

# Comprehensive Annual Financial Report

City of Del Mar, California



Fiscal Year Ended June 30, 2012





**CITY OF DEL MAR, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
Fiscal Year Ended June 30, 2012



Prepared by the Finance Department

Teresa S. McBroome  
Director of Finance/Treasurer

**CITY OF DEL MAR**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2012

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December 21, 2012

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

**LETTER OF TRANSMITTAL**  
**FISCAL YEAR 2011-2012 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2011-2012 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, 2012.

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

**Profile of the City of Del Mar**

Del Mar is a coastal charter City incorporated in 1959. It borders the City of San Diego on the south, and the City of Solana Beach on the north. The City is governed by a five-member City Council under the Council/Manager form of government. The City Council is elected at large with staggered four-year terms and the position of Mayor rotating amongst Council members annually.

Del Mar is a small city of 4,194 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, sewer and clean water services, and contracts for waste collection with Coast Waste Management, and contracts for law enforcement with the San Diego County Sheriff.

### **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. The proposed budget was presented to the Council and discussed at public workshops. The final budget was adopted by the City Council during a meeting in June 2011. The budget is monitored monthly by the Finance Department and Department Directors using financial reports which compare actual revenues and expenditures to date with budgeted amounts. 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 the City's Financial Condition**

Del Mar is a small fully built-out coastal city, which relies heavily on the local real estate market, specifically property tax revenues, and tourism, as major revenue sources. For the last 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. Property taxes increased 2.2 percent in Fiscal Year 2011-2012 compared to the previous year. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value, increases in value due to new construction, and the two percent annual increases permitted under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains fairly strong, 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. The City Council elected to implement 1 percent of the possible 2.5 percent increase resulting in an 11.5 percent TOT effective with the beginning of Fiscal Year 2009-2010. TOT collections increased 5.9 percent during Fiscal Year 2011-2012 compared to the previous fiscal year, due to the increases in the average occupancy rate. Due to the improving economy, sales tax increased approximately 5 percent compared to the prior fiscal year.

Although Del Mar has weathered the economic downturn well, the State of California (State) continues to suffer economically. Their continuing budget shortfall directly impacts local governments and the communities they serve. 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 State's last budget adoption 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.

Del Mar has positioned itself to successfully overcome these challenges imposed by the larger economy. The City's strategic approach has been to continue fiscal conservatism by identifying new revenue sources while examining ways to reduce expenditures through alternative approaches. The City has also avoided entering into long-term fixed General Fund obligations, which gives greater flexibility in times of revenue downturns. We believe that the projects undertaken this fiscal year and the accomplishments highlighted below not only help us better serve our residents and businesses, but assist in building a solid foundation towards keeping the City fiscally sound and well positioned to sustain its financial health.

### **Accomplishments**

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

#### *Beach Safety Center*

This year marked the completion of the City's beautiful new Beach Safety Center. The facility includes 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 also has a sea wall, and provides 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, make a significant impact on the area infrastructure. It replaces a 45-year-old cinderblock structure that was built by volunteers.

The construction phase of the 17<sup>th</sup> Street Beach Safety Center commenced in late September 2011. Work on the project moved at a steady rate, despite periodic rain, with opening ceremonies in June 2012. The overall project cost was \$2.867 million and was funded through

the fundraising efforts and generosity of the Friends of the Powerhouse (\$807,500), a grant of \$650,000 awarded by the State's Coastal Conservancy, and City funding of \$1,409,500 of which approximately \$720,000 came from the sale of the Balboa Lot, with the remainder coming from the City's General Fund and Capital Reserve Fund.

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

This project replaced Del Mar's antiquated 40-year old pump station with a new state of the art facility. The new pump station is equipped with 100,000 gallons of emergency storage and capable of pumping 1,000,000 gallons of wastewater per day into the City of San Diego's wastewater system. The new pumps are equipped with variable-speed motors which reduce energy costs and are located on the top floor, above the 100-year flood plain. The pump station is in operation. The total construction cost was \$4,500,000 and was financed by a low-cost loan from the State Water Resources Board.

#### *North Torrey Pines Bridge*

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

Environmental documents were completed for this project during Fiscal Year 2008-2009 and final project plans and specifications were completed and released for bidding in Fiscal Year 2010-2011. Construction is underway and is scheduled to continue through 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 contributed \$974,060 towards the design costs. As of June 30, 2012, the Bridge was about 54 complete, with 50 percent of the time elapsed.

#### *Annual Street and Drainage Project*

The Annual Street and Drainage project included the replacement of curb, gutter, installation of new sidewalks, installation of new pedestrian ramps, traffic signal equipment, and slurry sealed Camino del Mar from 9th Street to 11th Street. The project also included approximately 12,000 square feet of bundled asphalt repairs at various locations throughout Del Mar. The City also completed its annual Sewer Cleaning and Video Inspection contract in May 2012. The project video inspected and cleaned approximately 12,000 feet of gravity sewer mains throughout Del Mar.

#### *Utility Undergrounding on Camino del Mar*

This project encompassed the removal of seventeen poles and 3,785 linear feet of power, cable and telephone lines along Camino del Mar. This project was completed ahead of expectations in March 2012, resulting in improved views and safety for the City of Del Mar and the City of San Diego.

### *New Waste Management Franchise Agreement*

The City conducted an extensive Request for Proposal process to update and improve its waste management and diversion services collection system. The City wished to transition from a single tier barrel collection system to a modern semi-automated “pay as you throw” system which rewards customers who dispose of less waste, and recycle more. Ultimately, the new franchise agreement was awarded to the City’s long-time service provider Coast Waste Management. In addition to the rollout of the new containers and new variable-can rate structure, the new franchise agreement provides additional free programs for residents, and also provides additional funding to the City to implement a recycling program.

### *Equipment Acquisitions*

This year the City ordered a brand-new fire engine to replace the City’s 1987 reserve truck. The new engine is the Pierce Ultimate Configuration and is innovative in that it minimizes vehicular space used for fire suppression and maximizes the space for tools and equipment. It offers a completely enclosed cab for fire crew safety, has 500-gallons of water capacity and is state-of-the-art both in fire-fighting technology and in vehicular emission controls. The City evaluated the purchase cost in terms of a capital lease, or outright cash purchase, and determined that accruing the funds through timely additions to the Equipment Replacement Fund, and then purchasing through cash would result in substantial savings for the City.

A sewer vacor truck was approved and ordered to replace two separate aged equipment – a vacuum liquidator and a jet cleaner. The new truck provides significantly greater capacity and will be much easier to operate in Del Mar’s narrow, winding streets.

### *Downtown Revitalization*

In the City’s most comprehensive planning effort to date, the City embarked on an extensively researched and publicly-vetted program to improve the walkability and vitality of its downtown. 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 for appropriate development to land owners. The City embarked on the development of a Village Specific Plan to accomplish these goals and actions.

The Specific Plan addressed the redesign of the streetscape public realm, primarily Camino del Mar, and how it can implement the goals of the Community Plan, including the Housing Element. Parking, traffic and the pedestrian improvements were included in a comprehensive manner to address concerns and promote a walkable downtown. While the Village Specific Plan did not receive voter approval, the planning and environmental work, and traffic studies can be used for future planning purposes.

## **Looking Forward**

### **Citywide Planning Efforts**

#### *Comprehensive Parking Plan*

Providing adequate parking for businesses, employees and visitors is considered essential for the continued success of Del Mar businesses and the preservation of the peaceful nature of Del Mar residential areas. Although this is a Citywide need, the City may implement a plan based upon geographic regions in order to make it more adaptable for local needs. The plan may include the development of a parking structure, and the City will research various funding mechanisms such as in-lieu fees and meter revenues.

#### *Development of the City Hall Site*

The current City Hall is located on 1.6 acres of prime downtown property. The City Hall structure is in need of replacement, which opens the site for development for uses that might better serve the community. The City will research potential alternatives for the site which may include a parking structure, a replacement City Hall, commercial and residential uses.

#### *Housing Element*

The City worked on its required Housing Element during this year and will continue with its plans to adopt an updated Housing Element within the year.

#### *Local Coastal Plan Amendment for the Fairgrounds*

The City identified the need to prepare a Local Coastal Plan Amendment to cover the Fairgrounds. This is an important step in ensuring that future development and activities at the Fairgrounds are in line with the Community's goals and vision while taking into account the Fairgrounds' need to be financially viable. The City is encouraging all stakeholders to work together on this process.

### **Additional Initiatives**

As the City plans for the upcoming decade it will embark on several additional initiatives:

#### *Ten-Year Capital Improvement and Financial Plan*

The City Council will work to update the City's Capital Improvement Plan to prioritize projects and develop a long-range financing plan which will support its funding and construction.

#### *City Hall Needs Assessment*

Prior to embarking upon any construction or acquisition of a new City Hall, the City will embark upon a needs assessment which assesses necessary square footage for staff, meeting space, public service spaces such as Planning and Finance counters, community functions and meeting rooms, restrooms, a kitchen and other facilities.

## *Assessment of Pension and Labor Costs*

The City of Del Mar has already proactively implemented second tiers for its CalPERS pensions in its miscellaneous and Fire employee groups, and will implement the new tiers required by the Public Employees' Pension Reform Act of 2013. Most City employees have been paying the full employee share since 2006, and all City employees will be paying their full share by January 2014. The City will continue to examine ways to reduce its pension costs, including the prepayment of its sidefund liability, and enlarging its existing pension reserve. In Fiscal Year 2011-2012 the City increased its PERS reserve from \$200,000 to \$250,000.

The City is currently evaluating organizational structure and staffing within City departments. Prior to filling vacated positions, the City Manager is assessing existing department operations, reporting structures, and salaries and position levels with respect to typical municipal norms. Among items being considered are the balance between full-time and part time staff, and the ability for service needs to be met through outsourcing.

## *Fairgrounds Governance*

The City is working with the Fairgrounds, the County and the City of Solana Beach and other stakeholders to explore governance models of the Fairgrounds which would be more responsive to community needs and enhance the ability of the Fairgrounds to serve as a regional asset.

## *Fairgrounds Cost of Service/Benefit Studies*

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

## **Financial Policies**

### *General Fund Contingency Reserve*

It is the City's policy and practice to complete a budget that is balanced and has a minimum 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, 2011. This was the 16<sup>th</sup> consecutive year the City has achieved this prestigious award. In order to receive an award, the City must publish an easily readable and comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

## Acknowledgments

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

Respectfully submitted,



Scott W. Huth  
City Manager



Teresa S. McBroome  
Director of Finance/Treasurer

# 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, 2011

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. Dandison*

President

*Jeffrey R. Emer*

Executive Director

## **CITY COUNCIL**

*Carl Hilliard*  
**Mayor**

*Terry Sinnott*  
**Deputy Mayor**

*Don Mosier*  
**Councilmember**

*Mark Filanc*  
**Councilmember**

*Lee Haydu*  
**Councilmember**

## **CITY MANAGER**

*Scott W. Huth*

**ASSISTANT CITY MANAGER**

*Mark Delin*

**CITY ATTORNEY**

*Leslie Devaney*

**DIRECTOR OF PLANNING AND  
COMMUNITY DEVELOPMENT**

*Kathy Garcia*

**CITY CLERK AND  
INFORMATION SYSTEMS DIRECTOR**

*Mercedes Martin*

**DIRECTOR OF FINANCE/  
TREASURER**

*Teresa S. McBroom*

**DIRECTOR OF COMMUNITY SERVICES  
AND LIFEGUARD CHIEF**

*Pat Vergne*

**CITY ENGINEER**

*Tim Thiele*

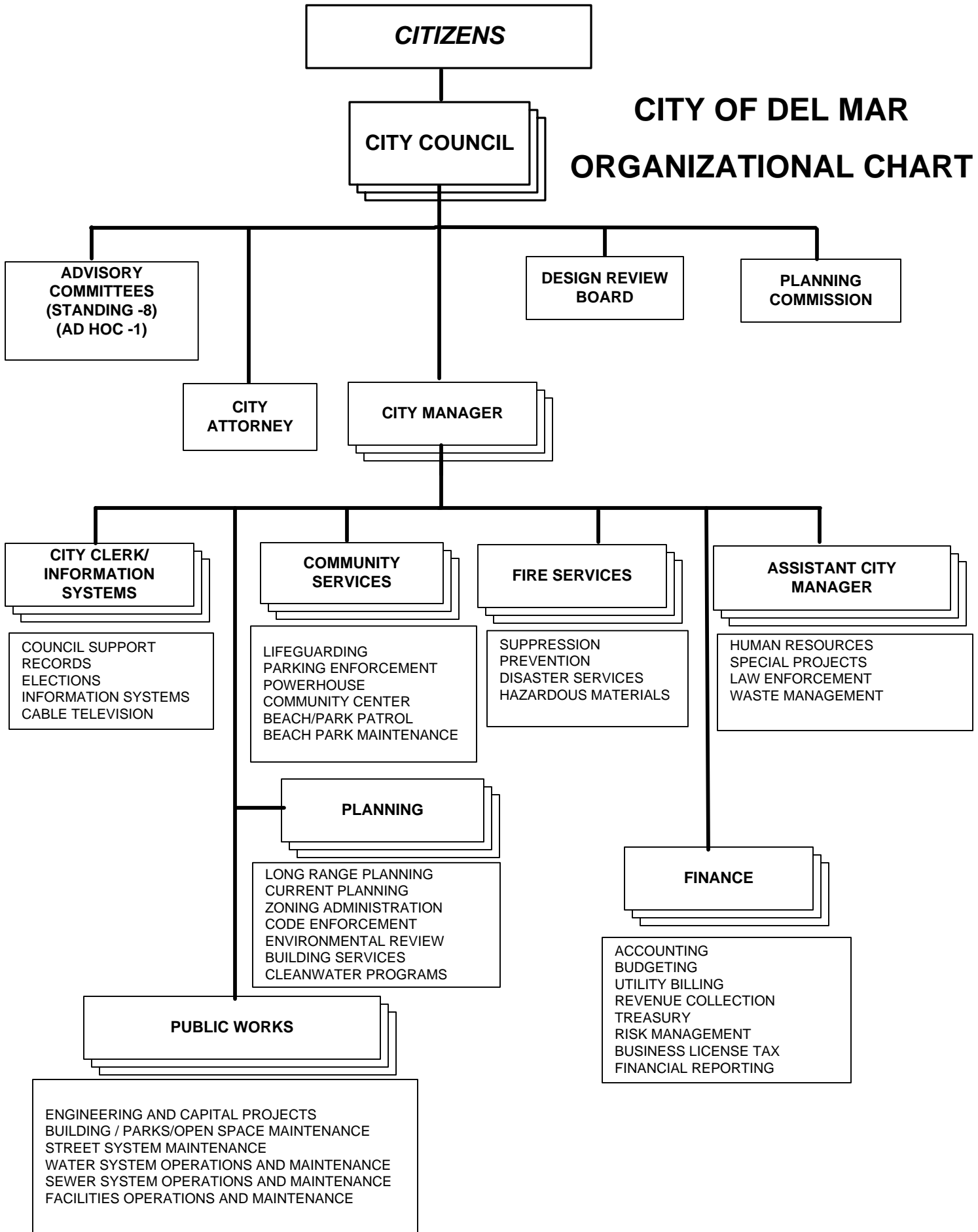
**PUBLIC WORKS DIRECTOR**

*Eric Minicilli*

**SHERIFF CAPTAIN**

*Sherri Sarro*

# CITY OF DEL MAR ORGANIZATIONAL CHART



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Honorable Mayor and City Council  
City of Del Mar, California

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California, as of and for the year ended June 30, 2012, 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 financial statements based on our audit. The prior year partial comparative information has been derived from the financial statements of the City of Del Mar for the year ended June 30, 2011 and, in our report dated December 13, 2011, 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 *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, 2012, 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.

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

Honorable Mayor and City Council  
City of Del Mar, California  
Page Two

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City of Del Mar's basic financial statements. The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

In accordance with Government Auditing Standards, we have also issued a report dated December 21, 2012 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Mayer Hoffman McCann P.C.*

Irvine, California  
December 21, 2012







## 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, 2012. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the Introductory Section of this report, and with the City's financial statements, which follow this discussion.

### FINANCIAL HIGHLIGHTS

#### Economic Background

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

The discussion and analysis below compares Fiscal Year 2011-2012 to Fiscal Year 2010-2011. All variances are expressed relative to Fiscal Year 2010-2011 results. Fiscal Year 2011-2012 financial highlights include the following:

#### Financial Highlights

- The City's total assets in excess of its liabilities as of June 30, 2012 was \$78.83 million.
- Citywide total net assets increased by \$9.85 million, or 14.28 percent, during the current fiscal year, indicating an improved financial condition. The positive change in net assets is largely due to increased capital assets as described below.

- A net increase in total assets of \$10.48 million, or 13.20 percent, is primarily due to an increase in capital assets as discussed later. Liabilities had a net increase of \$0.63 million, or 6.02 percent, primarily due to the net of a decrease in current liabilities and an increase in long-term liabilities. Current liabilities decreased by \$0.72 million and long-term liabilities increased by \$1.35 million.
- As of June 30, 2012, the City's governmental funds reported combined fund balances of \$6.72 million, a decrease of \$0.43 million, or 5.98 percent, from Fiscal Year 2010-2011. Of the \$6.72 million in fund balance, \$0.53 million is non-spendable, \$0.98 million is restricted, \$0.18 million is committed, \$2.65 million is assigned for specific activities, and \$2.38 million, is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$4.38 million, or 65.20 percent, of the total fund balance in governmental funds. This balance is available for spending at City management's discretion, and is equal to 43.94 percent of the total fiscal year expenditures of \$9.97 million, and 37.97 percent of total revenues of \$11.54 million, before other financing sources (uses). The Open Space Fund, Capital Improvement Program Fund, and other non-major governmental funds have fund balances of \$0.18 million, \$1.18 million, and \$0.98 million, respectively, at June 30, 2012.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The *Statement of Net 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 and Luneta Undergrounding A.D. 1989-01, Seawall Refinance A.D. 1999-01, Ocean View/Pines A.D.

2005-01, North Hills Undergrounding A.D. 2007-01, and Sunset Undergrounding A.D. 2007-02.

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### *Net 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 \$78.83 million as of June 30, 2012. This is an increase of \$9.85 million, or 14.28 percent, compared to June 30, 2011.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$10,741,933	\$11,269,458	\$4,570,114	\$3,937,296	\$15,312,047	\$15,206,754
Non-current assets	-	-	484,502	495,058	484,502	495,058
Capital assets	48,433,072	38,584,461	25,627,650	25,093,877	74,060,722	63,678,338
Total assets	59,175,005	49,853,919	30,682,266	29,526,231	89,857,271	79,380,150
Current liabilities	3,448,885	3,585,918	1,084,826	1,667,270	4,533,711	5,253,188
Non-current liabilities	613,328	781,580	5,875,316	4,361,609	6,488,644	5,143,189
Total liabilities	4,062,213	4,367,498	6,960,142	6,028,879	11,022,355	10,396,377
Invested in capital assets, net of related debt	47,943,072	37,944,461	19,876,130	20,873,821	67,819,202	58,818,282
Restricted	2,143,980	2,968,749	-	-	2,143,980	2,968,749
Unrestricted	5,025,740	4,573,211	3,845,994	2,623,531	8,871,734	7,196,742
Total net assets	<b>\$55,112,792</b>	<b>\$45,486,421</b>	<b>\$23,722,124</b>	<b>\$23,497,352</b>	<b>\$78,834,916</b>	<b>\$68,983,773</b>

The largest component of the City's net assets, \$67.82 million, is investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), and is less any related debt, used to acquire those assets, that is outstanding. This increased \$9.00 million, or 15.30 percent, from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The restricted portion of the City's total net assets, which represents resources subject to external restrictions on how they may be used by the City, is \$2.14 million. This is a decrease of \$0.83 million from the prior fiscal year's amount of \$2.97 million. The remaining unrestricted net assets of \$8.87 million are used to meet the City's ongoing obligations for the following fiscal year. This unrestricted amount increased by \$1.67 million from last fiscal year's amount of \$7.20 million.

As of June 30, 2012, 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 \$9.63 million, or 21.16 percent. The increase in total net assets also accounted for an increase in business-type activities of \$0.22 million, or 0.96 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	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$2,961,185	\$3,167,477	\$5,734,631	\$5,280,234	\$8,695,816	\$8,447,711
Operating grants and contributions	282,071	454,648	-	-	282,071	454,648
Capital grants and contributions	8,474,616	4,194,853	5,000	5,000	8,479,616	4,199,853
<i>General Revenues:</i>						
Property taxes	4,647,145	4,510,439	-	-	4,647,145	4,510,439
Sales and other taxes	4,182,740	3,996,867	-	-	4,182,740	3,996,867
Sale of capital assets	18,811	4,171,104	-	-	18,811	4,171,104
Others	424,070	171,791	25,242	80,252	449,312	252,043
Unrestricted investment earnings and others	83,424	123,733	13,260	13,762	96,684	137,495
Total revenues	21,074,062	20,790,912	5,778,133	5,379,248	26,852,195	26,170,160
<b>Expenses:</b>						
General government	4,817,999	4,124,385	-	-	4,817,999	4,124,385
Public safety	5,365,983	5,050,517	-	-	5,365,983	5,050,517
Public works	491,439	1,057,431	-	-	491,439	1,057,431
Parks and recreation	732,882	692,531	-	-	732,882	692,531
Interest and fiscal charges	22,603	51,070	-	-	22,603	51,070
Enterprise operations	-	-	5,570,146	5,219,179	5,570,146	5,219,179
Total expenses	11,430,906	10,975,934	5,570,146	5,219,179	17,001,052	16,195,113
Increase (decrease) in Net Assets before other revenues and transfers	9,643,156	9,814,978	207,987	160,069	9,851,143	9,975,047
Transfers	(16,785)	(10,530)	16,785	10,530	-	-
Change in net assets	9,626,371	9,804,448	224,772	170,599	9,851,143	9,975,047
Net assets - beginning of year	45,486,421	35,681,973	23,497,352	23,326,753	68,983,773	59,008,726
Net assets - end of year	<b>\$55,112,792</b>	<b>\$45,486,421</b>	<b>\$23,722,124</b>	<b>\$23,497,352</b>	<b>\$78,834,916</b>	<b>\$68,983,773</b>

### Governmental Activities:

The City's net assets from governmental activities increased \$9.63 million, or 21.16 percent, in the current fiscal year, accounting for 97.72 percent of the total \$9.85 million growth, in the City's total net assets. Total revenues from governmental activities increased 1.36 percent to \$21.07 million. The cost of all governmental activities in Fiscal Year 2011-2012 was

\$11.43 million, an increase of \$0.45 million, or 4.15 percent, over the prior fiscal year. As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$2.96 million, which were generated by service revenues received from the performance of these activities, and decreased by \$0.21 million, or 6.51 percent, compared to Fiscal Year 2010-2011. Another \$0.28 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. This revenue category decreased by \$0.17 million, or 37.96 percent. In addition, another \$8.47 million in revenues came from capital grants and contributions, which increased by \$4.28 million, or 102.02 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. The City also received State funds and private contributions for the construction of the new Beach Safety Center. Overall, the City's governmental program revenues amounted to \$11.72 million, an increase of \$3.90 million, or 49.90 percent, compared to the prior fiscal year. General revenues of \$9.36 million decreased by \$3.62 million, or 27.88 percent, in comparison to the prior fiscal year. This decrease is mainly attributable to the decrease in the sales of capital assets of \$4.15 million, or 99.55 percent due to the sale of the Balboa property during the prior fiscal year. The City also had an increase in property taxes of \$0.14, or 3.03 percent, sales and other taxes of \$0.19 million, or 4.65 percent and other general revenue of \$0.25 million, or 146.85 percent, compared to the prior fiscal year. In total, City Governmental Activities reported an increase of \$9.63 million in net assets. In comparison to the prior fiscal year, the key elements contributing to the \$0.28 million increase in revenues from governmental activities are as follows:

- An increase of \$4.28 million 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. Local funds for various street projects and State funds and private contributions for the construction of the new Beach Safety Center also attribute to the increase in capital grants and contributions.
- An increase of \$0.25 million in other general revenue compared to the prior fiscal year due to an increase in workers' compensation reimbursements and litigation expense reimbursements.
- A decrease of \$0.21 million in charges for services compared to the prior fiscal year primarily attributable to a decrease in building review fees and housing in-lieu fees.
- A decrease of \$4.15 million in sale of capital assets compared to the prior fiscal year due to the sale of the Balboa property.

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

The City's business-type activities increased in net assets by \$0.22 million, or 0.96 percent, for the fiscal year ended June 30, 2012, accounting for 2.28 percent of the total \$9.85 million growth, in the City's net assets. Business-type activities' total revenue increased by \$0.39 million, or 7.42 percent, during the current fiscal year to a total of \$5.78 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.45 million, or 8.61 percent. Related business-type activity costs also increased during the fiscal year by \$0.35

million, or 6.72 percent, compared to the prior fiscal year. The increase in revenues, expenses, and transfers resulted in a change in net assets of \$0.22 million, or a 0.96 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, 2012, the City's governmental funds reported a combined ending fund balance of \$6.72 million, which is a \$0.43 million, or 5.98 percent decrease, in comparison to the prior fiscal year of \$7.15 million. The \$6.72 million governmental fund balance is composed of \$0.53 million in *nonspendable*; \$0.98 million in *restricted*; \$0.18 million in *committed*; \$2.65 in *assigned* which indicate that it is not available for new spending; and \$2.38 million in *unassigned* funds.

Table 3 below shows the governmental fund balances for the two fiscal years ended June 30, 2012 and June 30, 2011.

<b>FISCAL YEAR 2011-2012</b>	<b>General</b>	<b>Open Space</b>	<b>Capital Improvement</b>	<b>Governmental Funds</b>	<b>Totals</b>
Total revenues	\$11,536,657	\$488,219	\$8,065,640	\$960,622	\$21,051,138
Total expenditures	9,968,713	740,181	9,471,170	1,300,083	21,480,147
Excess (deficiency) of revenues over expenditures	1,567,944	(251,962)	(1,405,530)	(339,461)	(429,009)
Total other financing sources (uses)	(1,174,248)	243,553	593,158	339,564	2,027
Net change in fund balance	393,696	(8,409)	(812,372)	103	(426,982)
Fund balance - beginning	3,986,282	190,215	1,992,576	976,173	7,145,246
Fund balance - ended	<b>\$4,379,978</b>	<b>\$181,806</b>	<b>\$1,180,204</b>	<b>\$976,276</b>	<b>\$6,718,264</b>
<b>FISCAL YEAR 2010-2011</b>					
Total revenues	\$11,191,773	\$424,792	\$4,399,208	\$598,247	\$16,614,020
Total expenditures	9,040,948	4,217,073	4,525,028	918,494	18,701,543
Excess (deficiency) of revenues over expenditures	2,150,825	(3,792,281)	(125,820)	(320,247)	(2,087,523)
Total other financing sources (uses)	(1,521,768)	3,638,625	1,691,802	351,914	4,160,573
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 - ended	<b>\$3,986,282</b>	<b>\$190,215</b>	<b>\$1,992,576</b>	<b>\$976,173</b>	<b>\$7,145,246</b>

**General Fund:**

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$4.38 million as of June 30, 2012. This is an increase of \$0.39 million, or 9.88 percent, in comparison to the prior fiscal year. This increase is due to the increase in total revenues of \$0.34 million, or 3.08 percent, which is offset by a decrease in other financing uses of \$0.35 million, or 22.84 percent, and the increase in operating costs of \$0.93 million, or 10.26 percent. Revenues increased primarily due to increases in taxes, charges for services, contributions and other revenue, offset by decreases in licenses, fees and permits, intergovernmental, fines and forfeitures and use of money and property.

Total expenditures increased by \$0.93 million, or 10.26 percent, as compared to the prior fiscal year, in which the largest increase was in general government expenditures of \$0.69 million, or 17.11 percent due to increases in litigation attorney fees and costs related to the Village Specific Plan. The ending fund balance is composed of \$0.53 million nonspendable

for encumbrances, \$1.47 million assigned for specific expenditures, and the unassigned amount of \$2.38 million, which is available for spending at the City's discretion.

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

***Major Funds:***

As of June 30, 2012, the fund balance in the Open Space Special Revenue Fund decreased by \$0.01 million from the prior fiscal year, and has an ending fund balance of \$0.18 million. Total revenues of this fund decreased by \$0.06 million, or 14.93 percent due to a decrease in facility permits, compared to the prior fiscal year. Total expenditures decreased by \$3.48 million or 82.45 percent compared to the prior fiscal year due to the payoff of debt service made during Fiscal Year 2010-2011.

As of June 30, 2012, the Capital Improvement Program's fund balance of \$1.18 million, decreased by \$0.81 million, or 40.77 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 \$0.10 thousand, or 0.01 percent, from the Fiscal Year 2010-2011 balance of \$9.762 thousand to \$9.763 thousand at the end of the current fiscal year. The other non-major funds are composed of the remaining special revenue funds including Gas Tax, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, AB 939, Regional Transportation, Transnet, and Wildfire Debt Service. The fund balance of \$0.98 million is restricted for specific purposes.

***Proprietary Funds:***

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

*Enterprise Funds:* The total net assets in the enterprise funds increased over the prior fiscal year by \$220 thousand, or 0.96 percent. The City's Water Fund decreased \$8 thousand, the Wastewater Fund increased \$0.25 million, while the Clean Water Fund decreased by \$20 thousand. The decrease in the Water and Clean Water funds are due to lower than projected water sales. The Wastewater Fund's increase in net assets was due to operating expenses coming in lower than projected.

At the end of Fiscal Year 2011-2012, the Internal Service fund reported a surplus in net assets of \$0.83 million, which is a \$30 thousand, or 4.31 percent, increase from last fiscal year. This increase was attributable to the increase in operating revenue of \$7.10 thousand, or 4.22 percent, due to an increase in workers' compensation reimbursement, in comparison to the prior year. Operating expenses increased \$0.09 million, or 159.60 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 \$1.38 million when comparing actual excess revenues over expenditures amounts of \$1.57 million to the final budget of \$0.19 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$0.53 million due to higher tax revenues of \$0.39 million, higher licenses, fees and permits revenues of \$0.05 million, higher charges for services revenue of \$0.03 million, and higher other revenues of \$0.7 million. The actual expenses were less than the fiscal year's final appropriation by \$0.86 million primarily due to less than anticipated expenditures in general government of \$0.25 million and lower anticipated expenditures in public safety of \$0.60 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, 2012, amounts to \$74.06 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 \$10.38 million, compared to the prior fiscal year, in which \$9.85 million, or 25.52 percent, of the increase is related to governmental activities and a \$0.53 million, or 2.13 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 \$7.02 million and an increase in buildings and improvements for the construction of the new Beach Safety Center project of \$2.87 million before depreciation. Overall, total capital assets increased \$9.85 million in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets increased by \$0.53 million, or 2.13 percent, during the fiscal year. This increase was primarily attributable to the construction of a new 21<sup>st</sup> Pump Station.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable assets:						
Land	\$18,289,250	\$18,289,250	\$1,365,688	\$1,205,457	\$19,654,938	\$19,494,707
Construction in progress	17,061,423	9,696,231	-	4,446,352	17,061,423	14,142,583
Total non-depreciable assets	<u>35,350,673</u>	<u>27,985,481</u>	<u>1,365,688</u>	<u>5,651,809</u>	<u>36,716,361</u>	<u>33,637,290</u>
Capital assets, being depreciated:						
Buildings/structures and improvement	6,340,755	3,646,832	8,916,292	3,425,937	15,257,047	7,072,769
Machinery and equipment	316,325	299,987	235,736	336,261	552,061	636,248
Streets	3,671,902	3,797,711	-	-	3,671,902	3,797,711
Traffic signals	39,119	40,455	-	-	39,119	40,455
Roadway network	264,264	273,421	-	-	264,264	273,421
Bridge	693,834	722,386	-	-	693,834	722,386
Storm drainage system	1,756,200	1,818,187	-	-	1,756,200	1,818,187
Water line system	-	-	7,607,363	7,863,950	7,607,363	7,863,950
Sewer line system	-	-	7,502,571	7,815,919	7,502,571	7,815,919
Total depreciable assets, net of accumulated depreciation	<u>13,082,399</u>	<u>10,598,979</u>	<u>24,261,962</u>	<u>19,442,067</u>	<u>37,344,361</u>	<u>30,041,046</u>
Total capital assets	<u><u>\$48,433,072</u></u>	<u><u>\$38,584,460</u></u>	<u><u>\$25,627,650</u></u>	<u><u>\$25,093,876</u></u>	<u><u>\$74,060,722</u></u>	<u><u>\$63,678,336</u></u>

***Debt Service Administration:***

A complete detail of outstanding debt is shown in Note 6 of the financial statements in this report. As of June 30, 2012, the City had total long-term debt outstanding of \$7.13 million in bonds, notes payable, and compensated absences, as shown in Table 5.

For governmental activities, long-term debt accounts for \$0.86 million, or 12.08 percent, of the City's total long-term debt, as of June 30, 2012. Total long-term debt is comprised of Certificates of Participation (COPs) of \$0.49 million for Wildfire Protection Debt issued in 1999, and compensated absences of \$0.37 million. All long-term debt in governmental activities is secured solely by specified revenue sources.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Certificates of Participation	\$ -	\$ -	\$ 1,625,000	\$ 1,980,000	\$ 1,625,000	\$ 1,980,000
Bond payable	490,000	640,000	-	-	490,000	640,000
Note payable	-	-	4,577,583	2,691,115	4,577,583	2,691,115
Compensated absences	371,104	388,774	63,644	60,658	434,748	449,432
	<b>\$ 861,104</b>	<b>\$ 1,028,774</b>	<b>\$ 6,266,227</b>	<b>\$ 4,731,773</b>	<b>\$ 7,127,331</b>	<b>\$ 5,760,547</b>

For business-type activities, long-term debt accounts for \$6.27 million, or 87.92 percent, of the City's total long-term debt, as of June 30, 2012. Certificates of Participation (COP) outstanding in the amount of \$1.63 million were issued for construction and repair for wastewater lines in the Wastewater Fund. The Wastewater fund has a note payable outstanding with the State of California for the replacement of the 21st Street Pump Station, which has an outstanding balance of \$4.58 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.

The City's long-term debt increased by \$1.37 million, or 23.73 percent, compared to the prior fiscal year, in which \$0.35 million of principal payments were paid towards Certificates of Participation, \$0.15 million of principal payments were paid towards the bond payable, an increase of \$0.01 million in compensated absences, offset by a \$1.88 million increase in a new note payable.

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

Local governments throughout the State of California must continually find new ways to survive economically in order to meet their obligation of serving their communities. While the economy is faring better than recent years, it has 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 economic adversities nationwide and statewide in the year ahead, management looked at the following key economic factors while preparing the Mid-Term Budget Update of the two-year budget for Fiscal Years 2011-2012 and 2012-2013. The explanations below relate to Fiscal Year 2012-2013:

***Revenues:***

- The City's projected revenues for Fiscal Year 2012-2013 is \$18.1 million, which is \$2.97 million, or 14.08 percent, lower than Fiscal Year 2011-2012 original projected revenues of \$21.07 million. During the course of Fiscal Year 2011-2012, however, revenues were adjusted to \$39.43 million, an increase of \$18.36 million, or 87.14 percent, due to grant revenues projected to be received for the construction phase of the North Torrey Pines Bridge project, as well as private contributions and grant revenues received for the construction of the Beach Safety Center. Actual revenues realized for Fiscal Year 2011-2012 are \$26.74 million, which is \$16.97 million, or 63.46 percent, lower than the final projected revenues, in which the general fund received \$0.76 million, or 7.34 percent, more than the final projected revenues, the other governmental funds received \$16.35 million, or 75.10 percent, less than the final projected revenues, and the business-type funds received \$1.38 million, or 19.33 percent, less than the final projected revenues.
- The Fiscal Year 2012-2013 revenue projections focus on the following factors:
  - The three primary supporting revenues in the General Fund are property taxes, sales tax, and transient occupancy taxes, which make-up 70 percent of the overall General Fund revenue, and are expected to increase slightly from Fiscal Year 2011-2012.
  - Revenues in the business-type funds are projected to decrease by \$0.46 million, or 7.37 percent, compared to the previous year, due to decreased usage compared to the higher than anticipated water and wastewater usage of previous years.

***Expenditures:***

The City's Mid-Term Budget Update of the Fiscal Years 2011-2012 and 2012-2013 Operating and Capital Budget has expenditures of \$19.23 million for Fiscal Year 2012-2013, which is a decrease of \$2.45 million, or 11.30 percent, lower than the prior fiscal year's original adopted budget.

The budget is composed of the General Fund for \$9.73 million, or 50.61 percent, other governmental funds of \$1.71 million, or 8.87 percent, Capital Improvement Program Fund of \$0.49 million, or 2.53 percent, and the Workers' Compensation Fund of \$0.18 million, or 0.95 percent. The business-type funds account for \$7.12 million, or 37.04 percent.

The Mid-Term Budget Update decreased by \$2.45 million, in comparison to the Fiscal Year 2011-2012 original adopted budget. The decrease is primarily due to the North Torrey Pines Bridge CIP project in the Capital Improvement Program Fund of \$3.14 million, offset by an increase in the business-type funds for \$0.76 million.

The budget for Fiscal Year 2012-2013 is focused on the following objectives:

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

The 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, 2012

(With comparative totals for 2011)

	Governmental Activities	Business-type Activities	Total	
			2012	2011
<b>ASSETS</b>				
Current assets:				
Cash and investments (note 2)	\$ 7,190,473	\$ 3,424,041	\$ 10,614,514	\$ 12,157,029
Receivables:				
Accounts, net	292,076	1,110,652	1,402,728	1,114,085
Taxes	609,111	-	609,111	555,213
Accrued interest	5,097	2,719	7,816	14,400
Inventory	-	71,355	71,355	70,602
Internal balances	67,999	(67,999)	-	-
Due from other agencies	2,052,026	29,346	2,081,372	1,295,425
Prepaid expenses	525,151	-	525,151	-
Total current assets	10,741,933	4,570,114	15,312,047	15,206,754
Non-current assets:				
Restricted assets:				
Cash and investments with fiscal agent (note 2)	-	451,063	451,063	451,059
Deferred charges	-	33,439	33,439	43,999
Capital assets (note 3):				
Land	18,289,250	1,365,688	19,654,938	19,654,938
Construction in progress	17,061,423	-	17,061,423	13,982,353
Water and wastewater systems	-	24,611,909	24,611,909	24,611,911
Buildings and improvements	9,054,076	9,919,029	18,973,105	10,554,347
Machinery and equipment	1,734,294	747,993	2,482,287	2,886,643
Infrastructure	7,649,807	-	7,649,807	7,649,807
Less: accumulated depreciation	(5,355,778)	(11,016,969)	(16,372,747)	(15,661,661)
Total capital assets, net of depreciation	48,433,072	25,627,650	74,060,722	63,678,338
Total non-current assets	48,433,072	26,112,152	74,545,224	64,173,396
Total assets	59,175,005	30,682,266	89,857,271	79,380,150
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	2,338,649	349,106	2,687,755	3,794,293
Unearned revenue	38,528	-	38,528	39,801
Accrued interest payable	9,194	206,849	216,043	104,652
Deposits payable	587,384	37,960	625,344	697,084
Retention payable	227,354	100,000	327,354	-
Long-term liabilities, current portion (note 6)	247,776	390,911	638,687	617,358
Total current liabilities	3,448,885	1,084,826	4,533,711	5,253,188
Non-current liabilities:				
Long-term liabilities (note 6)	613,328	5,875,316	6,488,644	5,143,189
Total liabilities	4,062,213	6,960,142	11,022,355	10,396,377
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	47,943,072	19,876,130	67,819,202	58,818,282
Restricted for				
Debt service	183,545	-	183,545	188,348
Public works	25,688	-	25,688	7,763
Public safety	33,272	-	33,272	17,479
Community development	721,271	-	721,271	762,583
Capital projects	1,180,204	-	1,180,204	1,992,576
Unrestricted	5,025,740	3,845,994	8,871,734	7,196,742
Total net assets	\$ 55,112,792	\$ 23,722,124	\$ 78,834,916	\$ 68,983,773

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(With comparative totals for 2011)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,817,999	\$ 1,112,124	\$ 10,375	\$ -
Public safety	5,365,983	1,382,429	135,505	-
Public works	491,439	-	136,191	8,474,616
Parks and recreation	732,882	466,632	-	-
Interest on long-term debt	22,603	-	-	-
Total governmental activities	11,430,906	2,961,185	282,071	8,474,616
Business-type activities:				
Water	2,544,512	2,477,171	-	-
Wastewater	2,608,785	2,874,751	-	-
Cleanwater	416,849	382,709	-	5,000
Total business-type activities	5,570,146	5,734,631	-	5,000
Total	\$ 17,001,052	\$ 8,695,816	\$ 282,071	\$ 8,479,616

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	
		2012	2011
\$ (3,695,500)	\$ -	\$ (3,695,500)	\$ (2,634,140)
(3,848,049)	-	(3,848,049)	(3,428,248)
8,119,368	-	8,119,368	3,254,362
(266,250)	-	(266,250)	(299,859)
(22,603)	-	(22,603)	(51,070)
286,966	-	286,966	(3,158,955)
-	(67,341)	(67,341)	(118,456)
-	265,966	265,966	169,448
-	(29,140)	(29,140)	15,063
-	169,485	169,485	66,055
286,966	169,485	456,451	(3,092,900)
4,647,145	-	4,647,145	4,510,439
1,628,442	-	1,628,442	1,551,454
1,805,475	-	1,805,475	1,704,696
421,518	-	421,518	402,677
210,243	-	210,243	197,639
117,062	-	117,062	140,401
83,424	13,260	96,684	137,495
18,811	-	18,811	4,171,104
424,070	25,242	449,312	252,043
(16,785)	16,785	-	-
9,339,405	55,287	9,394,692	13,067,948
9,626,371	224,772	9,851,143	9,975,048
45,486,421	23,497,352	68,983,773	59,008,725
\$ 55,112,792	\$ 23,722,124	\$ 78,834,916	\$ 68,983,773

See accompanying notes to the basic financial statements.

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CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

(With comparative totals for 2011)

	General Fund	Special Revenue Open Space Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Totals	
					2012	2011
<b>ASSETS</b>						
Cash and investments	\$ 4,231,930	\$ 237,264	\$ 664,349	\$ 1,006,088	\$ 6,139,631	\$ 7,980,100
Receivables:						
Taxes	607,743	-	-	1,368	609,111	555,213
Accrued interest	3,584	-	-	702	4,286	9,475
Accounts, net	56,854	830	227,854	6,538	292,076	143,906
Due from other agencies	188,145	-	1,778,791	48,031	2,014,967	1,258,366
Due from other funds (note 4)	133,270	-	-	-	133,270	132,849
Prepaid items	525,151	-	-	-	525,151	-
Total assets	<u>\$ 5,746,677</u>	<u>\$ 238,094</u>	<u>\$ 2,670,994</u>	<u>\$ 1,062,727</u>	<u>\$ 9,718,492</u>	<u>\$ 10,079,909</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 806,658	\$ 21,943	\$ 1,225,673	\$ 58,239	\$ 2,112,513	\$ 2,207,720
Deposits payable	553,039	34,345	-	-	587,384	651,107
Due to other agencies	6,237	-	-	-	6,237	-
Deferred revenue	765	-	37,763	-	38,528	39,801
Retention deposit	-	-	227,354	-	227,354	-
Due to other funds (note 4)	-	-	-	28,212	28,212	36,035
Total liabilities	<u>1,366,699</u>	<u>56,288</u>	<u>1,490,790</u>	<u>86,451</u>	<u>3,000,228</u>	<u>2,934,663</u>
FUND BALANCES (Note 7)						
Nonspendable	525,151	-	-	-	525,151	-
Restricted	-	-	-	976,276	976,276	976,173
Committed	-	181,806	-	-	181,806	190,215
Assigned	1,470,192	-	1,180,204	-	2,650,396	3,673,849
Unassigned	2,384,635	-	-	-	2,384,635	2,305,009
Total fund balances	<u>4,379,978</u>	<u>181,806</u>	<u>1,180,204</u>	<u>976,276</u>	<u>6,718,264</u>	<u>7,145,246</u>
Total liabilities and fund balances	<u>\$ 5,746,677</u>	<u>\$ 238,094</u>	<u>\$ 2,670,994</u>	<u>\$ 1,062,727</u>	<u>\$ 9,718,492</u>	<u>\$ 10,079,909</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

JUNE 30, 2012

Fund balances of governmental funds	\$ 6,718,264
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.	48,433,072
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(9,194)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	(861,104)
Internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Assets.	<u>831,754</u>
Net assets of governmental activities	<u><u>\$ 55,112,792</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, 2012

(With comparative totals for 2011)	General Fund	Special Revenue Open Space Fund	Capital Improvement Project Fund	Non-Major Governmental Funds	Totals	
					2012	2011
<b>REVENUES</b>						
Taxes	\$ 8,500,119	\$ 7,381	\$ -	\$ 351,200	\$ 8,858,700	\$ 8,521,081
Licenses, fees and permits	567,382	420,522	-	59,516	1,047,420	1,185,430
Intergovernmental	79,800	34,957	7,416,465	546,156	8,077,378	4,470,137
Charges for services	1,098,148	-	-	-	1,098,148	1,091,028
Fines and forfeitures	815,617	-	-	-	815,617	891,019
Use of money and property	73,840	46	1,675	3,750	79,311	117,942
Contributions	5,000	5,375	647,500	-	657,875	181,627
Other	396,751	19,938	-	-	416,689	155,756
Total revenues	11,536,657	488,219	8,065,640	960,622	21,051,138	16,614,020
<b>EXPENDITURES</b>						
Current:						
General government	4,731,431	-	-	116,992	4,848,423	4,134,195
Public safety	5,100,244	-	-	279,892	5,380,136	5,105,353
Public works	137,038	-	-	407,508	544,546	530,892
Parks and recreation	-	734,815	-	-	734,815	700,050
Capital outlay	-	5,366	9,471,170	320,401	9,796,937	4,526,067
Debt service:						
Principal	-	-	-	150,000	150,000	3,637,212
Interest	-	-	-	25,290	25,290	67,774
Total expenditures	9,968,713	740,181	9,471,170	1,300,083	21,480,147	18,701,543
Excess (deficiency) of revenues over (under) expenditures	1,567,944	(251,962)	(1,405,530)	(339,461)	(429,009)	(2,087,523)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in (note 5)	-	243,553	593,158	346,971	1,183,682	5,692,871
Transfers out (note 5)	(1,193,059)	-	-	(7,407)	(1,200,466)	(5,703,402)
Sale of capital assets	18,811	-	-	-	18,811	4,171,104
Total other financing sources (uses)	(1,174,248)	243,553	593,158	339,564	2,027	4,160,573
Net change in fund balances	393,696	(8,409)	(812,372)	103	(426,982)	2,073,050
Fund balance, beginning of year	3,986,282	190,215	1,992,576	976,173	7,145,246	5,072,196
Fund balance, end of year	\$ 4,379,978	\$ 181,806	\$ 1,180,204	\$ 976,276	\$ 6,718,264	\$ 7,145,246

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, 2012

Net change in fund balances of governmental funds	\$ (426,982)
Amount reported for governmental activities in the Statement of Activities that are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over its estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital outlay expense	10,345,241
Depreciation expense	(491,256)
Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets	150,000
Some expenses reported in the Statement of Activities do not require the use of current available resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	17,670
Accrued interest on debt service is recorded as expense in the government-wide statements. Interest expense is not accrued in the fund statements but recorded when paid. This is the net change in accrued interest for the current period.	(2,687)
Internal service fund is used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities. The net revenue or expense of certain activities of the internal service fund is reported with governmental activities.	<u>34,385</u>
Change in net assets of governmental activities	<u>\$ 9,626,371</u>

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS

JUNE 30, 2012

(With comparative totals for 2011)

	Business-type Activities Enterprise Fund			Total	Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major Enterprise Fund			2012	2011
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 2,337,913	\$ 1,085,620	\$ 508	\$ 3,424,041	\$ 1,050,842	\$ 4,474,883	\$ 4,176,929
Receivables:							
Accounts	447,919	547,365	115,368	1,110,652	-	1,110,652	970,179
Interest	1,575	838	306	2,719	811	3,530	4,925
Due from other agencies	29,346	-	-	29,346	-	29,346	-
Inventory	65,960	5,395	-	71,355	-	71,355	70,602
Total current assets	2,882,713	1,639,218	116,182	4,638,113	1,051,653	5,689,766	5,222,635
Non-current assets:							
Restricted assets:							
Cash and investments	-	451,063	-	451,063	-	451,063	451,059
Deferred charges	-	33,439	-	33,439	-	33,439	43,999
Capital assets:							
Land	782,025	583,663	-	1,365,688	-	1,365,688	1,365,688
Construction in progress	-	-	-	-	-	-	4,286,122
Water and wastewater system	12,303,466	12,308,443	-	24,611,909	-	24,611,909	24,611,911
Buildings and improvements	4,039,761	5,879,268	-	9,919,029	-	9,919,029	4,334,703
Machinery and equipment	280,114	453,463	14,416	747,993	-	747,993	1,062,750
Less: Accumulated depreciation	(5,813,430)	(5,192,814)	(10,725)	(11,016,969)	-	(11,016,969)	(10,567,297)
Total capital assets (net of accumulated depreciation)	11,591,936	14,032,023	3,691	25,627,650	-	25,627,650	25,093,877
Total non-current assets	11,591,936	14,516,525	3,691	26,112,152	-	26,112,152	25,588,935
Total assets	14,474,649	16,155,743	119,873	30,750,265	1,051,653	31,801,918	30,811,570
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	274,741	28,756	45,609	349,106	-	349,106	1,158,358
Due to other funds	-	-	67,999	67,999	-	67,999	59,755
Retention on deposit	-	100,000	-	100,000	-	100,000	-
Claims payable	-	-	-	-	175,919	175,919	342,572
Current portion of long-term liabilities	7,005	382,340	1,566	390,911	-	390,911	370,164
Accrued interest	-	206,849	-	206,849	-	206,849	92,771
Customer deposits	37,960	-	-	37,960	-	37,960	45,977
Total current liabilities	319,706	717,945	115,174	1,152,825	175,919	1,328,744	2,069,597
Non-current liabilities:							
Claims payable	-	-	-	-	43,980	43,980	85,643
Certificates of participation	-	1,250,000	-	1,250,000	-	1,250,000	1,625,000
Compensated absences	21,014	22,020	4,699	47,733	-	47,733	45,494
Notes payable	-	4,577,583	-	4,577,583	-	4,577,583	2,691,115
Total non-current liabilities	21,014	5,849,603	4,699	5,875,316	43,980	5,919,296	4,447,252
Total liabilities	340,720	6,567,548	119,873	7,028,141	219,899	7,248,040	6,516,849
Net assets:							
Invested in capital assets, net of related debt	11,591,936	8,280,503	3,691	19,876,130	-	19,876,130	20,873,821
Unrestricted	2,541,993	1,307,692	(3,691)	3,845,994	831,754	4,677,748	3,420,900
Total net assets	\$ 14,133,929	\$ 9,588,195	\$ -	\$ 23,722,124	\$ 831,754	\$ 24,553,878	\$ 24,294,721

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, 2012

(With comparative totals for 2011)

	Business-type Activities- Enterprise Fund				Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major	Total		2012	2011
			Enterprise Fund				
<b>OPERATING REVENUES</b>							
Water sales	\$ 2,467,718	\$ -	\$ -	\$ 2,467,718	\$ -	\$ 2,467,718	\$ 2,270,130
Clean water services	-	-	380,167	380,167	-	380,167	376,656
Sewer service	-	2,862,906	-	2,862,906	-	2,862,906	2,613,797
Charges for services	-	-	-	-	165,157	165,157	168,412
Customer penalties	9,453	11,845	2,542	23,840	-	23,840	19,651
Other	46,831	(21,873)	5,284	30,242	10,358	40,600	85,252
Total operating revenues	2,524,002	2,852,878	387,993	5,764,873	175,515	5,940,388	5,533,898
<b>OPERATING EXPENSES</b>							
Source of supply	1,084,772	-	-	1,084,772	-	1,084,772	974,893
Transmission and distribution	316,069	-	-	316,069	-	316,069	321,514
Water treatment	133,972	-	-	133,972	-	133,972	134,612
Sewer collection	-	183,653	-	183,653	-	183,653	194,791
Plant maintenance and operation	-	1,081,203	-	1,081,203	-	1,081,203	1,083,107
General and administrative	638,789	757,570	416,174	1,812,533	145,243	1,957,776	1,691,082
Depreciation and amortization	370,910	382,156	675	753,741	-	753,741	716,399
Total operating expenses	2,544,512	2,404,582	416,849	5,365,943	145,243	5,511,186	5,116,398
Operating income	(20,510)	448,296	(28,856)	398,930	30,272	429,202	417,500
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest income	8,771	2,850	1,639	13,260	4,113	17,373	19,553
Interest expense	-	(204,203)	-	(204,203)	-	(204,203)	(158,730)
Total non-operating revenues	8,771	(201,353)	1,639	(190,943)	4,113	(186,830)	(139,177)
Income before transfers	(11,739)	246,943	(27,217)	207,987	34,385	242,372	278,323
Transfers in	3,704	3,704	9,377	16,785	-	16,785	10,530
Change in net assets	(8,035)	250,647	(17,840)	224,772	34,385	259,157	288,853
Net assets, beginning of year	14,141,964	9,337,548	17,840	23,497,352	797,369	24,294,721	24,005,868
Net assets, end of year	\$ 14,133,929	\$ 9,588,195	\$ -	\$ 23,722,124	\$ 831,754	\$ 24,553,878	\$ 24,294,721

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, 2012  
 (With comparative totals for 2011)

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	2012 Total	2011 Total
	Water	Wastewater	Non-Major Enterprise Fund Clean Water	Total			
Cash flows from operating activities:							
Cash received from water, sewer and clean water customers	\$ 2,433,763	\$ 2,743,275	\$ 373,353	\$ 5,550,391	\$ -	\$ 5,550,391	\$ 5,613,764
Cash received from other operating receipts	46,831	(21,873)	5,284	30,242	175,515	205,757	253,664
Cash payments for water purchases, distribution and treatment	(1,534,813)	-	-	(1,534,813)	-	(1,534,813)	(1,431,019)
Cash payments for sewer collection and maintenance	-	(1,264,855)	-	(1,264,855)	-	(1,264,855)	(1,277,897)
Cash payments for services and supplies	(410,041)	(1,479,237)	(308,556)	(2,197,834)	(88,708)	(2,286,542)	(635,392)
Cash payment to employees for services	(246,490)	(628,682)	(80,885)	(956,057)	(264,851)	(1,220,908)	(589,845)
Net cash provided by (used for) operating activities	289,250	(651,372)	(10,804)	(372,926)	(178,044)	(550,970)	1,933,275
Cash flows from non-capital financing activities							
Transfers received	3,704	3,704	9,377	16,785	-	16,785	10,530
Net cash provided by non-capital financing activities	3,704	3,704	9,377	16,785	-	16,785	10,530
Cash flows from capital and related financing activities							
Proceeds from long-term debt	-	1,886,468	-	1,886,468	-	1,886,468	1,933,129
Acquisition and construction of capital assets	(13,339)	(969,629)	-	(982,968)	-	(982,968)	(3,631,619)
Interest payments on long-term debt	-	(90,125)	-	(90,125)	-	(90,125)	(107,671)
Principal payments on long-term debt	-	-	-	-	-	-	(376,761)
Net cash (used for) capital and related financing activities	(13,339)	826,714	-	813,375	-	813,375	(2,182,922)
Cash flows from investing activities							
Interest received	9,308	3,141	1,573	14,022	4,746	18,768	20,258
Net cash provided by investing activities	9,308	3,141	1,573	14,022	4,746	18,768	20,258
Net increase (decrease) in cash and cash equivalents	288,923	182,187	146	471,256	(173,298)	297,958	(218,859)
Cash and cash equivalents, beginning of year (including restricted cash of \$451,059)	2,048,990	1,354,496	362	3,403,848	1,224,140	4,627,988	4,846,847
Cash and cash equivalents, end of year (including restricted cash of \$451,063)	\$ 2,337,913	\$ 1,536,683	\$ 508	\$ 3,875,104	\$ 1,050,842	\$ 4,925,946	\$ 4,627,988
Reconciliation of operating income (loss) to net cash Provided by (used for) operating activities:							
Operating income (loss):	\$ (20,510)	\$ 448,296	\$ (28,856)	\$ 398,930	\$ 30,272	\$ 429,202	\$ 417,500
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:							
Depreciation and amortization	370,910	382,156	675	753,741	-	753,741	716,399
Changes in operating assets and liabilities:							
(Increase) decrease in accounts receivable	(28,987)	(131,476)	(9,356)	(169,819)	-	(169,819)	316,390
(Increase) decrease in due from other agencies	-	-	-	-	-	-	5,000
(Increase) decrease in inventory	(6,404)	5,651	-	(753)	-	(753)	11,454
Increase (decrease) in claims payable	-	-	-	-	(208,316)	(208,316)	(64,584)
Increase (decrease) in accounts payable	(19,172)	(1,103,002)	19,413	(1,102,761)	-	(1,102,761)	517,659
Increase (decrease) in due to other funds	-	-	8,244	8,244	-	8,244	21,184
Increase (decrease) in retention payable	-	100,000	-	100,000	-	100,000	-
Increase (decrease) in customer deposits	(8,017)	-	-	(8,017)	-	(8,017)	4,019
Increase (decrease) in long-term debt	-	(354,499)	-	(354,499)	-	(354,499)	(2,166)
Increase (decrease) in compensated absences	1,430	1,502	(924)	2,008	-	2,008	(9,580)
Total adjustments	309,760	(1,099,668)	18,052	(771,856)	(208,316)	(980,172)	1,515,775
Net cash provided by (used for) operating activities	\$ 289,250	\$ (651,372)	\$ (10,804)	\$ (372,926)	\$ (178,044)	\$ (550,970)	\$ 1,933,275
Non-cash investing, capital and financing related activity							
Non-cash changes in fair value of investments	\$ 2,612	\$ 1,389	\$ 508	\$ 4,509	\$ 1,345	\$ 5,854	\$ 7,434

See accompanying notes to the basic financial statements.

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

**JUNE 30, 2012**  
 (With comparative totals for 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Account receivable	\$ 37,417	\$ 37,633
Restricted assets:		
Cash and investments (note 2)	<u>463,850</u>	<u>481,679</u>
Total assets	<u>\$ 501,267</u>	<u>\$ 519,312</u>
 <b>LIABILITIES</b>		
Due to other funds (note 4)	\$ 37,059	\$ 37,059
Due to bond holders	<u>464,208</u>	<u>482,253</u>
Total liabilities	<u>\$ 501,267</u>	<u>\$ 519,312</u>

See accompanying notes to the basic financial statements.





# CITY OF DEL MAR

## NOTES TO BASIC FINANCIAL STATEMENTS

### FISCAL YEAR ENDED JUNE 30, 2012

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

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

#### A. Reporting Entity

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

##### B. Fund Accounting

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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 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 Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The Internal Service Fund is used to account for the workers' compensation services provided to other departments of the City.
- Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments.

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

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. The City's fiscal year end falls in the middle of a billing cycle for water, sewer, trash, and recycling revenue. In order to accrue the amount of the year end receivables the City estimates the amount of unbilled receivables based on that portion of the billing cycle that has elapsed as of the fiscal year end.

G. Capital Assets

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

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

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.

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

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

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

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

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

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

P. Prior Year Data

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

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2012, are classified in the accompanying financial statements as follows:

Statements of Net Assets

Current assets:

Cash and investments	\$ 10,614,514
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Noncurrent assets:

Cash and investments with fiscal agent	451,063
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Statements of Fiduciary Net Assets

Restricted cash and investments	<u>463,850</u>
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Total cash and investments	<u>\$ 11,529,427</u>
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Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 2,000
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Deposits with financial institutions	459,106
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Investments (including those with fiscal agents)	<u>11,068,321</u>
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Total cash and investments	<u>\$ 11,529,427</u>
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CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS, (Continued)

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

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

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

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

Investments Authorized by Debt Agreements

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. As of June 30, 2012, the City's investment portfolio included \$250,000 of callable step-up notes.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS, (Continued)

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
Federal agency securities	\$ 250,000	\$ -	\$ -	\$ 250,000
Medium-term corporate notes	526,750	-	526,750	-
Negotiable certificate of deposit	2,975,000	-	496,000	2,479,000
State investment pool	3,842,725	3,842,725	-	-
Investment in County pool	3,022,783	3,022,783	-	-
Money market mutual fund	451,063	451,063	-	-
Total	<u>\$ 11,068,321</u>	<u>\$ 7,316,571</u>	<u>\$ 1,022,750</u>	<u>\$ 2,729,000</u>

Disclosures Relating to Credit Risk

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>			
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Federal agency securities	\$ 250,000	N/A	\$ -	\$ 250,000	\$ -	\$ -
Medium-term corporate notes	526,750	N/A	-	526,750	-	-
Negotiable certificate of deposit	2,975,000	N/A	-	-	-	2,975,000
State investment pool	3,842,725	N/A	-	-	-	3,842,725
Investment in County pool	3,022,783	N/A	3,022,783	-	-	-
Money market mutual fund	451,063	N/A	451,063	-	-	-
Total	<u>\$ 11,068,321</u>		<u>\$ 3,473,846</u>	<u>\$ 776,750</u>	<u>\$ -</u>	<u>\$ 6,817,725</u>

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### Concentration of Credit Risk

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

##### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party in the event of the failure of the counterparty (e.g., broker-dealer). The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2012, the City had deposits with financial institutions in the amount of \$199,580 that were in excess of federal depository insurance limits and held in uncollateralized accounts.

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

Investment in State Investment Pool

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

Investment in County Pool

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 18,289,250	\$ -	\$ -	\$ 18,289,250
Construction in progress	<u>9,696,231</u>	<u>10,272,897</u>	<u>(2,907,705)</u>	<u>17,061,423</u>
Total capital assets not being depreciated	<u>27,985,481</u>	<u>10,272,897</u>	<u>(2,907,705)</u>	<u>35,350,673</u>
Capital assets being depreciated:				
Buildings and improvements	6,219,643	2,866,646	(32,213)	9,054,076
Machinery and equipment	1,823,893	119,787	(209,386)	1,734,294
Infrastructure	<u>7,649,807</u>	<u>-</u>	<u>-</u>	<u>7,649,807</u>
Total capital assets being depreciated	<u>15,693,343</u>	<u>2,986,433</u>	<u>(241,599)</u>	<u>18,438,177</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,572,811)	(172,536)	32,026	(2,713,321)
Machinery and equipment	(1,523,906)	(89,700)	195,637	(1,417,969)
Infrastructure	<u>(997,647)</u>	<u>(229,020)</u>	<u>2,179</u>	<u>(1,224,488)</u>
Total accumulated depreciation	<u>(5,094,364)</u>	<u>(491,256)</u>	<u>229,842</u>	<u>(5,355,778)</u>
Total capital assets being depreciated, net	<u>10,598,979</u>	<u>2,495,177</u>	<u>11,757</u>	<u>13,082,399</u>
Governmental activities capital assets, net	<u>\$ 38,584,460</u>	<u>\$ 12,768,074</u>	<u>\$ (2,919,462)</u>	<u>\$ 48,433,072</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CAPITAL ASSETS, (Continued)

	Balance at <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2012</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,365,688	\$ -	\$ -	\$ 1,365,688
Construction in progress	<u>4,286,121</u>	<u>1,298,205</u>	<u>(5,584,326)</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,651,809</u>	<u>1,298,205</u>	<u>(5,584,326)</u>	<u>1,365,688</u>
Capital assets, being depreciated:				
Buildings	82,441	-	-	82,441
Improvements	4,252,262	5,584,326	-	9,836,588
Machinery and equipment	1,062,750	13,816	(328,573)	747,993
Water system	12,303,466	-	-	12,303,466
Wastewater system	<u>12,308,443</u>	<u>-</u>	<u>-</u>	<u>12,308,443</u>
Total capital assets being depreciated	<u>30,009,362</u>	<u>5,598,142</u>	<u>( 328,573)</u>	<u>35,278,931</u>
Less accumulated depreciation for:				
Buildings	(28,917)	(1,891)	-	(30,808)
Improvements	(879,848)	(92,081)	-	(971,929)
Machinery and equipment	(726,489)	(79,276)	293,508	(512,257)
Water system	(4,439,517)	(256,586)	-	(4,696,103)
Wastewater system	<u>(4,492,526)</u>	<u>(313,346)</u>	<u>-</u>	<u>(4,805,872)</u>
Total accumulated depreciation	<u>(10,567,297)</u>	<u>(743,180)</u>	<u>293,508</u>	<u>(11,016,969)</u>
Total capital assets being depreciated, net	<u>19,442,065</u>	<u>4,854,962</u>	<u>(35,065)</u>	<u>24,261,962</u>
Business-type activities capital assets, net	<u>\$ 25,093,874</u>	<u>\$ 6,153,167</u>	<u>\$ (5,619,391)</u>	<u>\$ 25,627,650</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, 2012 as follows:

Governmental activities:	
General government	\$ 38,137
Public safety	24,693
Public works	130,458
Parks and recreation	53,606
Community development	<u>244,362</u>
Total depreciation expense – governmental activities	<u>\$ 491,256</u>

Business-type activities:	
Water	\$ 370,910
Wastewater	371,595
Clean Water	<u>675</u>
Total depreciation expense – business-type activities	<u>\$ 743,180 *</u>

*\* Does not include amortization expense*

*NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES*

At June 30, 2012, interfund receivables and payables are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 133,270	\$ -
Non-Major Governmental Funds	-	28,212
Non-Major Enterprise	-	67,999
Fiduciary Funds	<u>-</u>	<u>37,059</u>
	<u>\$ 133,270</u>	<u>\$ 133,270</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, 2012 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>		<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	
Open Space Fund	\$ 243,553 (A)	\$ -	\$ 243,553
Capital Improvement Project Fund	593,158 (B)	-	593,158
Non-Major Governmental Funds	346,971 (C)	-	346,971
Water Fund	-	3,704	3,704
Sewer Fund	-	3,704	3,704
Non-Major Enterprise Fund	<u>9,377</u>	<u>-</u>	<u>9,377</u>
Total	<u>\$ 1,193,059</u>	<u>\$ 7,408</u>	<u>\$ 1,200,467</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.
- B) To fund current and reserve for future capital improvement projects.
- 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. Library fund does not generate sufficient revenue to cover the cost for building maintenance.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 - CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the Fiscal Year ended June 30, 2012 is as follows:

	Balance at July 1, 2011	Additions	Deductions	Balance at June 30, 2012	Due Within One Year
Governmental activities:					
Bonds payable	\$ 640,000	\$ -	\$ 150,000	\$ 490,000	\$ 155,000
Compensated absences	<u>388,774</u>	<u>229,195</u>	<u>246,865</u>	<u>371,104</u>	<u>92,776</u>
Total governmental activities	<u>\$ 1,028,774</u>	<u>\$ 229,195</u>	<u>\$ 396,865</u>	<u>\$ 861,104</u>	<u>\$ 247,776</u>
Business-type activities:					
Certification of participation	\$ 1,980,000	\$ -	\$ 355,000	\$ 1,625,000	\$ 375,000
Note payable	2,691,115	1,886,468	-	4,577,583	-
Compensated absences	<u>60,658</u>	<u>50,090</u>	<u>47,104</u>	<u>63,644</u>	<u>15,911</u>
Total business-type activities	<u>\$ 4,731,773</u>	<u>\$ 1,936,558</u>	<u>\$ 402,104</u>	<u>\$ 6,266,227</u>	<u>\$ 390,911</u>

Governmental long-term debt

Bonds Payable:

1999 Wildfire Protection Bonds - Del Mar voters approved the issuance of bonds for the purpose of completing capital improvements to enhance water flows and complete necessary water upgrades for firefighting at the City's urban/wildland boundaries. Annual principal payments of \$150,000 to \$170,000 are due through 2014. Interest rates ranges from 4.30 percent to 4.60 percent.

\$ 490,000

Business-Type Long-Term Debt

1993 Certificates of Participation (COPS) - The Del Mar Public Facilities Corporation issued COPS's consisting of \$6,000,000 to be used to fund construction and repair of wastewater lines. The certificates mature in various amounts from \$355,000 to \$440,000 annually on September 1 each year through 2015. The interest rate is 5.00 percent.

\$ 1,625,000

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

Notes Payable:

21st Street Sewer Pump Station Note Payable - The City entered into a finance agreement in February 2010 with the State Water Resources Control Board and was approved for financial assistance in the amount of \$5,000,000 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.

\$ 4,577,583

Governmental Long-Term Debt

<u>Fiscal Year</u>	1999		
	<u>Wildfire Protection Project General Obligation Bonds, Series 1999</u>		
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 490,000</u>	<u>\$ 34,098</u>	<u>\$ 524,098</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	1993		
	Sewer System Improvement Project Certificates of Participation		
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,625,000</u>	<u>\$ 168,875</u>	<u>\$ 1,793,875</u>

Fiscal Year	21st Street Sewer Pump Station Note Payable		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ -	\$ -
2014	15,935	328,949	344,884
2015	200,346	144,538	344,884
2016	206,156	138,728	344,884
2017	212,135	132,749	344,884
2018-2022	1,156,599	567,821	1,724,420
2023-2027	1,334,319	390,101	1,724,420
2028-2032	<u>1,452,093</u>	<u>185,074</u>	<u>1,637,167</u>
Total	<u>\$ 4,577,583</u>	<u>\$1,887,960</u>	<u>\$ 6,465,543</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 7 – FUND BALANCES

	General Fund	Open Space	Capital Improvement Projects	Other Non-Major	Total
Nonspendable:					
Public safety	\$ 525,151	\$ -	\$ -	\$ -	\$ 525,151
Total nonspendable	525,151	-	-	-	525,151
Restricted for:					
Debt service	-	-	-	183,545	183,545
Public safety	-	-	-	45,772	45,772
Street projects	-	-	-	25,688	25,688
Low-income housing	-	-	-	721,271	721,271
Total restricted	-	-	-	976,276	976,276
Committed to:					
Parks and community center	-	181,806	-	-	181,806
Total committed	-	181,806	-	-	181,806
Assigned to:					
Compensated absences	155,041	-	-	-	155,041
Deposits	60,000	-	-	-	60,000
Equipment replacement	325,387	-	-	-	325,387
PERS reserve	250,000	-	-	-	250,000
Self-insurance	638,354	-	-	-	638,354
Sidewalk cafes	9,450	-	-	-	9,450
Software licensing	31,960	-	-	-	31,960
Capital projects	-	-	1,180,204	-	1,180,204
Total assigned	1,470,192	-	1,180,204	-	2,650,396
Unassigned:					
Revenue loss	500,000	-	-	-	500,000
General fund	1,884,635	-	-	-	1,884,635
Total unassigned	2,384,635	-	-	-	2,384,635
Total Fund Balances	<u>\$ 4,379,978</u>	<u>\$ 181,806</u>	<u>\$ 1,180,204</u>	<u>\$ 976,276</u>	<u>\$ 6,718,264</u>

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

**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 6 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 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 five percent for other safety in the amount of \$18,079. Effective October 18, 2010, the City no longer made contributions on behalf of the fire safety employees. Effective on the first payday after January 1, 2012, the City reduced the member contribution for the lifeguard safety employees by 2.5 percent. The City also negotiated to no longer make contributions on behalf of the lifeguard safety employees effective January 1, 2013. The City made no contributions on behalf of miscellaneous 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 \$3,960,266 for the year ended June 30, 2012, while the City’s total payroll for all employees was \$4,442,078.

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, 2010	20.463%	\$ 538,425	100%
June 30, 2011	20.437%	\$ 555,659	100%
June 30, 2012	22.591%	\$ 615,060	100%
Fire Safety Employees:			
June 30, 2010	43.227%	\$ 312,739	100%
June 30, 2011	49.147%	\$ 362,131	100%
June 30, 2012	50.995%	\$ 377,576	100%
Other Safety Employees:			
June 30, 2010	11.022%	\$ 48,063	100%
June 30, 2011	11.552%	\$ 56,186	100%
June 30, 2012	17.328%	\$ 81,956	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. Plan assets are held by a trustee on behalf of City employees.

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

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

#### Construction Contracts and Commitments:

As of June 30, 2012, construction contracts and commitments totaled \$5,222,552.

## 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), eligible employees may elect to pay for a continuation of insurance to provide healthcare benefits. Certain requirements are outlined by the federal government for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

#### *NOTE 13 – RISK MANAGEMENT*

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

##### 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, 2011 and 2012:

	<u>General Liability</u>		<u>Workers’ Compensation</u>	
	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Unpaid claims, beginning of fiscal year	\$ 164,435	\$ 5,231	\$ 492,799	\$ 428,215
Incurred claims (including IBNR)	595	43,683	(22,919)	56,535
Claims payments	<u>(159,799)</u>	<u>(47,664)</u>	<u>(41,665)</u>	<u>(264,851)</u>
Unpaid claims, end of fiscal year	<u>\$ 5,231</u>	<u>\$ 1,250</u>	<u>\$ 428,215</u>	<u>\$ 219,899</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, 2012.

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, 2012, 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, 2012 were \$720,000.

**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, 2012 were \$555,000.

*NOTE 15 – EXPENDITURES EXCEEDING APPROPRIATIONS*

The Open Space Fund, Regional Communications System Fund and Wildfire Debt Service Fund exceeded its budgets by \$5,178, \$2,415 and \$108, respectively. These funds have adequate resources to cover its budget overages.

*NOTE 16 – COMMITMENTS AND CONTINGENCIES*

As of June 30, 2012, City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental fund and nonmajor funds in the aggregate is as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$526,957





CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 7,951,346	\$ 8,111,550	\$ 8,500,119	\$ 388,569	\$ 8,187,046
Licenses, fees and permits	565,346	591,540	567,382	(24,158)	684,499
Intergovernmental	59,032	64,654	79,800	15,146	81,135
Charges for Services	1,068,144	1,068,144	1,098,148	30,004	1,091,028
Fines and forfeitures	758,831	764,701	815,617	50,916	891,019
Use of money and property	79,083	76,966	73,840	(3,126)	106,943
Contributions	-	5,000	5,000	-	431
Other	43,812	328,890	396,751	67,861	147,454
Total revenues	10,525,594	11,011,445	11,536,657	525,212	11,189,555
<b>EXPENDITURES</b>					
Current:					
General government	4,463,746	4,985,676	4,731,431	254,245	4,040,310
Public safety	5,051,707	5,696,073	5,100,244	595,829	4,862,319
Public works	297,057	143,058	137,038	6,020	138,319
Total expenditures	9,812,510	10,824,807	9,968,713	856,094	9,040,948
Excess (deficiency) of revenues over (under) expenditures	713,084	186,638	1,567,944	1,381,306	2,148,607
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	2,218
Transfers out	(1,290,463)	(1,236,367)	(1,193,059)	43,308	(5,692,872)
Sale of capital assets	5,000	5,000	18,811	13,811	4,171,104
Total other financing (uses)	(1,285,463)	(1,231,367)	(1,174,248)	57,119	(1,519,550)
Net change in fund balances	(572,379)	(1,044,729)	393,696	1,438,425	629,057
Fund balance, beginning of year	3,986,282	3,986,282	3,986,282	-	3,357,225
Fund balance, end of year	\$ 3,413,903	\$ 2,941,553	\$ 4,379,978	\$ 1,438,425	\$ 3,986,282

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
OPEN SPACE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 10,481	\$ 5,481	\$ 7,381	\$ 1,900	\$ 16,038
Licenses, fees and permits	354,569	385,593	420,522	34,929	359,883
Intergovernmental	26,942	30,161	34,957	4,796	38,067
Use of money and property	728	728	46	(682)	1,072
Contributions	3,757	5,375	5,375	-	3,648
Other	8,150	20,433	19,938	(495)	6,084
Total revenues	404,627	447,771	488,219	40,448	424,792
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	697,786	721,995	734,815	(12,820)	700,050
Capital outlay	6,600	13,008	5,366	7,642	683
Debt service:					
Principal	-	-	-	-	3,480,772
Interest	-	-	-	-	35,568
Total expenditures	704,386	735,003	740,181	(5,178)	4,217,073
Excess (deficiency) of revenues over (under) expenditures	(299,759)	(287,232)	(251,962)	35,270	(3,792,281)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	264,796	261,824	243,553	(18,271)	3,638,625
Total other financing sources	264,796	261,824	243,553	(18,271)	3,638,625
Net change in fund balances	(34,963)	(25,408)	(8,409)	16,999	(153,656)
Fund balance, beginning of year	190,215	190,215	190,215	-	343,871
Fund balance, end of year	\$ 155,252	\$ 164,807	\$ 181,806	\$ 16,999	\$ 190,215

**CITY OF DEL MAR**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2012**

*NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING*

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

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers City expenditures in the General, Special Revenue, Debt Service and Capital Projects Funds. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between individual accounts within a fund. Supplemental budgetary increases in appropriations for the General, Special Revenue, Debt Service and Capital Project Funds in the amount of \$20,590,530 were made during the year ended June 30, 2012.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Unencumbered appropriations at year end automatically lapse. Those appropriations may be re-encumbered in the following year only after reconsideration.
4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds (for which annual budgets were adopted) are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

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## CITY OF DEL MAR

### NON-MAJOR GOVERNMENTAL FUNDS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

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

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

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

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

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

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

CITY OF DEL MAR

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

(With comparative totals for 2011)

	Special Revenue Funds					
	Gasoline Tax	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing	AB 939
<b>ASSETS</b>						
Cash and investments	\$ 26,383	\$ -	\$ 15,254	\$ -	\$ 720,715	\$ 12,500
Receivables:						
Taxes	-	-	-	-	-	-
Accrued interest	-	-	-	-	556	-
Accounts, net	-	-	-	6,538	-	-
Due from other agencies	3,036	25,000	-	19,995	-	-
Total assets	<u>\$ 29,419</u>	<u>\$ 25,000</u>	<u>\$ 15,254</u>	<u>\$ 26,533</u>	<u>\$ 721,271</u>	<u>\$ 12,500</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 29,419	\$ 4,874	\$ -	\$ 429	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	20,126	-	8,086	-	-
Total liabilities	<u>29,419</u>	<u>25,000</u>	<u>-</u>	<u>8,515</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted for:						
Public safety	-	-	15,254	18,018	-	-
Low-income housing	-	-	-	-	721,271	-
Waste management	-	-	-	-	-	12,500
Debt service	-	-	-	-	-	-
Street projects	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>15,254</u>	<u>18,018</u>	<u>721,271</u>	<u>12,500</u>
Total liabilities and fund balances	<u>\$ 29,419</u>	<u>\$ 25,000</u>	<u>\$ 15,254</u>	<u>\$ 26,533</u>	<u>\$ 721,271</u>	<u>\$ 12,500</u>

Debt Service Fund	Capital Projects Fund		Total	
	Wildfire	Transnet II	Regional Transportation (RTCIP)	2012
\$ 182,036	\$ 42,310	\$ 6,890	1,006,088	\$ 976,317
1,368	-	-	1,368	1,246
141	-	5	702	1,145
-	-	-	6,538	30,172
-	-	-	48,031	28,165
<u>\$ 183,545</u>	<u>\$ 42,310</u>	<u>\$ 6,895</u>	<u>\$ 1,062,727</u>	<u>\$ 1,037,045</u>
\$ -	\$ 23,517	\$ -	\$ 58,239	\$ 17,082
-	-	-	-	7,754
-	-	-	28,212	36,036
-	23,517	-	86,451	60,872
-	-	-	33,272	17,479
-	-	-	721,271	762,583
-	-	-	12,500	-
183,545	-	-	183,545	188,348
-	18,793	6,895	25,688	7,763
<u>183,545</u>	<u>18,793</u>	<u>6,895</u>	<u>976,276</u>	<u>976,173</u>
<u>\$ 183,545</u>	<u>\$ 42,310</u>	<u>\$ 6,895</u>	<u>\$ 1,062,727</u>	<u>\$ 1,037,045</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, 2012  
(With comparative totals for 2011)

	Special Revenue Funds					
	Gasoline Tax	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing	AB 939
<b>REVENUES</b>						
Taxes	\$ 136,191	\$ -	\$ 44,096	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	47,016	12,500
Intergovernmental	-	100,000	-	108,156	-	-
Use of money and property	-	39	38	25	2,890	-
Total revenues	136,191	100,039	44,134	108,181	49,906	12,500
<b>EXPENDITURES</b>						
Current:						
General government	-	-	-	24,916	91,218	-
Public safety	-	175,693	27,766	76,433	-	-
Public works	407,508	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	407,508	175,693	27,766	101,349	91,218	-
Excess (deficiency) of revenues over (under) expenditures	(271,317)	(75,654)	16,368	6,832	(41,312)	12,500
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	271,317	75,654	-	-	-	-
Transfers out	-	-	(7,407)	-	-	-
Total other financing uses	271,317	75,654	(7,407)	-	-	-
Net change in fund balances	-	-	8,961	6,832	(41,312)	12,500
Fund balance, beginning of year	-	-	6,293	11,186	762,583	-
Fund balance, end of year	\$ -	\$ -	\$ 15,254	\$ 18,018	\$ 721,271	\$ 12,500

Debt Service Fund	Capital Improvement Program Funds		Total	
	Wildfire	Transnet II	Regional Transportation (RTCIP)	2012
\$ 170,913	\$ -	\$ -	\$ 351,200	\$ 317,997
-	-	-	59,516	141,048
-	338,000	-	546,156	134,736
432	297	29	3,750	4,466
<u>171,345</u>	<u>338,297</u>	<u>29</u>	<u>960,622</u>	<u>598,247</u>
858	-	-	116,992	93,885
-	-	-	279,892	243,034
-	-	-	407,508	392,573
-	320,401	-	320,401	356
150,000	-	-	150,000	156,440
25,290	-	-	25,290	32,206
<u>176,148</u>	<u>320,401</u>	<u>-</u>	<u>1,300,083</u>	<u>918,494</u>
<u>(4,803)</u>	<u>17,896</u>	<u>29</u>	<u>(339,461)</u>	<u>(320,247)</u>
-	-	-	346,971	362,444
-	-	-	(7,407)	(10,530)
<u>-</u>	<u>-</u>	<u>-</u>	<u>339,564</u>	<u>351,914</u>
(4,803)	17,896	29	103	31,667
<u>188,348</u>	<u>897</u>	<u>6,866</u>	<u>976,173</u>	<u>944,506</u>
<u>\$ 183,545</u>	<u>\$ 18,793</u>	<u>\$ 6,895</u>	<u>\$ 976,276</u>	<u>\$ 976,173</u>

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GASOLINE TAX FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 106,080	\$ 125,239	\$ 136,191	\$ 10,952	\$ 116,939
Use of money and property	1,020	-	-	-	8
Total revenues	<u>107,100</u>	<u>125,239</u>	<u>136,191</u>	<u>10,952</u>	<u>116,947</u>
<b>EXPENDITURES</b>					
Current					
Public works	<u>456,145</u>	<u>458,204</u>	<u>407,508</u>	<u>50,696</u>	<u>392,573</u>
Total expenditures	<u>456,145</u>	<u>458,204</u>	<u>407,508</u>	<u>50,696</u>	<u>392,573</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(349,045)</u>	<u>(332,965)</u>	<u>(271,317)</u>	<u>61,648</u>	<u>(275,626)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>349,045</u>	<u>332,965</u>	<u>271,317</u>	<u>(61,648)</u>	<u>270,358</u>
Total other financing uses	<u>349,045</u>	<u>332,965</u>	<u>271,317</u>	<u>(61,648)</u>	<u>270,358</u>
Net change in fund balances	-	-	-	-	(5,268)
Fund balance, beginning of year	-	-	-	-	5,268
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
 SUPPLEMENTAL LAW ENFORCEMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (With comparative totals for 2011)

	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
Use of money and property	-	-	39	39	-
Total revenues	-	100,000	100,039	39	100,000
<b>EXPENDITURES</b>					
Current					
Public Safety	188,622	175,949	175,693	256	192,086
Total expenditures	188,622	175,949	175,693	256	192,086
Excess (deficiency) of revenues over (under) expenditures	(188,622)	(75,949)	(75,654)	295	(92,086)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	188,622	75,949	75,654	(295)	92,086
Total other financing uses	188,622	75,949	75,654	(295)	92,086
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, 2012

(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 45,000	\$ 45,000	\$ 44,096	\$ (904)	\$ 44,086
Use of money and property	-	-	38	38	62
Total revenues	45,000	45,000	44,134	(866)	44,148
<b>EXPENDITURES</b>					
Current					
Public safety	25,350	25,350	27,766	(2,416)	27,385
Debt service:					
Principal	-	-	-	-	11,440
Interest	-	-	-	-	646
Total expenditures	25,350	25,350	27,766	(2,416)	39,471
Excess (deficiency) of revenues over (under) expenditures	19,650	19,650	16,368	(3,282)	4,677
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	-	(7,407)	(7,407)	(10,530)
Total other financing uses	-	-	(7,407)	(7,407)	(10,530)
Net change in fund balances	19,650	19,650	8,961	(10,689)	(5,853)
Fund balance, beginning of year	6,293	6,293	6,293	-	12,146
Fund balance, end of year	\$ 25,943	\$ 25,943	\$ 15,254	\$ (10,689)	\$ 6,293

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 44,372	\$ 206,498	\$ 108,156	\$ (98,342)	\$ 34,736
Use of money and property	-	-	25	25	13
Total revenues	44,372	206,498	108,181	(98,317)	34,749
<b>EXPENDITURES</b>					
Current					
General government	-	25,000	24,916	84	-
Public safety	55,273	192,399	76,433	115,966	23,563
Total expenditures	55,273	217,399	101,349	116,050	23,563
Net change in fund balance	(10,901)	(10,901)	6,832	17,733	11,186
Fund balance, beginning of year	11,186	11,186	11,186	-	-
Fund balance, end of year	\$ 285	\$ 285	\$ 18,018	\$ 17,733	\$ 11,186

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
HOUSING FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Licenses, fees and permits	\$ 94,032	\$ 47,016	\$ 47,016	\$ -	\$ 141,048
Use of money and property	4,210	3,010	2,890	(120)	3,777
Total revenues	98,242	50,026	49,906	(120)	144,825
<b>EXPENDITURES</b>					
Current					
General government	106,341	106,341	91,218	15,123	93,055
Total expenditures	106,341	106,341	91,218	15,123	93,055
Net change in fund balance	(8,099)	(56,315)	(41,312)	15,003	51,770
Fund balance, beginning of year	762,583	762,583	762,583	-	710,813
Fund balance, end of year	\$ 754,484	\$ 706,268	\$ 721,271	\$ 15,003	\$ 762,583

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
 AB 939 FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
 (With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ 12,500	\$ 12,500	\$ -
Use of money and property	-	-	-	-	-
Total revenues	-	-	12,500	12,500	-
<b>EXPENDITURES</b>					
Current					
Waste management	-	-	-	-	-
Total expenditures	-	-	-	-	-
Net change in fund baalnce	-	-	12,500	12,500	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 12,500	\$ 12,500	\$ -

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
WILDFIRE DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 180,290	\$ 170,767	\$ 170,913	\$ 146	\$ 156,972
Use of money and property	1,100	260	432	172	546
Total revenues	181,390	171,027	171,345	318	157,518
<b>EXPENDITURES</b>					
Current					
General government	750	750	858	(108)	830
Debt service:					
Principal	150,000	150,000	150,000	-	145,000
Interest	25,290	25,290	25,290	-	31,560
Total expenditures	176,040	176,040	176,148	(108)	177,390
Net change in fund balance	5,350	(5,013)	(4,803)	210	(19,872)
Fund balance, beginning of year	188,348	188,348	188,348	-	208,220
Fund balance, end of year	\$ 193,698	\$ 183,335	\$ 183,545	\$ 210	\$ 188,348

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
TRANSNET II  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Intergovernmental	\$ 171,000	\$ 337,996	\$ 338,000	\$ 4	\$ -
Use of money and property	4	266	297	31	17
Total revenues	171,004	338,262	338,297	35	17
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	-
Capital outlay	171,000	337,644	320,401	17,243	356
Total expenditures	171,000	337,644	320,401	17,243	356
Excess (deficiency) of revenues over (under) expenditures	4	618	17,896	17,278	(339)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balances	4	618	17,896	17,278	(339)
Fund balance, beginning of year	897	897	897	-	1,236
Fund balance, end of year	\$ 901	\$ 1,515	\$ 18,793	\$ 17,278	\$ 897

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**  
 (With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ -	\$ -	
Intergovernmental	-	-	-	-	
Use of money and property	\$ -	\$ 14	\$ 29	\$ 15	\$ 43
Total revenues	-	14	29	15	43
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Net change in fund balances	-	14	29	15	43
Fund balance, beginning of year	6,866	6,866	6,866	-	6,823
Fund balance, end of year	\$ 6,866	\$ 6,880	\$ 6,895	\$ 15	\$ 6,866

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(With comparative totals for 2011)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Intergovernmental	3,016,835	19,113,204	7,416,465	(11,696,739)	4,216,199
Use of money and property	8,000	5,780	1,675	(4,105)	5,461
Contributions	-	577,500	647,500	70,000	177,548
Other	-	-	-	-	-
Total revenues	<u>3,024,835</u>	<u>19,696,484</u>	<u>8,065,640</u>	<u>(11,630,844)</u>	<u>4,399,208</u>
<b>EXPENDITURES</b>					
Capital outlay	<u>3,441,130</u>	<u>21,466,013</u>	<u>9,471,170</u>	<u>11,994,843</u>	<u>4,525,028</u>
Total expenditures	<u>3,441,130</u>	<u>21,466,013</u>	<u>9,471,170</u>	<u>11,994,843</u>	<u>4,525,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(416,295)</u>	<u>(1,769,529)</u>	<u>(1,405,530)</u>	<u>363,999</u>	<u>(125,820)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>416,691</u>	<u>491,901</u>	<u>593,158</u>	<u>101,257</u>	<u>1,691,802</u>
Total other financing uses	<u>416,691</u>	<u>491,901</u>	<u>593,158</u>	<u>101,257</u>	<u>1,691,802</u>
Net change in fund balances	396	(1,277,628)	(812,372)	465,256	1,565,982
Fund balance, beginning of year	<u>1,992,576</u>	<u>1,992,576</u>	<u>1,992,576</u>	-	<u>426,594</u>
Fund balance, end of year	<u>\$ 1,992,972</u>	<u>\$ 714,948</u>	<u>\$ 1,180,204</u>	<u>\$ 465,256</u>	<u>\$ 1,992,576</u>

## **CITY OF DEL MAR**

### **AGENCY FUNDS**

**JUNE 30, 2012**

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

The City of Del Mar has the following Agency Funds:

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

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

**JUNE 30, 2012**

(With comparative totals for 2011)

	Assessment District 1989-01	Assessment District 1999-01	Assessment District 2005-01
<b>ASSETS</b>			
Accounts and assessments receivable	\$ 74	\$ 203	\$ 74
Amounts to be provided by bond holders	-	-	-
Restricted assets			
Cash and investments	95,254	263,045	96,194
	<u>95,328</u>	<u>263,248</u>	<u>96,268</u>
Total assets	<u>\$ 95,328</u>	<u>\$ 263,248</u>	<u>\$ 96,268</u>
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ -
Due to bond holders	95,328	263,248	96,268
	<u>95,328</u>	<u>263,248</u>	<u>96,268</u>
Total liabilities and fund balances	<u>\$ 95,328</u>	<u>\$ 263,248</u>	<u>\$ 96,268</u>

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

**JUNE 30, 2012**

		Total	
North Hills Undergrounding	Sunset Undergrounding	2012	2011
\$ -	\$ 7	\$ 358	\$ 574
37,059	-	37,059	37,059
-	9,357	463,850	481,679
<u>\$ 37,059</u>	<u>\$ 9,364</u>	<u>\$ 501,267</u>	<u>\$ 519,312</u>
\$ 37,059	\$ -	\$ 37,059	\$ 37,059
-	9,364	464,208	482,253
<u>\$ 37,059</u>	<u>\$ 9,364</u>	<u>\$ 501,267</u>	<u>\$ 519,312</u>

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Assessment District 1989-01</u>				
<b>ASSETS</b>				
Accounts and assessments receivable	\$ 112	\$ 74	\$ (112)	\$ 74
Restricted assets:				
Cash and investments	94,828	1,118	(692)	95,254
Total assets	<u>\$ 94,940</u>	<u>\$ 1,192</u>	<u>\$ (804)</u>	<u>\$ 95,328</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to bond holders	94,940	1,192	(804)	95,328
Total liabilities	<u>\$ 94,940</u>	<u>\$ 1,192</u>	<u>\$ (804)</u>	<u>\$ 95,328</u>
<u>Assessment District 1999-01</u>				
<b>ASSETS</b>				
Accounts and assessments receivable	\$ 331	\$ 203	\$ (331)	\$ 203
Restricted assets:				
Cash and investments	278,801	97,782	(113,538)	263,045
Total assets	<u>\$ 279,132</u>	<u>\$ 97,985</u>	<u>\$ (113,869)</u>	<u>\$ 263,248</u>
<b>LIABILITES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to bond holders	279,132	97,985	(113,869)	263,248
Total liabilities	<u>\$ 279,132</u>	<u>\$ 97,985</u>	<u>\$ (113,869)</u>	<u>\$ 263,248</u>
<u>Assessment District 2005-01</u>				
<b>ASSETS</b>				
Accounts and assessments receivable	\$ 120	\$ 74	\$ (120)	\$ 74
Restricted assets:				
Cash and investments	98,735	61,456	(63,997)	96,194
Total assets	<u>\$ 98,855</u>	<u>\$ 61,530</u>	<u>\$ (64,117)</u>	<u>\$ 96,268</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Due to bond holders	98,855	61,530	(64,117)	96,268
Total liabilities	<u>\$ 98,855</u>	<u>\$ 61,530</u>	<u>\$ (64,117)</u>	<u>\$ 96,268</u>

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

**JUNE 30, 2012**

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>North Hills Undergrounding District</u>				
<b>ASSETS</b>				
Amounts to be provided by bond holders	\$ 37,059	\$ -	\$ -	\$ 37,059
Restricted assets:				
Cash and investments	-	74,117	(74,117)	-
Total assets	<u>\$ 37,059</u>	<u>\$ 74,117</u>	<u>\$ (74,117)</u>	<u>\$ 37,059</u>
<b>LIABILITIES</b>				
Due to other funds	<u>\$ 37,059</u>	<u>\$ 74,117</u>	<u>\$ (74,117)</u>	<u>\$ 37,059</u>
Total liabilities	<u>\$ 37,059</u>	<u>\$ 74,117</u>	<u>\$ (74,117)</u>	<u>\$ 37,059</u>
<u>Sunset Undergrounding District</u>				
<b>ASSETS</b>				
Accounts and assessments receivable	\$ 11	\$ 7	\$ (11)	\$ 7
Restricted assets:				
Cash and investments	9,314	110	(67)	9,357
Total assets	<u>\$ 9,325</u>	<u>\$ 117</u>	<u>\$ (78)</u>	<u>\$ 9,364</u>
<b>LIABILITIES</b>				
Due to bond holders	<u>\$ 9,325</u>	<u>\$ 117</u>	<u>\$ (78)</u>	<u>\$ 9,364</u>
Total liabilities	<u>\$ 9,325</u>	<u>\$ 117</u>	<u>\$ (78)</u>	<u>\$ 9,364</u>
<u>Total Agency Funds</u>				
<b>ASSETS</b>				
Accounts and assessments receivable	\$ 574	\$ 358	\$ (574)	\$ 358
Amounts to be provided by bond holders	37,059	-	-	37,059
Restricted assets:				
Cash and investments	481,678	234,583	(252,411)	463,850
Total assets	<u>\$ 519,311</u>	<u>\$ 234,941</u>	<u>\$ (252,985)</u>	<u>\$ 501,267</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 37,059	\$ 74,117	\$ (74,117)	\$ 37,059
Due to bond holders	<u>482,252</u>	<u>160,824</u>	<u>(178,868)</u>	<u>464,208</u>
Total liabilities	<u>\$ 519,311</u>	<u>\$ 234,941</u>	<u>\$ (252,985)</u>	<u>\$ 501,267</u>

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# CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2011-2012



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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	88
<b>Revenue Capacity</b>	
These tables contain information that may help in assessing the viability of the City's most significant revenue sources - property taxes, transient occupancy tax (TOT), and sales and use tax.	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

**City of Del Mar**

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

**Last Ten Fiscal Years Ended June 30, 2012**

**(Accrual basis of accounting)**

	Fiscal Year				
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<b>Governmental Activities</b>					
Investment in capital assets, net of related debt	\$ 13,508,526	\$ 14,216,403	\$ 14,984,944	\$ 16,592,553	\$ 18,622,695
Restricted	367,615	-	-	-	750,233
Unrestricted	5,021,605	5,280,976	5,578,002	5,960,276	6,069,386
<b>Total governmental activities net assets</b>	<b>\$ 18,897,746</b>	<b>\$ 19,497,379</b>	<b>\$ 20,562,946</b>	<b>\$ 22,552,829</b>	<b>\$ 25,442,314</b>
<b>Business-type Activities</b>					
Investment in capital assets, net of related debt	\$ 16,535,059	\$ 16,507,382	\$ 16,681,291	\$ 16,908,644	\$ 17,781,176
Restricted	840,869	765,827	695,027	679,588	689,363
Unrestricted	1,979,909	2,438,731	3,013,620	3,321,173	3,304,723
<b>Total business-type activities net assets</b>	<b>\$ 19,355,837</b>	<b>\$ 19,711,940</b>	<b>\$ 20,389,938</b>	<b>\$ 20,909,405</b>	<b>\$ 21,775,262</b>
<b>Primary Government</b>					
Investment in capital assets, net of related debt	\$ 30,043,585	\$ 30,723,785	\$ 31,666,235	\$ 33,501,197	\$ 36,403,871
Restricted	1,208,484	765,827	695,027	679,588	1,439,596
Unrestricted	7,001,514	7,719,707	8,591,622	9,281,449	9,374,109
<b>Total primary government net assets</b>	<b>\$ 38,253,583</b>	<b>\$ 39,209,319</b>	<b>\$ 40,952,884</b>	<b>\$ 43,462,234</b>	<b>\$ 47,217,576</b>

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

Source: City of Del Mar, Finance Department

Fiscal Year				
2007-2008	2008-2009 <sup>(2)</sup>	2009-2010	2010-2011	2011-2012
\$ 32,141,682	\$ 29,850,840	\$ 30,313,422	\$ 37,944,461	\$ 47,943,072
1,035,026	1,693,192	1,371,099	2,968,749	2,143,980
482,410	3,731,430	3,997,451	4,573,211	5,025,740
<u>\$ 33,659,118</u>	<u>\$ 35,275,462</u>	<u>\$ 35,681,972</u>	<u>\$ 45,486,421</u>	<u>\$ 55,112,792</u>
\$ 18,768,065	\$ 19,924,858	\$ 19,503,704	\$ 20,873,821	\$ 19,876,130
700,635	-	-	-	-
3,037,145	2,976,453	3,823,049	2,623,531	3,845,994
<u>\$ 22,505,845</u>	<u>\$ 22,901,311</u>	<u>\$ 23,326,753</u>	<u>\$ 23,497,352</u>	<u>\$ 23,722,124</u>
\$ 51,610,382	\$ 49,775,698	\$ 49,817,126	\$ 58,818,282	\$ 67,819,202
792,800	1,693,192	1,371,099	2,968,749	2,143,980
3,761,781	6,707,883	7,820,500	7,196,742	8,871,734
<u>\$ 56,164,963</u>	<u>\$ 58,176,773</u>	<u>\$ 59,008,725</u>	<u>\$ 68,983,773</u>	<u>\$ 78,834,916</u>

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

	Fiscal Year				
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 3,203,924	\$ 3,665,960	\$ 3,803,204	\$ 3,800,429	\$ 3,888,011
Public safety	3,484,350	4,078,281	4,557,872	4,986,741	4,750,724
Public works	1,316,672	1,049,892	1,171,583	508,283	899,025
Parks and recreation	626,863	679,069	719,867	694,358	633,010
Community services	-	-	-	-	-
Interest on long-term debt	137,934	120,901	109,235	43,020	74,368
Total governmental activities expenses	<u>8,769,743</u>	<u>9,594,103</u>	<u>10,361,761</u>	<u>10,032,831</u>	<u>10,245,138</u>
<b>Business-type Activities</b>					
Water	1,809,261	1,989,371	1,879,045	2,035,750	2,064,393
Wastewater	2,129,611	2,330,249	2,062,148	2,024,322	2,038,716
Clean water	-	292,554	332,111	342,813	359,082
Total business-type activities expenses	<u>3,938,872</u>	<u>4,612,174</u>	<u>4,273,304</u>	<u>4,402,885</u>	<u>4,462,191</u>
Total primary government expenses	<u>\$ 12,708,615</u>	<u>\$ 14,206,277</u>	<u>\$ 14,635,065</u>	<u>\$ 14,435,716</u>	<u>\$ 14,707,329</u>
<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
Public safety	729,178	823,763	1,030,952	267,613	252,613
Public Works	-	-	-	-	-
Parks and recreation	207,695	488,225	699,078	782,070	590,413
Operating grants and contributions	247,462	680,786	391,369	763,816	401,153
Capital grants and contributions	571,582	683,324	1,048,930	490,044	1,557,918
Total governmental activities program revenues	<u>2,250,125</u>	<u>3,292,482</u>	<u>4,204,564</u>	<u>3,881,015</u>	<u>4,424,381</u>
<b>Business-type Activities</b>					
Charges for services:					
Water	2,093,896	2,316,389	2,188,208	2,234,603	2,390,664
Wastewater	1,946,846	2,309,853	2,380,298	2,337,586	2,424,808
Clean water	-	102,371	141,695	181,907	131,068
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>4,040,742</u>	<u>4,728,613</u>	<u>4,710,201</u>	<u>4,754,096</u>	<u>4,946,540</u>
Total primary government revenues	<u>\$ 6,290,867</u>	<u>\$ 8,021,095</u>	<u>\$ 8,914,765</u>	<u>\$ 8,635,111</u>	<u>\$ 9,370,921</u>
<b>Net revenues/(expenses): <sup>(1)</sup></b>					
Governmental activities	\$ (6,519,618)	\$ (6,301,621)	\$ (6,157,197)	\$ (6,151,816)	\$ (5,820,757)
Business-type activities	101,870	116,439	436,897	351,211	484,349
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>
<b>General Revenue and Other Changes in Net Assets</b>					
<b>Governmental activities</b>					
Taxes:					
Property taxes	\$ 2,446,848	\$ 2,640,411	\$ 2,954,897	\$ 2,992,161	\$ 3,756,024
Sales and use tax	1,352,848	1,445,015	1,680,314	1,668,537	1,732,150
Transient occupancy tax	1,409,615	1,440,402	1,488,935	1,564,641	1,682,319
Franchise tax	264,523	272,973	297,079	317,261	356,121
Business license tax	157,326	172,130	185,753	186,756	182,343
Motor vehicle in-lieu tax	258,119	209,146	105,682	336,709	30,291
Intergovernmental, unrestricted	-	-	-	315,271	259,110
Use of money and property	513,938	403,479	409,202	557,198	817,285
Sale of capital assets	-	-	-	-	-
Other	493,803	542,928	291,766	298,733	113,571
Transfers	(10,679)	(225,230)	(190,864)	(175,105)	(218,972)
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>
<b>Business-type activities</b>					
Unrestricted investment earnings	114,370	14,434	50,237	72,688	162,536
Other	-	-	-	-	-
Transfers	10,679	225,230	190,864	175,105	218,972
Total business-type activities	<u>125,049</u>	<u>239,664</u>	<u>241,101</u>	<u>247,793</u>	<u>381,508</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>
<b>Change in Net Assets</b>					
Governmental activities	\$ 366,723	\$ 599,633	\$ 1,065,567	\$ 1,910,346	\$ 2,889,485
Business-type activities	226,919	356,103	677,998	599,004	865,857
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>

Note:

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

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

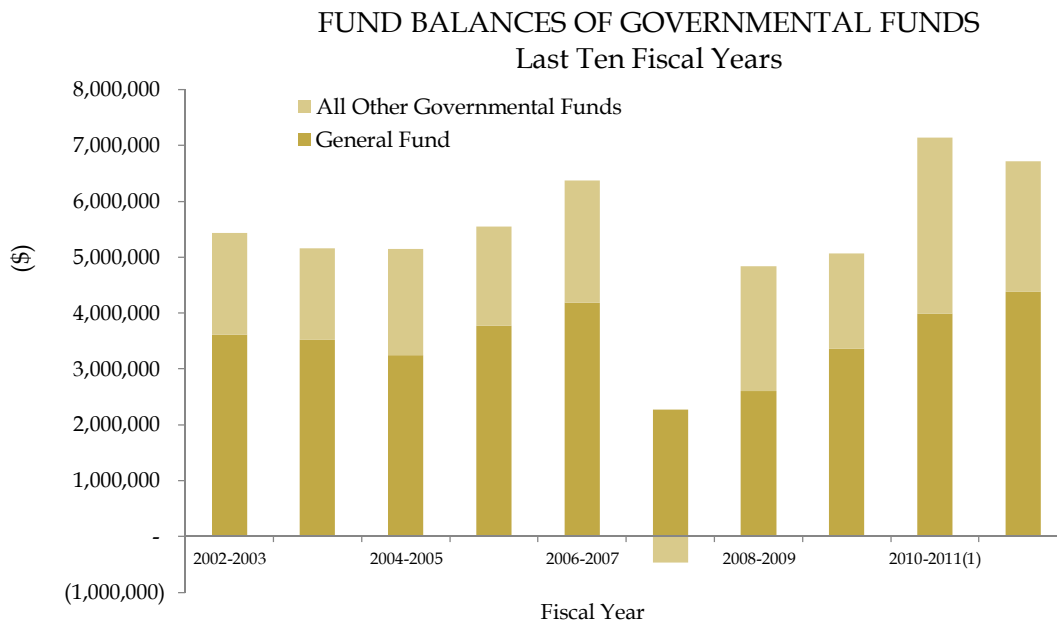
- Amounts without parentheses are net revenues, meaning that program revenues were more than sufficient to cover expenses.

Fiscal Year				
2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
\$ 4,359,318	\$ 4,386,669	\$ 4,313,697	\$ 4,124,385	\$ 4,817,999
4,807,256	5,080,611	5,115,313	5,050,517	5,365,983
972,444	934,974	1,511,201	1,057,431	491,439
662,959	672,742	686,835	692,531	732,882
1,079	-	-	-	-
139,679	119,312	128,910	51,070	22,603
<u>10,942,735</u>	<u>11,194,308</u>	<u>11,755,956</u>	<u>10,975,934</u>	<u>11,430,906</u>
2,007,296	2,113,510	2,323,776	2,396,157	2,544,512
2,173,470	2,236,764	2,299,233	2,453,005	2,608,785
530,166	439,010	429,372	370,017	416,849
4,710,932	4,789,284	5,052,381	5,219,179	5,570,146
<u>\$ 15,653,667</u>	<u>\$ 15,983,592</u>	<u>\$ 16,808,337</u>	<u>\$ 16,195,113</u>	<u>\$ 17,001,052</u>
\$ 1,614,329	\$ 920,795	\$ 1,017,198	\$ 1,308,618	\$ 1,112,124
233,027	1,172,189	1,268,801	1,466,187	1,382,429
-	14,000	-	-	-
498,075	406,236	404,801	392,672	466,632
611,539	323,436	343,777	454,648	282,071
7,677,470	1,762,742	703,612	4,194,853	8,474,616
<u>10,634,440</u>	<u>4,599,398</u>	<u>3,738,189</u>	<u>7,816,978</u>	<u>11,717,872</u>
2,357,075	2,344,156	2,234,510	2,277,701	2,477,171
2,417,053	2,345,933	2,584,404	2,622,453	2,874,751
258,538	306,266	383,946	380,080	382,709
-	-	-	5,000	5,000
<u>5,032,666</u>	<u>4,996,355</u>	<u>5,202,860</u>	<u>5,285,234</u>	<u>5,739,631</u>
<u>\$ 15,667,106</u>	<u>\$ 9,595,753</u>	<u>\$ 8,941,049</u>	<u>\$ 13,102,212</u>	<u>\$ 17,457,503</u>
\$ (308,295)	\$ (6,594,910)	\$ (8,017,767)	\$ (3,158,956)	\$ 286,966
321,734	207,071	150,479	66,055	169,485
<u>\$ 13,439</u>	<u>\$ (6,387,839)</u>	<u>\$ (7,867,288)</u>	<u>\$ (3,092,901)</u>	<u>\$ 456,451</u>
\$ 4,032,639	\$ 4,215,519	\$ 4,433,968	\$ 4,510,439	\$ 4,647,145
1,408,551	1,362,060	1,367,739	1,551,454	1,628,442
1,247,227	1,418,345	1,505,530	1,704,696	1,805,475
362,404	375,033	342,989	402,677	421,518
193,839	197,696	188,535	197,639	210,243
-	-	-	-	-
276,741	211,868	163,473	140,401	117,062
884,169	260,440	199,148	123,733	83,424
-	-	-	4,171,104	18,811
360,982	341,428	271,953	171,791	424,070
(241,453)	(171,135)	(49,063)	(10,530)	(16,785)
<u>8,525,099</u>	<u>8,211,254</u>	<u>8,424,272</u>	<u>12,963,404</u>	<u>9,339,405</u>
167,396	90,967	28,378	13,762	13,260
-	127,207	197,522	80,252	25,242
241,453	171,254	49,063	10,530	16,785
<u>408,849</u>	<u>389,428</u>	<u>274,963</u>	<u>104,544</u>	<u>55,287</u>
<u>\$ 8,933,948</u>	<u>\$ 8,600,682</u>	<u>\$ 8,699,235</u>	<u>\$ 13,067,948</u>	<u>\$ 9,394,692</u>
\$ 8,216,804	\$ 1,616,344	\$ 406,510	\$ 9,804,449	\$ 9,626,371
730,583	596,499	425,442	170,599	224,772
<u>\$ 8,947,387</u>	<u>\$ 2,212,843</u>	<u>\$ 831,952</u>	<u>\$ 9,975,048</u>	<u>\$ 9,851,143</u>

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

	Fiscal Year				
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
<b>General Fund</b>					
Reserved	\$ 680,700	\$ 733,926	\$ 491,491	\$ 700,198	\$ 723,828
Unreserved	2,935,452	2,789,204	2,760,508	3,070,580	3,460,629
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 3,616,152</b>	<b>\$ 3,523,130</b>	<b>\$ 3,251,999</b>	<b>\$ 3,770,778</b>	<b>\$ 4,184,457</b>
<b>All Other Governmental Funds</b>					
Reserved	\$ 307,164	\$ 341,636	\$ 449,334	\$ 522,880	\$ 1,510,792
Unreserved, reported in:					
Special revenue funds	887,217	618,357	620,694	631,829	582,765
Debt service funds	84,706	270,001	190,020	149,403	163,948
Capital projects fund	545,262	406,026	637,039	469,632	(72,041)
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 1,824,349</b>	<b>\$ 1,636,020</b>	<b>\$ 1,897,087</b>	<b>\$ 1,773,744</b>	<b>\$ 2,185,464</b>

Source: City of Del Mar, Finance Department



(Concluded)

Fiscal Year				
2007-2008	2008-2009	2009-2010	2010-2011 <sup>(1)</sup>	2011-2012
\$ 84,451	\$ 30,334	\$ 36,396	\$ -	\$ -
2,190,405	2,572,399	3,320,829	-	-
-	-	-	-	525,151
-	-	-	1,681,273	1,470,192
-	-	-	2,305,009	2,384,635
<u>\$ 2,274,856</u>	<u>\$ 2,602,733</u>	<u>\$ 3,357,225</u>	<u>\$ 3,986,282</u>	<u>\$ 4,379,978</u>
\$ 2,623,549	\$ 1,482,888	\$ 963,355	\$ -	\$ -
-	67,058	342,232	-	-
-	-	-	-	-
(3,084,510)	683,550	409,384	-	-
-	-	-	976,173	976,276
-	-	-	190,215	181,806
-	-	-	1,992,576	1,180,204
<u>\$ (460,961)</u>	<u>\$ 2,233,496</u>	<u>\$ 1,714,971</u>	<u>\$ 3,158,964</u>	<u>\$ 2,338,286</u>

Note:

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

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

	<b>Fiscal Year</b>				
	<b>2002-2003</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>
<b>Revenues:</b>					
Taxes	\$ 5,585,841	\$ 5,902,221	\$ 6,395,154	\$ 7,144,697	\$ 7,828,037
Licenses and permits	167,661	174,571	188,956	356,492	1,218,764
Intergovernmental	1,365,983	2,033,941	2,024,083	1,154,704	1,158,484
Charges for services	522,471	836,133	1,328,490	997,570	360,848
Fines and forfeitures	547,438	668,960	874,862	956,378	884,813
Use of money and property	513,939	403,479	560,084	546,707	781,165
Contributions	150,000	87,765	1,000	52,995	1,006,653
Other revenues	339,630	309,094	258,242	682,285	139,875
Total revenues	<u>9,192,963</u>	<u>10,416,164</u>	<u>11,630,871</u>	<u>11,891,828</u>	<u>13,378,639</u>
<b>Expenditures:</b>					
General government	3,114,605	3,800,009	3,636,886	3,555,998	3,780,975
Public safety	3,503,659	4,050,058	4,609,225	4,899,846	5,019,669
Public works	1,123,082	673,800	1,136,702	798,030	808,979
Parks and recreation	575,734	611,577	646,643	572,092	580,463
Capital outlays	693,409	868,814	957,174	1,085,464	1,734,248
Debt service:					
Principal	326,652	340,919	317,078	309,144	316,851
Interest and fiscal charges	143,935	127,108	112,363	100,691	93,083
Total expenditures	<u>9,481,076</u>	<u>10,472,285</u>	<u>11,416,071</u>	<u>11,321,265</u>	<u>12,334,268</u>
Excess of revenues over (under) expenditures	<u>(288,113)</u>	<u>(56,121)</u>	<u>214,800</u>	<u>570,563</u>	<u>1,044,371</u>
<b>Other Financing Sources (Uses)</b>					
Issuance of loan	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Transfers-in	1,365,074	663,756	1,939,651	1,419,408	1,417,545
Transfers-out	(1,375,753)	(888,986)	(2,164,515)	(1,594,513)	(1,636,517)
Total other financing sources (uses)	<u>(10,679)</u>	<u>(225,230)</u>	<u>(224,864)</u>	<u>(175,105)</u>	<u>(218,972)</u>
Net change in fund balances	<u>\$ (298,792)</u>	<u>\$ (281,351)</u>	<u>\$ (10,064)</u>	<u>\$ 395,458</u>	<u>\$ 825,399</u>
Debt service as a percentage of noncapital expenditures	<u>5.36%</u>	<u>4.87%</u>	<u>4.11%</u>	<u>4.00%</u>	<u>3.87%</u>

Note:

(1) The increased debt service percentage is due to the payoff of the loan on the Shores Property which came from the sale of the Balboa lot.

Source: City of Del Mar, Finance Department

(Concluded)

<b>Fiscal Year</b>				
<b>2007-2008</b>	<b>2008-2009</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2011-2012</b>
\$ 7,350,716	\$ 7,676,829	\$ 7,937,072	\$ 8,521,081	\$ 8,858,700
1,288,712	1,005,220	916,254	1,185,430	1,047,420
2,176,880	2,230,841	1,022,692	4,470,137	8,077,378
777,891	794,002	992,813	1,091,028	1,098,148
860,395	761,014	781,733	891,019	815,617
426,807	225,747	188,513	117,942	79,311
5,703,470	325,389	108,559	181,627	657,875
91,668	358,876	253,253	153,538	416,689
<u>18,676,539</u>	<u>13,377,918</u>	<u>12,200,889</u>	<u>16,611,802</u>	<u>21,051,138</u>
4,363,308	4,376,664	4,158,473	4,134,195	4,848,423
4,846,456	5,068,992	4,994,026	5,105,353	5,380,136
528,086	475,670	557,557	530,892	544,546
654,005	671,207	670,548	700,050	734,815
12,130,994	2,807,876	1,039,393	4,526,067	9,796,937
339,749	435,778	363,293	3,637,212	150,000
128,514	111,144	132,569	67,774	25,290
<u>22,991,112</u>	<u>13,947,331</u>	<u>11,915,859</u>	<u>18,701,543</u>	<u>21,480,147</u>
<u>(4,314,573)</u>	<u>(569,413)</u>	<u>285,030</u>	<u>(2,089,741)</u>	<u>(429,009)</u>
-	3,763,000	-	-	-
-	-	-	4,171,104	18,811
2,706,687	1,287,803	584,915	5,695,089	1,183,682
<u>(2,948,140)</u>	<u>(1,459,056)</u>	<u>(633,978)</u>	<u>(5,703,402)</u>	<u>(1,200,466)</u>
<u>(241,453)</u>	<u>3,591,747</u>	<u>(49,063)</u>	<u>4,162,791</u>	<u>2,027</u>
<u>\$ (4,556,026)</u>	<u>\$ 3,022,334</u>	<u>\$ 235,967</u>	<u>\$ 2,073,050</u>	<u>\$ (426,982)</u>
<u>4.31%</u>	<u>4.91%</u>	<u>4.56%</u>	<u>26.14%</u> <sup>(1)</sup>	<u>1.50%</u>

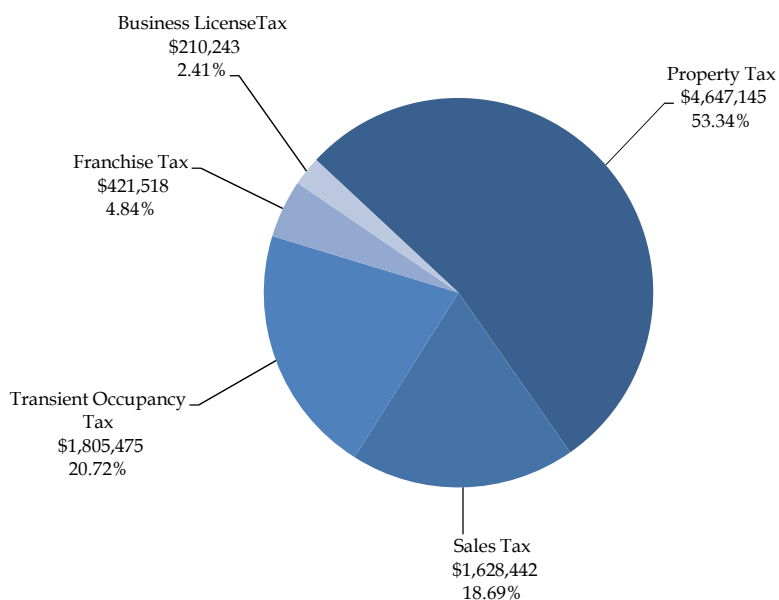
**City of Del Mar**  
**Governmental Activities Tax Revenues By Sources**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Property Taxes (1)</b>	<b>Sales &amp; Use Tax (2)</b>	<b>Transient Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Business License Tax</b>	<b>Total</b>
2011-2012	\$ 4,647,145	\$ 1,628,442	\$ 1,805,475	\$ 421,518	\$ 210,243	\$ 8,712,823
2010-2011	4,510,439	1,551,454	1,704,696	402,677	197,639	8,366,905
2009-2010	4,433,968	1,367,739	1,505,530	342,989	188,535	7,838,761
2008-2009	4,215,519	1,362,060	1,418,345	375,033	197,696	7,568,653
2007-2008	3,796,999	1,408,551	1,247,227	362,404	193,839	7,009,020
2006-2007	3,756,024	1,732,150	1,682,319	356,121	182,343	7,708,957
2005-2006	2,992,161	1,668,537	1,564,641	317,261	186,756	6,729,356
2004-2005	2,954,897	1,680,314	1,488,935	297,079	185,753	6,606,978
2003-2004	2,640,411	1,445,015	1,440,402	272,973	172,130	5,970,931
2002-2003	2,446,848	1,352,848	1,409,615	264,523	157,326	5,631,160
Change from Base Year 2003	89.92%	20.37%	28.08%	59.35%	33.64%	54.73%

Notes:

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

**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Fiscal Year Ended June 30, 2012**



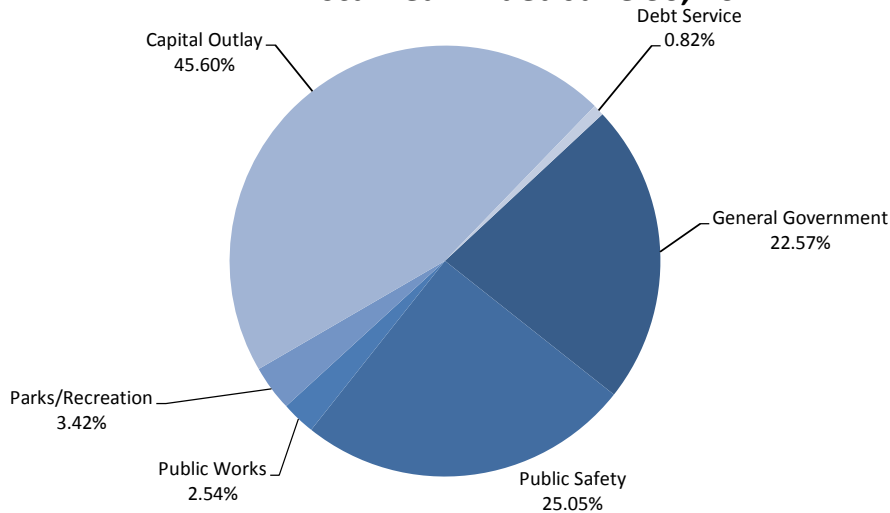
Source: City of Del Mar, Finance Department

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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>
2011-2012	\$ 4,848,423	\$ 5,380,136	\$ 544,546
2010-2011	4,134,195	5,105,353	530,892
2009-2010	4,158,473	4,994,026	557,557
2008-2009	4,376,664	5,068,992	475,670
2007-2008	4,363,308	4,846,456	528,086
2006-2007	3,780,975	5,019,669	808,979
2005-2006	3,555,998	4,899,846	798,030
2004-2005	3,636,886	4,609,225	1,136,702
2003-2004	3,800,009	4,050,058	673,800
2002-2003	3,114,605	3,503,659	1,123,082

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**Fiscal Year Ended June 30, 2012**



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

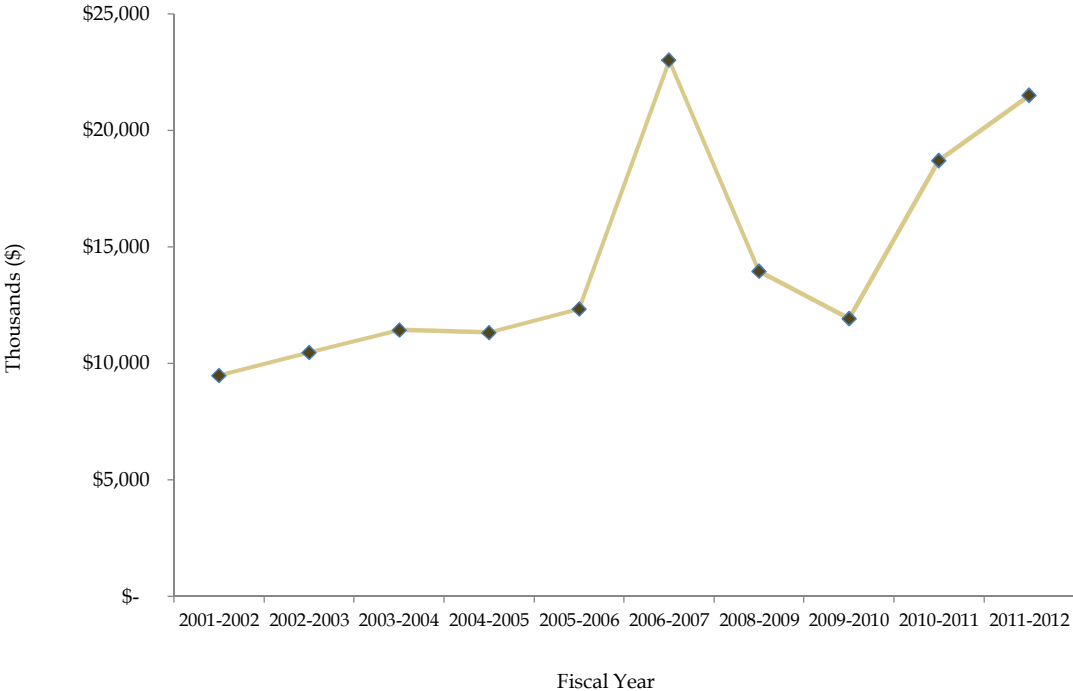
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	<b>Parks and Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service <sup>(2)</sup></b>	<b>Total</b>
\$	734,815	\$ 9,796,937	\$ 175,290	\$ 21,480,147
	700,050	4,526,067	3,704,986	18,701,543
	670,548	1,039,393	495,862	11,915,859
	671,207	2,807,876	546,922	13,947,331
	654,005	12,130,994	468,263	22,991,112
	580,463	1,734,248	409,934	12,334,268
	572,092	1,085,464	409,835	11,321,265
	646,643	957,174	429,441	11,416,071
	611,577	868,814	468,027	10,472,285
	575,734	693,409	470,587	9,481,076

TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
Last Ten Fiscal Years

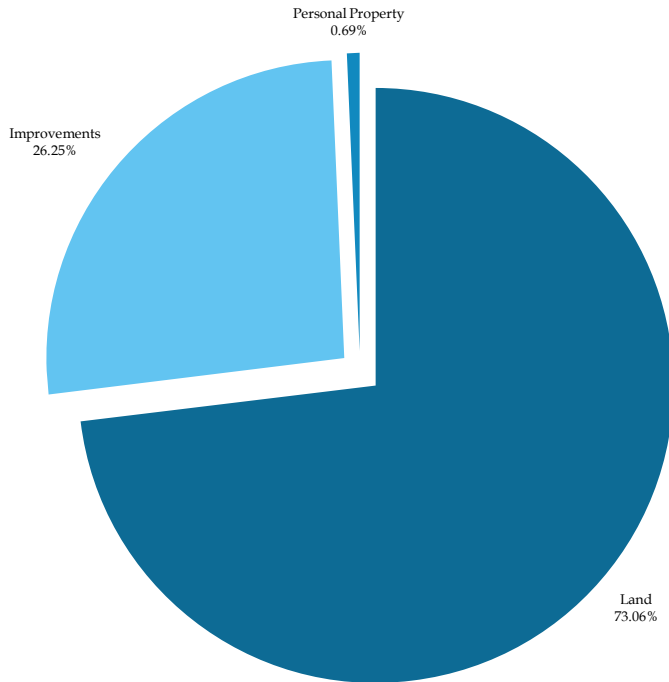


City of Del Mar

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



Note:

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

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

(Continued)

Locally Assessed							
Secured			Unsecured				
Exemptions		Total	Improvements	Personal	Total	Other	Total
All	Home	After					
Others	Owners	Exemptions			Exemptions	Exemptions	Exemptions
\$ (3,182,380)	\$ (6,713,000)	\$ 2,591,975,100	\$ 5,673,292	\$ 17,923,916	\$ 23,597,208	\$ (301,587)	\$ 23,295,621
(3,386,894)	(6,797,000)	2,525,259,784	5,012,329	16,673,086	21,685,415	(48,405)	21,637,010
(3,392,145)	(6,893,600)	2,438,660,698	5,291,249	24,013,350	29,304,599	-	29,304,599
(3,332,473)	(6,944,000)	2,307,508,871	5,304,498	20,310,207	25,614,705	-	25,614,705
(3,008,202)	(6,958,000)	2,097,236,861	5,096,765	18,871,651	23,968,416	-	23,968,416
(2,942,030)	(6,995,800)	1,956,454,983	5,365,639	18,101,740	23,467,379	-	23,467,379
(2,881,088)	(7,032,200)	1,801,336,679	6,216,428	15,276,867	21,493,295	-	21,493,295
(2,782,109)	(7,019,600)	1,586,905,449	5,305,843	15,920,040	21,225,883	-	21,225,883
(2,746,435)	(7,149,800)	1,440,514,317	5,361,645	16,209,848	21,571,493	-	21,571,493
(2,598,467)	(7,165,200)	1,344,622,137	5,008,469	15,315,650	20,324,119	-	20,324,119
(1,909,282)	(7,205,800)	1,275,575,762	3,967,028	17,810,287	21,777,315	(14,818)	21,762,497

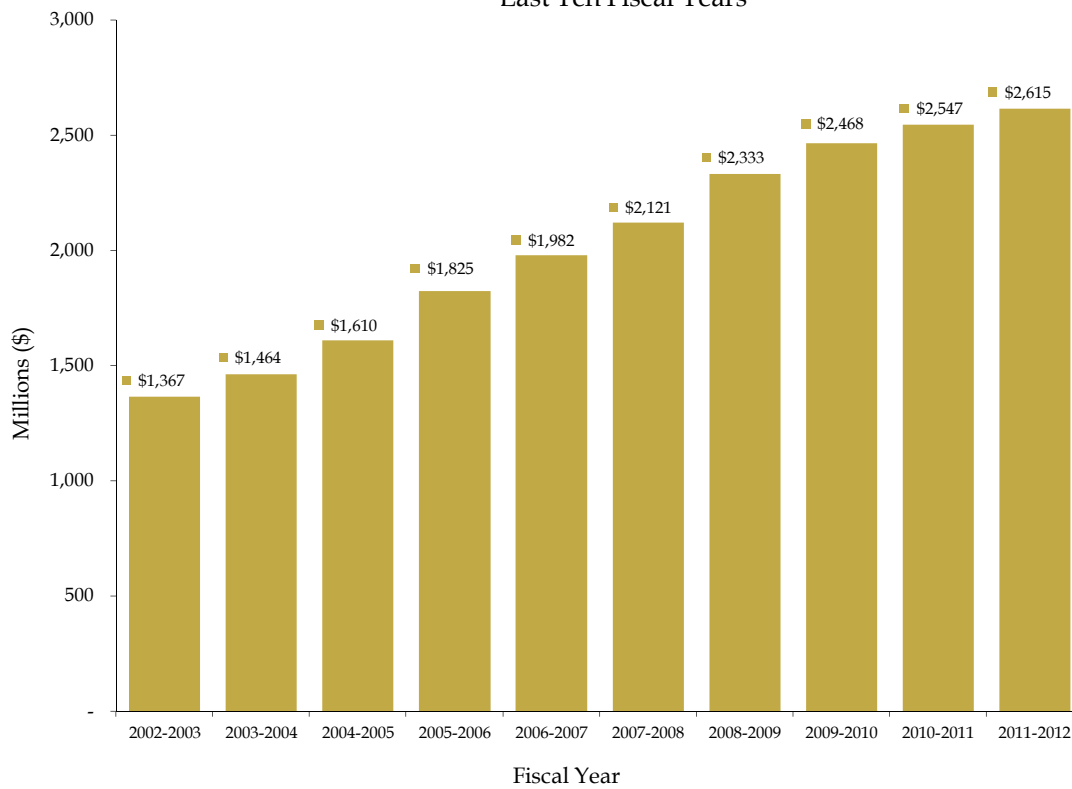
City of Del Mar

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
2011-2012	2,625,467,688	\$ 2,615,270,721	2.68%	1.00970%
2010-2011	2,557,129,093	2,546,896,794	3.20%	1.00925%
2009-2010	2,478,251,042	2,467,965,297	5.78%	1.01052%
2008-2009	2,343,400,049	2,333,123,576	9.99%	1.01037%
2007-2008	2,131,171,479	2,121,205,277	7.05%	1.01497%
2006-2007	1,991,528,144	1,981,590,314	8.60%	1.01383%
2005-2006	1,834,524,054	1,824,610,766	13.34%	1.01205%
2004-2005	1,619,679,554	1,609,877,845	9.97%	1.01265%
2003-2004	1,473,817,072	1,463,920,837	7.08%	1.01731%
2002-2003	1,376,833,503	1,367,069,836	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				
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Residential	\$ 1,299,249,555	\$ 1,444,510,983	\$ 1,641,392,319	\$ 1,791,415,501	\$ 1,927,655,893
Commercial	142,655,770	143,159,660	159,747,464	164,367,851	168,728,531
Industrial	1,446,867	1,473,871	1,986,030	2,048,291	2,368,947
Irrigation farm	-	-	-	-	-
Rural land (Non-irrigated)	-	-	-	-	-
Institutional	2,400,387	2,445,201	2,494,104	2,543,985	2,594,863
Recreational	4,211,200	4,743,002	5,260,510	5,650,759	5,507,582
Miscellaneous	-	-	-	-	-
<b>Total</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>	<b>\$ 2,106,855,816</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.

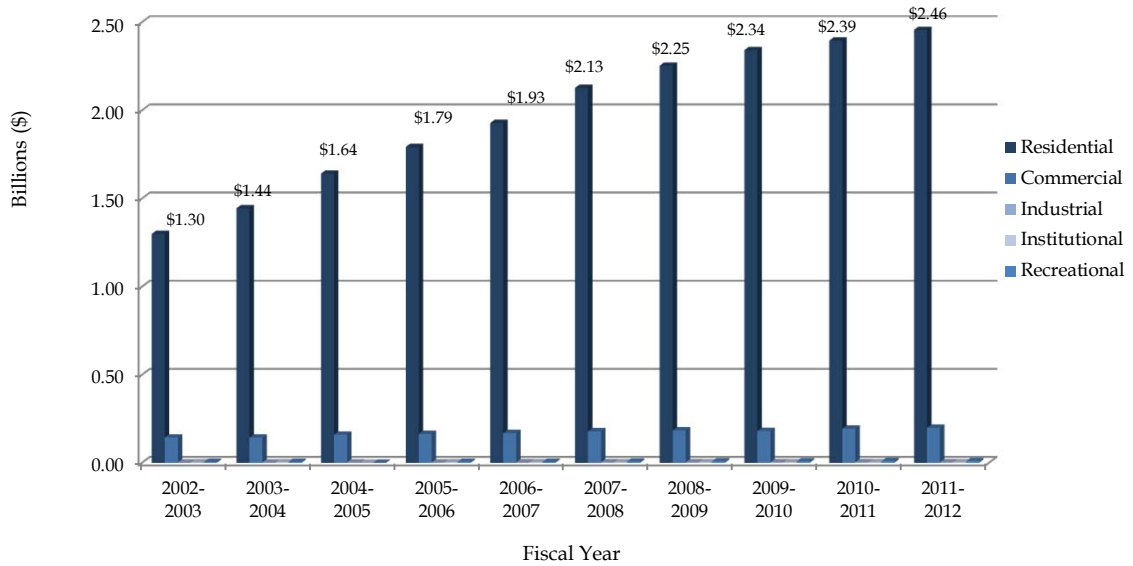
- The amounts represent total assessed value of real property, excluding personal property and fixtures, prior to exemptions.

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

(Concluded)

Fiscal Year				
2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
\$ 2,126,571,875	\$ 2,252,513,842	\$ 2,341,247,897	\$ 2,394,641,412	\$ 2,455,807,004
178,609,919	183,387,390	180,733,181	193,402,493	199,024,611
2,406,337	2,454,459	2,448,637	2,467,068	2,516,402
-	-	-	-	-
-	-	-	-	-
2,646,759	2,699,693	2,693,294	2,713,573	2,767,844
7,181,758	7,570,329	8,042,055	8,412,054	8,765,703
-	-	-	-	-
<u>\$ 2,317,416,648</u>	<u>\$ 2,448,625,713</u>	<u>\$ 2,535,165,064</u>	<u>\$ 2,601,636,600</u>	<u>\$ 2,668,881,564</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
2011-2012	\$ 2,455,807,004	4,197	\$ 199,024,611	101	\$ 2,516,402	9
2010-2011	2,394,641,412	4,195	193,402,493	101	2,467,068	9
2009-2010	2,341,247,897	4,193	180,733,181	101	2,448,637	9
2008-2009	2,252,513,842	4,192	183,387,390	101	2,454,459	9
2007-2008	2,126,571,875	4,193	178,609,919	100	2,406,337	9
2006-2007	1,927,655,893	4,191	168,728,531	100	2,368,947	10
2005-2006	1,791,415,501	4,185	164,367,851	101	2,048,291	11
2004-2005	1,641,392,319	4,182	159,747,464	102	1,986,030	11
2003-2004	1,444,510,983	4,158	143,159,660	102	1,473,871	13
2002-2003	1,299,249,555	4,152	142,655,770	104	1,446,867	13

Notes:

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

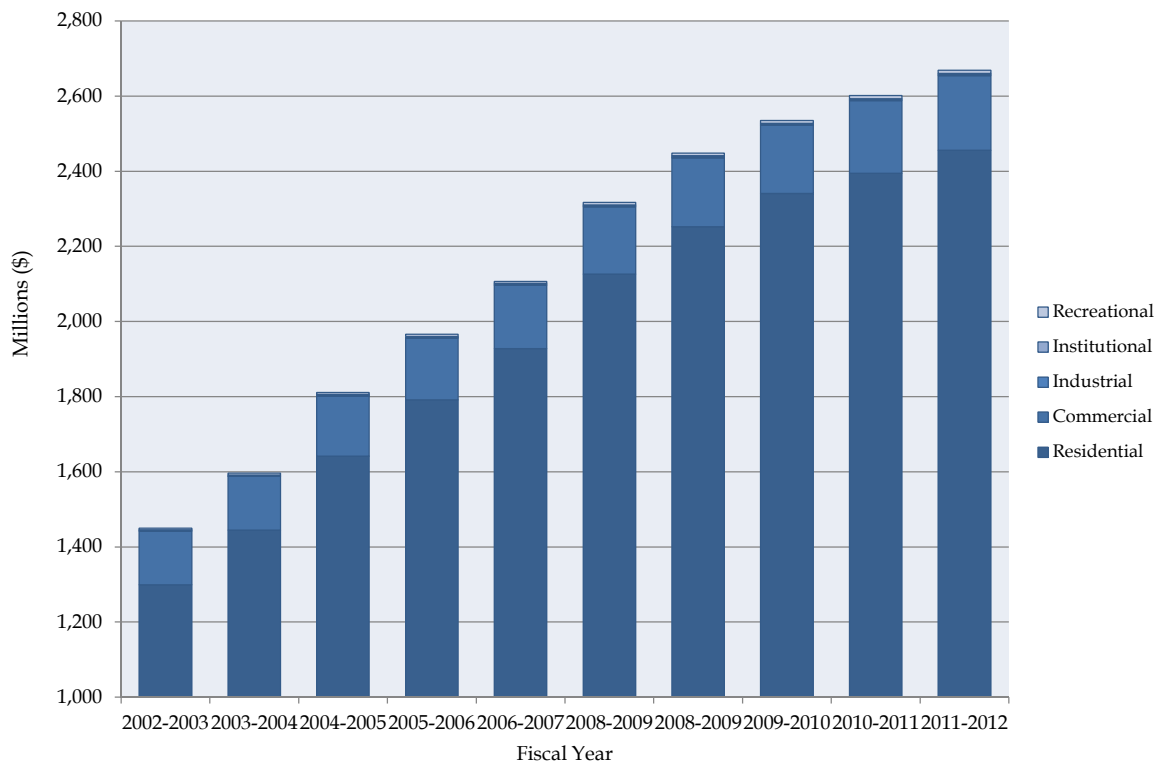
Source:

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

(Concluded)

Institutional		Recreational		Total		Total Direct
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Tax Rate (%) (2)
\$ 2,767,844	1	\$ 8,765,703	241	2,668,881,564	4,549	0.14775
2,713,573	1	8,412,054	241	2,601,636,600	4,547	0.14775
2,693,294	1	8,042,055	224	2,535,165,064	4,528	0.14775
2,699,693	1	7,570,329	226	2,448,625,713	4,529	0.14775
2,646,759	1	7,181,758	234	2,317,416,648	4,537	0.15688
2,594,863	1	5,507,582	215	2,106,855,816	4,517	0.14775
2,543,985	1	5,650,759	217	1,966,026,387	4,515	0.14775
2,494,104	1	5,260,510	206	1,810,880,427	4,502	0.14775
2,445,201	1	4,743,002	207	1,596,332,717	4,481	0.14775
2,400,387	1	4,211,200	191	1,449,963,779	4,461	0.14775

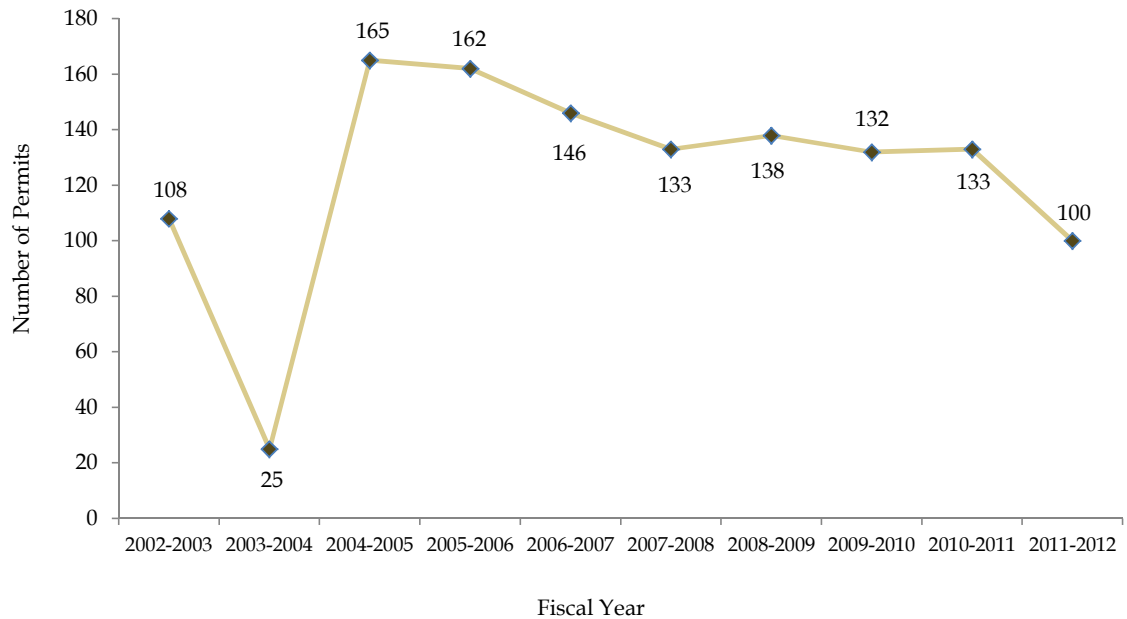
ASSESSED VALUE BY CATEGORY  
June 30, 2012



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

**NUMBER OF PERMITS  
Last Ten Fiscal Years**



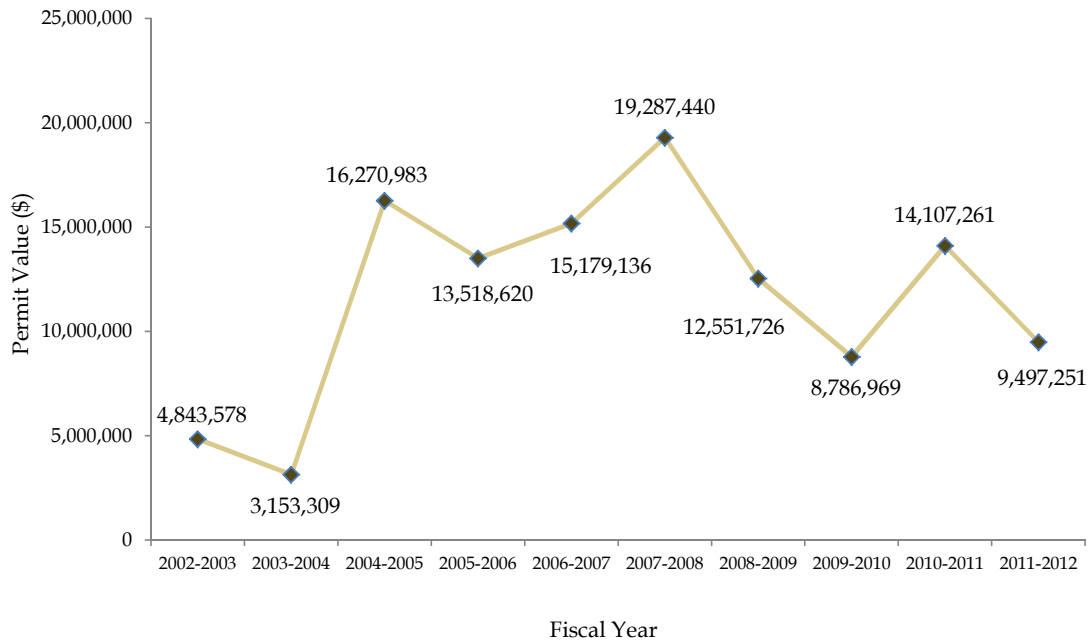
Source:

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

(Concluded)

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

PERMIT VALUATION  
Last Ten Fiscal Years

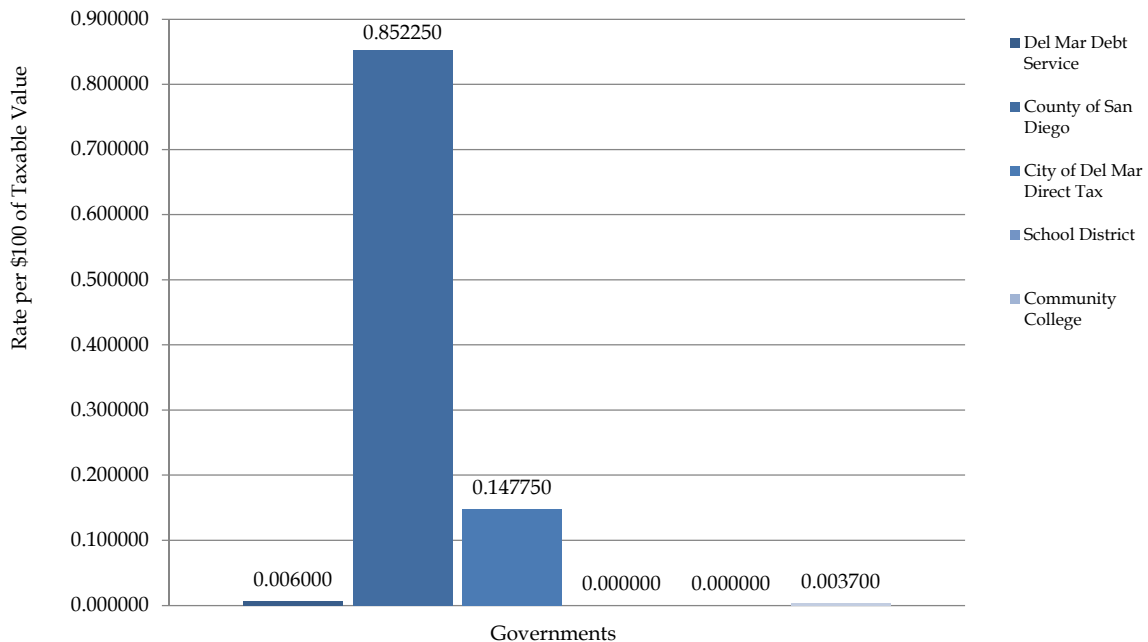


## City of Del Mar

Property Tax Rates <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
2011-2012	0.00600	0.85225	0.14775	1.00000
2010-2011	0.00555	0.85225	0.14775	1.00000
2009-2010	0.00622	0.85225	0.14775	1.00000
2008-2009	0.00607	0.85225	0.14775	1.00000
2007-2008	0.01047	0.86312	0.13688	1.00000
2006-2007	0.00913	0.85225	0.14775	1.00000
2005-2006	0.00685	0.85225	0.14775	1.00000
2004-2005	0.00685	0.85225	0.14775	1.00000
2003-2004	0.01054	0.85225	0.14775	1.00000
2002-2003	0.01509	0.85225	0.14775	1.00000

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS  
 Fiscal Year Ended June 30, 2012



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	1.00970
-	-	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

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

Owner/Taxpayer	Business Type	Fiscal Year 2011-2012		Fiscal Year 2002-2003	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
G L L B V K Properties 2007 L P	Property management	\$ 64,513,221	2.46 %	\$ -	- %
Pickens Madeleine A Trust	Trust	36,601,245	1.40	-	-
Jacobs Family Trust	Trust	30,733,629	1.17	-	-
Allred Family Living Trust	Trust	29,147,583	1.11	-	-
Del Mar Thoroughbred Club	Horse racing club	21,976,336	0.84	19,058,710	1.39
L-O Delmar Holding, Inc.	Management company	19,787,514	0.75	12,075,010	0.88
Naify Marsha J Living Trust	Trust	19,199,965	0.73	-	-
Moores Rebecca A Family Trust	Trust	17,100,009	0.65	-	-
Allred Family Living Trust	Trust	17,172,852	0.65	-	-
E W M Investments L L C	Management company	16,077,247	0.61	-	-
HERS Del Mar Corporation	Management company	-	-	26,000,000	1.89
Nicholas Arthur Trust	Trust	-	-	14,276,657	1.04
S K L Trust	Trust	-	-	12,588,840	0.92
Richard J & Mary M Heckmann	Trust	-	-	11,514,106	0.84
John and Rebecca Moores Trust	Trust	-	-	9,252,797	0.67
Brandes Family Trust	Trust	-	-	4,881,556	0.36
Burlington Northern & Santa Fe	Corporation	-	-	2,051,328	0.15
Mark Gosselin Trust	Trust	-	-	1,244,370	0.09
Top Ten Totals (secured and unsecured)		272,309,601	10.41	112,943,374	8.24
All Others (secured)		2,349,674,120	89.59	1,261,291,662	91.76
Total Assessed Valuation		\$ 2,621,983,721	100.00 %	\$ 1,374,235,036	100.00 %

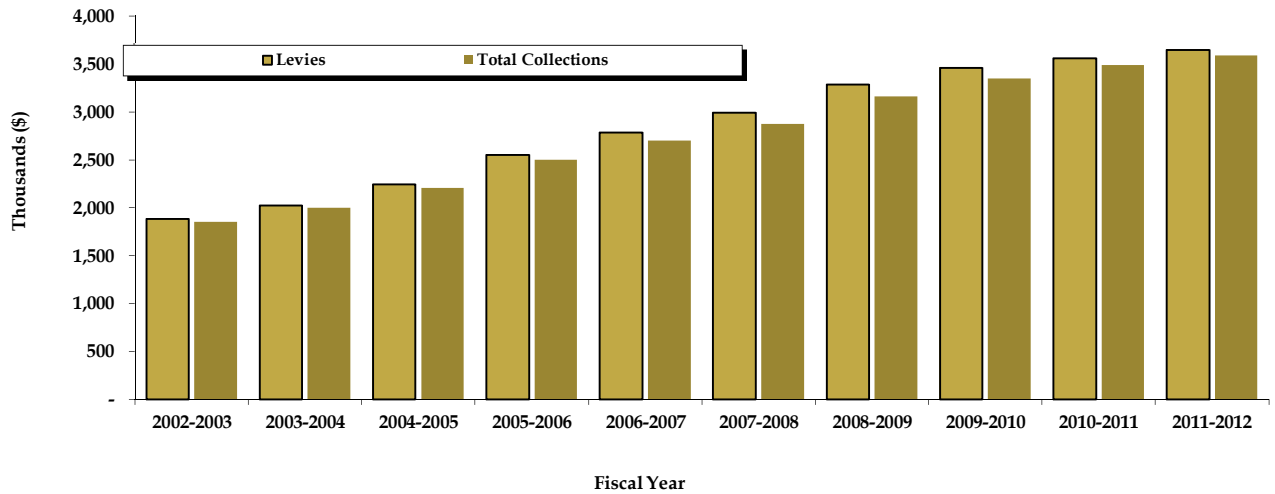
Source: Office of the Auditor & Controller, County of San Diego, Property Tax Services Division



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

Fiscal Year	Secured Taxes Charge (1)	Collections at Year End	Percentage of Collections at Year End	Collections in Subsequent Years	Total Collections	Percentage of Levy
2011-2012	\$ 3,646,327	\$ 3,586,085	98.35%	\$ 1,267	\$ 3,587,352	98.38%
2010-2011	3,556,184	3,483,041	97.94%	1,558	3,484,599	97.99%
2009-2010	3,457,991	3,346,258	96.77%	2,822	3,349,080	96.85%
2008-2009	3,284,776	3,159,403	96.18%	2,675	3,162,078	96.26%
2007-2008	2,990,990	2,868,782	95.91%	4,944	2,873,726	96.08%
2006-2007	2,784,194	2,698,697	96.93%	4,525	2,703,222	97.09%
2005-2006	2,553,356	2,499,766	97.90%	1,917	2,501,683	97.98%
2004-2005	2,243,021	2,206,372	98.37%	1,119	2,207,491	98.42%
2003-2004	2,022,660	1,997,157	98.74%	608	1,997,765	98.77%
2002-2003	1,881,383	1,854,722	98.58%	1,166	1,855,888	98.64%

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

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value (2)	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income	Percent of Personal Income
2011-2012	4,194	6,692,583	\$ 2,598,688,100	0.26%	\$ 1,596	\$ 499,442 (2)	7.46%
2010-2011	4,187	5,311,115	2,532,056,784	0.21%	1,268	484,895 (2)	9.13%
2009-2010	4,660	7,392,791	2,445,554,298	0.30%	1,586	470,772 (2)	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%

Notes:

- (1) The Fiscal Year 2010-2011 amount was adjusted to the 2010 Census numbers.
- (2) 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  
San Diego Association of Government (SANDAG)  
State of California, Finance Department

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

**Business-type Activities**

Fiscal Year	Revenue (1)	Operating Expenses (1)	Net Available Revenue	Debt Service (2)					
				Revenue Bonds		Certificates of Participation		Total Debt Service	Percent Coverage
				Principal	Interest	Principal	Interest		
2011-2012	\$ 5,764,873	\$ 5,365,943	\$ 398,930	\$ -	\$ -	\$ 355,000	\$ 204,203	\$ 559,203	71.34%
2010-2011	5,365,486	4,901,719	463,767	-	-	340,000	158,701	498,701	93.00%
2009-2010	5,400,384	4,808,621	591,763	-	-	320,000	121,712	441,712	133.97%
2008-2009	5,123,562	4,789,283	334,279	-	-	530,000	144,688	674,688	49.55%
2007-2008	4,941,524	3,958,517	983,007	-	-	505,000	169,463	674,463	145.75%
2006-2007	5,240,144	3,916,855	1,323,289	-	-	480,000	193,038	673,038	196.61%
2005-2006	4,637,436	3,850,680	786,756	-	-	455,000	215,413	670,413	117.35%
2004-2005	4,615,536	3,747,352	868,184	55,000	3,438	435,000	236,713	730,151	118.90%
2003-2004	4,728,613	4,391,914	336,699	50,000	6,563	415,000	257,063	728,626	46.21%
2002-2003	4,155,112	3,661,623	493,489	50,000	9,688	395,000	276,450	731,138	67.50%

Notes:

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

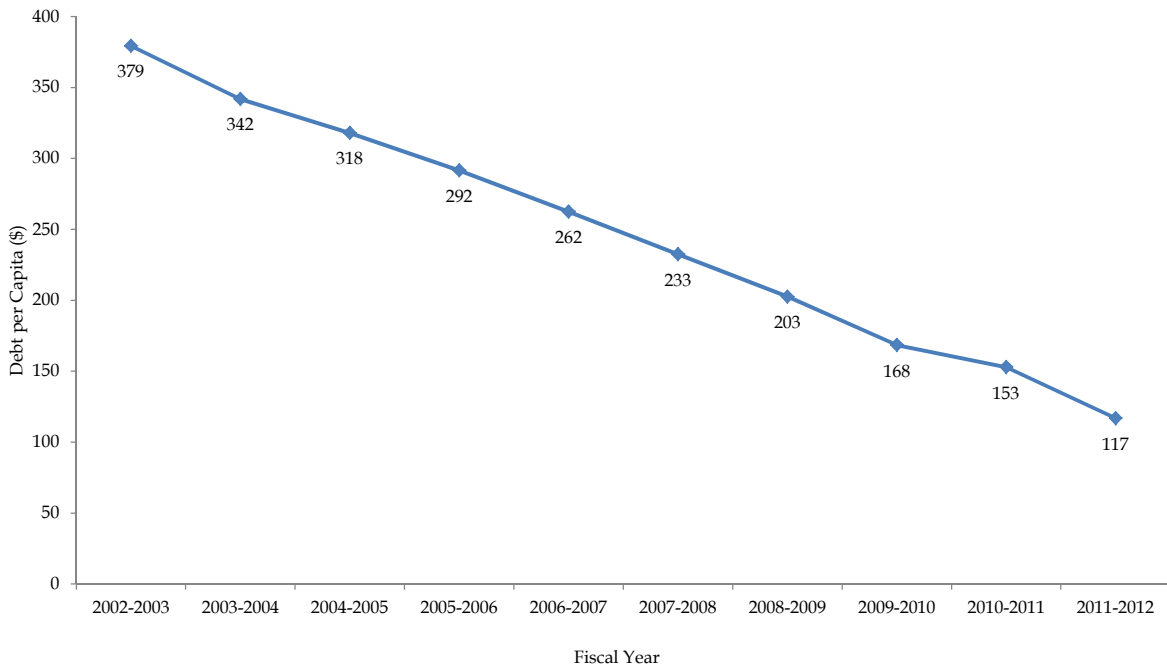
(2) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

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
2011-2012	4,194	\$ 490,000	\$ 2,621,983,721	0.02%	\$ 117	\$ 499,442 <sup>(3)</sup>	101.93%
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%

GENERAL BONDED DEBT OUTSTANDING PER CAPITA  
 Last Ten Fiscal Years



Source:

- (1) State of California, Finance Department
- (2) San Diego Association of Government (SANDAG)
- (3) 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, 2012**

Fiscal Year 2011-2012 Assessed Valuation	\$2,621,983,721		
Fiscal Year 2011-2012 Population	4,194		
	Total Debt	Percent	City's Share
	June 30, 2012	Applicable	of Debt
		to City <sup>(1)</sup>	June 30, 2012
<b>Overlapping Tax and Assessment Debt:</b>			
San Diego County General Obligations	\$ 395,115,000	0.761 %	\$ 3,006,825
San Diego County Pension Obligations	787,112,618	0.761 %	5,989,927
San Diego County Superintendent of Schools			
- General Fund Obligations	18,750,000	0.761 %	142,688
Mira Costa Community College District			
- Certificates of Participation	2,740,000	3.424 %	93,818
San Dieguito Union High School District			
- General Fund Obligations	15,515,000	5.473 %	849,136
Solana Beach School District - Certificates of Participation	165,000	0.421 %	695
<b>Total Overlapping General Fund Debt</b>	<b>1,219,397,618</b>		<b>10,083,089</b>
<b>Direct Debt and Overlapping Tax and Assessment Debt:</b>			
Direct Debt:			
City of Del Mar	490,000	100.000 %	490,000
Subtotal Direct Debt	490,000		490,000
Overlapping Tax and Assessment Debt:			
City of Del Mar 1915 Act Bonds	1,250,000	100.000 %	1,250,000
Metropolitan Water District	196,545,000	0.145 %	284,990
Subtotal Overlapping Tax and Assessment Debt	197,795,000		1,534,990
<b>Total Direct and Overlapping Tax and Assessment Debt</b>	<b>198,285,000</b>		<b>2,024,990</b>
<b>Combined Total Debt</b>	<b>\$ 1,417,682,618</b>		<b>\$ 12,108,079 <sup>(2)</sup></b>

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

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

<u>Ratios to Fiscal Year 2011-2012 Assessed Valuation</u>		<u>Per Capita</u>
City Direct Debt (\$490,000).....	0.02%	\$116.83
Total Overlapping Tax and Assessment Debt.....	0.08%	\$482.83
Combined Total Debt.....	0.46%	\$2,887.00

<u>State School Building Aid Repayable as of June 30, 2012:</u>	<u>\$ -</u>
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**City of Del Mar**  
**Schedule of Legal Debt Margin<sup>(1)</sup>**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2002-2003</b>	<b>2003-2004</b>	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>
Assessed valuation	\$ 1,374,235,036	\$ 1,471,070,637	\$ 1,616,897,445	\$ 1,831,642,966	\$ 1,988,586,114
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$ 343,558,759	\$ 367,767,659	\$ 404,224,361	\$ 457,910,742	\$ 497,146,529
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	\$ 51,533,814	\$ 55,165,149	\$ 60,633,654	\$ 68,686,611	\$ 74,571,979
Total net debt applicable to limit:					
General obligation bonds	1,715,000	1,555,000	1,440,000	1,320,000	1,195,000
Legal debt margin	<u>\$ 49,818,814</u>	<u>\$ 53,610,149</u>	<u>\$ 59,193,654</u>	<u>\$ 67,366,611</u>	<u>\$ 73,376,979</u>
Total debt applicable to the limit as a percentage of debt limit	<u>3.44%</u>	<u>2.90%</u>	<u>2.43%</u>	<u>1.96%</u>	<u>1.63%</u>

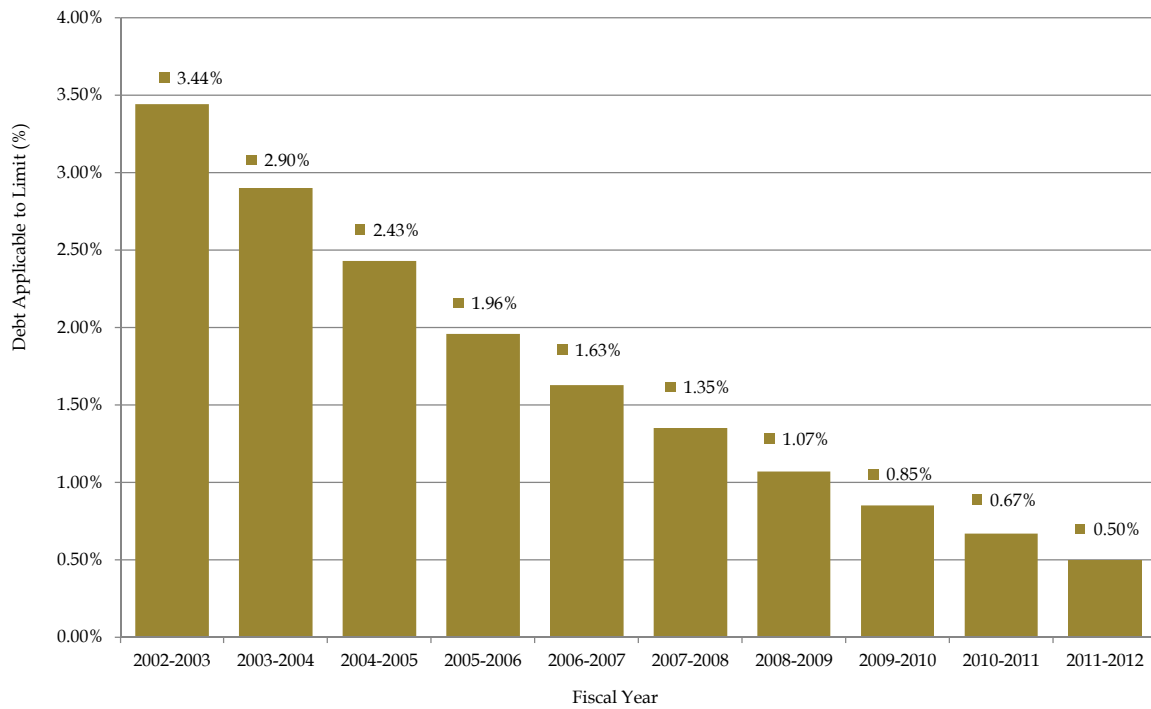
Note:

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

Source: City of Del Mar

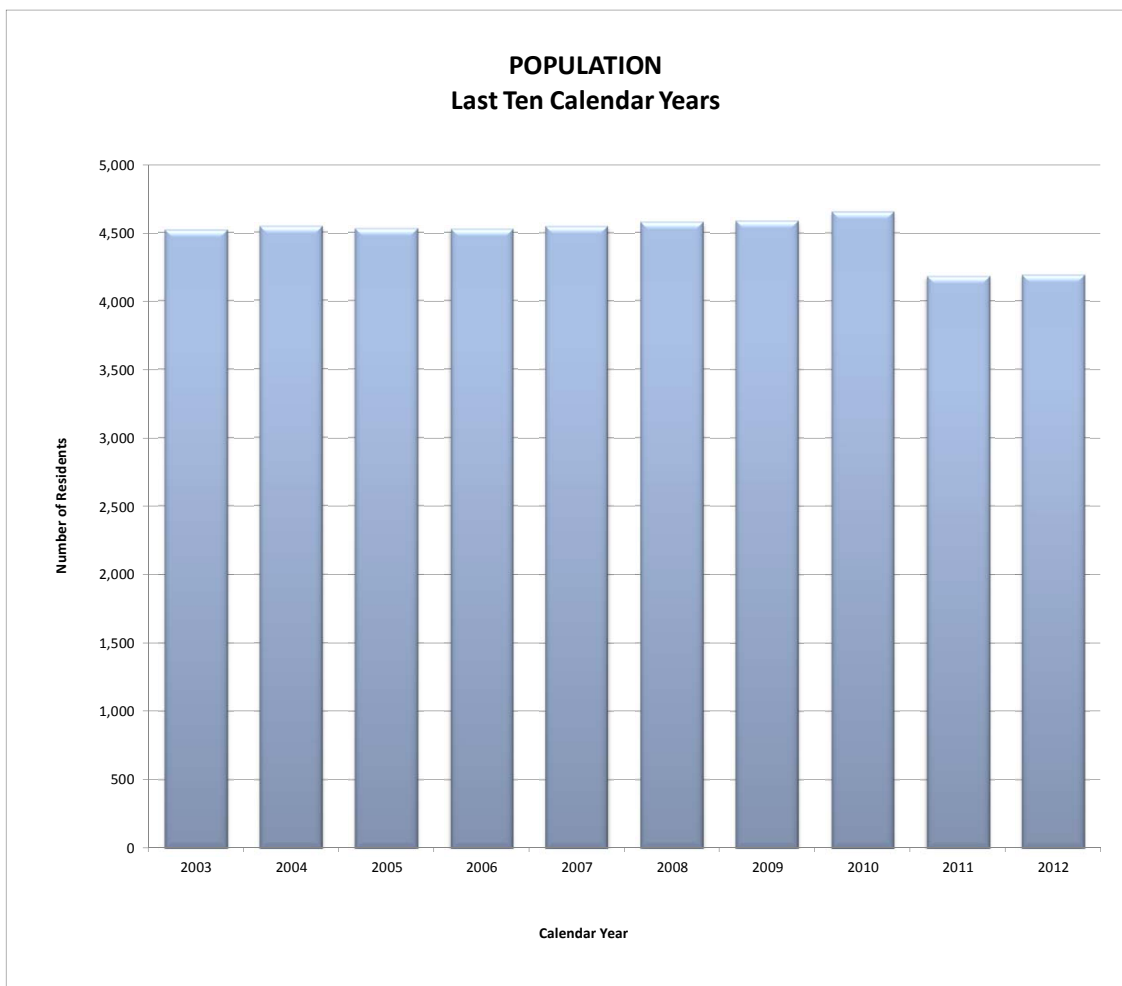
Fiscal Year				
2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
\$ 2,128,163,277	\$ 2,340,067,576	\$ 2,474,858,897	\$ 2,553,693,794	\$ 2,621,983,721
25%	25%	25%	25%	25%
\$ 532,040,819	\$ 585,016,894	\$ 618,714,724	\$ 638,423,449	\$ 655,495,930.25
15%	15%	15%	15%	15%
\$ 79,806,123	\$ 87,752,534	\$ 92,807,209	\$ 95,763,517	\$ 98,324,390
1,065,000	930,000	785,000	640,000	490,000
\$ 78,741,123	\$ 86,822,534	\$ 92,022,209	\$ 95,123,517	\$ 97,834,390
1.35%	1.07%	0.85%	0.67%	0.50%

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	Per Capita	Personal Income	Per Capita
						(in Thousands)		(in Thousands)	
2012	2,637	4,194	0.17%	3,143,429	0.79%	- <sup>*</sup>	- <sup>*</sup>	- <sup>*</sup>	- <sup>*</sup>
2011	2,542	4,187	-10.15%	3,118,876	-3.27%	- <sup>*</sup>	- <sup>*</sup>	146,955,781	46,800
2010	2,542	4,660	1.50%	3,224,432	1.61%	- <sup>*</sup>	- <sup>*</sup>	139,578,156	44,951
2009	2,537	4,591	0.24%	3,173,407	0.86%	457,060	99,556	139,577,195	45,706
2008	2,519	4,580	0.59%	3,146,274	1.49%	447,663	97,743	104,846,916	44,766
2007	2,511	4,553	0.55%	3,100,132	1.14%	467,118	102,596	136,615,849	44,068
2006	2,499	4,528	-0.04%	3,065,077	0.89%	456,603	100,840	129,585,425	42,278
2005	2,510	4,530	-0.40%	3,038,074	0.87%	449,075	99,134	122,032,508	40,168
2004	2,511	4,548	0.60%	3,011,770	1.23%	451,981	99,380	116,646,431	38,730
2003	2,522	4,521	0.44%	2,975,082	1.79%	442,281	97,828	108,298,187	36,402



Note:

\* This information is not available.

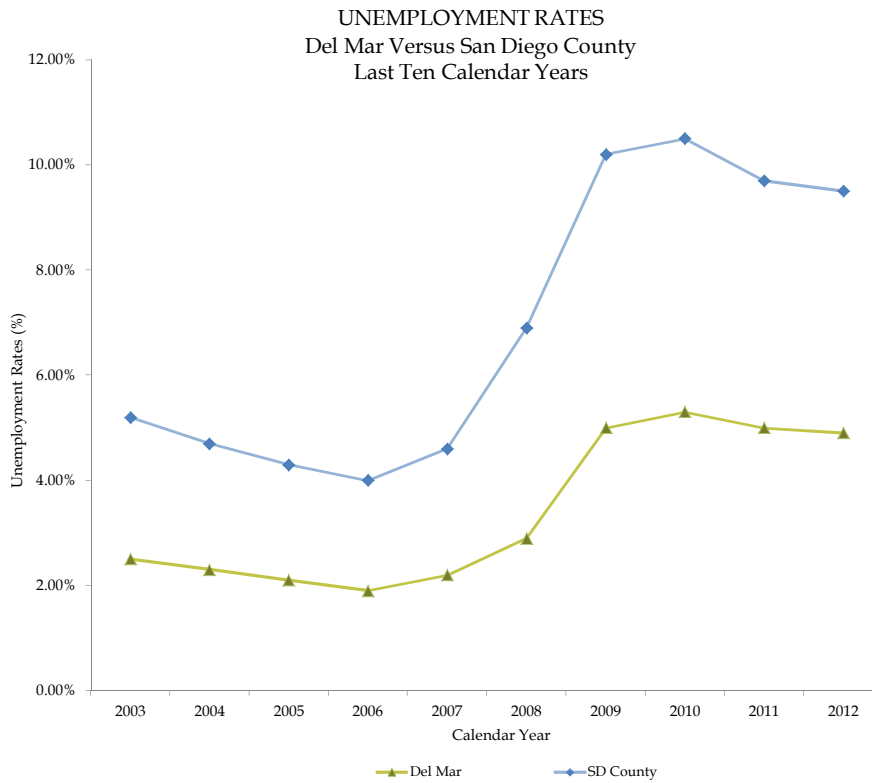
Source:

(1) SANDAG

(2) State of California, Finance Department

(3) United States Bureau of Economic Analysis

Employment <sup>(4)</sup>						Enrollment Del Mar Union Elementary <sup>(5)</sup>
City of Del Mar			County of San Diego			
Labor Force	Employed	Unemployment Rate	Labor Force	Employed	Unemployment Rate	
3,100	2,900	4.90%	1,593,800	1,441,700	9.50%	4,387
3,000	2,900	5.00%	1,579,500	1,427,000	9.70%	4,363
3,000	2,800	5.30%	1,566,700	1,406,200	10.50%	4,169
3,000	2,800	5.00%	1,574,700	1,414,600	10.20%	4,169
3,000	2,900	2.90%	1,577,200	1,468,700	6.90%	2,106
3,000	2,900	2.20%	1,542,400	1,471,600	4.60%	2,305
3,000	2,900	1.90%	1,520,500	1,459,900	4.00%	2,707
2,900	2,900	2.10%	1,505,900	1,440,500	4.30%	3,019
2,900	2,800	2.30%	1,490,800	1,420,100	4.70%	3,324
2,800	2,800	2.50%	1,468,200	1,391,700	5.20%	3,506



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**

<b>Employer <sup>(1)</sup></b>	<b>Business Type</b>	<b>2011</b>		<b>2012</b>	
		<b>Number of Employees</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Percent of Total Employment</b>
L'Auberge Del Mar Resort Spa	Resorts	250	8.62%	250	8.62%
Del Mar Fairgrounds	Banquest Rooms	170	5.86%	180	6.21%
Il Fornaio	Restaurant	100	3.45%	115	3.97%
Del Mar Thoroughbred Club	Horse racing club	115	3.97%	115	3.97%
Jake's Del Mar	Restaurant	110	3.79%	110	3.79%
Brigantine Seafood Restaurant	Restaurant	100	3.45%	100	3.45%
Del Mar Fine Dining	Restaurant	115	3.97%	-	- %
Re/Max Moonlight Beach Inc	Real Estate	100	3.45%	100	3.45%
Pacifica Del Mar	Restaurant	65	2.24%	65	2.24%
Bully's Del Mar	Restaurant	60	2.07%	60	2.07%
Flavor Restaurant & Lounge	Restaurant	-	- %	50	1.72%
<b>Total Top Ten Employers</b>		<b>1,185</b>		<b>1,145</b>	
<b>Total City Employment <sup>(2)</sup></b>		<b>2,900</b>		<b>2,900</b>	

Notes:

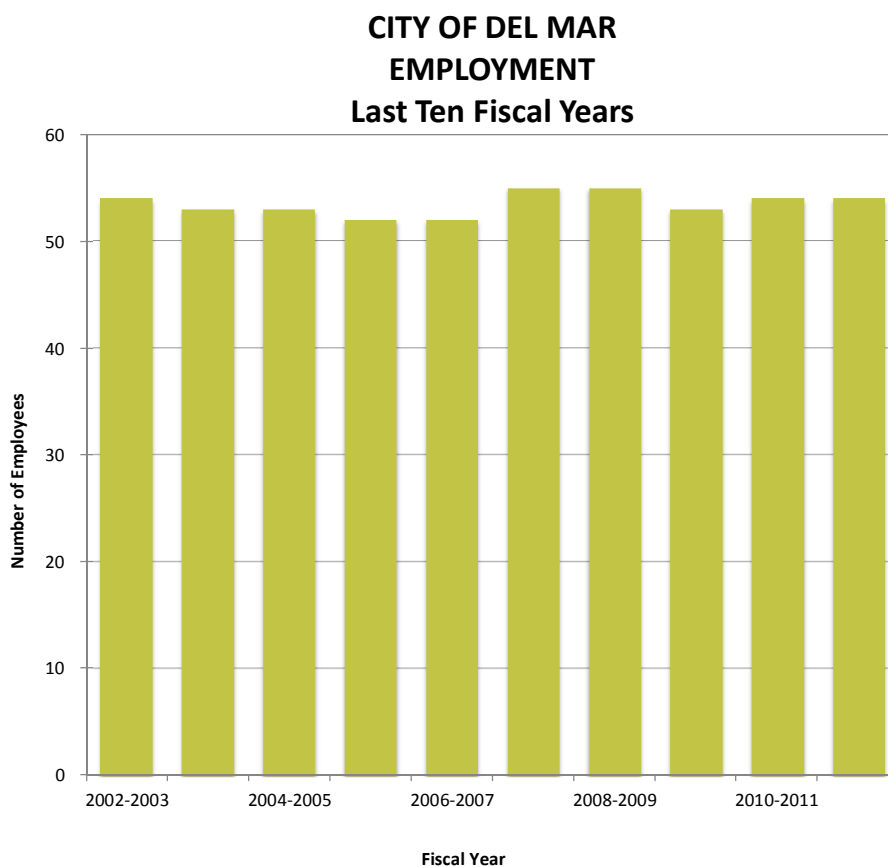
(1) Represents non-governmental employers.

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

Source: infoUSA

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

Function	Fiscal Year									
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
General government	19.5	19.5	19.5	19.5	19.5	20.5	22.0	19.0	19.0	19.0
Public safety <sup>(1)</sup>	18.0	17.5	16.5	15.5	15.5	16.5	15.0	16.0	17.0	17.0
Public works	12.0	12.0	12.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0
Parks and recreation	4.5	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Total</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>	<b>54.0</b>



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									
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
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	18,634	20,061	22,564	24,277	18,091	19,032	20,132	20,000	27,068	21,547
Fire:										
Emergency calls	840	1,003	877	1,027	1,167	1,205	1,116	1,112	1,153	1,001
Inspections	180	180	130	130	130	490	471	307	240	425
Public works:										
Street resurfacing (miles)	1.25	0.14	-	0.26	0.18	0.69	0.11	0.50	-	0.50
Street slurry (miles)	0.25	0.32	-	-	-	-	-	0.50	-	0.50
Parks and recreation:										
Number of recreational classes	450	450	350	350	350	364	412	624	436	424
Number of facility rentals	170	210	260	290	290	256	285	130	93	85
Water:										
New construction	2	6	5	5	7	8	12	-	-	-
Average daily consumption (in thousands of gallons)	1,147	1,248	1,182	1,172	1,309	1,103	1,073	1,008	972	967
Sewer:										
New construction	4	6	5	6	7	5	12	-	-	-
Average daily sewage treatment (in thousands of gallons)	697	680	695	675	648	614	563	560	550	567

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									
	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
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	87	87	87	87	87	74
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	3	3	3	3	3	4	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28
Maximum daily capacity (thousands of gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains										
Sanitary sewers (miles)	24.37	24.37	24.37	24.37	24.37	24.37	24.37	28.85	28.85	28.85
Storm drainage (miles)	0.07	0.03	-	0.07	13.59	13.59	13.59	13.59	13.59	13.59
Maximum daily treatment capacity (thousands of gallons)	821	821	877	877	877	877	877	877	877	877

Source: City of Del Mar

