>170,000</u>	<u>3,910</u>	<u>173,910</u>
	<u>\$ 640,000</u>	<u>\$ 59,388</u>	<u>\$ 699,388</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

Business-Type Long-Term Debt

Fiscal Year Ending	1993 Sewer System Improvements Project Certificates of Participation		
	Principal	Interest	Total
2012	\$ 355,000	\$ 90,125	\$ 445,125
2013	375,000	71,875	446,875
2014	395,000	53,625	448,625
2015	415,000	32,375	447,375
2016	<u>440,000</u>	<u>11,000</u>	<u>451,000</u>
Total	<u>\$ 1,980,000</u>	<u>\$ 259,000</u>	<u>\$ 2,239,000</u>

Fiscal Year	21st Street Sewer Pump Station Note Payable		
	Principal	Interest	Total
2012	\$ -	\$ -	\$ -
2013	-	-	-
2014	15,935	328,949	344,884
2015	200,346	144,538	344,884
2016	206,156	138,728	344,884
2017-2021	1,124,002	600,417	1,724,419
2022-2026	<u>1,144,676</u>	<u>419,457</u>	<u>1,564,133</u>
Total	<u>\$ 2,691,115</u>	<u>\$1,632,089</u>	<u>\$ 4,323,204</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – FUND BALANCES / NET ASSETS

	Fund Balances Governmental Funds				Total
	General Fund	Open Space	Capital Improvement Projects	Governmental Non-Major	
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 188,348	\$ 188,348
Public safety	-	-	-	17,479	17,479
Street projects	-	-	-	7,763	7,763
Low-income housing	-	-	-	762,583	762,583
Total restricted	-	-	-	976,173	976,173
Committed to:					
Parks and community center	-	190,215	-	-	190,215
Total committed	-	190,215	-	-	190,215
Assigned to:					
Compensated absences	155,041	-	-	-	155,041
Deposits	60,000	-	-	-	60,000
Equipment replacement	651,288	-	-	-	651,288
PERS reserve	250,000	-	-	-	250,000
Self-insurance	528,900	-	-	-	528,900
Sidewalk cafes	4,084	-	-	-	4,084
Software licensing	31,960	-	-	-	31,960
Capital projects	-	-	1,992,576	-	1,992,576
Total assigned	1,681,273	-	1,992,576	-	3,673,849
Unassigned:					
Revenue loss	500,000	-	-	-	500,000
General fund	1,805,009	-	-	-	1,805,009
Total unassigned	2,305,009	-	-	-	2,305,009
Total fund balances	\$ 3,986,282	\$ 190,215	\$ 1,992,576	\$ 976,173	\$ 7,145,246

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 7 – FUND BALANCES / NET ASSETS, (Continued)*

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

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

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

**Assigned to Compensated Absences** are funds set aside for unpaid vacation time due to employees. See note 7 for additional information.

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

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

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

**Assigned to Deposits** are funds set aside for unclaimed building deposits.

#### *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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 and may be amended by state statute and city contract with employee bargaining groups. In addition to the required employer contributions, as shown in the following table, member contributions paid by the City were four percent for fire safety \$8,746 and five percent for other safety in the amount of \$24,182. Effective October 18, 2011, the City no longer made contributions on behalf of the fire safety employees. The City made no contributions on behalf of miscellaneous employees.

For each of the fiscal years shown in the following table, the City has contributed at the actuarially determined rate provided by PERS' actuaries. The City's covered payroll for PERS was \$3,935,874 for the year ended June 30, 2011, while the City's total payroll for all employees was \$4,496,037.

Three-Year Trend Information for Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Required Employer Contribution</u>	<u>Percentage Contributed</u>
Miscellaneous Employees:			
June 30, 2009	20.674%	\$ 529,065	100%
June 30, 2010	20.463%	\$ 538,425	100%
June 30, 2011	20.437%	\$ 555,659	100%
Fire Safety Employees:			
June 30, 2009	43.397%	\$ 293,433	100%
June 30, 2010	43.227%	\$ 312,739	100%
June 30, 2011	49.147%	\$ 362,131	100%
Other Safety Employees:			
June 30, 2009	11.366%	\$ 50,370	100%
June 30, 2010	11.022%	\$ 48,063	100%
June 30, 2011	11.552%	\$ 56,186	100%

## 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. 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.

#### *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.

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

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

#### Construction Contracts and Commitments:

As of June 30, 2011, construction contracts and commitments totaled \$14,466,844.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *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), the City provides healthcare benefits to eligible former employees and eligible dependents. 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.

##### 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 \$2,000,000 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.

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.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 13 – RISK MANAGEMENT, (CONTINUED)*

General liability and workers’ compensation claims were as follows for June 30, 2010 and 2011:

	<u>General Liability</u>		<u>Workers’ Compensation</u>	
	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Unpaid claims, beginning of fiscal year	\$ 19,000	\$ 164,435	\$ 300,711	\$ 492,799
Incurred claims (including IBNR)	155,515	595	234,456	(22,919)
Claims payments	<u>(10,080)</u>	<u>(159,799)</u>	<u>(42,368)</u>	<u>(41,665)</u>
Unpaid claims, end of fiscal year	<u>\$ 164,435</u>	<u>\$ 5,231</u>	<u>\$ 492,799</u>	<u>\$ 428,215</u>

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, 2011.

Other Insurance Policies:

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

*NOTE 14 – ASSESSMENT DISTRICT BOND ISSUES*

The City has issued Special Assessment Bonds as allowed under the State of California Special Improvement Act. The City has no obligation beyond the balances in the designated Agency fund for any delinquent assessment district bond payments. The City acts solely as an agent for those paying assessments and the bondholders of the obligations outstanding. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit, nor taxing power of the City is pledged to the payment of the bonds. Therefore, such bonds are not an appropriate liability of the City and are not included in the accompanying financial statements. At June 30, 2011, 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, 2011 were \$790,000.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 14 – ASSESSMENT DISTRICT BOND ISSUES, (CONTINUED)*

- 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, 2011 were \$585,000.

*NOTE 15 – EXPENDITURES EXCEEDING APPROPRIATIONS*

The Regional Communications Fund and Wildfire Protection Fund exceeded its budgets by \$1,662 and \$95, respectively. These funds have adequate resources to cover its budget overages.





CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 7,705,991	\$ 7,716,409	\$ 8,187,046	\$ 470,637	\$ 7,645,032
Licenses, fees and permits	599,068	634,045	684,499	50,454	521,997
Intergovernmental	111,594	83,887	81,135	(2,752)	132,799
Charges for Services	932,907	1,007,907	1,091,028	83,121	992,813
Fines and forfeitures	791,801	733,151	891,019	157,868	781,733
Use of money and property	137,890	104,447	106,943	2,496	79,636
Contributions	-	431	431	-	-
Other	49,877	144,298	147,454	3,156	236,913
Total revenues	10,329,128	10,424,575	11,189,555	764,980	10,390,923
<b>EXPENDITURES</b>					
Current:					
General government	3,910,752	4,249,455	4,040,310	209,145	4,055,962
Public safety	5,010,856	4,964,504	4,862,319	102,185	4,782,806
Public works	140,896	165,762	138,319	27,443	154,723
Debt service:					
Principal	-	-	-	-	19,316
Interest	-	-	-	-	278
Total expenditures	9,062,504	9,379,721	9,040,948	338,773	9,013,085
Excess (deficiency) of revenues over (under) expenditures	1,266,624	1,044,854	2,148,607	1,103,753	1,377,838
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	2,218	2,218	-
Transfers out	(811,392)	(5,460,719)	(5,692,872)	(232,153)	(623,346)
Sale of capital assets	-	4,405,471	4,171,104	(234,367)	-
Total other financing (uses)	(811,392)	(1,055,248)	(1,519,550)	(464,302)	(623,346)
Net change in fund balances	455,232	(10,394)	629,057	639,451	754,492
Fund balance, beginning of year	3,357,225	3,357,225	3,357,225	-	2,602,733
Fund balance, end of year	\$ 3,812,457	\$ 3,346,831	\$ 3,986,282	\$ 639,451	\$ 3,357,225

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
OPEN SPACE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with	Prior Year Actual Amounts
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 19,891	\$ 10,176	\$ 16,038	\$ 5,862	\$ 3,852
Licenses, fees and permits	431,584	325,488	359,883	34,395	347,241
Intergovernmental	61,975	35,577	38,067	2,490	52,005
Use of money and property	14,566	707	1,072	365	93,168
Contributions	23,304	3,648	3,648	-	108,000
Other	3,000	8,000	6,084	(1,916)	1,087
<b>Total revenues</b>	<b>554,320</b>	<b>383,596</b>	<b>424,792</b>	<b>41,196</b>	<b>605,353</b>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	696,194	940,386	700,050	240,336	670,548
Capital outlay	-	7,091	683	6,408	9,853
Debt service:					
Principal	188,152	3,621,884	3,480,772	141,112	188,152
Interest	106,804	104,334	35,568	68,766	93,456
<b>Total expenditures</b>	<b>991,150</b>	<b>4,673,695</b>	<b>4,217,073</b>	<b>456,622</b>	<b>962,009</b>
Excess (deficiency) of revenues over (under) expenditures	(436,830)	(4,290,099)	(3,792,281)	497,818	(356,656)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	289,021	3,980,701	3,638,625	(342,076)	174,373
<b>Total other financing sources</b>	<b>289,021</b>	<b>3,980,701</b>	<b>3,638,625</b>	<b>(342,076)</b>	<b>174,373</b>
Net change in fund balances	(147,809)	(309,398)	(153,656)	155,742	(182,283)
Fund balance, beginning of year	343,871	343,871	343,871	-	526,154
Fund balance, end of year	\$ 196,062	\$ 34,473	\$ 190,215	\$ 155,742	\$ 343,871

## *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 certain Capital Project 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 \$10,661,656 were made during the year ended June 30, 2011.
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 Fund (for which annual budgets were adopted) are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

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## CITY OF DEL MAR

### NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

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

The **Supplemental Law Enforcement Funds** are used to account for grant revenue received by the City from the State of California for supplemental law enforcement expenditures.

The **Regional Communications System Funds** are 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 **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 **Prop 42 Capital Project Fund** accounts for state gasoline taxes used for street maintenance, right-of-way acquisition, and street construction.

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, 2011

(With comparative totals for 2010)

	Special Revenue Funds				
	Gasoline Tax	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing
<b>ASSETS</b>					
Cash and investments	\$ 8,952	\$ -	\$ 6,293	\$ 9	\$ 761,680
Receivables:					
Taxes	-	-	-	-	-
Accrued interest	-	-	-	6	903
Accounts, net	-	-	-	30,172	-
Due from other agencies	3,165	25,000	-	-	-
Total assets	<u>\$ 12,117</u>	<u>\$ 25,000</u>	<u>\$ 6,293</u>	<u>\$ 30,187</u>	<u>\$ 762,583</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,117	\$ 4,932	\$ -	\$ 33	\$ -
Deferred revenue	-	-	-	3,000	-
Due to other funds	-	20,068	-	15,968	-
Total liabilities	<u>12,117</u>	<u>25,000</u>	<u>-</u>	<u>19,001</u>	<u>-</u>
Fund balances					
Restricted for:					
Public safety	-	-	6,293	11,186	-
Debt service	-	-	-	-	-
Street projects	-	-	-	-	-
Committed to:					
Low-income housing	-	-	-	-	762,583
Total fund balances	<u>-</u>	<u>-</u>	<u>6,293</u>	<u>11,186</u>	<u>762,583</u>
Total liabilities and fund balances	<u>\$ 12,117</u>	<u>\$ 25,000</u>	<u>\$ 6,293</u>	<u>\$ 30,187</u>	<u>\$ 762,583</u>

Debt Service Fund	Capital Projects Fund			Total	
	Wildfire	Prop 42	Transnet II	Regional Transportation (RTCIP)	2011
\$ 186,880	\$ -	\$ 5,646	\$ 6,857	976,317	\$ 949,554
1,246	-	-	-	1,246	1,915
222	-	5	9	1,145	1,240
-	-	-	-	30,172	4,391
-	-	-	-	28,165	37,728
<u>\$ 188,348</u>	<u>\$ -</u>	<u>\$ 5,651</u>	<u>\$ 6,866</u>	<u>\$ 1,037,045</u>	<u>\$ 994,828</u>
\$ -	\$ -	\$ -	\$ -	\$ 17,082	\$ 19,220
-	-	4,754	-	7,754	-
-	-	-	-	36,036	31,102
-	-	4,754	-	60,872	50,322
-	-	-	-	17,479	12,146
188,348	-	-	-	188,348	208,220
-	-	897	6,866	7,763	13,327
-	-	-	-	762,583	710,813
<u>188,348</u>	<u>-</u>	<u>897</u>	<u>6,866</u>	<u>976,173</u>	<u>944,506</u>
<u>\$ 188,348</u>	<u>\$ -</u>	<u>\$ 5,651</u>	<u>\$ 6,866</u>	<u>\$ 1,037,045</u>	<u>\$ 994,828</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, 2011

(With comparative totals for 2010)

	Special Revenue Funds				
	Gasoline Tax	Supplemental Law Enforcement	Regional Communications System	Grants	Housing
<b>REVENUES</b>					
Taxes	\$ 116,939	\$ -	\$ 44,086	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	141,048
Intergovernmental	-	100,000	-	34,736	-
Use of money and property	8	-	62	13	3,777
Other	-	-	-	-	-
Total revenues	116,947	100,000	44,148	34,749	144,825
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	93,055
Public safety	-	192,086	27,385	23,563	-
Public works	392,573	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	11,440	-	-
Interest	-	-	646	-	-
Total expenditures	392,573	192,086	39,471	23,563	93,055
Excess (deficiency) of revenues over (under) expenditures	(275,626)	(92,086)	4,677	11,186	51,770
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	270,358	92,086	-	-	-
Transfers out	-	-	(10,530)	-	-
Total other financing uses	270,358	92,086	(10,530)	-	-
Net change in fund balances	(5,268)	-	(5,853)	11,186	51,770
Fund balance, beginning of year	5,268	-	12,146	-	710,813
Fund balance, end of year	\$ -	\$ -	\$ 6,293	\$ 11,186	\$ 762,583

Debt Service Fund	Capital Improvement Program Funds			Total		
	Wildfire	Prop 42	Transnet II	Regional Transportation (RTCIP)	2011	2010
\$ 156,972	\$ -	\$ -	\$ -	\$ -	\$ 317,997	\$ 288,188
-	-	-	-	-	141,048	47,016
-	-	-	-	-	134,736	458,964
546	-	17	43	-	4,466	9,104
-	-	-	-	-	-	5,885
<u>157,518</u>	<u>-</u>	<u>17</u>	<u>43</u>	<u>-</u>	<u>598,247</u>	<u>809,157</u>
830	-	-	-	-	93,885	102,511
-	-	-	-	-	243,034	211,220
-	-	-	-	-	392,573	402,834
-	-	356	-	-	356	364,661
145,000	-	-	-	-	156,440	155,825
31,560	-	-	-	-	32,206	38,835
<u>177,390</u>	<u>-</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>918,494</u>	<u>1,275,886</u>
<u>(19,872)</u>	<u>-</u>	<u>(339)</u>	<u>43</u>	<u>-</u>	<u>(320,247)</u>	<u>(466,729)</u>
-	-	-	-	-	362,444	398,075
-	-	-	-	-	(10,530)	(10,632)
-	-	-	-	-	351,914	387,443
(19,872)	-	(339)	43	-	31,667	(79,286)
<u>208,220</u>	<u>-</u>	<u>1,236</u>	<u>6,823</u>	<u>-</u>	<u>944,506</u>	<u>1,023,792</u>
<u>\$ 188,348</u>	<u>\$ -</u>	<u>\$ 897</u>	<u>\$ 6,866</u>	<u>\$ -</u>	<u>\$ 976,173</u>	<u>\$ 944,506</u>

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GASOLINE TAX FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 86,208	\$ 104,000	\$ 116,939	\$ 12,939	\$ 80,942
Use of money and property	7,283	1,000	8	(992)	-
Other	-	-	-	-	5,194
Total revenues	93,491	105,000	116,947	11,947	86,136
<b>EXPENDITURES</b>					
Current					
Public works	435,865	444,020	392,573	51,447	402,834
Total expenditures	435,865	444,020	392,573	51,447	402,834
Excess (deficiency) of revenues over (under) expenditures	(342,374)	(339,020)	(275,626)	63,394	(316,698)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	342,374	333,752	270,358	(63,394)	317,814
Total other financing uses	342,374	333,752	270,358	(63,394)	317,814
Net change in fund balances	-	(5,268)	(5,268)	-	1,116
Fund balance, beginning of year	5,268	5,268	5,268	-	4,152
Fund balance, end of year	\$ 5,268	\$ -	\$ -	\$ -	\$ 5,268

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
 (With comparative totals for 2010)

	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
Other	-	-	-	-	691
Total revenues	100,000	100,000	100,000	-	100,691
<b>EXPENDITURES</b>					
Current					
Public Safety	192,599	192,338	192,086	252	180,952
Total expenditures	192,599	192,338	192,086	252	180,952
Excess (deficiency) of revenues over (under) expenditures	(92,599)	(92,338)	(92,086)	252	(80,261)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	92,599	92,338	92,086	(252)	80,261
Total other financing uses	92,599	92,338	92,086	(252)	80,261
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, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 45,000	\$ 45,000	\$ 44,086	\$ (914)	\$ 44,392
Use of money and property	-	-	62	62	136
Total revenues	45,000	45,000	44,148	(852)	44,528
<b>EXPENDITURES</b>					
Current					
Public safety	25,723	25,723	27,385	(1,662)	27,768
Debt service:					
Principal	11,440	11,440	11,440	-	10,825
Interest	646	646	646	-	1,258
Total expenditures	37,809	37,809	39,471	(1,662)	39,851
Excess (deficiency) of revenues over (under) expenditures	7,191	7,191	4,677	(2,514)	4,677
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	(10,530)	(10,530)	(10,632)
Total other financing uses	-	-	(10,530)	(10,530)	(10,632)
Net change in fund balances	7,191	7,191	(5,853)	(13,044)	(5,955)
Fund balance, beginning of year	12,146	12,146	12,146	-	18,101
Fund balance, end of year	\$ 19,337	\$ 19,337	\$ 6,293	\$ (13,044)	\$ 12,146

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 789,972	\$ 34,736	\$ (755,236)	\$ 2,500
Use of money and property	-	-	13	13	-
Total revenues	-	789,972	34,749	(755,223)	2,500
<b>EXPENDITURES</b>					
Current					
Public safety	-	770,600	23,563	747,037	2,500
Total expenditures	-	770,600	23,563	747,037	2,500
Net change in fund balance	-	19,372	11,186	(8,186)	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ 19,372	\$ 11,186	\$ (8,186)	\$ -

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
HOUSING FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Licenses, fees and permits	\$ 120,000	\$ 120,000	\$ 141,048	\$ 21,048	\$ 47,016
Use of money and property	24,442	3,010	3,777	767	6,730
Total revenues	144,442	123,010	144,825	21,815	53,746
<b>EXPENDITURES</b>					
Current					
General government	107,529	107,529	93,055	14,474	101,453
Total expenditures	107,529	107,529	93,055	14,474	101,453
Net change in fund balance	36,913	15,481	51,770	36,289	(47,707)
Fund balance, beginning of year	710,813	710,813	710,813	-	758,520
Fund balance, end of year	\$ 747,726	\$ 726,294	\$ 762,583	\$ 36,289	\$ 710,813

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
WILDFIRE DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 181,560	\$ 181,560	\$ 156,972	\$ (24,588)	\$ 162,854
Use of money and property	2,000	548	546	(2)	846
Total revenues	<u>183,560</u>	<u>182,108</u>	<u>157,518</u>	<u>(24,590)</u>	<u>163,700</u>
<b>EXPENDITURES</b>					
Current					
General government	735	735	830	(95)	1,050
Debt service:					
Principal	145,000	145,000	145,000	-	145,000
Interest	31,560	31,560	31,560	-	37,577
Total expenditures	<u>177,295</u>	<u>177,295</u>	<u>177,390</u>	<u>(95)</u>	<u>183,627</u>
Net change in fund balance	<u>6,265</u>	<u>4,813</u>	<u>(19,872)</u>	<u>(24,685)</u>	<u>(19,927)</u>
Fund balance, beginning of year	<u>208,220</u>	<u>208,220</u>	<u>208,220</u>	<u>-</u>	<u>228,147</u>
Fund balance, end of year	<u>\$ 214,485</u>	<u>\$ 213,033</u>	<u>\$ 188,348</u>	<u>\$ (24,685)</u>	<u>\$ 208,220</u>

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 PROPOSTION 42  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
 (With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 32,000	\$ -	\$ -	\$ -	\$ 45,464
Use of money and property	-	-	-	-	31
Contributions	-	-	-	-	-
Total revenues	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,495</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,495</u>
Total expenditures	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,495</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Use of money and property	\$ -	\$ -	\$ 43	\$ 43	\$ 120
Total revenues	-	-	43	43	120
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	3
Capital outlay	-	-	-	-	7,444
Total expenditures	-	-	-	-	7,447
Net change in fund balances	-	-	43	43	(7,327)
Fund balance, beginning of year	6,823	6,823	6,823	-	14,150
Fund balance, end of year	\$ 6,823	\$ 6,823	\$ 6,866	\$ 43	\$ 6,823

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
TRANSNET II  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Intergovernmental	\$ 184,500	\$ 160,000	\$ -	\$ (160,000)	\$ 311,000
Use of money and property	-	-	17	17	1,241
Total revenues	184,500	160,000	17	(159,983)	312,241
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	5
Capital outlay	307,234	160,000	356	159,644	311,722
Total expenditures	307,234	160,000	356	159,644	311,727
Excess (deficiency) of revenues over (under) expenditures	(122,734)	-	(339)	(339)	514
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	122,734	-	-	-	
Total other financing uses	122,734	-	-	-	-
Net change in fund balances	-	-	(339)	(339)	514
Fund balance, beginning of year	1,236	1,236	1,236	-	722
Fund balance, end of year	\$ 1,236	\$ 1,236	\$ 897	\$ (339)	\$ 1,236

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(With comparative totals for 2010)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	15,000,000	19,697,642	4,216,199	(15,481,443)	378,924
Use of money and property	15,000	8,413	5,461	(2,952)	6,605
Contributions	-	177,548	177,548	-	-
Other	-	-	-	-	9,927
Total revenues	<u>15,015,000</u>	<u>19,883,603</u>	<u>4,399,208</u>	<u>(15,484,395)</u>	<u>395,456</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>15,000,000</u>	<u>21,062,634</u>	<u>4,525,028</u>	<u>16,537,606</u>	<u>664,879</u>
Total expenditures	<u>15,000,000</u>	<u>21,062,634</u>	<u>4,525,028</u>	<u>16,537,606</u>	<u>664,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,000</u>	<u>(1,179,031)</u>	<u>(125,820)</u>	<u>1,053,211</u>	<u>(269,423)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>35,000</u>	<u>976,989</u>	<u>1,691,802</u>	<u>714,813</u>	<u>12,467</u>
Total other financing uses	<u>35,000</u>	<u>976,989</u>	<u>1,691,802</u>	<u>714,813</u>	<u>12,467</u>
Net change in fund balances	50,000	(202,042)	1,565,982	1,768,024	(256,956)
Fund balance, beginning of year	<u>426,594</u>	<u>426,594</u>	<u>426,594</u>	<u>-</u>	<u>683,550</u>
Fund balance, end of year	<u>\$ 476,594</u>	<u>\$ 224,552</u>	<u>\$ 1,992,576</u>	<u>\$ 1,768,024</u>	<u>\$ 426,594</u>

## **CITY OF DEL MAR**

### **AGENCY FUNDS**

**JUNE 30, 2011**

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

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**CITY OF DEL MAR  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2011**

(With comparative totals for 2010)

	Assessment District 89-1	Assessment District 99-1	Assessment District 2005-1
<b>ASSETS</b>			
Accounts and assessments receivable	\$ 112	\$ 331	\$ 120
Amounts to be provided by bond holders	-	-	-
Restricted assets			
Cash and investments	<u>94,828</u>	<u>278,801</u>	<u>98,736</u>
Total assets	<u><u>\$ 94,940</u></u>	<u><u>\$ 279,132</u></u>	<u><u>\$ 98,856</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Due to other funds	\$ -	\$ -	\$ -
Due to bond holders	<u>94,940</u>	<u>279,132</u>	<u>98,856</u>
Total liabilities and fund balances	<u><u>\$ 94,940</u></u>	<u><u>\$ 279,132</u></u>	<u><u>\$ 98,856</u></u>

CITY OF DEL MAR  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 (CONTINUED)

JUNE 30, 2011

		Total	
North Hills Undergrounding	Sunset Undergrounding	2011	2010
\$ -	\$ 11	\$ 574	\$ 604
37,059	-	37,059	37,059
-	9,314	481,679	477,771
<u>\$ 37,059</u>	<u>\$ 9,325</u>	<u>\$ 519,312</u>	<u>\$ 515,434</u>
\$ 37,059	\$ -	\$ 37,059	\$ 37,059
-	9,325	482,253	478,375
<u>\$ 37,059</u>	<u>\$ 9,325</u>	<u>\$ 519,312</u>	<u>\$ 515,434</u>

**CITY OF DEL MAR  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**JUNE 30, 2011**

(With comparative totals for 2010)

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<b><u>Assessment District 89-1</u></b>				
ASSETS				
Accounts and assessments receivable	\$ 121	\$ 112	\$ (121)	\$ 112
Restricted assets:				
Cash and investments	94,348	1,525	(1,045)	94,828
Total assets	<u>\$ 94,469</u>	<u>\$ 1,637</u>	<u>\$ (1,166)</u>	<u>\$ 94,940</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to bond holders	94,469	471	-	94,940
Total liabilities	<u>\$ 94,469</u>	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ 94,940</u>
<b><u>Assessment District 99-1</u></b>				
ASSETS				
Accounts and assessments receivable	\$ 355	\$ 331	\$ (355)	\$ 331
Restricted assets:				
Cash and investments	275,962	115,880	(113,041)	278,801
Total assets	<u>\$ 276,317</u>	<u>\$ 116,211</u>	<u>\$ (113,396)</u>	<u>\$ 279,132</u>
LIABILITIES				
Accounts payable	\$ -	\$ 110,046	\$ (110,046)	\$ -
Due to other funds	-	-	-	-
Due to bond holders	276,317	112,861	(110,046)	279,132
Total liabilities	<u>\$ 276,317</u>	<u>\$ 222,907</u>	<u>\$ (220,092)</u>	<u>\$ 279,132</u>
<b><u>Assessment District 2005-1</u></b>				
ASSETS				
Accounts and assessments receivable	\$ 128	\$ 120	\$ (128)	120
Restricted assets:				
Cash and investments	98,163	56,843	(56,271)	98,735
Total assets	<u>\$ 98,291</u>	<u>\$ 56,963</u>	<u>\$ (56,399)</u>	<u>\$ 98,855</u>
LIABILITIES				
Accounts payable	\$ -	\$ 52,963	\$ (52,963)	\$ -
Due to other funds	-	-	-	-
Due to bond holders	98,291	55,744	(55,180)	98,855
Total liabilities	<u>\$ 98,291</u>	<u>\$ 108,707</u>	<u>\$ (108,143)</u>	<u>\$ 98,855</u>

CITY OF DEL MAR  
 AGENCY FUNDS, (CONTINUED)  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<b><u>North Hills Undergrounding District</u></b>				
ASSETS				
Amounts to be provided by bond holders	\$ 37,059	\$ 73,094	\$ (73,094)	\$ 37,059
Restricted assets:				
Cash and investments	-	73,214	(73,214)	-
Total assets	<u>\$ 37,059</u>	<u>\$ 146,308</u>	<u>\$ (146,308)</u>	<u>\$ 37,059</u>
LIABILITIES				
Due to other funds	\$ 37,059	\$ 73,094	\$ (73,094)	\$ 37,059
Total liabilities	<u>\$ 37,059</u>	<u>\$ 73,094</u>	<u>\$ (73,094)</u>	<u>\$ 37,059</u>
<b><u>Sunset Undergrounding District</u></b>				
ASSETS				
Accounts and assessments receivable	\$ -	\$ 11	\$ -	\$ 11
Restricted assets:				
Cash and investments	9,298	75	(59)	9,314
Total assets	<u>\$ 9,298</u>	<u>\$ 86</u>	<u>\$ (59)</u>	<u>\$ 9,325</u>
LIABILITIES				
Due to bond holders	\$ 9,298	\$ 27	\$ -	\$ 9,325
Total liabilities	<u>\$ 9,298</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 9,325</u>
<b><u>Total Agency Funds</u></b>				
ASSETS				
Accounts and assessments receivable	\$ 604	\$ 574	\$ (604)	\$ 574
Amounts to be provided by bond holders	37,059	73,094	(73,094)	37,059
Restricted assets:				
Cash and investments	477,771	247,537	(243,630)	481,678
Total assets	<u>\$ 515,434</u>	<u>\$ 321,205</u>	<u>\$ (317,328)</u>	<u>\$ 519,311</u>
LIABILITIES				
Accounts payable	\$ -	\$ 163,009	\$ (163,009)	\$ -
Due to other funds	37,059	73,094	(73,094)	37,059
Due to bond holders	478,375	169,103	(165,226)	482,252
Total liabilities	<u>\$ 515,434</u>	<u>\$ 405,206</u>	<u>\$ (401,329)</u>	<u>\$ 519,311</u>

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# CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2010-2011



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

Contents	Page
<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.	89
<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 tax.	100
<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.	115
<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.	122
<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.	125

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City of Del Mar

Net Assets by Component <sup>(1)</sup>

Last Nine Fiscal Years Ended June 30, 2011 <sup>(2)</sup>

(Accrual basis of accounting)

	Fiscal Year								
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009 (3)	2009-2010	2010-2011
Governmental Activities									
Investment in capital assets, net of related debt	\$ 13,508,526	\$ 14,216,403	\$ 14,984,944	\$ 16,592,553	\$ 18,622,695	\$ 32,141,682	\$ 29,850,840	\$ 30,313,422	\$ 37,944,461
Restricted	367,615	-	-	-	750,233	1,035,026	1,693,192	1,371,099	2,968,749
Unrestricted	5,021,605	5,280,976	5,578,002	5,960,276	6,069,386	482,410	3,731,430	3,997,451	4,573,211
Total governmental activities net assets	\$ 18,897,746	\$ 19,497,379	\$ 20,562,946	\$ 22,552,829	\$ 25,442,314	\$ 33,659,118	\$ 35,275,462	\$ 35,681,972	\$ 45,486,421
Business-type Activities									
Investment in capital assets, net of related debt	\$ 16,535,059	\$ 16,507,382	\$ 16,681,291	\$ 16,908,644	\$ 17,781,176	\$ 18,768,065	\$ 19,924,858	\$ 19,503,704	\$ 20,873,821
Restricted	840,869	765,827	695,027	679,588	689,363	700,635	-	-	-
Unrestricted	1,979,909	2,438,731	3,013,620	3,321,173	3,304,723	3,037,145	2,976,453	3,823,049	2,623,531
Total business-type activities net assets	\$ 19,355,837	\$ 19,711,940	\$ 20,389,938	\$ 20,909,405	\$ 21,775,262	\$ 22,505,845	\$ 22,901,311	\$ 23,326,753	\$ 23,497,352
Primary Government									
Investment in capital assets, net of related debt	\$ 30,043,585	\$ 30,723,785	\$ 31,666,235	\$ 33,501,197	\$ 36,403,871	\$ 51,610,382	\$ 49,775,698	\$ 49,817,126	\$ 58,818,282
Restricted	1,208,484	765,827	695,027	679,588	1,439,596	792,800	1,693,192	1,371,099	2,968,749
Unrestricted	7,001,514	7,719,707	8,591,622	9,281,449	9,374,109	3,761,781	6,707,883	7,820,500	7,196,742
Total primary government net assets	\$ 38,253,583	\$ 39,209,319	\$ 40,952,884	\$ 43,462,234	\$ 47,217,576	\$ 56,164,963	\$ 58,176,773	\$ 59,008,725	\$ 68,983,773

Notes:

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

Net assets are 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) The City of Del Mar implemented the GASB Number 34 reporting module in Fiscal Year 2002-2003. Information prior to implementation of GASB 34 is not available.

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

Source: City of Del Mar, Finance Department

**City of Del Mar**  
**Changes in Net Assets**  
**Last Nine Fiscal Years <sup>(1)</sup>**  
**(Accrual basis of accounting)**

	Fiscal Year								
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
<b>Expenses</b>									
<b>Governmental Activities</b>									
General government	\$ 3,203,924	\$ 3,665,960	\$ 3,803,204	\$ 3,800,429	\$ 3,888,011	\$ 4,359,318	\$ 4,386,669	\$ 4,313,697	\$ 4,124,385
Public safety	3,484,350	4,078,281	4,557,872	4,986,741	4,750,724	4,807,256	5,080,611	5,115,313	5,050,517
Public works	1,316,672	1,049,892	1,171,583	508,283	899,025	972,444	934,974	1,511,201	1,057,431
Parks and recreation	626,863	679,069	719,867	694,358	633,010	662,959	672,742	686,835	692,531
Community services	-	-	-	-	-	1,079	-	-	-
Interest on long-term debt	137,934	120,901	109,235	43,020	74,368	139,679	119,312	128,910	51,070
<b>Total governmental activities expenses</b>	<b>8,769,743</b>	<b>9,594,103</b>	<b>10,361,761</b>	<b>10,032,831</b>	<b>10,245,138</b>	<b>10,942,735</b>	<b>11,194,308</b>	<b>11,755,956</b>	<b>10,975,934</b>
<b>Business-type Activities</b>									
Water	1,809,261	1,989,371	1,879,045	2,035,750	2,064,393	2,007,296	2,113,510	2,323,776	2,396,157
Wastewater	2,129,611	2,330,249	2,062,148	2,024,322	2,038,716	2,173,470	2,236,764	2,299,233	2,453,005
Clean water	-	292,554	332,111	342,813	359,082	530,166	439,010	429,372	370,017
<b>Total business-type activities expenses</b>	<b>3,938,872</b>	<b>4,612,174</b>	<b>4,273,304</b>	<b>4,402,885</b>	<b>4,462,191</b>	<b>4,710,932</b>	<b>4,789,284</b>	<b>5,052,381</b>	<b>5,219,179</b>
<b>Total primary government expenses</b>	<b>\$ 12,708,615</b>	<b>\$ 14,206,277</b>	<b>\$ 14,635,065</b>	<b>\$ 14,435,716</b>	<b>\$ 14,707,329</b>	<b>\$ 15,653,667</b>	<b>\$ 15,983,592</b>	<b>\$ 16,808,337</b>	<b>\$ 16,195,113</b>
<b>Program Revenues</b>									
<b>Governmental Activities</b>									
Charges for services:									
General government	\$ 494,208	\$ 616,384	\$ 1,034,235	\$ 1,577,472	\$ 1,622,284	\$ 1,614,329	\$ 920,795	\$ 1,017,198	\$ 1,308,618
Public safety	729,178	823,763	1,030,952	267,613	252,613	233,027	1,172,189	1,268,801	1,466,187
Public Works	-	-	-	-	-	-	14,000	-	-
Parks and recreation	207,695	488,225	699,078	782,070	590,413	498,075	406,236	404,801	392,672
Operating grants and contributions	247,462	680,786	391,369	763,816	401,153	611,539	323,436	343,777	454,648
Capital grants and contributions	571,582	683,324	1,048,930	490,044	1,557,918	7,677,470	1,762,742	703,612	4,194,853
<b>Total governmental activities program revenues</b>	<b>2,250,125</b>	<b>3,292,482</b>	<b>4,204,564</b>	<b>3,881,015</b>	<b>4,424,381</b>	<b>10,634,440</b>	<b>4,599,398</b>	<b>3,738,189</b>	<b>7,816,978</b>
<b>Business-type Activities</b>									
Charges for services:									
Water	2,093,896	2,316,389	2,188,208	2,234,603	2,390,664	2,357,075	2,344,156	2,234,510	2,277,701
Wastewater	1,946,846	2,309,853	2,380,298	2,337,586	2,424,808	2,417,053	2,345,933	2,584,404	2,622,453
Clean water	-	102,371	141,695	181,907	131,068	258,538	306,266	383,946	380,080
Capital grants and contributions	-	-	-	-	-	-	-	-	5,000
<b>Total business-type activities program revenues</b>	<b>4,040,742</b>	<b>4,728,613</b>	<b>4,710,201</b>	<b>4,754,096</b>	<b>4,946,540</b>	<b>5,032,666</b>	<b>4,996,355</b>	<b>5,202,860</b>	<b>5,285,234</b>
<b>Total primary government revenues</b>	<b>\$ 6,290,867</b>	<b>\$ 8,021,095</b>	<b>\$ 8,914,765</b>	<b>\$ 8,635,111</b>	<b>\$ 9,370,921</b>	<b>\$ 15,667,106</b>	<b>\$ 9,595,753</b>	<b>\$ 8,941,049</b>	<b>\$ 13,102,212</b>

Notes:

- (1) The City of Del Mar implemented the GASB Number 34 reporting module in Fiscal Year 2002-2003. Information before implementation is not available.
- (2) Net revenues/(expenses) is the difference between program revenues and expenses of a function or program. It indicates the degree to which a function or program is supported with its own fees and program specific grants versus its reliance upon funding from taxes and other general revenues.
  - Amounts in parentheses are net expenses, indicating that expenses were greater than program revenues, and therefore, general revenues were needed to finance that function or program.
  - Amounts without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

Source: City of Del Mar, Finance Department

City of Del Mar

Changes in Net Assets

Last Nine Fiscal Years <sup>(1)</sup>

(Concluded)

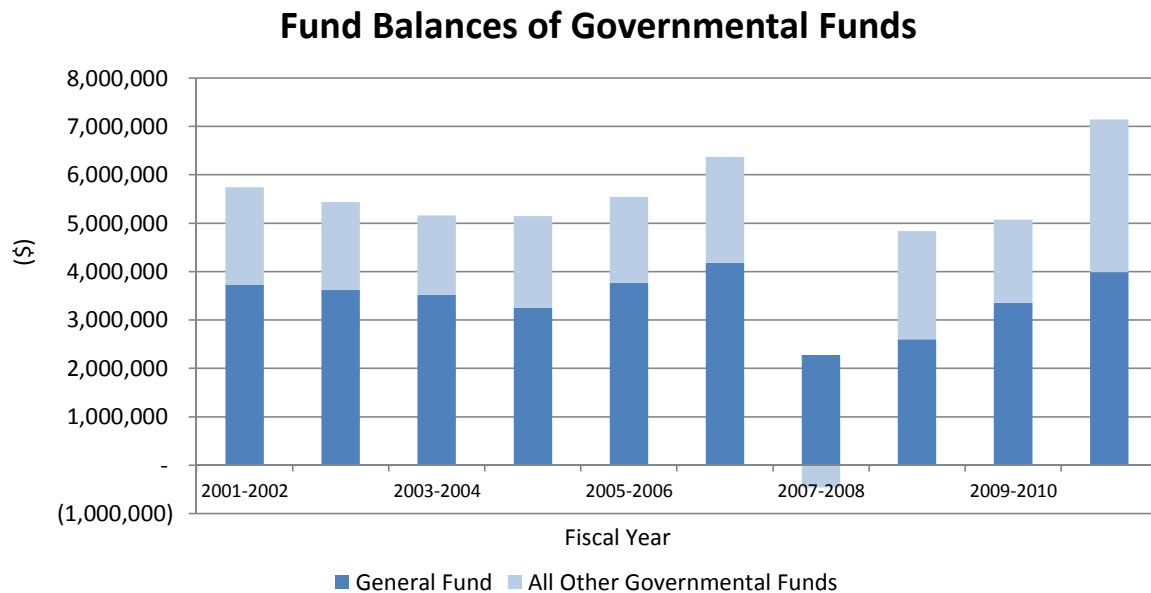
(Accrual basis of accounting)

	Fiscal Year								
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
<b>Net revenues/(expenses): <sup>(2)</sup></b>									
Governmental activities	\$ (6,519,618)	\$ (6,301,621)	\$ (6,157,197)	\$ (6,151,816)	\$ (5,820,757)	\$ (308,295)	\$ (6,594,910)	\$ (8,017,767)	\$ (3,158,956)
Business-type activities	101,870	116,439	436,897	351,211	484,349	321,734	207,071	150,479	66,055
Total net revenues/(expenses)	<u>\$ (6,417,748)</u>	<u>\$ (6,185,182)</u>	<u>\$ (5,720,300)</u>	<u>\$ (5,800,605)</u>	<u>\$ (5,336,408)</u>	<u>\$ 13,439</u>	<u>\$ (6,387,839)</u>	<u>\$ (7,867,288)</u>	<u>\$ (3,092,901)</u>
<b>General Revenue and Other Changes in Net Assets</b>									
Governmental activities									
Taxes:									
Property taxes	\$ 2,446,848	\$ 2,640,411	\$ 2,954,897	\$ 2,992,161	\$ 3,756,024	\$ 4,032,639	\$ 4,215,519	\$ 4,433,968	\$ 4,510,439
Sales and use tax	1,352,848	1,445,015	1,680,314	1,668,537	1,732,150	1,408,551	1,362,060	1,367,739	1,551,454
Transient occupancy tax	1,409,615	1,440,402	1,488,935	1,564,641	1,682,319	1,247,227	1,418,345	1,505,530	1,704,696
Franchise tax	264,523	272,973	297,079	317,261	356,121	362,404	375,033	342,989	402,677
Business license tax	157,326	172,130	185,753	186,756	182,343	193,839	197,696	188,535	197,639
Motor vehicle in-lieu tax	258,119	209,146	105,682	336,709	30,291	-	-	-	-
Intergovernmental, unrestricted	-	-	-	315,271	259,110	276,741	211,868	163,473	140,401
Use of money and property	513,938	403,479	409,202	557,198	817,285	884,169	260,440	199,148	123,733
Sale of capital assets	-	-	-	-	-	-	-	-	4,171,104
Other	493,803	542,928	291,766	298,733	113,571	360,982	341,428	271,953	171,791
Transfers	(10,679)	(225,230)	(190,864)	(175,105)	(218,972)	(241,453)	(171,135)	(49,063)	(10,530)
Total governmental activities	<u>6,886,341</u>	<u>6,901,254</u>	<u>7,222,764</u>	<u>8,062,162</u>	<u>8,710,242</u>	<u>8,525,099</u>	<u>8,211,254</u>	<u>8,424,272</u>	<u>12,963,404</u>
Business-type activities									
Unrestricted investment earnings	114,370	14,434	50,237	72,688	162,536	167,396	90,967	28,378	13,762
Other	-	-	-	-	-	-	127,207	197,522	80,252
Transfers	10,679	225,230	190,864	175,105	218,972	241,453	171,254	49,063	10,530
Total business-type activities	<u>125,049</u>	<u>239,664</u>	<u>241,101</u>	<u>247,793</u>	<u>381,508</u>	<u>408,849</u>	<u>389,428</u>	<u>274,963</u>	<u>104,544</u>
Total primary government	<u>\$ 7,011,390</u>	<u>\$ 7,140,918</u>	<u>\$ 7,463,865</u>	<u>\$ 8,309,955</u>	<u>\$ 9,091,750</u>	<u>\$ 8,933,948</u>	<u>\$ 8,600,682</u>	<u>\$ 8,699,235</u>	<u>\$ 13,067,948</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 366,723	\$ 599,633	\$ 1,065,567	\$ 1,910,346	\$ 2,889,485	\$ 8,216,804	\$ 1,616,344	\$ 406,510	\$ 9,804,449
Business-type activities	226,919	356,103	677,998	599,004	865,857	730,583	596,499	425,442	170,599
Total primary government	<u>\$ 593,642</u>	<u>\$ 955,736</u>	<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>	<u>\$ 831,952</u>	<u>\$ 9,975,048</u>

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

	Fiscal Year				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
<b>General Fund</b>					
Reserved	\$ 609,137	\$ 680,700	\$ 733,926	\$ 491,491	\$ 700,198
Unreserved	3,122,975	2,935,452	2,789,204	2,760,508	3,070,580
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 3,732,112</b>	<b>\$ 3,616,152</b>	<b>\$ 3,523,130</b>	<b>\$ 3,251,999</b>	<b>\$ 3,770,778</b>
<b>All Other Governmental Funds</b>					
Reserved	\$ 684,239	\$ 307,164	\$ 341,636	\$ 449,334	\$ 522,880
Unreserved, reported in:					
Special revenue funds	758,390	887,217	618,357	620,694	631,829
Debt service funds	336,438	84,706	270,001	190,020	149,403
Capital projects fund	228,114	545,262	406,026	637,039	469,632
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 2,007,181</b>	<b>\$ 1,824,349</b>	<b>\$ 1,636,020</b>	<b>\$ 1,897,087</b>	<b>\$ 1,773,744</b>

Source: City of Del Mar, Finance Department



(Concluded)

Fiscal Year				
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011 <sup>(1)</sup>
\$ 723,828	\$ 84,451	\$ 30,334	\$ 36,396	\$ -
3,460,629	2,190,405	2,572,399	3,320,829	-
-	-	-	-	1,681,273
-	-	-	-	2,305,009
<u>\$ 4,184,457</u>	<u>\$ 2,274,856</u>	<u>\$ 2,602,733</u>	<u>\$ 3,357,225</u>	<u>\$ 3,986,282</u>
\$ 1,510,792	\$ 2,623,549	\$ 1,482,888	\$ 963,355	\$ -
582,765	-	67,058	342,232	-
163,948	-	-	-	-
(72,041)	(3,084,510)	683,550	409,384	-
-	-	-	-	190,215
-	-	-	-	1,992,576
-	-	-	-	976,173
<u>\$ 2,185,464</u>	<u>\$ (460,961)</u>	<u>\$ 2,233,496</u>	<u>\$ 1,714,971</u>	<u>\$ 3,158,964</u>

(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				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
<b>Revenues:</b>					
Taxes	\$ 5,397,586	\$ 5,585,841	\$ 5,902,221	\$ 6,395,154	\$ 7,144,697
Licenses and permits	157,630	167,661	174,571	188,956	356,492
Intergovernmental	1,209,933	1,365,983	2,033,941	2,024,083	1,154,704
Charges for services	503,815	522,471	836,133	1,328,490	997,570
Fines and forfeitures	529,234	547,438	668,960	874,862	956,378
Use of money and property	618,197	513,939	403,479	560,084	546,707
Contributions	37,345	150,000	87,765	1,000	52,995
Other revenues	267,068	339,630	309,094	258,242	682,285
Total revenues	<u>8,720,808</u>	<u>9,192,963</u>	<u>10,416,164</u>	<u>11,630,871</u>	<u>11,891,828</u>
<b>Expenditures:</b>					
General government	3,115,651	3,114,605	3,800,009	3,636,886	3,555,998
Public safety	3,422,997	3,503,659	4,050,058	4,609,225	4,899,846
Public works	592,072	1,123,082	673,800	1,136,702	798,030
Parks and recreation	324,245	575,734	611,577	646,643	572,092
Capital outlays	721,771	693,409	868,814	957,174	1,085,464
Debt service:					
Principal	340,180	326,652	340,919	317,078	309,144
Interest and fiscal charges	156,282	143,935	127,108	112,363	100,691
Total expenditures	<u>8,673,198</u>	<u>9,481,076</u>	<u>10,472,285</u>	<u>11,416,071</u>	<u>11,321,265</u>
Excess of revenues over (under) expenditures	<u>47,610</u>	<u>(288,113)</u>	<u>(56,121)</u>	<u>214,800</u>	<u>570,563</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of loan	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers-in	1,706,645	1,365,074	663,756	1,939,651	1,419,408
Transfers-out	(1,712,288)	(1,375,753)	(888,986)	(2,164,515)	(1,594,513)
Total other financing sources (uses)	<u>(5,643)</u>	<u>(10,679)</u>	<u>(225,230)</u>	<u>(224,864)</u>	<u>(175,105)</u>
Net change in fund balances	<u>\$ 41,967</u>	<u>\$ (298,792)</u>	<u>\$ (281,351)</u>	<u>\$ (10,064)</u>	<u>\$ 395,458</u>
Debt service as a percentage of noncapital expenditures	<u>6.24%</u>	<u>5.36%</u>	<u>4.87%</u>	<u>4.11%</u>	<u>4.00%</u>

Source: City of Del Mar, Finance Department

(Concluded)

<b>Fiscal Year</b>				
<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>
\$ 7,828,037	\$ 7,350,716	\$ 7,676,829	\$ 7,937,072	\$ 8,521,081
1,218,764	1,288,712	1,005,220	916,254	1,185,430
1,158,484	2,176,880	2,230,841	1,022,692	4,470,137
360,848	777,891	794,002	992,813	1,091,028
884,813	860,395	761,014	781,733	891,019
781,165	426,807	225,747	188,513	117,942
1,006,653	5,703,470	325,389	108,559	181,627
139,875	91,668	358,876	253,253	153,538
<u>13,378,639</u>	<u>18,676,539</u>	<u>13,377,918</u>	<u>12,200,889</u>	<u>16,611,802</u>
3,780,975	4,363,308	4,376,664	4,158,473	4,134,195
5,019,669	4,846,456	5,068,992	4,994,026	5,105,353
808,979	528,086	475,670	557,557	530,892
580,463	654,005	671,207	670,548	700,050
1,734,248	12,130,994	2,807,876	1,039,393	4,526,067
316,851	339,749	435,778	363,293	3,637,212
93,083	128,514	111,144	132,569	67,774
<u>12,334,268</u>	<u>22,991,112</u>	<u>13,947,331</u>	<u>11,915,859</u>	<u>18,701,543</u>
<u>1,044,371</u>	<u>(4,314,573)</u>	<u>(569,413)</u>	<u>285,030</u>	<u>(2,089,741)</u>
-	-	3,763,000	-	-
-	-	-	-	4,171,104
1,417,545	2,706,687	1,287,803	584,915	5,695,089
(1,636,517)	(2,948,140)	(1,459,056)	(633,978)	(5,703,402)
<u>(218,972)</u>	<u>(241,453)</u>	<u>3,591,747</u>	<u>(49,063)</u>	<u>4,162,791</u>
<u>\$ 825,399</u>	<u>\$ (4,556,026)</u>	<u>\$ 3,022,334</u>	<u>\$ 235,967</u>	<u>\$ 2,073,050</u>
<u>3.87%</u>	<u>4.31%</u>	<u>4.91%</u>	<u>4.56%</u>	<u>26.14%</u>

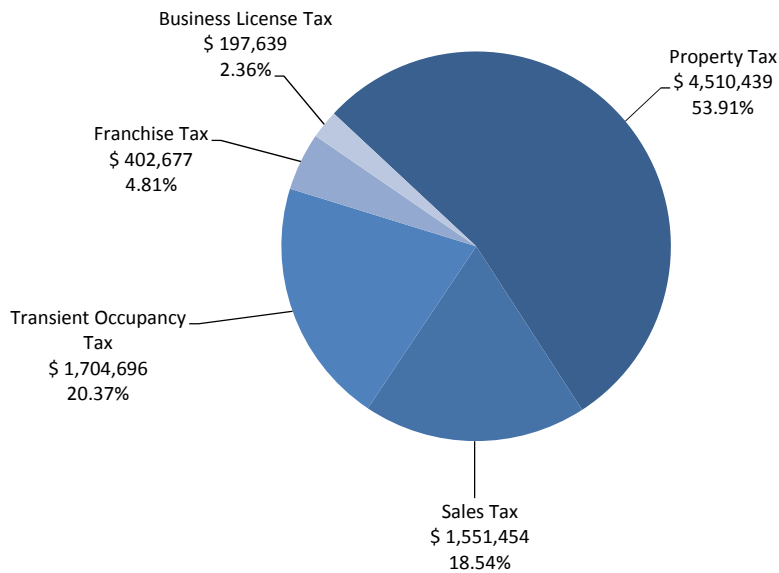
**City of Del Mar**  
**Governmental Activities Tax Revenues By Sources**  
**Last Nine Fiscal Years**

<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>
2010-2011	\$ 4,510,439	\$ 1,551,454	\$ 1,704,696	\$ 402,677	\$ 197,639	\$ 8,366,905
2009-2010	4,433,968	1,367,739	1,505,530	342,989	188,535	7,838,761
2008-2009	4,215,519	1,362,060	1,418,345	375,033	197,696	7,568,653
2007-2008	3,796,999	1,408,551	1,247,227	362,404	193,839	7,009,020
2006-2007	3,756,024	1,732,150	1,682,319	356,121	182,343	7,708,957
2005-2006	2,992,161	1,668,537	1,564,641	317,261	186,756	6,729,356
2004-2005	2,954,897	1,680,314	1,488,935	297,079	185,753	6,606,978
2003-2004	2,640,411	1,445,015	1,440,402	272,973	172,130	5,970,931
2002-2003	2,446,848	1,352,848	1,409,615	264,523	157,326	5,631,160
Change from Base Year 2003	<u>84.34%</u>	<u>14.68%</u>	<u>20.93%</u>	<u>52.23%</u>	<u>25.62%</u>	<u>48.58%</u>

Note:

- (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, 2011**



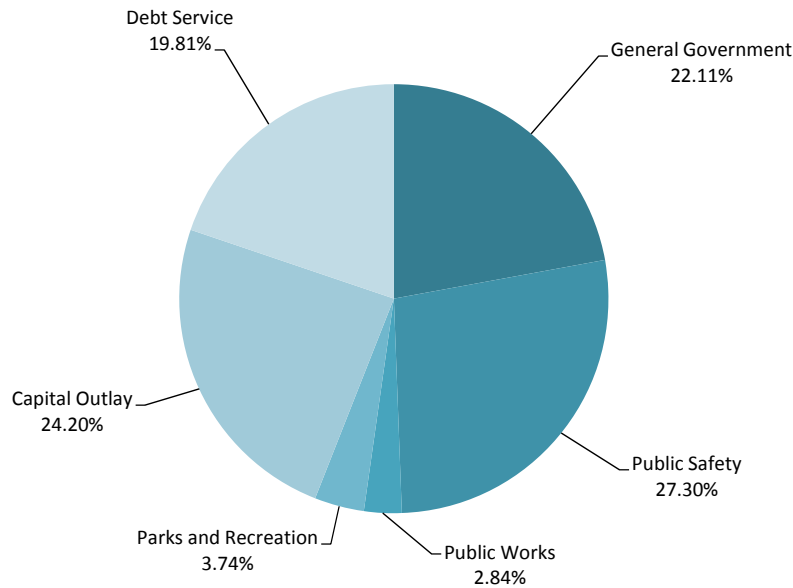
Source: City of Del Mar, Finance Department

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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>
2010-2011	\$ 4,134,195	\$ 5,105,353	\$ 530,892
2009-2010	4,158,473	4,994,026	557,557
2008-2009	4,376,664	5,068,992	475,670
2007-2008	4,363,308	4,846,456	528,086
2006-2007	3,780,975	5,019,669	808,979
2005-2006	3,555,998	4,899,846	798,030
2004-2005	3,636,886	4,609,225	1,136,702
2003-2004	3,800,009	4,050,058	673,800
2002-2003	3,114,605	3,503,659	1,123,082
2001-2002	3,115,651	3,422,997	592,072

**GENERAL GOVERNMENTAL EXPENDITURES  
BY FUNCTION  
Fiscal Year Ended June 30, 2011**



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

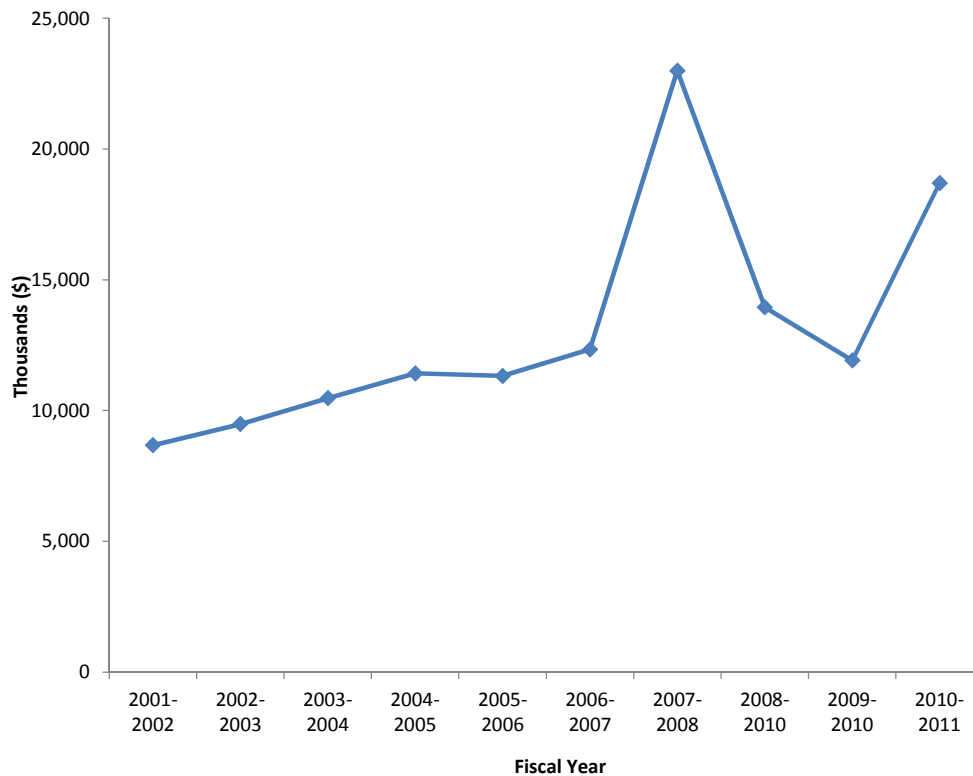
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<b>Parks and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service <sup>(2)</sup></b>	<b>Total</b>
\$ 700,050	\$ 4,526,067	\$ 3,704,986	\$ 18,701,543
670,548	1,039,393	495,862	11,915,859
671,207	2,807,876	546,922	13,947,331
654,005	12,130,994	468,263	22,991,112
580,463	1,734,248	409,934	12,334,268
572,092	1,085,464	409,835	11,321,265
646,643	957,174	429,441	11,416,071
611,577	868,814	468,027	10,472,285
575,734	693,409	470,587	9,481,076
324,245	721,771	496,462	8,673,198

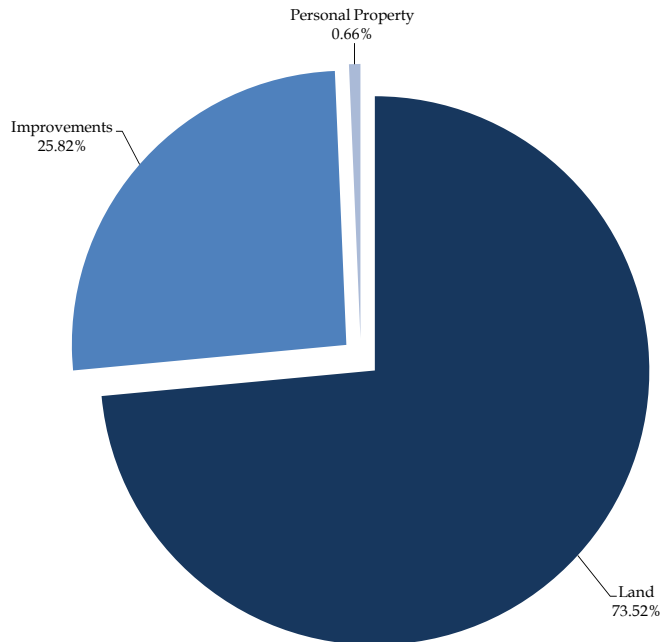
**TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
Last Ten Fiscal Years**



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			
	Land	Improvements	Personal Property	Total	Land	Improvements	Personal Property	Total Before Exemptions
2010-2011	\$ -	\$ -	\$ -	\$ -	\$1,880,114,480	\$ 655,122,496	\$ 206,702	\$2,535,443,678
2009-2010	-	-	-	-	1,806,702,397	642,006,171	237,875	2,448,946,443
2008-2009	-	-	-	-	1,721,203,056	596,285,611	296,677	2,317,785,344
2007-2008	-	-	-	-	1,551,754,556	555,166,814	281,693	2,107,203,063
2006-2007	736,901	611,805	319,246	1,667,952	1,441,583,176	524,514,445	295,192	1,966,392,813
2005-2006	786,754	653,194	340,844	1,780,792	1,315,985,163	494,970,298	294,506	1,811,249,967
2004-2005	771,610	640,621	334,282	1,746,513	1,131,707,893	464,687,998	311,267	1,596,707,158
2003-2004	810,715	673,088	351,224	1,835,027	1,028,178,922	421,875,841	355,789	1,450,410,552
2002-2003	938,198	778,929	406,453	2,123,580	954,208,782	399,971,397	205,625	1,354,385,804
2001-2002	1,041,494	864,690	451,205	2,357,389	888,511,947	395,771,504	407,393	1,284,690,844

ASSESSED VALUATION BY CATEGORIES  
 (Total Locally Assessed - Before Exemptions)  
 Fiscal Year Ended June 30, 2011



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 Property	Total	Other Exemptions	Total
All Others	Home Owners	After Exemptions			Before Exemptions		After Exemptions
\$ (3,386,894)	\$ (6,797,000)	\$2,525,259,784	\$ 5,012,329	\$ 16,673,086	\$ 21,685,415	\$ (48,405)	\$ 21,637,010
(3,392,145)	(6,893,600)	2,438,660,698	5,291,249	24,013,350	29,304,599	-	29,304,599
(3,332,473)	(6,944,000)	2,307,508,871	5,304,498	20,310,207	25,614,705	-	25,614,705
(3,008,202)	(6,958,000)	2,097,236,861	5,096,765	18,871,651	23,968,416	-	23,968,416
(2,942,030)	(6,995,800)	1,956,454,983	5,365,639	18,101,740	23,467,379	-	23,467,379
(2,881,088)	(7,032,200)	1,801,336,679	6,216,428	15,276,867	21,493,295	-	21,493,295
(2,782,109)	(7,019,600)	1,586,905,449	5,305,843	15,920,040	21,225,883	-	21,225,883
(2,746,435)	(7,149,800)	1,440,514,317	5,361,645	16,209,848	21,571,493	-	21,571,493
(2,598,467)	(7,165,200)	1,344,622,137	5,008,469	15,315,650	20,324,119	-	20,324,119
(1,909,282)	(7,205,800)	1,275,575,762	3,967,028	17,810,287	21,777,315	(14,818)	21,762,497

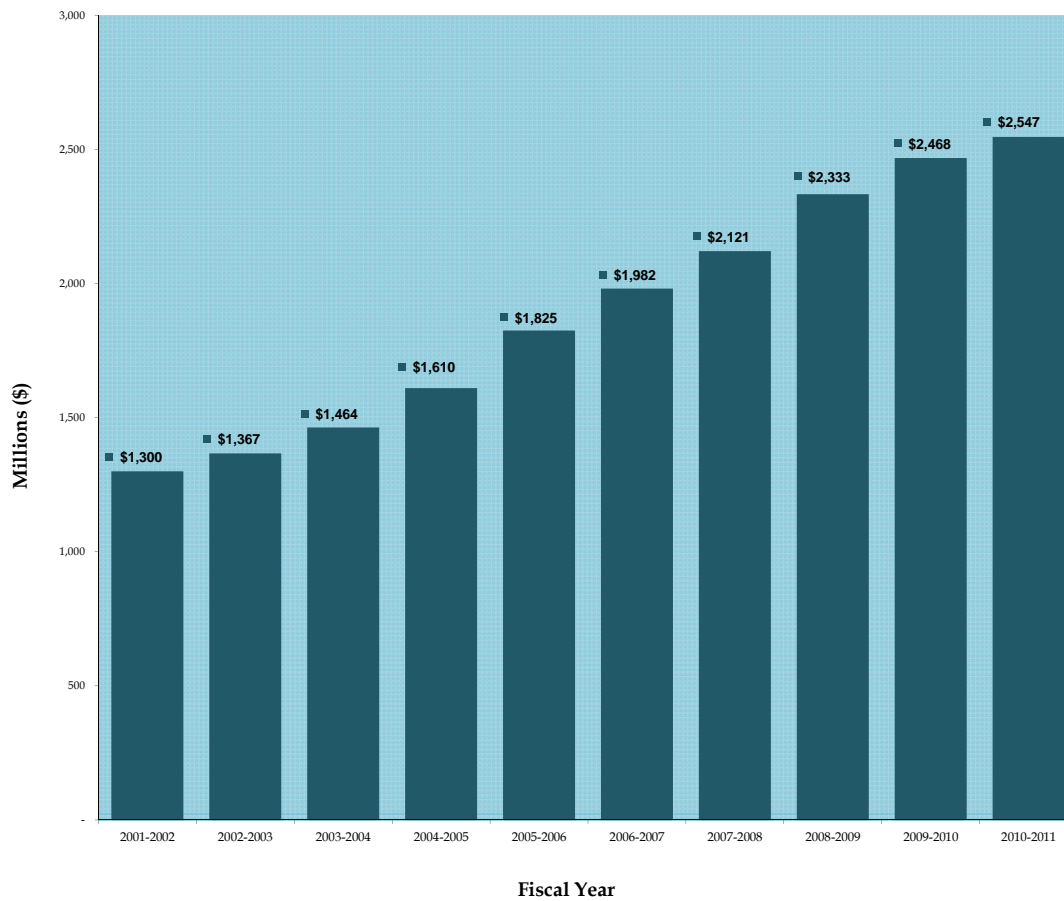
City of Del Mar

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
2010-2011	\$2,557,129,093	\$2,546,896,794	3.20%	1.00925%
2009-2010	2,478,251,042	2,467,965,297	5.78%	1.01052%
2008-2009	2,343,400,049	2,333,123,576	9.99%	1.01037%
2007-2008	2,131,171,479	2,121,205,277	7.05%	1.01497%
2006-2007	1,991,528,144	1,981,590,314	8.60%	1.01383%
2005-2006	1,834,524,054	1,824,610,766	13.34%	1.01205%
2004-2005	1,619,679,554	1,609,877,845	9.97%	1.01265%
2003-2004	1,473,817,072	1,463,920,837	7.08%	1.01731%
2002-2003	1,376,833,503	1,367,069,836	5.18%	1.02254%
2001-2002	1,308,825,548	1,299,695,648	13.35%	1.02994%

**TOTAL ASSESSED VALUATION  
(Taxable Values)  
Last Ten Fiscal Years**



Source: California Municipal Statistics, Inc.

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**City of Del Mar**  
**Assessed Value of Property by User Code <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Category	Fiscal Year				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Residential	\$ 1,209,706,635	\$ 1,299,249,555	\$ 1,444,510,983	\$ 1,641,392,319	\$ 1,791,415,501
Commercial	136,834,972	142,655,770	143,159,660	159,747,464	164,367,851
Industrial	1,418,505	1,446,867	1,473,871	1,986,030	2,048,291
Irrigation farm	-	-	-	-	-
Rural land (Non-irrigated)	-	-	-	-	-
Institutional	2,353,321	2,400,387	2,445,201	2,494,104	2,543,985
Recreational	3,806,570	4,211,200	4,743,002	5,260,510	5,650,759
Miscellaneous	-	-	-	-	-
<b>Total</b>	<b>\$ 1,354,120,003</b>	<b>\$ 1,449,963,779</b>	<b>\$ 1,596,332,717</b>	<b>\$ 1,810,880,427</b>	<b>\$ 1,966,026,387</b>

Note:

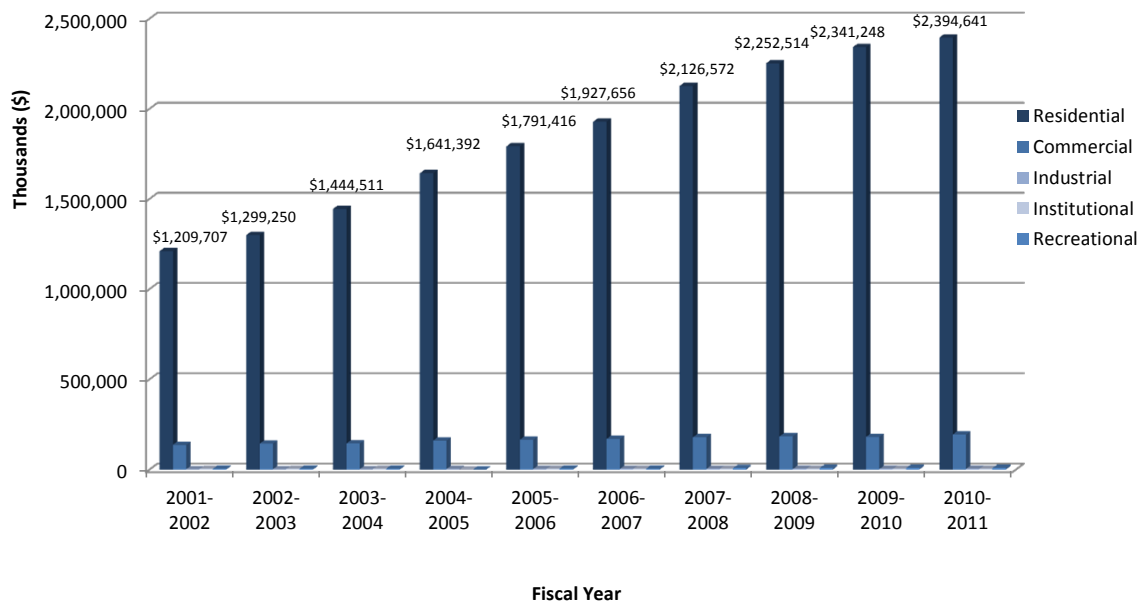
- (1) In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of one percent based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum of two 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				
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
\$ 1,927,655,893	\$ 2,126,571,875	\$ 2,252,513,842	\$ 2,341,247,897	\$ 2,394,641,412
168,728,531	178,609,919	183,387,390	180,733,181	193,402,493
2,368,947	2,406,337	2,454,459	2,448,637	2,467,068
-	-	-	-	-
-	-	-	-	-
2,594,863	2,646,759	2,699,693	2,693,294	2,713,573
5,507,582	7,181,758	7,570,329	8,042,055	8,412,054
-	-	-	-	-
<u>\$ 2,106,855,816</u>	<u>\$ 2,317,416,648</u>	<u>\$ 2,448,625,713</u>	<u>\$ 2,535,165,064</u>	<u>\$ 2,601,636,600</u>

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



**City of Del Mar**  
**Estimated Value of Taxable Property <sup>(1)</sup>**  
**Last Ten Fiscal Years**

Fiscal Year	Residential		Commercial		Industrial	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2010-2011	\$ 2,394,641,412	4,195	\$ 193,402,493	101	\$ 2,467,068	9
2009-2010	2,341,247,897	4,193	180,733,181	101	2,448,637	9
2008-2009	2,252,513,842	4,192	183,387,390	101	2,454,459	9
2007-2008	2,126,571,875	4,193	178,609,919	100	2,406,337	9
2006-2007	1,927,655,893	4,191	168,728,531	100	2,368,947	10
2005-2006	1,791,415,501	4,185	164,367,851	101	2,048,291	11
2004-2005	1,641,392,319	4,182	159,747,464	102	1,986,030	11
2003-2004	1,444,510,983	4,158	143,159,660	102	1,473,871	13
2002-2003	1,299,249,555	4,152	142,655,770	104	1,446,867	13
2001-2002	1,209,706,635	4,159	136,834,972	104	1,418,505	13

Notes:

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

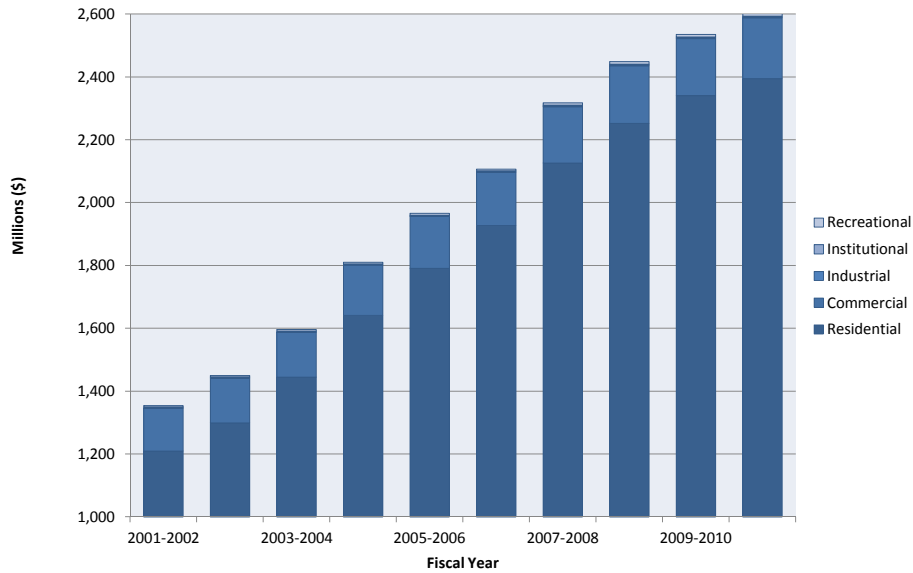
Sources:

City of Del Mar  
Office of the Auditor & Controller, County of San Diego  
HdL Caren & Cone, Diamond Bar, California

(Concluded)

Institutional		Recreational		Total		Total Direct Tax Rate (%) (2)
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	
\$ 2,713,573	1	\$ 8,412,054	241	\$ 2,601,636,600	4,547	0.14775
2,693,294	1	8,042,055	224	2,535,165,064	4,528	0.14775
2,699,693	1	7,570,329	226	2,448,625,713	4,529	0.14775
2,646,759	1	7,181,758	234	2,317,416,648	4,537	0.15688
2,594,863	1	5,507,582	215	2,106,855,816	4,517	0.14775
2,543,985	1	5,650,759	217	1,966,026,387	4,515	0.14775
2,494,104	1	5,260,510	206	1,810,880,427	4,502	0.14775
2,445,201	1	4,743,002	207	1,596,332,717	4,481	0.14775
2,400,387	1	4,211,200	191	1,449,963,779	4,461	0.14775
2,353,321	1	3,806,570	163	1,354,120,003	4,440	0.14774

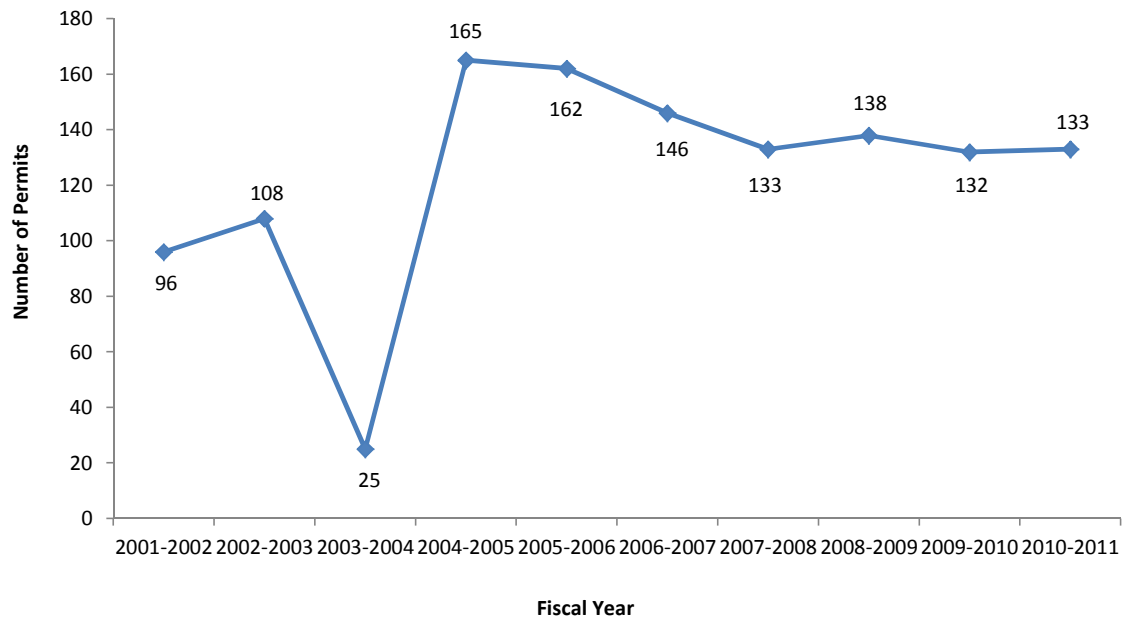
**ASSESSED VALUE BY CATEGORY  
JUNE 30, 2011**



**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
2010-2011	61	\$ 11,634,203	17	\$ 1,556,638
2009-2010	82	6,554,248	15	994,080
2008-2009	76	8,937,699	22	3,040,727
2007-2008	54	10,249,217	17	8,458,120
2006-2007	72	13,706,532	8	532,739
2005-2006	70	12,430,727	9	114,788
2004-2005	66	14,759,015	24	836,739
2003-2004	6	2,705,825	4	375,714
2002-2003	17	3,590,284	1	13,000
2001-2002	16	4,028,210	-	-

**NUMBER OF PERMITS  
Last Ten Fiscal Years**



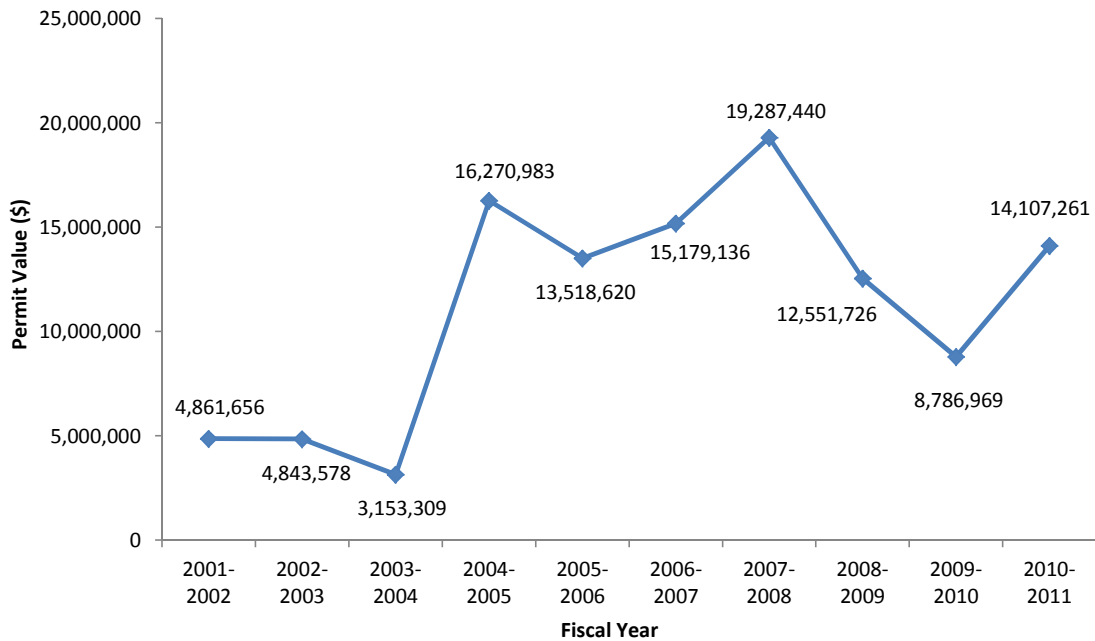
Source:

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

(Concluded)

Construction <sup>(1)</sup>		Total	
Number of Permits	Valuation	Number of Permits	Valuation
55	\$ 916,420	133	\$ 14,107,261
35	1,238,641	132	8,786,969
40	573,300	138	12,551,726
62	580,103	133	19,287,440
66	939,865	146	15,179,136
83	973,105	162	13,518,620
75	675,229	165	16,270,983
15	71,770	25	3,153,309
90	1,240,294	108	4,843,578
80	833,446	96	4,861,656

### PERMIT VALUATION Last Ten Fiscal Years

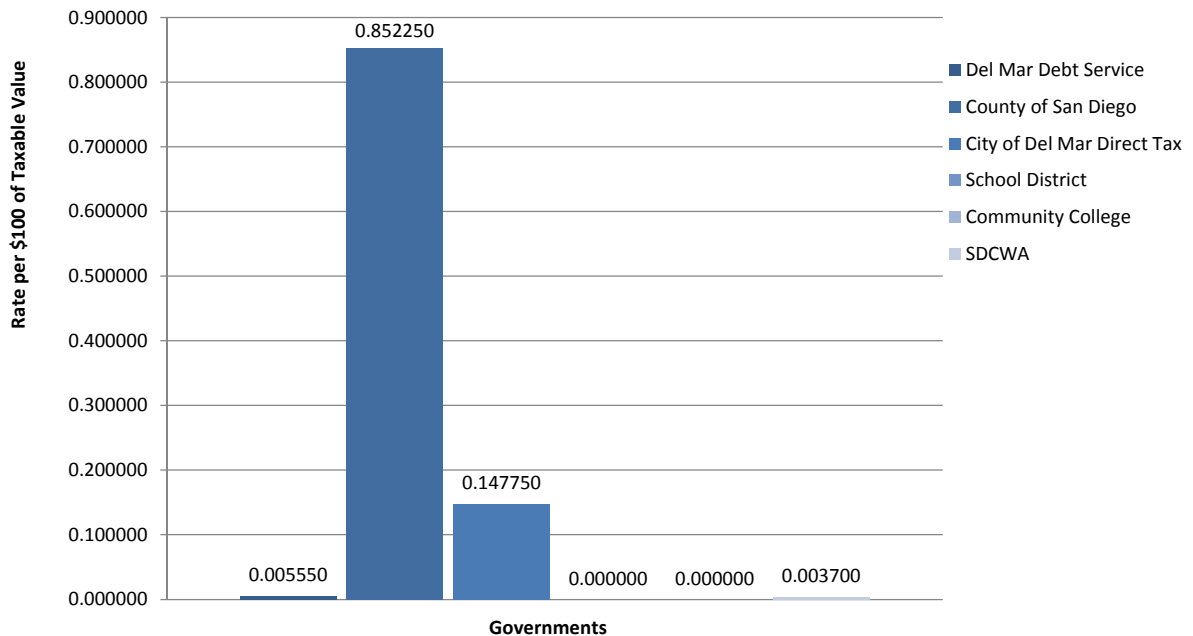


## City of Del Mar

Property Tax Rates <sup>(1)</sup> - All Overlapping Governments  
 Last Ten Fiscal Years  
 (Rate per \$100 of Taxable Value)

Fiscal Year	County			
	Total Del Mar Debt Service	San Diego County	City of Del Mar Direct Tax	Total County Base
2010-2011	0.00555	0.85225	0.14775	1.00000
2009-2010	0.00622	0.85225	0.14775	1.00000
2008-2009	0.00607	0.85225	0.14775	1.00000
2007-2008	0.01047	0.86312	0.13688	1.00000
2006-2007	0.00913	0.85225	0.14775	1.00000
2005-2006	0.00685	0.85225	0.14775	1.00000
2004-2005	0.00685	0.85225	0.14775	1.00000
2003-2004	0.01054	0.85225	0.14775	1.00000
2002-2003	0.01509	0.85225	0.14775	1.00000
2001-2002	0.02141	0.85226	0.14774	1.00000

### PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS Fiscal Year Ended June 30, 2011



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>San Diego</b>			
<b>School District</b>	<b>Community College District</b>	<b>County Water Authority (SDCWA)</b>	<b>Total Special Districts</b>	<b>Total</b>
-	-	0.00370	0.00370	1.00925
-	-	0.00430	0.00430	1.01052
-	-	0.00430	0.00430	1.01037
-	-	0.00450	0.00450	1.01497
-	-	0.00470	0.00470	1.01383
-	-	0.00520	0.00520	1.01205
-	-	0.00580	0.00580	1.01265
-	-	0.00677	0.00677	1.01731
-	-	0.00745	0.00745	1.02254
-	-	0.00853	0.00853	1.02994

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

Owner/Taxpayer	Business Type	Fiscal Year 2010-2011		Fiscal Year 2001-2002	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
Madeleine A. Pickens Trust	Trust	\$ 36,327,698	1.42 %	\$ -	- %
Jacobs Family Trust	Trust	30,503,939	1.19	-	-
G&I III Del Mar, LP	Property management	30,264,065	1.19	-	-
Allred Family Living Trust	Trust	28,929,744	1.13	-	-
McCarthy Revocable Survivors Trust	Trust	23,687,235	0.93	-	-
Del Mar Thoroughbred Club	Horse racing club	21,812,092	0.85	18,685,011	1.44
L-O Delmar Holding, Inc.	Management company	19,639,629	0.77	-	-
CCN Properties, LLC	Management company	19,390,502	0.76	-	-
Marsha J. Naify Living Trust	Trust	19,056,471	0.75	-	-
Jennifer Moores Family Trust	Trust	17,650,892	0.69	-	-
HERS Del Mar Corporation	Management company	-	-	37,428,390	2.88
SKL Trust	Trust	-	-	29,993,712	2.31
Nicholas Arthur Trust	Trust	-	-	13,996,727	1.08
L-O Delmar Holding, Inc.	Management company	-	-	11,838,246	0.91
Richard & Mary Heckmann	Individuals	-	-	11,288,340	0.87
John and Rebecca Moores Trust	Trust	-	-	9,201,370	0.71
Brandes Family Trust	Trust	-	-	4,785,840	0.37
Burlington Northern & Santa Fe	Corporation	-	-	2,277,182	0.18
Mark Gosselin	Individuals	-	-	1,219,972	0.09
Top Ten Totals (secured and unsecured)		247,262,267	9.70	140,714,790	10.85
All Others (secured)		2,306,431,527	90.30	1,158,980,858	89.15
Total Assessed Valuation		\$ 2,553,693,794	100.00 %	\$ 1,299,695,648	100.00 %

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

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

Fiscal Year 2010-2011		Fiscal Year 2001-2002	
Taxpayers	Business Type	Taxpayers	Business Type
1 Americana Restaurant	Restaurant	Americana Restaurant	Restaurant
2 Banana Republic	Retail clothing	Banana Republic	Family apparel
3 Brigantine Restaurant	Restaurant	Bob Baker Toyota	New car dealers
4 Bully's	Restaurant	Brigantine Restaurant	Restaurant
5 Chicken Charlie's Enterprise	Food service	Bully's	Restaurant
6 Del Mar Blue Print	Printing	Chico's	Retail clothing
7 Del Mar Thoroughbred Club	Horse racing club	Cirque Du Soleil	Entertainment
8 Dexter's Deli	Food service	Del Mar Blue Print	Printing
9 En Fuego Cantina & Grill	Restaurant	Del Mar Thoroughbred Club	Horse racing club
10 Flavor Del Mar	Restaurant	En Fuego Cantina & Grill	Restaurant
11 Il Fornaio	Restaurant	Epazote A Baja Bar & Grill	Restaurant
12 Jakes	Restaurant	Gary's Studios	Potrait Studio
13 Jimmy O's	Restaurant	Il Fornaio	Restaurant
14 JR Resources	Marketing services	Jakes	Restaurant
15 L'Auberge Hotel	Restaurant	Jimmy O's	Restaurant
16 Miwall Wholesale Ammo	Recreation products	La Mesa R.V. Center	Recreation products
17 Pacifica	Restaurant	L'Auberge Hotel	Restaurant
18 Poseidon Restaurant	Restaurant	Pacifica	Restaurant
19 Premier Food Services	Restaurant	Peaches En Regalia	Restaurant
20 Prep Kitchen Del Mar	Restaurant	Poseidon Restaurant	Restaurant
21 Sbicca An American Bistro	Restaurant	Premier Food Services	Food service
22 Smashburger	Restaurant	Sbicca An American Bistro	Restaurant
23 State of California	Government	State of California	Government
24 The Board & Brew	Restaurant	Ultramar Service Station	Service station
25 Verizon Wireless	Retail	White House/Black Market	Women's apparel
<b>Percentage of total sales tax collected</b>	<b>65.53%</b>		<b>63.30%</b>

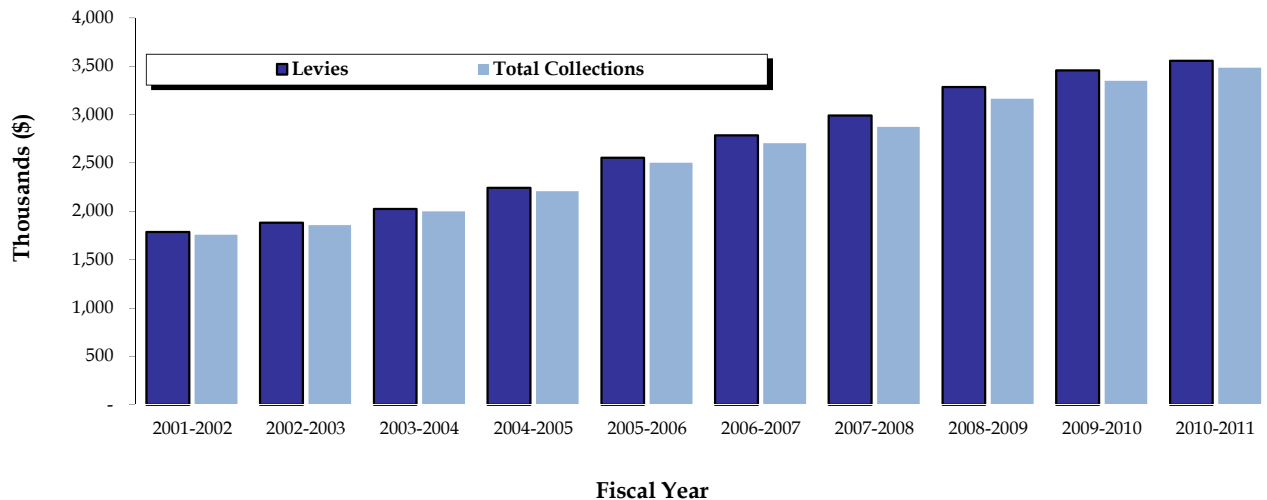
Note: The names are listed in alphabetical order and not by sales tax volume.

Source: Muniservices, LLC

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

Fiscal Year	Secured Taxes Charge (1)	Collections at Year End	Percentage of Collections at Year End	Collections in Subsequent Years	Total Collections	Percentage of Levy
2010-2011	\$ 3,556,184	\$ 3,483,041	97.94%	\$ 1,558	\$ 3,484,599	97.99%
2009-2010	3,457,991	3,346,258	96.77%	2,822	3,349,080	96.85%
2008-2009	3,284,776	3,159,403	96.18%	2,675	3,162,078	96.26%
2007-2008	2,990,990	2,868,782	95.91%	4,944	2,873,726	96.08%
2006-2007	2,784,194	2,698,697	96.93%	4,525	2,703,222	97.09%
2005-2006	2,553,356	2,499,766	97.90%	1,917	2,501,683	97.98%
2004-2005	2,243,021	2,206,372	98.37%	1,119	2,207,491	98.42%
2003-2004	2,022,660	1,997,157	98.74%	608	1,997,765	98.77%
2002-2003	1,881,383	1,854,722	98.58%	1,166	1,855,888	98.64%
2001-2002	1,784,627	1,756,515	98.42%	1,857	1,758,372	98.53%

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



Note:

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

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Governmental Activities					Business-type Activities				
	Certificates of Participation	Capital Leases	Loans	Notes	Total	Revenue Bonds	Certificates of Participation	Capital Leases	Notes	Total
2010-2011	\$ 640,000	\$ -	\$ -	\$ -	\$ 640,000	\$ -	\$ 1,980,000	\$ -	\$ 2,691,115	\$ 4,671,115
2009-2010	785,000	-	3,480,772	11,441	4,277,213	-	2,320,000	-	795,578	3,115,578
2008-2009	930,000	19,316	3,668,924	22,266	4,640,506	-	2,640,000	-	5,940	2,645,940
2007-2008	1,065,000	215,626	-	32,512	1,313,138	-	3,170,000	-	8,675	3,178,675
2006-2007	1,195,000	415,675	-	42,210	1,652,885	-	3,675,000	3,638	11,262	3,689,900
2005-2006	1,320,000	605,690	-	51,390	1,977,080	-	4,155,000	7,098	13,710	4,175,808
2004-2005	1,440,000	786,144	-	60,079	2,286,223	-	4,610,000	10,390	16,028	4,636,418
2003-2004	1,555,000	829,077	-	68,307	2,452,384	-	5,045,000	13,514	18,214	5,076,728
2002-2003	1,715,000	1,002,211	-	76,088	2,793,299	55,000	5,460,000	16,492	20,290	5,551,782
2001-2002	1,870,000	1,166,498	-	83,456	3,119,954	105,000	5,855,000	19,326	22,256	6,001,582

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value (2)	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income (3)	Percent of Personal Income
2010-2011	4,187	\$ 5,311,115	\$ 2,532,056,784	0.21%	\$ 1,268	\$ 484,895 (4)	9.13%
2009-2010	4,660	7,392,791	2,445,554,298	0.30%	1,586	470,772 (4)	6.37%
2008-2009	4,591	7,286,446	2,314,452,871	0.31%	1,587	457,060	6.27%
2007-2008	4,580	4,491,813	2,104,194,861	0.21%	981	447,663	9.97%
2006-2007	4,553	5,342,785	1,981,590,314	0.27%	1,173	467,118	8.74%
2005-2006	4,528	6,152,888	1,824,610,766	0.34%	1,359	456,603	7.42%
2004-2005	4,530	6,922,641	1,609,877,845	0.43%	1,528	449,075	6.49%
2003-2004	4,548	7,529,112	1,463,920,837	0.51%	1,655	451,981	6.00%
2002-2003	4,521	8,345,081	1,367,069,836	0.61%	1,846	442,281	5.30%
2001-2002	4,501	9,121,536	1,299,695,648	0.70%	2,027	450,040	4.93%

Notes:

- (1) State of California, Finance Department report incorporate 2010 Census numbers as benchmarks.
- (2) These amounts are the assessed value, as the value of taxable property is not available from the State of California.
- (3) San Diego Association of Government (SANDAG)
- (4) These amounts are estimates 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

**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		
2010-2011	\$ 5,365,486	\$ 4,901,719	\$ 463,767	\$ -	\$ -	\$ 340,000	\$ 158,701	\$ 498,701	93.00%
2009-2010	5,400,384	4,808,621	591,763	-	-	320,000	121,712	441,712	133.97%
2008-2009	5,123,562	4,789,283	334,279	-	-	530,000	144,688	674,688	49.55%
2007-2008	4,941,524	3,958,517	983,007	-	-	505,000	169,463	674,463	145.75%
2006-2007	5,240,144	3,916,855	1,323,289	-	-	480,000	193,038	673,038	196.61%
2005-2006	4,637,436	3,850,680	786,756	-	-	455,000	215,413	670,413	117.35%
2004-2005	4,615,536	3,747,352	868,184	55,000	3,438	435,000	236,713	730,151	118.90%
2003-2004	4,728,613	4,391,914	336,699	50,000	6,563	415,000	257,063	728,626	46.21%
2002-2003	4,155,112	3,661,623	493,489	50,000	9,688	395,000	276,450	731,138	67.50%
2001-2002	3,942,796	3,498,426	444,370	50,000	12,813	375,000	294,675	732,488	60.67%

Notes:

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

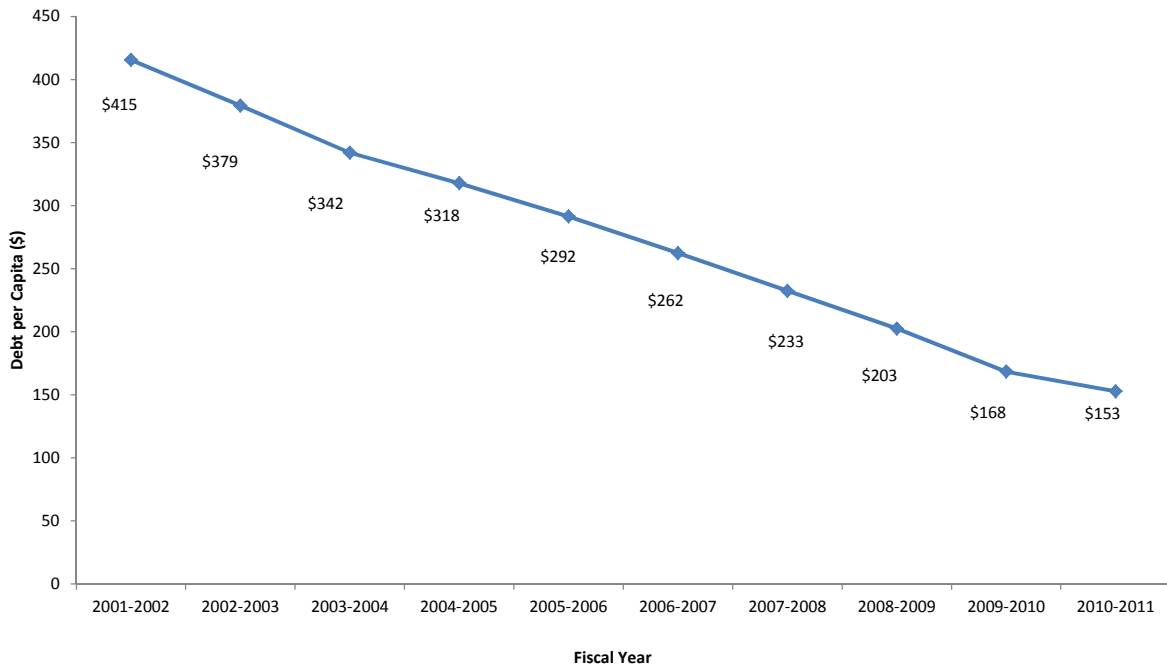
(2) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

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
2010-2011	4,187	\$ 640,000	\$ 2,553,693,794	0.03%	\$ 153	\$ 484,895 <sup>(3)</sup>	75.76%
2009-2010	4,660	785,000	2,474,858,897	0.03%	168	470,772 <sup>(3)</sup>	59.97%
2008-2009	4,591	930,000	2,340,067,576	0.04%	203	457,060	49.15%
2007-2008	4,580	1,065,000	2,104,194,861	0.05%	233	447,663	42.03%
2006-2007	4,553	1,195,000	1,981,590,314	0.06%	262	467,118	39.09%
2005-2006	4,528	1,320,000	1,824,610,766	0.07%	292	456,603	34.59%
2004-2005	4,530	1,440,000	1,609,877,845	0.09%	318	449,075	31.19%
2003-2004	4,548	1,555,000	1,463,920,837	0.11%	342	451,981	29.07%
2002-2003	4,521	1,715,000	1,367,069,836	0.13%	379	442,281	25.79%
2001-2002	4,501	1,870,000	1,299,695,648	0.14%	415	450,040	24.07%

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



Source:

(1) State of California, Finance Department

(2) SANDAG

(3) These amounts are estimates based upon a three percent increase from the previous fiscal year.

**City of Del Mar**  
**Direct and Overlapping Bonded Debt**  
**June 30, 2011**

Fiscal Year 2010-2011 Assessed Valuation	\$2,553,693,794		
Fiscal Year 2010-2011 Population	4,187		
	Total Debt	Percent	City's Share
	June 30, 2011	Applicable	of Debt
		to City	June 30, 2011
		(1)	
<b>Overlapping Tax and Assessment Debt:</b>			
San Diego County General Obligations	\$ 385,650,000	0.745 %	\$ 2,873,093
San Diego County Pension Obligations	820,288,160	0.745 %	6,111,147
San Diego County Superintendent of Schools			
- General Fund Obligations	19,992,500	0.745 %	148,944
Mira Costa Community College District			
- Certificates of Participation	3,065,000	3.350 %	102,678
San Dieguito Union High School District			
- General Fund Obligations	13,015,000	5.376 %	699,686
Solana Beach School District - Certificates of Participation	325,000	0.420 %	1,365
<b>Total Overlapping General Fund Debt</b>	<b>1,242,335,660</b>		<b>9,936,913</b>
<b>Direct Debt and Overlapping Tax and Assessment Debt:</b>			
Direct Debt:			
City of Del Mar	640,000	100.000 %	640,000
Subtotal Direct Debt	640,000		640,000
Overlapping Tax and Assessment Debt:			
City of Del Mar 1915 Act Bonds	1,555,000	100.000 %	1,555,000
Metropolitan Water District	227,670,000	0.143 %	325,568
Subtotal Overlapping Tax and Assessment Debt	229,225,000		1,880,568
<b>Total Direct and Overlapping Tax and Assessment Debt</b>	<b>229,865,000</b>		<b>2,520,568</b>
<b>Combined Total Debt</b>	<b>\$ 1,472,200,660</b>		<b>\$ 12,457,481</b> (2)

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

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

<u>Ratios to Fiscal Year 2010-2011 Assessed Valuation</u>		<u>Per Capita</u>
City Direct Debt (\$640,000).....	0.03%	\$152.85
Total Overlapping Tax and Assessment Debt.....	0.10%	\$602.00
Combined Total Debt.....	0.49%	\$2,975.28

State School Building Aid Repayable as of June 30, 2011: \$ -

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

	Fiscal Year				
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006
Assessed valuation	\$ 1,306,901,448	\$ 1,374,235,036	\$ 1,471,070,637	\$ 1,616,897,445	\$ 1,831,642,966
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 326,725,362	\$ 343,558,759	\$ 367,767,659	\$ 404,224,361	\$ 457,910,742
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 49,008,804	\$ 51,533,814	\$ 55,165,149	\$ 60,633,654	\$ 68,686,611
Total net debt applicable to limit:					
General obligation bonds	1,870,000	1,715,000	1,555,000	1,440,000	1,320,000
Legal debt margin	\$ 47,138,804	\$ 49,818,814	\$ 53,610,149	\$ 59,193,654	\$ 67,366,611
Total debt applicable to the limit as a percentage of debt	3.97%	3.44%	2.90%	2.43%	1.96%

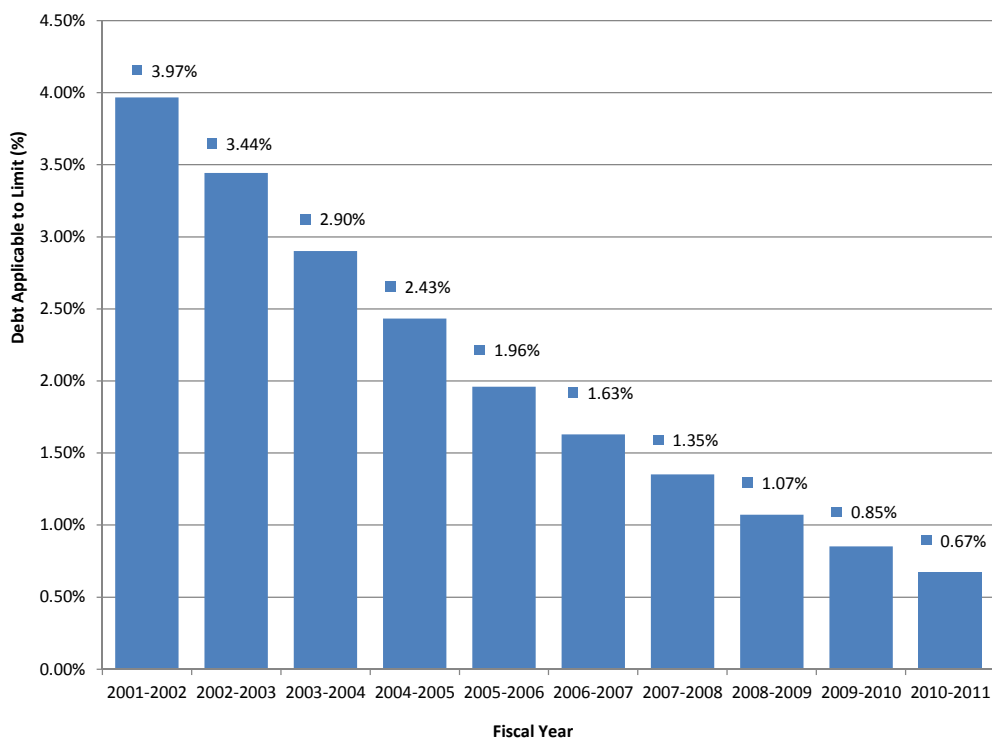
Note:

(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				
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
\$ 1,988,586,114	\$ 2,128,163,277	\$ 2,340,067,576	\$ 2,474,858,897	\$ 2,553,693,794
25%	25%	25%	25%	25%
\$ 497,146,529	\$ 532,040,819	\$ 585,016,894	\$ 618,714,724	\$ 638,423,449
15%	15%	15%	15%	15%
\$ 74,571,979	\$ 79,806,123	\$ 87,752,534	\$ 92,807,209	\$ 95,763,517
1,195,000	1,065,000	930,000	785,000	640,000
\$ 73,376,979	\$ 78,741,123	\$ 86,822,534	\$ 92,022,209	\$ 95,123,517
1.63%	1.35%	1.07%	0.85%	0.67%

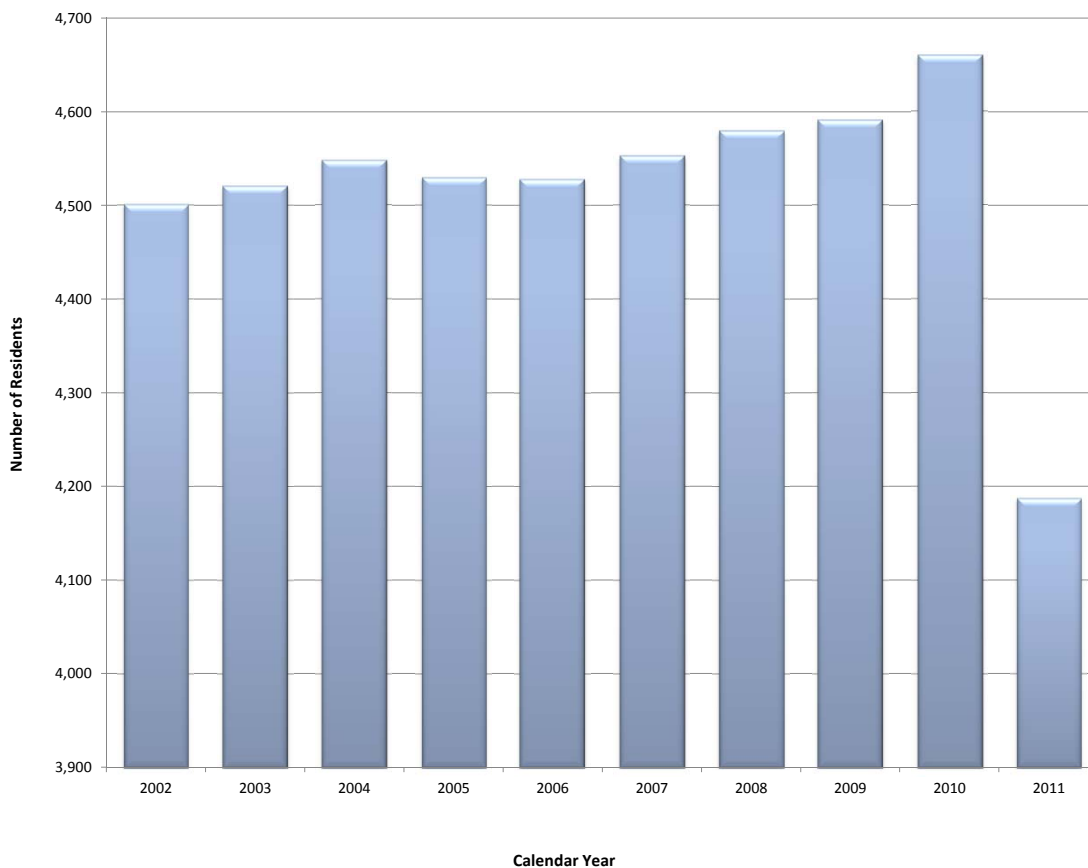
### DEBT APPLICABLE TO LIMIT Last Ten Fiscal Years



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
2011	2,542	4,187	-10.15%	3,118,876	1.61%	- *	- *	- *	- *
2010	2,542	4,660	1.50%	3,224,432	1.61%	- *	- *	- *	- *
2009	2,537	4,591	0.24%	3,173,407	0.86%	457,060	99,556	139,577,195	45,706
2008	2,519	4,580	0.59%	3,146,274	1.49%	447,663	97,743	104,846,916	44,766
2007	2,511	4,553	0.55%	3,100,132	1.14%	467,118	102,596	136,615,849	44,068
2006	2,499	4,528	-0.04%	3,065,077	0.89%	456,603	100,840	129,585,425	42,278
2005	2,510	4,530	-0.40%	3,038,074	0.87%	449,075	99,134	122,032,508	40,168
2004	2,511	4,548	0.60%	3,011,770	1.23%	451,981	99,380	116,646,431	38,730
2003	2,522	4,521	0.44%	2,975,082	1.79%	442,281	97,828	108,298,187	36,402
2002	2,533	4,501	1.08%	2,922,758	2.01%	450,040	99,987	103,816,821	35,520

**POPULATION**  
Last Ten Calendar Years



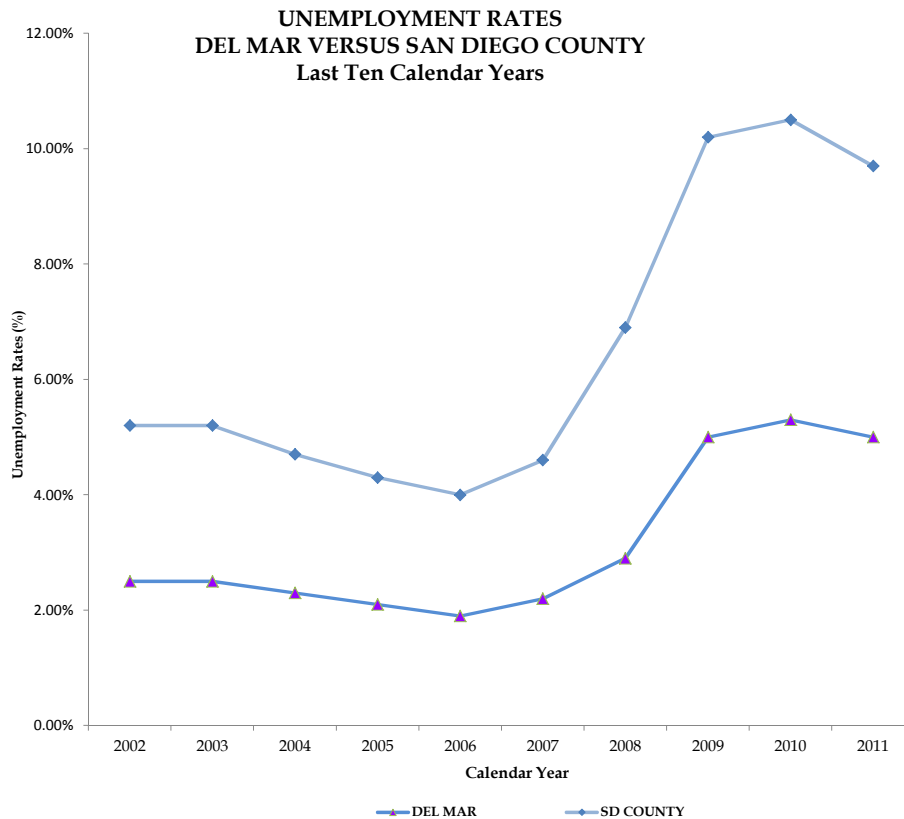
Note:

\* This information is not yet 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	
3,000	2,900	5.00%	1,579,500	1,427,000	9.70%	4,363
3,000	2,800	5.30%	1,566,700	1,406,200	10.50%	4,169
3,000	2,800	5.00%	1,574,700	1,414,600	10.20%	4,169
3,000	2,900	2.90%	1,577,200	1,468,700	6.90%	2,106
3,000	2,900	2.20%	1,542,400	1,471,600	4.60%	2,305
3,000	2,900	1.90%	1,520,500	1,459,900	4.00%	2,707
2,900	2,900	2.10%	1,505,900	1,440,500	4.30%	3,019
2,900	2,800	2.30%	1,490,800	1,420,100	4.70%	3,324
2,800	2,800	2.50%	1,468,200	1,391,700	5.20%	3,506
2,800	2,700	2.50%	1,450,500	1,375,800	5.20%	3,675



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	2010		2011	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Kitchen 1540 <sup>(3)</sup>	Resorts	170	6.07%	-	- %
L'Auberge Del Mar Resort Spa	Resorts	170	6.07%	250	8.62%
Del Mar Fairgrounds	Banquet Rooms	170	6.07%	170	5.86%
Del Mar Plaza Fine Dining	Restaurant	115	4.11%	115	3.97%
Del Mar Thoroughbred Club	Horse racing club	115	4.11%	115	3.97%
Jake's Del Mar	Restaurant	110	3.93%	110	3.79%
Brigantine Seafood Restaurant	Restaurant	100	3.57%	100	3.45%
Il Fornaio	Restaurant	-	- %	100	3.45%
RE/MAX Moonlight Beach Inc.	Real Estate	100	3.57%	100	3.45%
Pacifica Del Mar	Restaurant	65	2.32%	65	2.24%
Bully's Del Mar	Restaurant	60	2.14%	60	2.07%
Total Top Ten Employers		1,005		1,185	
Total City Employment <sup>(2)</sup>		2,800		2,900	

Notes:

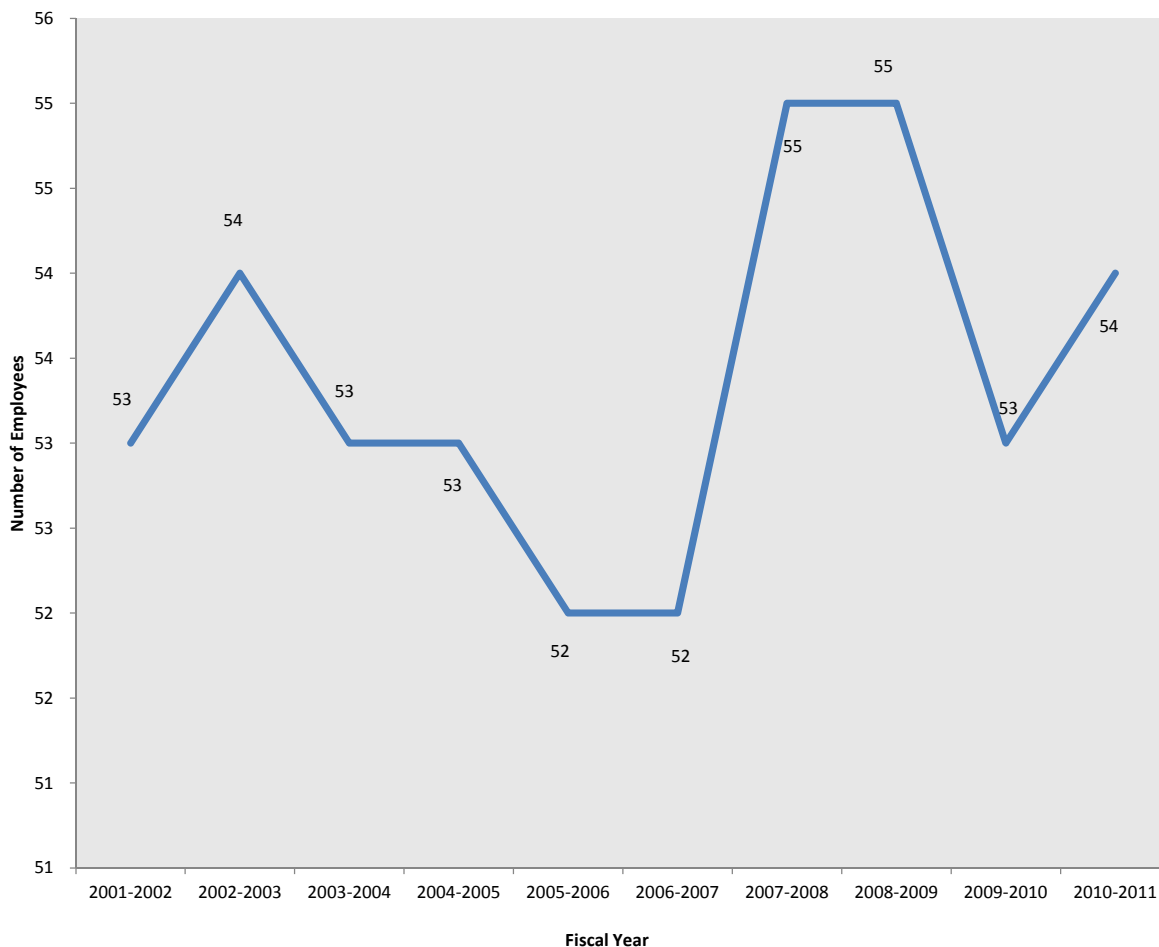
- (1) Represents non-governmental employers.
- (2) Total City employment provided by EDD - Labor Market Information Division.
- (3) Previously known as J Taylor's of Del Mar

Source: infoUSA

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

Function	Fiscal Year									
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
General government	19.5	19.5	19.5	19.5	19.5	19.5	20.5	22.0	19.0	19.0
Public safety <sup>(1)</sup>	18.5	18.0	17.5	16.5	15.5	15.5	16.5	15.0	16.0	17.0
Public works	12.0	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0
Parks and recreation	3.0	4.5	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total</b>	<b>53.0</b>	<b>54.0</b>	<b>53.0</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>

**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									
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
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	17,693	18,634	20,061	22,564	24,277	18,091	19,032	20,132	20,000	27,068
Fire:										
Emergency calls	945	840	1,003	877	1,027	1,167	1,205	1,116	1,112	1,153
Inspections	180	180	180	130	130	130	490	471	307	240
Public works:										
Street resurfacing (miles)	1.16	1.25	0.14	-	0.26	0.18	0.69	0.11	0.50	-
Street slurry (miles)	0.57	0.25	0.32	-	-	-	-	-	0.50	-
Parks and recreation:										
Number of recreational classes	250	450	450	350	350	350	364	412	624	436
Number of facility rentals	80	170	210	260	290	290	256	285	130	93
Water:										
New construction	6	2	6	5	5	7	8	12	-	-
Average daily consumption (in thousands of gallons)	1,209	1,147	1,248	1,182	1,172	1,309	1,103	1,073	1,008	972
Sewer:										
New construction	6	4	6	5	6	7	5	12	-	-
Average daily sewage treatment (in thousands of gallons)	699	697	680	695	675	648	614	563	560	550

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									
	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Street lights	58	58	58	58	58	87	87	87	87	87
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	3	3	3	3	3	3	4	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28
Maximum daily capacity (thousands of gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains										
Sanitary sewers (miles)	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	28.85	28.85
Storm drainage (miles)	-	0.07	0.03	-	0.07	13.59	13.59	13.59	13.59	13.59
Maximum daily treatment capacity (thousands of gallons)	800	821	821	877	877	877	877	877	877	877

Source: City of Del Mar

**City of Del Mar**  
**Miscellaneous Statistics**  
**June 30, 2011**

Date of incorporation.....	July 15, 1959
Form of government.....	Council/Manager
Area.....	2 square miles
Climate:	
Average annual high temperature.....	73.3° F
Average annual low temperature.....	52.0° F
Annual precipitation.....	10.13 inches
Fire protection:	
Station.....	1
Firefighters and officers.....	9
Fire incident responses.....	524
Emergency medical incident responses.....	629
Public service calls.....	96
Fire inspections.....	240
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.....	30,102
Hotels:	
Major hotel rooms.....	355
Average percent occupancy.....	64 percent
Average room rate.....	\$294
Average group size per stay.....	2.1 persons*
Average length of stay.....	2.8 days*
(*information from San Diego County profile)	
Education:	
Private school.....	1
School district.....	1
Street miles.....	22.5 miles
Street lights.....	87
Water system:	
Service connection.....	1,870 meters
Fire hydrants.....	375
Sanitary sewer lines.....	28.85 miles

Source: City of Del Mar