

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ended
June 30, 2017



City of Del Mar, California

CITY OF DEL MAR, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2017

Prepared by
Finance Department
Monica Molina
Interim Director of Finance/Treasurer

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June 30, 2017

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January 19, 2018

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

LETTER OF TRANSMITTAL

FISCAL YEAR 2016-2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is a pleasure to present the Fiscal Year 2016-2017 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 representations shown in this report and to compile sufficient reliable information for the preparation of the City's financial statements, the management of the City has established a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse. Because the costs of internal controls should not exceed their benefits, the City's internal controls have been designed to provide a reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by White Nelson Diehl Evans LLP, certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2017.

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

Profile of the City of Del Mar

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

Del Mar is a small city of 4,297 residents and is primarily a residential community with substantial tourist appeal covering approximately two square miles and noted for its beautiful beaches. The City is predominantly built-out; however, redevelopment and revitalization opportunities exist in its commercial areas, and replacement of existing houses with larger and more elaborate dwellings

is commonplace in its residential areas. The 22nd District Agricultural Association, which manages and operates the Del Mar Fairgrounds and is home to the Del Mar Thoroughbred Club, has a significant presence in the City, encompassing approximately one-fifth of the City's area. The 22nd District Agricultural Association is a State of California agency and is managed by a board of directors appointed by the Governor.

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

Budgetary Process

The City adopted and implemented the City's two-year Operating and Capital budget for Fiscal Years 2015-2016 and 2016-2017. The budget process began with the City Council developing priorities and initiatives which provided the framework around which staff resourced and proposed a budget for Council consideration. The proposed budget was presented to the Council and discussed at public workshops. The final budget was adopted by the City Council in June 2015. The budget is monitored monthly by the Finance Department and Department Directors using financial reports which compare actual revenues and expenditures to date with budgeted amounts. Semi-annual financial reports are presented and reviewed by the Finance Committee before being presented to the Council at regularly-scheduled meetings.

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

Factors Affecting the City's Financial Condition

Del Mar relies heavily on the local real estate market, specifically property tax revenues, and tourism, as major revenue sources. Over the last decade, Del Mar has had positive increases in assessed valuations even during the last recessionary period. Property taxes increased approximately seven percent in Fiscal Year 2016-2017 compared to the previous year. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value; increases in value due to new construction; and the two percent annual increases permitted under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains quite strong. In addition, since Del Mar has been largely built-out for many years, with properties occupied by long-time residents, many of Del Mar's residential properties carry very low assessed values compared to current market value; and as these properties turn over, they are reassessed at higher values.

Tourism is a significant industry and a major source of revenue for the City. With its beautiful beaches and moderate climate, Del Mar is usually a popular destination for both local visitors and vacationing travelers. As with other cities throughout the County and State, hotels have experienced a slowdown compared to previous years. Transient Occupancy Tax (TOT) collections, adjusted to exclude the one percent increase converted from the Tourist Business Improvement District (TBID) tax, remained flat during Fiscal Year 2016-2017 when compared to the previous fiscal year. Due to the end of the ¼ cent sales tax shift, and receiving the final true-up payment in Fiscal Year 2015-2016,

sales tax results are approximately 4% lower than the previous year. Adjusting results based on sales receipts indicate increased taxes of approximately 10 percent compared to the prior fiscal year.

Measure Q Sales Tax

In November 2016, Del Mar voters approved Measure Q, a one-percent (1%) sales tax measure, which was recommended by the City's Finance Committee as an alternative additional revenue source. Measure Q is projected to generate approximately \$2 million annually in revenue. The new sales tax was implemented beginning in April 2017, and amounted to approximately \$700,000 in Fiscal Year 2016-2017. Though no specific projects or uses were officially designated, one of the benefits discussed was that the measure would provide an additional revenue source for community reinvestment/infrastructure types of projects, such as the Downtown Streetscape project, implementation of the Shores Park Master Plan, and/or utility pole undergrounding. With the passage of Measure Q, a focus for the City Council in 2018 will be prioritization and planning for how these funds will be used.

Del Mar has positioned itself well to weather periods of economic instability. The City's strategic approach has been to continue fiscal conservatism by identifying new revenue sources while examining ways to reduce expenditures through alternative approaches. It has always maintained a low level of fixed obligations and has maintained prudent reserve policies. The City continues to pursue grant opportunities and low-cost financing for its projects. In Fiscal Year 2015-2016, staff secured a loan through the California Infrastructure and Economic Development Bank (iBank), which in Fiscal Year 2016-2017 funded the construction of the new City Hall/Town Hall. In addition, other projects in progress during Fiscal Year 2016-2017 funded using grants and/or alternative financing include the new sewer force main improvements (funded through an iBank loan); over \$70,000 grant from the California Coastal Commission (CCC) to address the effects of sea-level rise; and Federal funding for the Torrey Pines Bridge and Camino del Mar Bridge projects. In spring 2017, Del Mar was awarded a grant from the California Energy Commission for approximately \$388,000 for the inclusion of solar panels and battery storage as part of the new City Hall project. Additionally, the City has been able to fund certain projects through the generosity of its residents and community. We believe that the projects undertaken this fiscal year and the accomplishments highlighted as follows not only help us better serve our residents and businesses, but assist in building a solid foundation towards keeping the City fiscally sound and well positioned to sustain its financial health.

Accomplishments

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

City Hall/Town Hall Project

During Fiscal Year 2016-2017, demolition of the former City Hall/Annex/TV Studio buildings occurred and construction commenced in September 2016 on the new City Hall/Town Hall, with completion scheduled for spring 2018.

Capital Improvement Projects

Work was completed or continued on a number of capital improvement projects during Fiscal Year 2016-2017. For example:

- *Sewer, Water and Arterial (SWAP) Project* – Completed the Sewer, Water, Arterial Paving (SWAP) Project, which constructed approximately 4,500 feet of new curb and gutter, 24,000

square feet of sidewalks, 1,800 square feet of retaining walls, 900 feet of aluminum fencing, 20 pedestrian ramps, 533,000 square feet of pavement rehabilitation, and three flashing pedestrian crossing systems.

This project also included installing approximately 5,000 feet of wastewater force main pipeline and 6,500 feet of recycled water pipeline connecting Del Mar to Solana Beach's wastewater and recycled water systems respectively. The new sewer force main pipe will enable the City of Del Mar to transport wastewater north through the City of Solana Beach to the San Elijo Water Reclamation Facility, which is a more cost-effective option for Del Mar long-term compared to the City of San Diego, which is the current provider for wastewater treatment. Additionally, as part of this same project, in partnership with the City of Solana Beach, the City was able to extend the recycled water system (paid for in part using grant funds from the San Diego County Water Authority) west along Via de la Valle, then south on Camino Del Mar through the Beach Colony. This investment will enable the City to use recycled water for public landscape irrigation in this area, as well as the long-term potential to expand the system further southward and potentially connect private large landscape customers in the vicinity.

- *Coordinated Citywide Utility System and Pavement Rehabilitation Projects*
Work continues on the City's multi-year effort to systematically identify, prioritize, and implement underground utility system (water and wastewater) rehabilitation projects in coordination with (in advance of/preparation for) roadway pavement rehabilitation projects.
- *Construction of the San Dieguito Drive/Jimmy Durante Boulevard Roundabout*
Completed roundabout construction, which enhanced traffic, pedestrian, and bicycle safety through the intersection of San Dieguito Drive and Jimmy Durante Boulevard. Staff also worked with a resident artist and the Del Mar Village Association to install sandstone slabs, monument sign, and Torrey Pine tree within the roundabout circle. Subsequent traffic calming measures along Jimmy Durante Boulevard were installed as approved by the Traffic Parking Advisory Committee and City Council.

This project also included completion of a section of the River Path Del Mar extension, which was a concrete sidewalk along the northern edge of San Dieguito Drive.

Environmental Sustainability

Long-term environmental sustainability continued to be a focus for the City in FY 2016-2017. The City began to work on an action plan for implementing the recommendations of the Climate Action Plan (CAP) adopted by the City Council in June 2016. This included embarking upon a feasibility study to explore implementation of Community Choice Energy (CCE) in partnership with the cities of Encinitas, Carlsbad, and Oceanside and initiating work on the Complete Streets Policy, which was then adopted in October 2017.

Additionally, work also continued to develop a Sea Level Rise Adaptation Plan, which will be a long-range planning tool to assist the community in addressing the effects of sea-level rise and increased flooding and erosion. The first phases of effort have been funded using two grants from the California Coastal Commission and Ocean Protection Council and overseen by a City Council-appointed technical advisory committee. The effort was geared toward creation of long-range policies to address the effects of sea-level rise, storm surge, and coastal flooding. A draft Coastal Hazards, Vulnerability and Risk Assessment Study was completed and drafts of the Adaptation Plan

was prepared, discussed at community forums and reviewed by the technical advisory committee. Work from this effort will be used for the preparation of an amendment to the City's Local Coastal Program (LCP).

Technological & Administrative Improvements

During Fiscal Year 2016-2017, significant progress was made towards the implementation of a new electronic time keeping/payroll software. The elimination of paper timesheets will improve efficiency for managers and payroll staff in reviewing and approving timesheets, and processing payroll.

In addition, considerable efforts were made in the technology planning and design for the new City Hall relating to security, audio-visual systems, wireless, networking, and server room design.

Restructuring Funding for Visitor Destination Marketing Efforts

Fiscal Year 2016-2017 marked the first full year of the City contributing 1% of Transient Occupancy Tax to the Del Mar Village Association (DMVA) for destination marketing efforts. This was an outgrowth of the City Council's discontinuation of the Tourism Business Improvement District (TBID) in FY 2015-2016 and increasing the Transient Occupancy Tax on overnight hotel stays by one percent. This amounted to \$215,780 in FY 2016-2017. This restructuring allows the City to foster and encourage broader efforts to market the Del Mar village, including hotels, as well as restaurants and retailers. A quarterly report is provided to the City Council on the status of these efforts, and a City Councilmember represents the City of Del Mar on the board of the Del Mar Village Association, which is a non-profit organization.

Parking Division

During Fiscal Year 2016-2017, the City made significant upgrades and improvements related to deployment of parking technology. Eleven new "Pay and Display" stations were installed along the east side of the 3100 block of Camino Del Mar and the south side of Via de la Valle. Approximately 200 parking spaces were also added as part of this effort providing additional parking opportunities and access to the beach nearby.

Significant wireless technical advances were made with 50 parking meters being upgraded to 4G communications along Coast Boulevard. The effort increased efficiency and reliability for customers and staff. Additional upgrades included modifying twenty parking meters to accept remote payments from a wireless device and increasing the meter and pay station hours of operation to 8:00 am to 10:00 pm.

Public Policy Issues Addressed by the City Council

In Fiscal Year 2016-2017, the City Council worked on a number of important public policy matters, such as short-term vacation rentals, affordable housing, developing Design Guidelines for residential and commercial development, and developing plans for redesign of the streetscape for two sections of Camino Del Mar to improve pedestrian, bicycle and vehicular mobility .

Looking Forward -- Citywide Planning Efforts

Upcoming Capital Improvement Projects

As part of the 10-year capital improvement program, there will be continued reinvestment in Del Mar infrastructure. Several planned projects for Fiscal Year 2017-2018 include:

- Completion of the City Hall construction project;
- Initiation of streetscape improvements along Camino del Mar from 9th Street to Plaza and from 4th Street to Carmel Valley Road, pending construction funding;
- Continue Citywide wastewater system assessment and repairs to reduce groundwater intrusion levels to below current levels which are preventing the City of Del Mar from pumping wastewater north to the San Elijo Wastewater Reclamation Facility on Manchester Avenue;
- The Annual Citywide Pavement Rehabilitation Program will continue through which City streets in many neighborhood will be repaved based on a system-wide condition assessment and prioritization effort;
- Planning efforts for the Phase 3 Riverpath Extension Project, which includes topographic/biological surveys and constraint analysis;

Environmental studies and preliminary engineering for the Camino del Mar Bridge Replacement project;

- Installation of a shade structure at the Powerhouse Park tot lot and walkway lighting; and
- Completion of the Seagrove Park Lighting Replacement Project, pending construction funding.

Del Mar Shores Park Master Plan

In 2014, the City initiated the master planning process for the Del Mar Shores Park, located on 5.3 acres immediately south of downtown property, to help envision future activities for the site. The site currently is home to Winston School (occupying buildings leased from the City), community offices used by two Del Mar nonprofit groups, and park land. The master plan process will determine a long-term vision for this prominent open space and develop a strategy to implement the community's desires. Phase 1 of the master plan effort was completed in Fiscal Year 2015-2016, which included assessing community interests and recreational needs through a registered voter community survey (conducted by phone and online), stakeholder interviews, and two community workshops. Using this feedback, a list of "preferred amenities" for the park was developed. Opportunities and constraints of the site were also assessed and three concept "bubble diagrams" were presented to the City Council. In 2017, the City Council approved a memorandum of understanding with the Winston School to take more of a collaborative approach to working with the school on a combined the long-term master planning effort for the overall site.

Housing Element Implementation and Affordable Housing Program

The Del Mar City Council adopted a required update to the Community Plan's Housing Element in 2013. While three-quarters of the required ordinances associated with the Housing Element have been completed, Fiscal Year 2016-2017 focused on completing the remaining ordinances and code amendments and initiated an affordable housing program implementation study to explore opportunities for moving forward towards completion of actual projects to generate affordable housing units. Fiscal Year 2017-2018 will focus on developing this study to achieve 22 low income units in five years ("22 in 5").

Financial Policies

General Fund Contingency Reserve

It is the City's policy and practice to establish a budget that is balanced and has a minimum contingency reserve of ten percent of annual operating expenditures in the General Fund in order to ensure the City's continuing financial health. Since 2000, the City Council has abided by an expanded reserve policy providing for a mandatory review of reserves, followed by the transfer of reserve funds in excess of the 20 percent level to the Capital Improvement Program (CIP) reserve.

Finnell Plan

In 2007, the City Council adopted a financial objective, referred to as the Finnell Plan, to provide funding for future capital projects. The Finnell plan was created in order to provide an automatic funding mechanism for capital projects, by constraining the growth in operating expenditures to be below the growth in revenues. The difference is then transferred to the CIP Reserve to assist in cash funding the City's capital projects.

Awards

The Government Finance Officers' Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for 20 consecutive years. In order to receive an award, the City must publish an easily readable and comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

Respectfully submitted,



Scott W. Huth
City Manager



Monica Molina
Interim Director of Finance



Government Finance Officers Association

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

Presented to

**City of Del Mar
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

CITY COUNCIL

Terry Sinnott
Mayor

Dwight Worden
Deputy Mayor

Dave Druker
Councilmember

Ellie Haviland
Councilmember

Sherryl Parks
Councilmember

CITY MANAGER

Scott W. Huth

ASSISTANT CITY MANAGER

Kristen Crane

CITY ATTORNEY

Leslie Devaney

**DIRECTOR OF PLANNING AND
COMMUNITY DEVELOPMENT**

Kathy Garcia

ADMINISTRATIVE SERVICES

DIRECTOR

Ashley Jones

**DIRECTOR OF FINANCE/
TREASURER**

Teresa S. McBroom

**INTERIM DIRECTOR OF COMMUNITY
SERVICES/INTERIM LIFEGUARD CHIEF**

Mark Rathsam

CITY ENGINEER

Tim Thiele

INTERIM PUBLIC WORKS DIRECTOR

Joe Bride

SHERIFF CAPTAIN

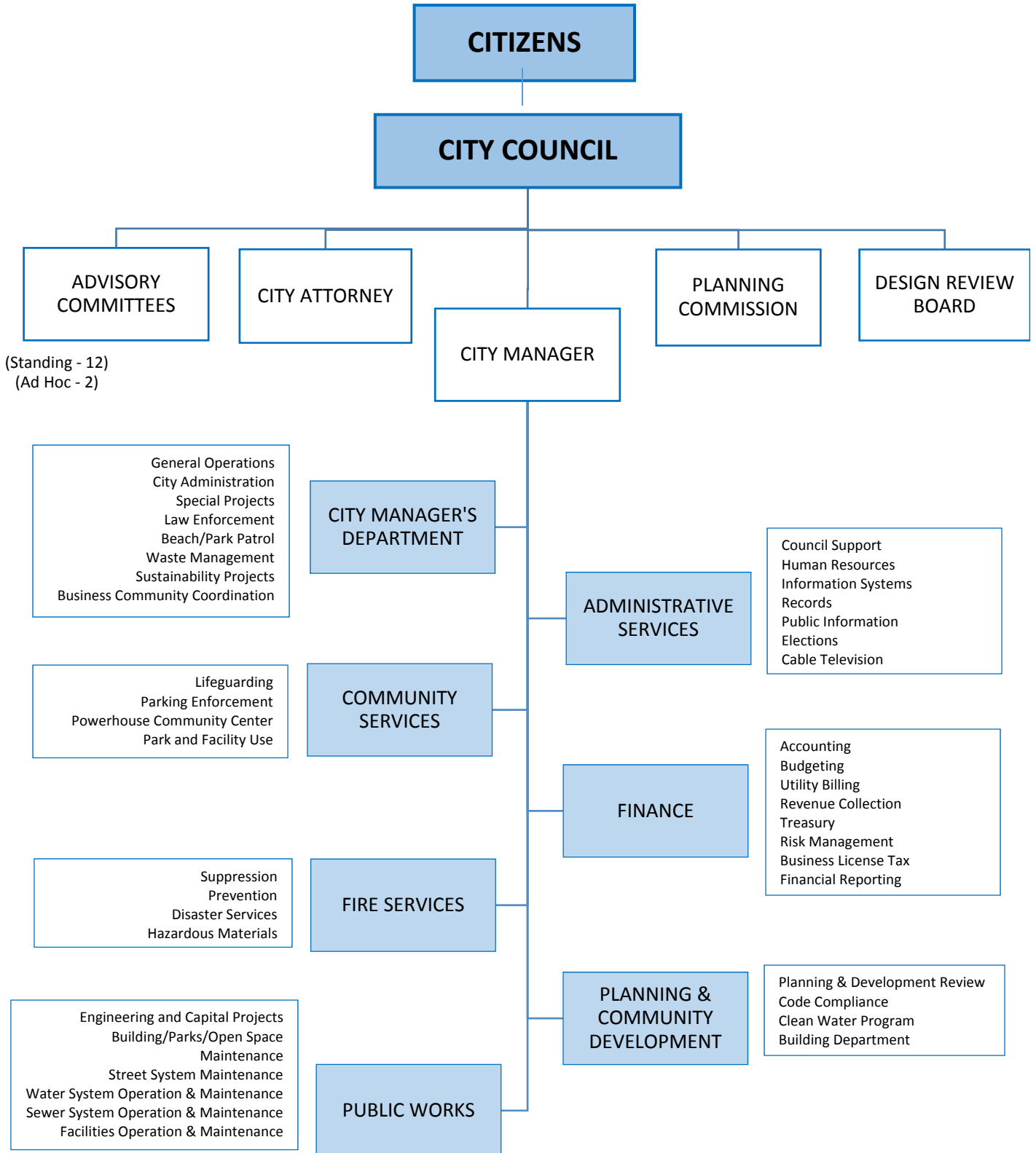
John Maryon

FIRE CHIEF

Mike Stein



City of Del Mar Organizational Chart



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INDEPENDENT AUDITORS' REPORT

City Council
City of Del Mar
Del Mar, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California (the City), as of and for the year ended June 30, 2017, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the miscellaneous and safety plans schedules of proportionate share of the net pension liability and schedules of contributions - defined benefit pension plans, and the budgetary comparison schedule - general fund, identified as Required Supplementary Information (RSI) 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Nick Evans LLP

Irvine, California
January 19, 2018

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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, 2017. 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 continues to be in a strong financial position with the stable activity in the housing market and in the overall economy. The City's largest revenue source is its very stable property tax base, which has increased each year since 1995. Due to the City's excellent location on the coast, immediately north of the City of San Diego, its real estate market does not experience the downturns that the inland areas experience in periods of economic decline. As the San Diego regional develops, Del Mar has become increasingly desirable, and this is reflected in its property values. The two next largest revenues, transient occupancy tax (TOT), and sales and use tax, are heavily tourist based, and reflect the increased economic activity experienced by the nation. While TOT has slowed down compared to previous years, this revenue category is about three percent higher compared to last year. Even though a decrease in sales tax is reflected on the report, in comparison to prior year taxable sales increased by approximately 10 percent. This is largely due to the end of the ¼ percent tax shift that concluded in Fiscal Year 2016, which resulted in a final payment of approximately \$300,000 during that year, resulting in a higher than normal sales tax revenue collection. In November 2016, Del Mar voters approved a one-percent (1%) sales tax measure, which is projected to generate approximately \$2 million a year. Although no official use was designated, the discussed benefits of the measure can provide funding for projects, such as Downtown Streetscape, utility pole undergrounding, and Shores Park Master Plan. The City continues to embark on an aggressive CIP program and has done extremely well taking advantage of low-cost financing loans, grants, and contributions. Some of these projects for Fiscal Year 2016-2017 include, the City Hall/Town Hall project, sewer force main improvements project, part of the Sidewalk, Street, and Drainage project, River Path Extension project, sea-level rise project, and the Powerhouse Restroom rehabilitation project.

This year Governmental Accounting Standards Board (GASB) implemented various Statements, none of which had an impact on the City. All Statements will be discussed in detail in Note 1 in the Notes to Basic Financial Statements section of this report. The City did an early implementation in Fiscal Year 2015-2016 of GASB No. 82 "*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*", which changed the measurement of covered payroll reported in required supplementary information. The result of the implementation of this standard increased the June 30, 2015 plan's proportionate share of the net pension liability as a percentage of covered, but did not have an impact this year.

The discussion and analysis below compares Fiscal Year 2016-2017 to Fiscal Year 2015-2016. All variances are expressed relative to Fiscal Year 2015-2016 results. Fiscal Year 2016-2017 financial highlights include the following:

Financial Highlights

- The City's total assets in excess of its liabilities as of June 30, 2017 was \$92.72 million.
- Citywide total net position increased by \$1.73 million, or 1.90 percent, during the current fiscal year, indicating an improved financial condition. The positive change in net position is largely due to increased capital assets.
- A net increase in total assets of \$6.57 million, or 5.88 percent, is primarily due to an increase in capital assets. Liabilities had a net increase of \$6.80 million, or 32.87 percent in comparison to the prior year amount of \$20.71 million. Current liabilities increased by \$0.82 million and non-current liabilities increased by \$5.98 million.
- As of June 30, 2017, the City's governmental funds reported combined fund balances of \$5.41 million, a decrease of \$5.06 million, or 48.30 percent, from June 30, 2016. The decrease in fund balance is mainly attributable to the Capital Improvement Fund indicating a negative fund balance of \$3.57 due the timing of the City Hall/Town Hall loan reimbursement requests. A total of \$5.70 million in loan reimbursements were received after June 30, 2017 that is discussed in the Governmental Activities section in detail. Of the \$5.41 million in fund balance, \$0.02 million is non-spendable for prepaid items, \$0.78 million is restricted, \$0.30 million is committed to the parks and community center, \$2.23 million is assigned for specific activities, and \$2.08 million, is unassigned.
- At the end of the current fiscal year, the fund balance for the General Fund is \$7.90 million. This balance is available for spending at City management's discretion, and is equal to 66.03 percent of the total fiscal year expenditures of \$11.97 million, and 49.13 percent of total revenues of \$16.09 million, before other financing sources (uses). The Capital Projects Fund has a negative fund balance of \$3.57 million, and other non-major governmental funds have fund balances of \$1.08 million, at June 30, 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are composed of three components: 1) government-wide

financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

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

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for two funds that are considered to be major funds. These two funds consist of the General Fund, and the Capital Improvement Program

Fund. Data from the other ten governmental funds are combined into a single, aggregated presentation and are considered non-major funds.

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Del Mar, combined net position (governmental and business-type activities) totaled \$92.72 million as of June 30, 2017. This is an increase of \$1.73 million, or 1.90 percent, compared to June 30, 2016.

TABLE 1
CITY OF DEL MAR
NET POSITION

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Current assets | \$10,404,910 | \$14,407,264 | \$4,175,860 | \$4,810,990 | \$14,580,770 | \$19,218,254 |
| Capital assets | 77,222,442 | 66,854,670 | 26,557,138 | 25,711,302 | 103,779,580 | 92,565,972 |
| Total assets | 87,627,352 | 81,261,934 | 30,732,998 | 30,522,292 | 118,360,350 | 111,784,226 |
| Deferred outflows of resources | 1,885,403 | 730,285 | 575,994 | 211,023 | 2,461,397 | 941,308 |
| Current liabilities | 4,466,566 | 3,180,630 | 899,145 | 1,356,951 | 5,365,711 | 4,537,581 |
| Non-current liabilities | 15,105,673 | 9,787,134 | 7,039,138 | 6,380,743 | 22,144,811 | 16,167,877 |
| Total liabilities | 19,572,239 | 12,967,764 | 7,938,283 | 7,737,694 | 27,510,522 | 20,705,458 |
| Deferred inflows of resources | 429,099 | 744,065 | 162,988 | 284,858 | 592,087 | 1,028,923 |
| Net investment in capital assets | 70,677,865 | 63,917,170 | 21,782,050 | 21,145,247 | 92,459,915 | 85,062,417 |
| Restricted | 779,035 | 706,189 | - | - | 779,035 | 706,189 |
| Unrestricted | (1,945,483) | 3,657,031 | 1,425,671 | 1,565,516 | (519,812) | 5,222,547 |
| Total net position | \$69,511,417 | \$68,280,390 | \$23,207,721 | \$22,710,763 | \$92,719,138 | \$90,991,153 |

The largest component of the City's net position, \$92.46 million, is net investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), and is less any related debt, used to acquire those assets, that is outstanding. This increased \$7.40 million, or 8.70 percent, from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The restricted portion of the City's total net position, which represents resources subject to external restrictions on how they may be used by the City, is \$0.78 million. This is an increase of \$0.07 million from the prior fiscal year's amount of \$0.71 million. The remaining unrestricted net position of negative \$1.95 million is used to meet the City's ongoing obligations for the following fiscal year. A large portion of this negative net position is due the increase of net pension liability of \$4.73 million to the prior year balance of \$3.27 million.

As of June 30, 2017, the City has positive balances in both categories of governmental and business-type net position. The total net position in the governmental activities increased by \$1.63 million, or 2.38 percent. The increase in total net position also accounted for an increase in business-type activities of \$0.50 million, or 2.19 percent.

Changes in Net Position

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

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Revenues: | | | | | | |
| <i>Program Revenues:</i> | | | | | | |
| Charges for services | \$3,519,506 | \$3,312,597 | \$6,845,876 | \$6,652,471 | \$10,365,382 | \$9,965,068 |
| Operating grants and contributions | 522,338 | 231,257 | 5,000 | 5,000 | 527,338 | 236,257 |
| Capital grants and contributions | 885,773 | 1,802,911 | - | - | 885,773 | 1,802,911 |
| <i>General Revenues:</i> | | | | | | |
| Property taxes | 6,752,952 | 5,640,285 | - | - | 6,752,952 | 5,640,285 |
| Sales and other taxes | 5,623,980 | 5,728,560 | - | - | 5,623,980 | 5,728,560 |
| Sale of capital assets | - | 108,023 | - | - | - | 108,023 |
| Others | 570,703 | 1,050,341 | - | - | 570,703 | 1,050,341 |
| Unrestricted investment earnings and others | 245,548 | 298,974 | 21,501 | 35,501 | 267,049 | 334,475 |
| Total revenues | 18,120,800 | 18,172,948 | 6,872,377 | 6,692,972 | 24,993,177 | 24,865,920 |
| Expenses: | | | | | | |
| General government | 6,676,027 | 5,362,200 | - | - | 6,676,027 | 5,362,200 |
| Public safety | 6,676,661 | 5,716,667 | - | - | 6,676,661 | 5,716,667 |
| Public works | 1,892,772 | 1,410,511 | - | - | 1,892,772 | 1,410,511 |
| Parks and recreation | 951,289 | 936,586 | - | - | 951,289 | 936,586 |
| Interest and fiscal charges | 719,263 | 155,143 | - | - | 719,263 | 155,143 |
| Enterprise operations | - | - | 6,349,180 | 6,037,419 | 6,349,180 | 6,037,419 |
| Total expenses | 16,916,012 | 13,581,107 | 6,349,180 | 6,037,419 | 23,265,192 | 19,618,526 |
| Increase (decrease) in Net Position | | | | | | |
| before other revenues and transfers | 1,204,788 | 4,591,841 | 523,197 | 655,553 | 1,727,985 | 5,247,394 |
| Transfers | 26,239 | (54,285) | (26,239) | 54,285 | - | - |
| Change in net position | 1,231,027 | 4,537,556 | 496,958 | 709,838 | 1,727,985 | 5,247,394 |
| Net position - beginning of year, restated | 68,280,390 | 63,742,834 | 22,710,763 | 22,000,925 | 90,991,153 | 85,743,759 |
| Net position - end of year | \$69,511,417 | \$68,280,390 | \$23,207,721 | \$22,710,763 | \$92,719,138 | \$90,991,153 |

Governmental Activities:

The City's net position from governmental activities, increased by \$1.23 million, or 1.80 percent, in the current fiscal year, accounting for 71.24 percent of the total \$1.73 million growth, in the City's total net position. Total revenues from governmental activities of \$18.12 million decreased 0.29 percent compared to the prior fiscal year. The cost of all governmental activities in Fiscal Year 2016-2017 was \$16.92 million, an increase of \$3.33 million, or 24.56 percent, over the prior fiscal year largely due to a large amount of capital outlay expenditures including the majority of construction costs for the new City Hall/Town Hall building. As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$3.52 million, which were generated by service revenues received from the performance of these activities, and increased by \$0.21 million, or 6.25 percent, compared to Fiscal Year 2015-2016. Another \$0.52 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. In addition, another \$0.89 million in revenues came from capital grants and contributions, which decreased by \$0.92 million, or 50.87 percent, compared to the prior fiscal year. Overall, the City's governmental program revenues amounted to \$4.93 million, a decrease of \$0.42 million, or 7.84 percent, compared to the prior fiscal year. General revenues of \$13.19 million increased by \$0.37 million, or 2.86 percent, in comparison to the prior fiscal year. The City had an increase in property taxes of \$1.11 million, or 19.73 percent, an increase of sales and other taxes of \$0.08 million, or 1.40 percent, and an increase in other general revenue of \$0.38 million compared to the prior fiscal year. In total, City Governmental Activities reported an increase of \$1.23 million in net position. In comparison to the prior fiscal year, the key elements contributing to the \$3.34 million increase in expenditures from governmental activities are as follows:

- An increase of \$0.96 million in public safety expense largely due to a \$0.44 million finance agreement with the County of San Diego for the City's portion of the Regional Communication System upgrade, and an increase in pension liability expense.
- An increase of \$0.92 million in general government largely due to increase cost in planning and building inspection expenses which have offsetting revenues, increase in pension liability expense, and increase in legal fees due to more self-insurance claims in comparison to prior year.
- An increase of \$0.56 million in interest and fiscal charges due to the interest earned on TransNet bonds that were used for Roadway & Sidewalk improvements throughout the City.
- An increase of \$0.48 million in public works includes an increase to depreciation expense due to continuous increase in roadway and sidewalk capital improvements.

Business-type Activities:

The City's business-type activities, increased in net position by \$0.50 million, or 2.19 percent, for the fiscal year ended June 30, 2017, accounting for 23.41 percent of the total \$2.12 million growth, in the City's net position. Business-type activities' total revenue increased by \$0.18 million, or 2.68 percent, during the current fiscal year to a total of \$6.87 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.19 million, or 2.9 percent. Related business-type activity costs also increased during the fiscal year by \$0.31 million, or 5.16 percent, compared to the prior fiscal year. The increase in revenues, expenses, and transfers resulted in a change in net position of \$0.50 million, or a 2.19 percent increase, from the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds:

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

As of June 30, 2017, the City's governmental funds reported a combined ending fund balance of \$5.41 million, which is a \$5.06 million, or 48.30 percent decrease, in comparison to the prior fiscal year of \$10.47 million. The \$5.41 million governmental fund balance is composed of \$0.02 million in nonspendable; \$0.78 million in *restricted*; \$0.30 million in *committed*; \$2.23 million in *assigned* which indicate that it is not available for new spending; and \$2.08 million in *unassigned* funds.

Table 3 shows the governmental fund balances for the two fiscal years ended June 30, 2017 and June 30, 2016.

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

| FISCAL YEAR 2016-2017 | General | Capital Improvement | Non-Major Governmental Funds | Totals |
|--|--------------------|--------------------------------|---|---------------------|
| Total revenues | \$16,090,245 | \$278,731 | \$1,751,824 | \$18,120,800 |
| Total expenditures | 11,971,965 | 11,531,286 | 3,387,343 | 26,890,594 |
| Excess (deficiency) of revenues over expenditures | 4,118,280 | (11,252,555) | (1,635,519) | (8,769,794) |
| Total other financing sources (uses) | (1,935,635) | 3,943,947 | 1,705,893 | 3,714,205 |
| Net change in fund balance | 2,182,645 | (7,308,608) | 70,374 | (5,055,589) |
| Fund balance - beginning | 5,722,170 | 3,737,345 | 1,008,349 | 10,467,864 |
| Fund balance - ended | \$7,904,815 | (\$3,571,263) | \$1,078,723 | \$5,412,275 |
| FISCAL YEAR 2015-2016 | | | | |
| Total revenues | \$14,656,953 | \$1,304,912 | \$2,103,059 | \$18,064,924 |
| Total expenditures | 10,688,670 | 4,511,256 | 3,948,001 | 19,147,927 |
| Excess (deficiency) of revenues over expenditures | 3,968,283 | (3,206,344) | (1,844,942) | (1,083,003) |
| Total other financing sources (uses) | (3,524,659) | 2,492,009 | 1,757,946 | 725,296 |
| Net change in fund balance | 443,624 | (714,335) | (86,996) | (357,707) |
| Fund balance - beginning | 5,278,546 | 4,451,680 | 1,095,345 | 10,825,571 |
| Fund balance - ended | \$5,722,170 | \$3,737,345 | \$1,008,349 | \$10,467,864 |

General Fund:

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$7.90 million as of June 30, 2017. This is an increase of \$2.18 million, or 38.14 percent, in comparison to the prior fiscal year. This increase is due to an increase in total revenues of \$1.43 million, or 9.78 percent, an increase in operating costs of \$0.89 million, or 8.31 percent, and a decrease in other financing uses of \$1.59 million, or 45.08 percent. Revenues increased primarily due to increases in taxes, licenses, fees and permits, charges for services, other revenues, and contributions, offset by a decreases in intergovernmental, fines and forfeitures, and use of money and property.

Total expenditures increased by \$1.28 million, or 12.00 percent, as compared to the prior fiscal year, in which the largest increase was in general government expenditures of \$1.18 million, or 24.20 percent. The ending fund balance is composed of \$0.02 million nonspendable for prepaid items, \$2.22 million assigned for specific expenditures, and the unassigned amount of \$5.65 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, 2017, the Capital Improvement Program's negative fund balance of \$3.57 million, decreased by \$7.31 million from the prior fiscal year, due to the timing and reporting of other financing sources. In recent years, the City took advantage of low-cost financing through the California Infrastructure and Economic Development Bank (iBank) program for its City Hall/Town Hall project. This financing source allowed the City to request reimbursement of project cost after expenditures are paid. Due to reporting requirements, issuance of debt is only recorded if received by June 30, 2017. A reimbursement in the amount of \$5.70 million was received after June 30, 2017, resulting in a negative fund balance at the end of the year.

Non-major Funds:

The fund balances for other governmental funds or non-major governmental funds increased \$0.07 million, or 6.98 percent, from the Fiscal Year 2015-2016 balance of \$1.01 million to \$1.08 million at the end of the current fiscal year. The other non-major funds are composed of the special revenue funds including Gas Tax, Open Space, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, AB 939, Regional Transportation, Transnet II, and Wildfire Debt Service funds. The fund balance of \$1.08 million is restricted or committed for specific purposes.

Proprietary Funds:

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

Enterprise Funds: The total net position in the enterprise funds, increased over the prior fiscal year by \$0.50 million, or 2.19 percent. The City's Water Fund decreased by \$0.23 million, while the Wastewater Fund increased by \$0.72 million.

At the end of Fiscal Year 2016-2017, the Internal Service fund reported a net position of \$0.59 million, which is a \$0.11 million, or 23.07 percent increase from last fiscal year, due to higher charges for services, offset by lower claims activity.

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 \$1.93 million when comparing actual excess revenues over expenditures amounts of \$4.11 million to the final budget of \$1.93 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$1.27 million due to higher tax revenues of \$0.93 million, and higher other revenue of \$0.26. The actual expenditures were less than the fiscal year's final appropriation by \$0.66 million primarily due to less than anticipated expenditures in general government of \$0.37 million, and lower expenditures in public safety of \$0.29 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, 2017, amounts to \$103.78 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 \$11.22 million, compared to the prior fiscal year, in which \$10.37 million, 92.45 percent, of the increase is related to governmental activities and a \$0.85 million, or 7.55 percent, increase in business-type activities. For capital assets by category, refer to Table 4.

- For governmental activities, the increase in capital assets during the fiscal year is primarily due to the construction costs related to the City Hall/Town Hall Project development of \$8.71 million, and roadway and sidewalk improvements of \$0.78 million. The repair on Anderson Canyon, as well as the Jimmy Durante Boulevard roundabout on San Dieguito Drive, were completed during the current year, and a transfer from construction in progress to infrastructure was made in the amount of \$1.54 million. During this year, the demolition of the old City Hall resulted in a deletion of \$0.65 million in buildings. Overall, total capital assets increased \$10.37 million in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets increased by \$0.85 million, or 3.29 percent, during the fiscal year. This was primarily attributable to an increase in accumulated depreciation of \$0.93 million. The San Elijo Joint Powers Authority Project of \$2.10 million, and the Recycled Water Infrastructure of \$0.48 million was completed this year and was transferred out of construction in progress.

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 | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|-----------------------------|----------------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Non-depreciable assets: | | | | | | |
| Land | \$18,289,250 | \$18,289,250 | \$1,365,688 | \$1,365,688 | \$19,654,938 | \$19,654,938 |
| Construction in progress | 12,682,071 | 5,942,014 | 1,060,862 | 1,966,992 | 13,742,933 | 7,909,006 |
| Total non-depreciable assets | <u>30,971,321</u> | <u>24,231,264</u> | <u>2,426,550</u> | <u>3,332,680</u> | <u>33,397,871</u> | <u>27,563,944</u> |
| Capital assets, being depreciated: | | | | | | |
| Buildings/structures and improvement | 5,529,931 | 5,482,892 | 6,240,017 | 6,454,111 | 11,769,948 | 11,937,003 |
| Machinery and equipment | 970,248 | 959,355 | 869,599 | 961,189 | 1,839,847 | 1,920,544 |
| Streets | 9,540,132 | 7,394,651 | - | - | 9,540,132 | 7,394,651 |
| Traffic signals | 32,444 | 33,779 | - | - | 32,444 | 33,779 |
| Roadway network | 2,715,841 | 533,157 | - | - | 2,715,841 | 533,157 |
| Bridge | 25,798,426 | 26,499,441 | - | - | 25,798,426 | 26,499,441 |
| Storm drainage system | 1,664,099 | 1,720,131 | - | - | 1,664,099 | 1,720,131 |
| Water line system | - | - | 7,772,370 | 7,495,926 | 7,772,370 | 7,495,926 |
| Sewer line system | - | - | 9,248,602 | 7,467,396 | 9,248,602 | 7,467,396 |
| Total depreciable assets, net of accumulated depreciation | <u>46,251,121</u> | <u>42,623,406</u> | <u>24,130,588</u> | <u>22,378,622</u> | <u>70,381,709</u> | <u>65,002,028</u> |
| Total capital assets | <u>\$77,222,442</u> | <u>\$66,854,670</u> | <u>\$26,557,138</u> | <u>\$25,711,302</u> | <u>\$103,779,580</u> | <u>\$92,565,972</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, 2017, the City had total long-term debt outstanding of \$11.87 million in bonds, loan payable, note payable, compensated absences, and claims payable as shown in Table 5.

For governmental activities, long-term debt accounts for \$7.10 million, or 59.80 percent, of the City's total long-term debt, as of June 30, 2017. Total long-term debt is comprised of the loan through IBank, for City Hall/Town Hall project of \$3.16 million, a loan through SANDAG of \$2.89 million, a loan with the County of San Diego of \$0.40, compensated absences of \$0.40 million, claims payable of \$0.15 million, and capital leases of \$0.10 million. All long-term debt in governmental activities is secured solely by specified revenue sources.

During the current fiscal year, the City entered into a finance agreement with the County of San Diego for the City's portion of the regional communication system upgrade. The total cost of the City's portion of the upgraded system will be \$0.44 million of which \$0.04 million was paid in the current fiscal year.

TABLE 5
CITY OF DEL MAR'S OUTSTANDING DEBT

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------|--------------------------------|---------------------|---------------------------------|---------------------|----------------------|---------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Note payable | \$ 6,444,870 | \$ 2,845,256 | \$ 4,667,547 | \$ 4,566,055 | \$ 11,112,417 | \$ 7,411,311 |
| Compensated absences | 407,813 | 430,388 | 105,442 | 113,119 | 513,255 | 543,507 |
| Claims payable | 148,859 | 280,376 | - | - | 148,859 | 280,376 |
| Capital leases | 99,707 | 131,193 | - | - | 99,707 | 131,193 |
| | \$ 7,101,249 | \$ 3,687,213 | \$ 4,772,989 | \$ 4,679,174 | \$ 11,874,238 | \$ 8,366,387 |

For business-type activities, long-term debt accounts for \$4.77 million, or 40.20 percent, of the City's total long-term debt, as of June 30, 2017. The Wastewater fund has a note payable outstanding with the State of California for the replacement of the 21st Street Pump Station with an outstanding balance of \$4.35 million, and a note with IBank with an outstanding balance of \$0.31 million. Compensated absences in business-type activities accounts for \$0.11 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues.

During the current fiscal year, the City entered into a finance agreement with California Infrastructure and Economic Development Bank (IBank) and was approved for financial assistance in the amount of \$3.54 million. These funds were used for the replacement of a sewage pipeline, and are available on a reimbursable basis. Total collection of \$0.31 million was reimbursed through June 30, 2017.

The City's long-term debt increased by \$3.42 million, or 92.59 percent, compared to the prior fiscal year, due to an increase in notes payable based on the new IBank loan of \$3.60 million, offset by a decrease of \$0.02 million in compensated absences, a decrease in capital lease of \$0.03 million, and a decrease of \$0.13 million in claims 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. 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 increasing costs in pension, as well as the need for infrastructure rehabilitation, management looked at the following key economic factors while preparing the two-year budget for Fiscal Years 2017-2018 and 2018-2019. The explanations that follow relate to Fiscal Year 2017-2018:

Revenues:

The City's projected revenues for Fiscal Year 2017-2018 is \$24.96 million, which is \$4.55 million, or 15.41 percent, lower than Fiscal Year 2016-2017 original projected revenues of \$29.51 million. During the course of Fiscal Year 2016-2017, however, revenues were adjusted to \$41.49 million,

an increase of \$11.98 million, or 40.60 percent. The majority of the increase in revenues in Fiscal Year 2016-2017 are largely due to the adjustment on the City Hall/Town Hall loan proceeds of \$10.07 million Wastewater loan proceeds of \$2.23 million for the force main connection to San Elijo Joint Powers Authority project and citywide wastewater infrastructure rehabilitation.

The Fiscal Year 2017-2018 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 63.33 percent of the overall General Fund revenue, and are expected to slightly increase from Fiscal Year 2016-2017. This does not include the additional Measure Q transaction tax of \$1.80 million expected to be received in Fiscal Year 2017-2018.
- Revenues in the business-type funds are projected to decrease by \$3.52 million, or 34.34 percent, compared to the previous year. This decrease is mainly due to projected loan proceeds in the previous year of \$3.54 million for the force main connection to San Elijo Joint Powers Authority project, and citywide wastewater infrastructure rehabilitation.

Expenditures:

The City's Fiscal Years 2017-2018 and 2018-2019 Operating and Capital Budget has expenditures of \$25.59 million for Fiscal Year 2017-2018, which is a decrease of \$3.55 million, or 12.17 percent, lower than the prior fiscal year's original adopted budget.

The budget is composed of the General Fund for \$11.90 million, or 46.50 percent, other governmental funds of \$1.79 million, or 6.99 percent, Capital Projects Fund of \$3.25 million, or 12.71 percent, and the Workers' Compensation Fund of \$0.30 million, or 1.17 percent. The business-type funds account for \$8.35 million, or 32.63 percent.

The budget for Fiscal Year 2017-2018 is focused on the following objectives:

- Maintaining our services to our residents, businesses, and visitors without increasing expenditures.
- Continuing to complete the ambitious list of goals and priorities.

The City's Adopted Fiscal Years 2017-2018 and 2018-2019 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.

CITY OF DEL MAR

STATEMENT OF NET POSITION

JUNE 30, 2017

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 7,275,001 | \$ 2,781,325 | \$ 10,056,326 |
| Receivables: | | | |
| Accounts, net | 405,353 | 1,103,882 | 1,509,235 |
| Taxes | 1,396,920 | - | 1,396,920 |
| Accrued interest | 73,235 | 18,392 | 91,627 |
| Inventory | - | 84,097 | 84,097 |
| Internal balances | 48,379 | (48,379) | - |
| Due from other agencies | 797,447 | 205,720 | 1,003,167 |
| Prepaid expenses | 23,338 | 262 | 23,600 |
| Restricted cash and investments | 385,237 | 30,561 | 415,798 |
| Total current assets | 10,404,910 | 4,175,860 | 14,580,770 |
| Non-current assets: | | | |
| Capital assets: | | | |
| Not being depreciated | 30,971,321 | 2,426,550 | 33,397,871 |
| Being depreciated (net of accumulated depreciation) | 46,251,121 | 24,130,588 | 70,381,709 |
| Total capital assets | 77,222,442 | 26,557,138 | 103,779,580 |
| Total non-current assets | 77,222,442 | 26,557,138 | 103,779,580 |
| Total assets | 87,627,352 | 30,732,998 | 118,360,350 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred amounts from pension plans | 1,885,403 | 575,994 | 2,461,397 |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 3,182,513 | 661,976 | 3,844,489 |
| Deposits payable | 603,750 | 61,101 | 664,851 |
| Due to other agencies | 6,236 | - | 6,236 |
| Unearned revenue | 1,067 | - | 1,067 |
| Retention payable | 457,478 | 30,561 | 488,039 |
| Accrued interest payable | 215,522 | 145,507 | 361,029 |
| Total current liabilities | 4,466,566 | 899,145 | 5,365,711 |
| Non-current liabilities: | | | |
| Due within one year | 691,182 | 390,255 | 1,081,437 |
| Due in more than one year | 6,410,067 | 4,382,734 | 10,792,801 |
| Net pension liability - due in more than one year | 8,004,424 | 2,266,149 | 10,270,573 |
| Total non-current liabilities | 15,105,673 | 7,039,138 | 22,144,811 |
| Total liabilities | 19,572,239 | 7,938,283 | 27,510,522 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred amounts from pension plans | 429,099 | 162,988 | 592,087 |
| NET POSITION | | | |
| Net investment in capital assets | 70,677,865 | 21,782,050 | 92,459,915 |
| Restricted for | | | |
| Public works | 305,537 | - | 305,537 |
| Public safety | 73,318 | - | 73,318 |
| Community development | 400,180 | - | 400,180 |
| Unrestricted | (1,945,483) | 1,425,671 | (519,812) |
| Total net position | \$ 69,511,417 | \$ 23,207,721 | \$ 92,719,138 |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|---------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 6,676,027 | \$ 1,735,309 | \$ 313,001 | \$ - |
| Public safety | 6,676,661 | 1,405,751 | 121,106 | - |
| Public works | 1,892,772 | - | 88,231 | 885,773 |
| Parks and recreation | 951,289 | 378,446 | - | - |
| Interest on long-term debt | 719,263 | - | - | - |
| Total governmental activities | 16,916,012 | 3,519,506 | 522,338 | 885,773 |
| Business-type activities: | | | | |
| Water | 3,286,281 | 3,085,668 | - | - |
| Wastewater | 2,530,107 | 3,283,228 | - | - |
| Cleanwater | 532,792 | 476,980 | 5,000 | - |
| Total business-type activities | 6,349,180 | 6,845,876 | 5,000 | - |
| Total | \$ 23,265,192 | \$ 10,365,382 | \$ 527,338 | \$ 885,773 |

General revenues:

Taxes:

- Property tax
- Sales and use tax
- Transient occupancy tax
- Franchise tax
- Business license tax

Intergovernmental/unrestricted

Use of money and property

Other

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the basic financial statements.

| Net Revenue (Expense) and Change in Net Position | | |
|---|-----------------------------|----------------------|
| Governmental Activities | Business-type Activities | Total |
| \$ (4,627,717) | \$ - | \$ (4,627,717) |
| (5,149,804) | - | (5,149,804) |
| (918,768) | - | (918,768) |
| (572,843) | - | (572,843) |
| (719,263) | - | (719,263) |
| (11,988,395) | - | (11,988,395) |
| - | (200,613) | (200,613) |
| - | 753,121 | 753,121 |
| - | (50,812) | (50,812) |
| - | 501,696 | 501,696 |
| (11,988,395) | 501,696 | (11,486,699) |
| 6,752,952 | - | 6,752,952 |
| 2,227,309 | - | 2,227,309 |
| 2,697,297 | - | 2,697,297 |
| 459,271 | - | 459,271 |
| 240,103 | - | 240,103 |
| 133,399 | - | 133,399 |
| 245,548 | 21,501 | 267,049 |
| 437,304 | - | 437,304 |
| 26,239 | (26,239) | - |
| 13,219,422 | (4,738) | 13,214,684 |
| 1,231,027 | 496,958 | 1,727,985 |
| 68,280,390 | 22,710,763 | 90,991,153 |
| <u>\$ 69,511,417</u> | <u>\$ 23,207,721</u> | <u>\$ 92,719,138</u> |

See accompanying notes to the basic financial statements.

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CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

| | General Fund | Capital Projects Fund Capital Improvement | Non-Major Governmental Funds | Total |
|--|----------------------|--|------------------------------------|----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 5,407,561 | \$ 500 | \$ 1,120,506 | \$ 6,528,567 |
| Receivables: | | | | |
| Taxes | 1,396,920 | - | - | 1,396,920 |
| Accrued interest | 10,437 | 60,199 | 1,193 | 71,829 |
| Accounts, net | 191,003 | 212,333 | 2,017 | 405,353 |
| Due from other agencies | 33,613 | 32,378 | 731,456 | 797,447 |
| Due from other funds | 3,149,488 | - | - | 3,149,488 |
| Prepaid items | 23,338 | - | - | 23,338 |
| Restricted cash and investments | - | 370,801 | 14,436 | 385,237 |
| | | | | |
| Total assets | <u>\$ 10,212,360</u> | <u>\$ 676,211</u> | <u>\$ 1,869,608</u> | <u>\$ 12,758,179</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 1,782,412 | \$ 1,321,723 | \$ 72,129 | \$ 3,176,264 |
| Deposits payable | 517,830 | - | 85,920 | 603,750 |
| Due to other agencies | 6,236 | - | - | 6,236 |
| Unearned revenue | 1,067 | - | - | 1,067 |
| Due to other funds | - | 2,514,119 | 586,990 | 3,101,109 |
| Retention payable | - | 411,632 | 45,846 | 457,478 |
| | | | | |
| Total liabilities | <u>2,307,545</u> | <u>4,247,474</u> | <u>790,885</u> | <u>7,345,904</u> |
| Fund Balances: | | | | |
| Nonspendable | 23,338 | - | - | 23,338 |
| Restricted | - | - | 779,035 | 779,035 |
| Committed | - | - | 299,688 | 299,688 |
| Assigned | 2,233,502 | - | - | 2,233,502 |
| Unassigned | 5,647,975 | (3,571,263) | - | 2,076,712 |
| | | | | |
| Total fund balances | <u>7,904,815</u> | <u>(3,571,263)</u> | <u>1,078,723</u> | <u>5,412,275</u> |
| | | | | |
| Total liabilities and fund balances | <u>\$ 10,212,360</u> | <u>\$ 676,211</u> | <u>\$ 1,869,608</u> | <u>\$ 12,758,179</u> |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

| | |
|--|----------------------|
| Fund balances of governmental funds | \$ 5,412,275 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets, net of \$9,669,224 of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds. | 77,222,442 |
| Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds. | (215,522) |
| Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. | |
| Note payable | (6,444,870) |
| Capital lease | (99,707) |
| Compensated absences | (407,813) |
| An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position. | 592,732 |
| Pension related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to these amounts effects only the government-wide statements for governmental activities: | |
| Deferred outflows of resources | 1,885,403 |
| Deferred inflows of resources | (429,099) |
| Pension liability | <u>(8,004,424)</u> |
| Net position of governmental activities | <u>\$ 69,511,417</u> |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Capital Projects Fund | | | |
|--|--------------------------|------------------------|------------------------------------|---------------|
| | General Fund | Capital Improvement | Non-Major Governmental Funds | Total |
| REVENUES | | | | |
| Taxes | \$ 12,334,771 | \$ - | \$ 149,067 | \$ 12,483,838 |
| Licenses, fees and permits | 1,017,566 | - | 456,106 | 1,473,672 |
| Intergovernmental | 64,650 | 92,619 | 483,166 | 640,435 |
| Charges for services | 1,537,125 | - | - | 1,537,125 |
| Fines and forfeitures | 561,080 | - | - | 561,080 |
| Use of money and property | 236,811 | 3,310 | 5,427 | 245,548 |
| Contributions | - | 7,464 | 70,000 | 77,464 |
| Other | 338,242 | 175,338 | 588,058 | 1,101,638 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenues | 16,090,245 | 278,731 | 1,751,824 | 18,120,800 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 6,051,510 | - | 161,275 | 6,212,785 |
| Public safety | 5,737,165 | - | 674,144 | 6,411,309 |
| Public works | 178,866 | - | 467,873 | 646,739 |
| Parks and recreation | - | - | 910,515 | 910,515 |
| Capital outlay | - | 11,020,598 | 931,726 | 11,952,324 |
| Debt service: | | | | |
| Principal | - | - | 88,352 | 88,352 |
| Interest | 4,424 | 349,078 | 153,458 | 506,960 |
| Cost of issuance | - | 161,610 | - | 161,610 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditures | 11,971,965 | 11,531,286 | 3,387,343 | 26,890,594 |
| Excess (deficiency) of revenues over (under) expenditures | <hr/> | <hr/> | <hr/> | <hr/> |
| | 4,118,280 | (11,252,555) | (1,635,519) | (8,769,794) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of debt | - | 3,160,286 | 527,680 | 3,687,966 |
| Transfers in | 97,115 | 783,661 | 1,275,328 | 2,156,104 |
| Transfers out | (2,032,750) | - | (97,115) | (2,129,865) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total other financing sources (uses) | (1,935,635) | 3,943,947 | 1,705,893 | 3,714,205 |
| Net change in fund balances | 2,182,645 | (7,308,608) | 70,374 | (5,055,589) |
| Fund balances, beginning of year | 5,722,170 | 3,737,345 | 1,008,349 | 10,467,864 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Fund balances, end of year | \$ 7,904,815 | \$ (3,571,263) | \$ 1,078,723 | \$ 5,412,275 |

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 THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | |
|---|---------------------|
| Net change in fund balances of governmental funds | \$ (5,055,589) |
| Amount reported for governmental activities in the Statement of Activities that are different because: | |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over its estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p> | |
| Capital outlay expense | 11,956,955 |
| Depreciation expense | (1,555,461) |
| Loss on disposal | (33,722) |
| Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position | 88,352 |
| <p>Some expenses reported in the Statement of Activities do not require the use of current available resources and, therefore, are not reported as expenditures in the governmental funds:</p> | |
| Change in capital lease | 31,486 |
| Change in compensated absences | 22,575 |
| 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. | (212,303) |
| The issuance of long-term debt provides current financial resources to governmental funds, but is reported as long-term debt in the statement of Net Position. | |
| Note payable | (3,687,966) |
| Capital lease | - |
| Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. | (434,419) |
| An internal service fund is used by management to charge the cost of workers' compensation activities to individual funds. The net revenues (expenses) of the internal service fund are reported with governmental activities. | <u>111,119</u> |
| Change in net position of governmental activities | <u>\$ 1,231,027</u> |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|--|----------------------|---------------------------|----------------------|--|
| | Water | Wastewater | Non-Major: Clean Water | Total | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 1,441,166 | \$ 1,340,159 | \$ - | \$ 2,781,325 | \$ 746,434 |
| Receivables: | | | | | |
| Accounts | 532,898 | 487,612 | 83,372 | 1,103,882 | - |
| Interest | 3,002 | 15,311 | 79 | 18,392 | 1,406 |
| Due from other agencies | 205,720 | - | - | 205,720 | - |
| Prepaid expense | 262 | - | - | 262 | - |
| Inventory | 77,592 | 6,505 | - | 84,097 | - |
| Restricted cash and investments | 13,650 | 16,911 | - | 30,561 | - |
| Total current assets | <u>2,274,290</u> | <u>1,866,498</u> | <u>83,451</u> | <u>4,224,239</u> | <u>747,840</u> |
| Non-current assets: | | | | | |
| Capital assets: | | | | | |
| Land | 782,025 | 583,663 | - | 1,365,688 | - |
| Construction in progress | - | 1,060,862 | - | 1,060,862 | - |
| Water and wastewater system | 13,697,306 | 15,693,885 | - | 29,391,191 | - |
| Buildings and improvements | 4,039,761 | 4,293,450 | - | 8,333,211 | - |
| Machinery and equipment | 301,425 | 1,595,356 | 37,685 | 1,934,466 | - |
| Less: Accumulated depreciation | (7,501,946) | (8,010,615) | (15,719) | (15,528,280) | - |
| Total capital assets (net of accumulated depreciation) | <u>11,318,571</u> | <u>15,216,601</u> | <u>21,966</u> | <u>26,557,138</u> | <u>-</u> |
| Total non-current assets | <u>11,318,571</u> | <u>15,216,601</u> | <u>21,966</u> | <u>26,557,138</u> | <u>-</u> |
| Total assets | <u>13,592,861</u> | <u>17,083,099</u> | <u>105,417</u> | <u>30,781,377</u> | <u>747,840</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred amounts from pension plans | 287,237 | 288,757 | - | 575,994 | - |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 395,390 | 224,067 | 42,519 | 661,976 | 6,249 |
| Due to other funds | - | - | 48,379 | 48,379 | - |
| Retention payable | 13,650 | 16,911 | - | 30,561 | - |
| Customer deposits | 61,101 | - | - | 61,101 | - |
| Claims payable | - | - | - | - | 119,087 |
| Accrued interest payable | - | 145,507 | - | 145,507 | - |
| Current portion of long-term liabilities | 11,146 | 376,190 | 2,919 | 390,255 | - |
| Total current liabilities | <u>481,287</u> | <u>762,675</u> | <u>93,817</u> | <u>1,337,779</u> | <u>125,336</u> |
| Non-current liabilities: | | | | | |
| Claims payable | - | - | - | - | 29,772 |
| Compensated absences | 33,439 | 36,875 | 8,772 | 79,086 | - |
| Notes payable | - | 4,303,648 | - | 4,303,648 | - |
| Net pension liability | 1,130,084 | 1,136,065 | - | 2,266,149 | - |
| Total non-current liabilities | <u>1,163,523</u> | <u>5,476,588</u> | <u>8,772</u> | <u>6,648,883</u> | <u>29,772</u> |
| Total liabilities | <u>1,644,810</u> | <u>6,239,263</u> | <u>102,589</u> | <u>7,986,662</u> | <u>155,108</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred amounts from pension plans | 81,279 | 81,709 | - | 162,988 | - |
| NET POSITION | | | | | |
| Net investment in capital assets | 11,318,571 | 10,441,513 | 21,966 | 21,782,050 | - |
| Unrestricted | 835,438 | 609,371 | (19,138) | 1,425,671 | 592,732 |
| Total net position | <u>\$ 12,154,009</u> | <u>\$ 11,050,884</u> | <u>\$ 2,828</u> | <u>\$ 23,207,721</u> | <u>\$ 592,732</u> |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|--|--|---------------|---------------------------|---------------|--|
| | Water | Wastewater | Non-Major: Clean Water | Total | |
| OPERATING REVENUES | | | | | |
| Water sales | \$ 2,944,783 | \$ - | \$ - | \$ 2,944,783 | \$ - |
| Clean water services | - | - | 474,285 | 474,285 | - |
| Sewer service | - | 3,041,413 | - | 3,041,413 | - |
| Charges for services | - | - | - | - | 216,866 |
| Customer penalties | 12,878 | 15,298 | 2,695 | 30,871 | - |
| Other | 128,007 | 226,517 | 5,000 | 359,524 | 165 |
| Total operating revenues | 3,085,668 | 3,283,228 | 481,980 | 6,850,876 | 217,031 |
| OPERATING EXPENSES | | | | | |
| Source of supply | 1,296,213 | - | - | 1,296,213 | - |
| Water treatment | 334,324 | - | - | 334,324 | - |
| Sewer collection | - | 13,830 | - | 13,830 | - |
| Maintenance and operation | - | 479,127 | - | 479,127 | - |
| General and administrative | 1,298,050 | 1,347,401 | 530,816 | 3,176,267 | 109,946 |
| Depreciation | 357,694 | 565,583 | 1,976 | 925,253 | - |
| Total operating expenses | 3,286,281 | 2,405,941 | 532,792 | 6,225,014 | 109,946 |
| Operating income (loss) | (200,613) | 877,287 | (50,812) | 625,862 | 107,085 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 12,760 | 8,265 | 476 | 21,501 | 4,034 |
| Interest expense | - | (124,166) | - | (124,166) | - |
| Total non-operating revenues (expenses) | 12,760 | (115,901) | 476 | (102,665) | 4,034 |
| Income (loss) before transfers | (187,853) | 761,386 | (50,336) | 523,197 | 111,119 |
| Transfers in | - | - | 52,355 | 52,355 | - |
| Transfers out | (39,297) | (39,297) | - | (78,594) | - |
| Total transfers | (39,297) | (39,297) | 52,355 | (26,239) | - |
| Changes in net position | (227,150) | 722,089 | 2,019 | 496,958 | 111,119 |
| Net position, beginning of year | 12,381,159 | 10,328,795 | 809 | 22,710,763 | 481,613 |
| Net position, end of year | \$ 12,154,009 | \$ 11,050,884 | \$ 2,828 | \$ 23,207,721 | \$ 592,732 |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Fund |
|---|---|--------------|---------------------------|--------------|--|
| | Water | Wastewater | Non-Major: Clean Water | Total | |
| Cash flows from operating activities: | | | | | |
| Cash received from water, sewer and clean water customers | \$ 3,229,073 | \$ 3,234,801 | \$ 468,148 | \$ 6,932,022 | \$ - |
| Cash received from other operating receipts | 128,007 | 226,517 | 5,000 | 359,524 | 217,031 |
| Cash payments for water purchases, distribution and treatment | (1,630,537) | - | - | (1,630,537) | - |
| Cash payments for sewer collection and maintenance | - | (492,957) | - | (492,957) | - |
| Cash payments for services and supplies | (801,654) | (1,085,053) | (402,396) | (2,289,103) | (113,134) |
| Cash payment to employees for services | (559,422) | (593,476) | (119,940) | (1,272,838) | (122,080) |
| Net cash provided by (used for) operating activities | 365,467 | 1,289,832 | (49,188) | 1,606,111 | (18,183) |
| Cash flows from non-capital financing activities: | | | | | |
| Cash received (paid) to/from other funds | (39,297) | (39,297) | 52,355 | (26,239) | - |
| Cash paid to other funds | 439,745 | - | - | 439,745 | - |
| Net cash provided by (used for) non-capital financing activities | 400,448 | (39,297) | 52,355 | 413,506 | - |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition and construction of capital assets | (130,947) | (1,672,909) | (3,564) | (1,807,420) | - |
| Proceeds from long-term debt | - | 456,149 | - | 456,149 | - |
| Interest payments on long-term debt | - | (100,040) | - | (100,040) | - |
| Principal payments on long-term debt | - | (354,657) | - | (354,657) | - |
| Net cash provided by (used for) capital and related financing activities | (130,947) | (1,671,457) | (3,564) | (1,805,968) | - |
| Cash flows from investing activities: | | | | | |
| Interest received | 10,192 | (6,094) | 397 | 4,495 | 3,389 |
| Net cash provided by (used for) investing activities | 10,192 | (6,094) | 397 | 4,495 | 3,389 |
| Net increase (decrease) in cash and cash equivalents | 645,160 | (427,016) | - | 218,144 | (14,794) |
| Cash and cash equivalents, beginning of year | 809,656 | 1,784,086 | - | 2,593,742 | 761,228 |
| Cash and cash equivalents, end of year | \$ 1,454,816 | \$ 1,357,070 | \$ - | \$ 2,811,886 | \$ 746,434 |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Operating income (loss) | \$ (200,613) | \$ 877,287 | \$ (50,812) | \$ 625,862 | \$ 107,085 |
| Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities: | | | | | |
| Depreciation | 357,694 | 565,583 | 1,976 | 925,253 | - |
| Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources: | | | | | |
| (Increase) decrease in accounts receivable | 277,406 | 178,090 | (8,832) | 446,664 | - |
| (Increase) decrease in prepaid expense | (262) | - | - | (262) | - |
| (Increase) decrease in inventory | (12,282) | - | - | (12,282) | - |
| (Increase) decrease in deferred outflows of resources | (182,004) | (182,967) | - | (364,971) | - |
| Increase (decrease) in claims payable | - | - | - | - | (131,517) |
| Increase (decrease) in accounts payable | (69,601) | (365,137) | 14,166 | (420,572) | 6,249 |
| Increase (decrease) in due to other funds | - | - | (4,452) | (4,452) | - |
| Increase (decrease) in retentions payable | (29,686) | (2,379) | - | (32,065) | - |
| Increase (decrease) in customer deposits | 6,288 | - | - | 6,288 | - |
| Increase (decrease) in net pension liability | 281,545 | 283,035 | - | 564,580 | - |
| Increase (decrease) in compensated absences | (2,244) | (2,584) | (1,234) | (6,062) | - |
| Increase (decrease) in deferred inflows of resources | (60,774) | (61,096) | - | (121,870) | - |
| Total adjustments | 566,080 | 412,545 | 1,624 | 980,249 | (125,268) |
| Net cash provided by (used for) operating activities | \$ 365,467 | \$ 1,289,832 | \$ (49,188) | \$ 1,606,111 | \$ (18,183) |
| Non-cash investing, capital and financing related activity: | | | | | |
| Non-cash changes in fair value of investments | \$ 1,312 | \$ 6,744 | \$ - | \$ 8,056 | \$ 2,855 |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

JUNE 30, 2017

ASSETS

| | |
|----------------------|-------------------|
| Account receivable | \$ 37,836 |
| Restricted assets: | |
| Cash and investments | <u>376,243</u> |
| Total assets | <u>\$ 414,079</u> |

LIABILITIES

| | |
|---------------------|-------------------|
| Due to bond holders | <u>\$ 414,079</u> |
| Total liabilities | <u>\$ 414,079</u> |

See accompanying notes to the basic financial statements.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity:

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Government-Wide and Fund Financial Statements:

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

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus and Basis of Accounting:

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus and Basis of Accounting (Continued):

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus and Basis of Accounting (Continued):

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.
- The Debt Service Fund is used to account for bond proceeds required to be set aside for future debt service and related interest income. The fund is used to repay principal and interest on long-term indebtedness of the City.
- Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The non-major Enterprise Fund accounts for the mandated costs of the City's National Pollution Discharge Eliminations System (NPDES) permit.
- The Internal Service Fund is used to account for the workers' compensation services provided to other departments of the City.
- Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The current City's Fiduciary Funds include: Stratford and Luneta Undergrounding Assessment District 1989-01; Seawall Refinance Assessment District 1999-01; Ocean View/Pines Assessment District 2005-01; North Hills Undergrounding Assessment District 2007-01; and the Sunset Undergrounding Assessment District 2007-02.

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 (Enterprise Funds) and the other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C. Measurement Focus and Basis of Accounting (Continued):

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

D. New Accounting Pronouncements:

Current Year Standards

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, effective for periods beginning after June 15, 2016, and did not impact the City.

GASB 77 - Tax Abatement Disclosure, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 78 - Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 79 - Certain External Investment Pools and Pool Participants, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015, and did not impact the City.

GASB 80 - Blending Requirements for Certain Component Units, effective for periods beginning after June 15, 2016, and did not impact the City.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. New Accounting Pronouncements (Continued):

Pending Accounting Standards

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

- GASB 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for periods beginning after June 15, 2017.
- GASB 81 - *Irrevocable Split-Interest Agreements*, effective for periods beginning after December 15, 2016.
- GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017.
- GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.

D. Investments:

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Cash and Cash Equivalents:

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

F. Receivables and Payables:

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

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

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

G. Capital Assets:

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

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

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

The City capitalizes interest on construction projects up to the point in time that the project is substantially completed. Capitalized interest is included with capital assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. At June 30, 2017, the City capitalized interest of \$107,541, in business-type activities.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Capital Assets (Continued):

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 system | 40 years |
| Structures | 33 years |
| Meters and hydrants | 25 years |
| Machinery and equipment | 5-15 years |
| Infrastructure | 33 years |

H. Compensated Absences:

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

I. Inventory:

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

J. Restricted Assets:

Restricted assets consist of cash held in escrow accounts related to construction projects.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. Deferred Outflows/Inflows of Resources:

The statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The City has four items that qualify for reporting in this category. The first item is a deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability. The second and third items are deferred outflows related to pensions for the changes in the employer's proportion and differences between the employer's contributions and employer's proportionate share of contributions, and differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. The fourth item is deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.

The statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item is deferred inflows related to pensions for changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. The second item is deferred inflows from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the plans. The third item is deferred inflows related to pensions resulting from the differences between expected and actual experience. This amount is amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions through the plans.

L. 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 (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

M. Long-term Obligations:

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

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

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).

O. Net Position and Fund Equity:

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

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

O. Net Position and Fund Equity (Continued):

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

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

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

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

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

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

O. Net Position and Fund Equity (Continued):

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

P. Pensions:

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

Q. Use of Estimates:

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates and assumptions.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

2. CASH AND INVESTMENTS:

Cash and Investments

Cash and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

| | |
|--------------------------------------|----------------------|
| Statement of Net Position: | |
| Cash and investments | \$ 10,056,326 |
| Restricted cash and investments | 415,798 |
| Statement of Fiduciary Net Position: | |
| Restricted cash and investments | <u>376,243</u> |
| Total cash and investments | <u>\$ 10,848,367</u> |

Cash and investments as of June 30, 2017, consist of the following:

| | |
|------------------------------------|----------------------|
| Cash and deposits: | |
| Petty cash on hand | \$ 2,000 |
| Demand deposits | 1,046,697 |
| Restricted escrow accounts | <u>415,798</u> |
| Total cash and deposits | <u>1,464,495</u> |
| Investments: | |
| Federal agency securities | 442,793 |
| State investment pool | 2,728,561 |
| Investment in County pool | 3,073,744 |
| Negotiable certificates of deposit | <u>3,138,774</u> |
| Total investments | <u>9,383,872</u> |
| Total cash and investments | <u>\$ 10,848,367</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

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

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

| <u>Authorized Investment Type</u> | <u>Maximum Maturity*</u> | <u>Maximum Percentage of Portfolio*</u> | <u>Maximum Investment in One Issuer*</u> |
|---------------------------------------|------------------------------|---|--|
| U.S. Treasury Securities | 5 years | None | None |
| U.S. Agency Securities | 5 years | None | None |
| Commercial Paper | 270 days | 25% | 5% |
| Negotiable Certificates of Deposit | 5 years | None | \$250,000 |
| Repurchase Agreements | 1 year | None | None |
| Medium-Term Corporate Notes | 5 years | 30% | None |
| Mutual Funds | N/A | 20% | None |
| County Pooled Investment Funds | N/A | 30% | None |
| Local Agency Investment Fund (LAIF) | N/A | \$40 million | None |

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk

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

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

| <u>Investment Type</u> | <u>Total</u> | <u>Remaining Maturity (in Months)</u> | | |
|------------------------------------|---------------------|---------------------------------------|------------------------|------------------------|
| | | <u>12 Months or Less</u> | <u>13 to 24 Months</u> | <u>25 to 60 Months</u> |
| Federal agency securities | \$ 442,793 | \$ - | \$ - | \$ 442,793 |
| Negotiable certificates of deposit | 3,138,774 | 448,178 | 952,009 | 1,738,587 |
| State investment pool | 2,728,561 | 2,728,561 | - | - |
| Investment in County pool | <u>3,073,744</u> | <u>3,073,744</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 9,383,872</u> | <u>\$ 6,250,483</u> | <u>\$ 952,009</u> | <u>\$ 2,181,380</u> |

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk

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

| <u>Investment type</u> | <u>Fair Value</u> | <u>Minimum Legal Rating</u> | <u>Rating as of Year End</u> | | |
|------------------------------------|---------------------|-------------------------------------|------------------------------|-------------------|---------------------|
| | | | <u>AAA</u> | <u>AA+</u> | <u>Not Rated</u> |
| Federal agency securities | \$ 442,793 | A | \$ - | \$ 442,793 | \$ - |
| Negotiable certificates of deposit | 3,138,774 | N/A | - | - | 3,138,774 |
| State investment pool | 2,728,561 | N/A | - | - | 2,728,561 |
| Investment in County pool | <u>3,073,744</u> | AA | <u>3,073,744</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 9,383,872</u> | | <u>\$ 3,073,744</u> | <u>\$ 442,793</u> | <u>\$ 5,867,335</u> |

Concentration of Credit Risk

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

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).

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Custodial Credit Risk

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by the state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 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.

Investment in State Investment Pool

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

Investment in County Pool

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurement

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

| | <u>Quoted Prices Level 1</u> | <u>Observable Inputs Level 2</u> | <u>Unobservable Inputs Level 3</u> | <u>Total</u> |
|------------------------------------|--------------------------------------|--|--|---------------------|
| Federal Agency Securities | \$ - | \$ 442,793 | \$ - | \$ 442,793 |
| Negotiable Certificates of Deposit | - | 3,138,774 | - | 3,138,774 |
| Total Investments | <u>\$ -</u> | <u>\$ 3,581,567</u> | <u>\$ -</u> | 3,581,567 |
| State Investment Pool* | | | | 2,728,561 |
| Investment in County Pool* | | | | <u>3,073,744</u> |
| Total Investment Portfolio | | | | <u>\$ 9,383,872</u> |

*-Not subject to fair value measurements.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

3. CAPITAL ASSETS:

A summary of changes in the governmental activities capital assets for the year ended June 30, 2017, was as follows:

| | Balance at <u>July 1, 2016</u> | Additions | Deletions | Balance at <u>June 30, 2017</u> |
|---|-----------------------------------|----------------------|-----------------------|------------------------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 18,289,250 | \$ - | \$ - | \$ 18,289,250 |
| Construction in progress | <u>5,942,014</u> | <u>11,848,582</u> | <u>(5,108,525)</u> | <u>12,682,071</u> |
| Total capital assets, not being depreciated | <u>24,231,264</u> | <u>11,848,582</u> | <u>(5,108,525)</u> | <u>30,971,321</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 9,199,304 | 335,298 | (654,519) | 8,880,083 |
| Machinery and equipment | 2,186,948 | 108,373 | (103,016) | 2,192,305 |
| Infrastructure | <u>40,074,730</u> | <u>4,773,227</u> | <u>-</u> | <u>44,847,957</u> |
| Total capital assets, being depreciated | <u>51,460,982</u> | <u>5,216,898</u> | <u>(757,535)</u> | <u>55,920,345</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,716,413) | (262,706) | 628,967 | (3,350,152) |
| Machinery and equipment | (1,227,593) | (89,310) | 94,846 | (1,222,057) |
| Infrastructure | <u>(3,893,570)</u> | <u>(1,203,445)</u> | <u>-</u> | <u>(5,097,015)</u> |
| Total accumulated depreciation | <u>(8,837,576)</u> | <u>(1,555,461)</u> | <u>723,813</u> | <u>(9,669,224)</u> |
| Total capital assets, being depreciated, net | <u>42,623,406</u> | <u>3,661,437</u> | <u>(33,722)</u> | <u>46,251,121</u> |
| Total governmental activities capital assets, net | <u>\$ 66,854,670</u> | <u>\$ 15,510,019</u> | <u>\$ (5,142,247)</u> | <u>\$ 77,222,442</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

3. CAPITAL ASSETS (CONTINUED):

A summary of changes in the business-type activities capital assets for the year ended June 30, 2017, was as follows:

| | Balance at July 1, 2016 | Additions | Deletions | Balance at June 30, 2017 |
|--|----------------------------|---------------------|-----------------------|-----------------------------|
| Business-Type Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,365,688 | \$ - | \$ - | \$ 1,365,688 |
| Construction in progress | <u>1,966,992</u> | <u>1,672,264</u> | <u>(2,578,394)</u> | <u>1,060,862</u> |
| Total capital assets, not being depreciated | <u>3,332,680</u> | <u>1,672,264</u> | <u>(2,578,394)</u> | <u>2,426,550</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 4,080,948 | - | - | 4,080,948 |
| Improvements | 4,252,263 | - | - | 4,252,263 |
| Machinery and equipment | 1,889,326 | 45,140 | - | 1,934,466 |
| Water system | 13,167,099 | 530,207 | - | 13,697,306 |
| Wastewater system | <u>13,592,013</u> | <u>2,101,872</u> | <u>-</u> | <u>15,693,885</u> |
| Total capital assets, being depreciated | <u>36,981,649</u> | <u>2,677,219</u> | <u>-</u> | <u>39,658,868</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (518,676) | (121,967) | - | (640,643) |
| Improvements | (1,360,424) | (92,127) | - | (1,452,551) |
| Machinery and equipment | (928,138) | (136,729) | - | (1,064,867) |
| Water system | (5,671,172) | (253,764) | - | (5,924,936) |
| Wastewater system | <u>(6,124,617)</u> | <u>(320,666)</u> | <u>-</u> | <u>(6,445,283)</u> |
| Total accumulated depreciation | <u>(14,603,027)</u> | <u>(925,253)</u> | <u>-</u> | <u>(15,528,280)</u> |
| Total capital assets, being depreciated, net | <u>22,378,622</u> | <u>1,751,966</u> | <u>-</u> | <u>24,130,588</u> |
| Total business-type activities capital assets, net | <u>\$ 25,711,302</u> | <u>\$ 3,424,229</u> | <u>\$ (2,578,394)</u> | <u>\$ 26,557,138</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

3. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions for the fiscal year ended June 30, 2017 as follows:

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 244,672 |
| Public safety | 28,870 |
| Public works | 1,242,699 |
| Parks and recreation | <u>39,220</u> |
| Total depreciation expense – governmental activities | <u>\$ 1,555,461</u> |
| | |
| Business-type activities: | |
| Water | \$ 357,694 |
| Wastewater | 565,583 |
| Clean Water | <u>1,976</u> |
| Total depreciation expense – business-type activities | <u>\$ 925,253</u> |

4. INTERFUND RECEIVABLES AND PAYABLES:

At June 30, 2017, interfund receivables and payables are as follows:

| | <u>Due From</u> | <u>Due To</u> |
|--|---------------------|---------------------|
| General Fund | \$ 3,149,488 | \$ - |
| Capital Improvement | - | 2,514,119 |
| Non-Major Governmental Funds | - | 586,990 |
| Non-Major Enterprise Fund Clean Water Fund | <u>-</u> | <u>48,379</u> |
| | <u>\$ 3,149,488</u> | <u>\$ 3,149,488</u> |

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

4. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED):

During fiscal year 2012-2013, the City Council approved the pay off of the City’s CalPERS Side Fund liability. The Side Fund liability had a balance of approximately \$3 million and was being charged interest at a rate of 7.5 percent annually. The payoff of the side fund liability saved the City approximately \$1.1 million in interest payments, reduced annual pension contribution by approximately \$450,000 and also decreased the future unfunded pension liability. In order to pay off the side fund, an interfund payable between the General Fund and Water Fund was created in the amount of \$1,200,790. Beginning in fiscal year 2014-2015, the advance payable to the Water Fund will be repaid over three to four years with the savings from the reduced annual pension contributions and will be repaid at an interest rate which is the greater of: 1) 25 basis points over LAIF, or 2) 0.5 percent. The balance was paid in full during fiscal year 2016-2017.

5. INTERFUND TRANSFERS:

Interfund transfers for the fiscal year ended June 30, 2017 are as follows:

| <u>Transfers In</u> | <u>Transfers Out</u> | | | | <u>Total</u> |
|---|----------------------|-------------------------------------|------------------------------|-----------------------------------|---------------------|
| | <u>General Fund</u> | <u>Non-Major Governmental Funds</u> | <u>Water Enterprise Fund</u> | <u>Wastewater Enterprise Fund</u> | |
| General Fund | \$ - | \$ 97,115 | \$ - | \$ - | \$ 97,115 |
| Capital Improvement Capital Projects Fund (A) | 783,661 | - | | | 783,661 |
| Non-Major Governmental Funds (B) | 1,196,734 | - | 39,297 | 39,297 | 1,275,328 |
| Non-Major Enterprise Fund Clear Water Fund (C) | <u>52,355</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>52,355</u> |
| | <u>\$ 2,032,750</u> | <u>\$ 97,115</u> | <u>\$ 39,297</u> | <u>\$ 39,297</u> | <u>\$ 2,208,459</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

5. INTERFUND TRANSFERS (CONTINUED):

Purpose of Interfund Transfers

Transfers were needed:

- A) To fund current and future capital improvement projects.
- B) For the costs of street and road maintenance that exceeded the gas tax revenues received from the State; revenues collected from facility use permits from Seagrove Park and the Powerhouse Community Center that do not cover the costs of maintaining open space; and revenues from the State for Supplemental Law Enforcement that do not cover the costs for the park ranger and part-time support.
- C) To fund Clean Water revenues from utility billings which did not cover the cost to run the Clean Water program.

6. CHANGES IN LONG-TERM LIABILITIES:

A summary of changes in long-term liabilities for the fiscal year ended June 30, 2017 is as follows:

| | Balance at <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | Balance at <u>June 30, 2017</u> | Due Within <u>One Year</u> |
|--|-----------------------------------|---------------------|---------------------|------------------------------------|-------------------------------|
| Governmental Activities: | | | | | |
| Note payable | \$ 2,845,256 | \$ 92,244 | \$ (50,000) | \$ 2,887,500 | \$ 55,000 |
| Note payable – City Hall | - | 3,160,286 | - | 3,160,286 | 344,233 |
| Note payable – Regional Communications | - | 435,436 | (38,352) | 397,084 | 39,422 |
| Compensated absences | 430,388 | 342,799 | (365,374) | 407,813 | 101,954 |
| Capital lease | 131,193 | - | (31,486) | 99,707 | 31,486 |
| Claims payable (Note 13) | <u>280,376</u> | <u>-</u> | <u>(131,517)</u> | <u>148,859</u> | <u>119,087</u> |
| | <u>\$ 3,687,213</u> | <u>\$ 4,030,765</u> | <u>\$ (616,729)</u> | <u>\$ 7,101,249</u> | <u>\$ 691,182</u> |
| | | | | | |
| | Balance at <u>July 1, 2016</u> | <u>Additions</u> | <u>Deletions</u> | Balance at <u>June 30, 2017</u> | Due Within <u>One Year</u> |
| Business-Type Activities: | | | | | |
| Notes payable | \$ 4,566,055 | \$ 456,149 | \$ (354,657) | \$ 4,667,547 | \$ 363,899 |
| Compensated absences | <u>113,119</u> | <u>92,206</u> | <u>(99,883)</u> | <u>105,442</u> | <u>26,356</u> |
| | <u>\$ 4,679,174</u> | <u>\$ 548,355</u> | <u>\$ (454,540)</u> | <u>\$ 4,772,989</u> | <u>\$ 390,255</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

6. CHANGES IN LONG-TERM LIABILITIES (CONTINUED):

Governmental Long-Term Debt:

Note Payable

Del Mar will borrow up to \$3,000,000 for its Sidewalk, Street, and Drainage Project. Part of the proceeds were used to refinance a previous loan from San Diego Association of Governments (SANDAG) through SANDAG's debt financing program. Loan proceeds are requested as funds are expensed. For the current year, the City requested drawdowns of \$92,244. Future principal and interest will be paid annually using the City's annual TransNet revenue allocations received from SANDAG. The interest rate will be 3.85 percent per year.

\$ 2,887,500

The future debt service requirements for this note:

| Fiscal Year Ending | Principal | Interest | Total |
|-----------------------|--------------|--------------|--------------|
| 2018 | \$ 55,000 | \$ 145,000 | \$ 200,000 |
| 2019 | 55,000 | 142,250 | 197,250 |
| 2020 | 60,000 | 139,500 | 199,500 |
| 2021 | 60,000 | 136,500 | 196,500 |
| 2022 | 65,000 | 133,500 | 198,500 |
| 2023 - 2027 | 375,000 | 615,250 | 990,250 |
| 2028 - 2032 | 475,000 | 512,500 | 987,500 |
| 2033 - 2037 | 610,000 | 381,000 | 991,000 |
| 2038 - 2042 | 775,000 | 212,250 | 987,250 |
| 2043 - 2044 | 357,500 | 28,000 | 385,500 |
| | \$ 2,887,500 | \$ 2,445,750 | \$ 5,333,250 |

Note Payable - City Hall

Del Mar will borrow up to \$16,161,000 for its City Hall Project. Loan proceeds are requested as funds are expensed. For the current year, the City requested drawdowns of \$3,160,286. Annual payments began on February 1, 2017, are to be paid through August 2045 at an interest rate of 3.24 percent per annum

\$ 3,160,286

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

6. CHANGES IN LONG-TERM LIABILITIES (CONTINUED):

Governmental Long-Term Debt (Continued):

Note Payable - City Hall (Continued)

The future debt service requirements for this note:

| <u>Fiscal Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| 2018 | \$ 344,233 | \$ 518,040 | \$ 862,273 |
| 2019 | 355,386 | 506,706 | 862,092 |
| 2020 | 366,901 | 495,005 | 861,906 |
| 2021 | 378,788 | 482,925 | 861,713 |
| 2022 | 391,061 | 470,453 | 861,514 |
| 2023 - 2027 | 2,153,773 | 2,150,583 | 4,304,356 |
| 2028 - 2032 | 2,526,038 | 1,772,287 | 4,298,325 |
| 2033 - 2037 | 2,962,647 | 1,328,605 | 4,291,252 |
| 2038 - 2042 | 3,474,720 | 807,636 | 4,282,356 |
| 2043 - 2044 | 3,207,453 | 211,984 | 3,419,437 |
| | <u>\$ 16,161,000</u> | <u>\$ 8,744,224</u> | <u>\$ 24,905,224</u> |
| Less: Remaining amount to be drawn down | <u>(13,000,714)</u> | | |
| Balance at 6/30/17 | <u>\$ 3,160,286</u> | | |

Note Payable - Regional Communication System

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

\$ 397,084

The future debt service requirements for this note:

| <u>Fiscal Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|-------------------|------------------|-------------------|
| 2018 | \$ 39,422 | \$ 11,079 | \$ 50,501 |
| 2019 | 40,522 | 9,979 | 50,501 |
| 2020 | 41,653 | 8,848 | 50,501 |
| 2021 | 42,815 | 7,686 | 50,501 |
| 2022 | 44,009 | 6,492 | 50,501 |
| 2023 - 2026 | 188,663 | 13,341 | 202,004 |
| | <u>\$ 397,084</u> | <u>\$ 57,425</u> | <u>\$ 454,509</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

6. CHANGES IN LONG-TERM LIABILITIES (CONTINUED):

Governmental Long-Term Debt (Continued):

Capital Lease

In August 2015, the City entered into a capital lease agreement for equipment. The lease term commenced in September 2015 for a term of five years. Lease expense for the year ended June 30, 2017 was \$31,486. This equipment is included as governmental machinery and equipment in the statement of net position with a net book value of \$141,688 at June 30, 2017. Depreciation expense for the year ended June 30, 2017 was \$15,743.

Minimum annual lease payments under capital leases are as follows:

| | | |
|------------------------------|--|------------------|
| 2018 | | \$ 31,486 |
| 2019 | | 31,486 |
| 2020 | | 31,486 |
| 2021 | | <u>5,249</u> |
| Total Minimum Lease Payments | | <u>\$ 99,707</u> |

Business-Type Long-Term Debt:

Note Payable 21st Street Sewer Pump Station

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

\$ 4,354,455

Future debt service requirements are as follows:

| <u>Fiscal Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------------|---------------------|---------------------|---------------------|
| 2018 | \$ 217,738 | \$ 126,279 | \$ 344,017 |
| 2019 | 224,052 | 119,965 | 344,017 |
| 2020 | 230,550 | 113,467 | 344,017 |
| 2021 | 237,236 | 106,781 | 344,017 |
| 2022 | 244,116 | 99,901 | 344,017 |
| 2023 - 2027 | 1,330,964 | 389,121 | 1,720,085 |
| 2028 - 2032 | 1,535,477 | 184,608 | 1,720,085 |
| 2033 | <u>334,322</u> | <u>9,695</u> | <u>344,017</u> |
| | <u>\$ 4,354,455</u> | <u>\$ 1,149,817</u> | <u>\$ 5,504,272</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

6. CHANGES IN LONG-TERM LIABILITIES (CONTINUED):

Business-Type Long-Term Debt (Continued):

Note Payable 21st Street Sewer Pump Station

This note payable is secured by the net revenues generated by the Wastewater Enterprise Fund. Net revenue is defined as all revenues received less operations and maintenance costs (excluding depreciation) for the fiscal year. Net revenues for the fiscal year ended June 30, 2017 totaled \$1,451,135 and total debt service (principal and interest) paid during the year was \$344,017 for the note payable.

Note Payable San Elijo Joint Powers Authority (SEJPA) Pipeline

The City entered into a finance agreement in June 2015 with the California Infrastructure and Economic Development Bank (IBank) and was approved for financial assistance in the amount of \$3,535,354 plus accrued interest provided through the Infrastructure State Revolving Fund Program. These funds were used for the replacement of a sewage pipeline. This note is secured by net revenues. Annual payments began on August 1, 2016, are to be paid through August 2035 at an interest rate of 2.17 percent per annum.

\$ 313,092

The future debt service requirements for this note:

| <u>Fiscal Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| 2018 | \$ 146,161 | \$ 72,027 | \$ 218,188 |
| 2019 | 149,333 | 68,821 | 218,154 |
| 2020 | 152,573 | 65,545 | 218,118 |
| 2021 | 155,884 | 62,198 | 218,082 |
| 2022 | 159,267 | 58,779 | 218,046 |
| 2023 - 2027 | 849,700 | 239,950 | 1,089,650 |
| 2028 - 2032 | 945,981 | 142,624 | 1,088,605 |
| 2033 - 2036 | 833,398 | 36,655 | 870,053 |
| | <u>\$ 3,392,297</u> | <u>\$ 746,599</u> | <u>\$ 4,138,896</u> |
| Less: Remaining amount to be drawn down | <u>(3,079,205)</u> | | |
| Balance at 6/30/17 | <u>\$ 313,092</u> | | |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

6. CHANGES IN LONG-TERM LIABILITIES (CONTINUED):

Operating Leases

In June 2016, the City entered into a lease agreement for their temporary City Hall in Del Mar, California. The lease term commenced on June 1, 2016 for a term of two years. Rent expense for the year ended June 30, 2017 was \$237,490.

Minimum annual lease payments under operating leases are as follows:

2018 \$ 243,949

7. FUND BALANCES:

| | <u>General Fund</u> | <u>Capital Improvement Capital Projects Fund</u> | <u>Non-Major Governmental Funds</u> | <u>Total</u> |
|----------------------------|-------------------------|--|---|---------------------|
| Nonspendable: | | | | |
| Prepaid items | \$ 23,338 | \$ - | \$ - | \$ 23,338 |
| Total nonspendable | <u>23,338</u> | <u>-</u> | <u>-</u> | <u>23,338</u> |
| Restricted for: | | | | |
| Public safety | - | - | 73,318 | 73,318 |
| Public works | - | - | 220,806 | 220,806 |
| Street projects | - | - | 84,731 | 84,731 |
| Low-income housing | - | - | 400,180 | 400,180 |
| Total restricted | <u>-</u> | <u>-</u> | <u>779,035</u> | <u>779,035</u> |
| Committed to: | | | | |
| Parks and community center | - | - | 299,688 | 299,688 |
| Total committed | <u>-</u> | <u>-</u> | <u>299,688</u> | <u>299,688</u> |
| Assigned to: | | | | |
| Compensated absences | 100,000 | - | - | 100,000 |
| Equipment replacement | 869,742 | - | - | 869,742 |
| Public television | 169,057 | - | - | 169,057 |
| Self-insurance | 500,000 | - | - | 500,000 |
| Pension reserve | 105,194 | - | - | 105,194 |
| Coastal Access projects | 12,930 | - | - | 12,930 |
| Measure Q | 476,579 | - | - | 476,579 |
| Total assigned | <u>2,233,502</u> | <u>-</u> | <u>-</u> | <u>2,233,502</u> |
| Unassigned | <u>5,647,975</u> | <u>(3,571,263)</u> | <u>-</u> | <u>2,076,712</u> |
| Total unassigned | <u>5,647,975</u> | <u>(3,571,263)</u> | <u>-</u> | <u>2,076,712</u> |
| Total Fund Balances | <u>\$ 7,904,815</u> | <u>\$ (3,571,263)</u> | <u>\$ 1,078,723</u> | <u>\$ 5,412,275</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

7. FUND BALANCES (CONTINUED):

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

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

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

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

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

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

Assigned to Compensated Absences are funds set aside for unpaid vacation time due to employees. See note 1I for additional information.

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

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

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

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

Assigned to Measure Q are funds set aside from a voter's approved one-percent sales tax measure that are set aside for community reinvestment/infrastructure types of projects

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS:

A. General Information about the Pension Plans:

Plan Descriptions

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

Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

| | Miscellaneous | | |
|---|--|---|---|
| | Classic Members Prior to January 1, 2013 | Classic Members On or After January 1, 2013 | New Members On or After January 1, 2013 |
| Hire date | | | |
| Benefit formula - Active | 3% @60 | 2% @60 | 2% @62 |
| Benefit formula - Inactive | 2% @55 | N/A | N/A |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 60 | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 3.0% | 1.0% to 2.5% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 7.00% | 6.50% |
| Required employer contribution rates: | | | |
| Normal cost rate | 12.335% | 7.499% | 6.647% |
| Payment of unfunded liability | \$ 239,609 | \$ 56 | \$ 10 |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS (CONTINUED):

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

Benefits Provided (Continued)

| | Safety | |
|---|-----------------------------|-----------------------------|
| | Fire | Lifeguard |
| | Prior to January 1, 2013 | Prior to January 1, 2013 |
| Hire date | | |
| Benefit formula | 3% @ 50 | 2% @ 50 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50 |
| Monthly benefits, as a % of eligible compensation | 3.00% | 3.00% |
| Required employee contribution rates | 9.00% | 9.00% |
| Required employer contribution rates: | | |
| Normal cost rate | 18.428% | 14.785% |
| Payment of unfunded liability | \$ 135,500 | \$ 21,731 |

Contributions

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS (CONTINUED):

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

As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of all Plans as follows:

| | Proportionate Share of Net Pension Liability |
|-----------------------------|---|
| Miscellaneous | \$ 5,979,285 |
| Safety | 4,291,288 |
| Total Net Pension Liability | \$ 10,270,573 |

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of the measurement dates ended June 30, 2015 and 2016 was as follows:

| | Miscellaneous | Safety |
|------------------------------|---------------|----------|
| Proportion - June 30, 2015 | 0.16365% | 0.08038% |
| Proportion - June 30, 2016 | 0.17212% | 0.08286% |
| Change - Increase (Decrease) | 0.00847% | 0.00248% |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS (CONTINUED):

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

For the year ended June 30, 2017, the City recognized pension expense of \$1,381,438. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Miscellaneous | | Safety | |
|--|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 579,144 | \$ - | \$ 370,167 | \$ - |
| Differences between expected and actual experience | 18,722 | (4,290) | - | (26,217) |
| Change in assumptions | - | (177,131) | - | (114,308) |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | - | (248,629) | 9,868 | (21,512) |
| Net differences between projected and actual earnings on plan investments | 921,909 | - | 561,587 | - |
| Total | \$ 1,519,775 | \$ (430,050) | \$ 941,622 | \$ (162,037) |

\$949,311 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ending June 30, | Miscellaneous | Safety |
|----------------------------|---------------|----------|
| 2018 | \$ (92,937) | \$ 1,707 |
| 2019 | (45,088) | 8,297 |
| 2020 | 409,820 | 253,215 |
| 2021 | 238,786 | 146,199 |
| 2022 | - | - |
| Thereafter | - | - |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS (CONTINUED):

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

Actuarial Assumptions

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|----------------------------------|---------------------------------|---------------------------------|
| Valuation Date | June 30, 2015 | June 30, 2015 |
| Measurement Date | June 30, 2016 | June 30, 2016 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | | |
| Discount Rate | 7.65% | 7.65% |
| Inflation | 2.75% | 2.75% |
| Salary Increases | (1) | (1) |
| Mortality Rate Table | (2) | (2) |
| Post Retirement Benefit Increase | (3) | (3) |

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
- (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS (CONTINUED):

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS (CONTINUED):

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

Discount Rate (Continued)

| Asset Class | New Strategic Allocation | Real Return Years 1 - 10 (a) | Real Return Years 11+ (b) |
|-------------------------------|--------------------------------|------------------------------------|---------------------------------|
| Global Equity | 51.00% | 5.25% | 5.71% |
| Global Fixed Income | 20.00% | 0.99% | 2.43% |
| Inflation Sensitive | 6.00% | 0.45% | 3.36% |
| Private Equity | 10.00% | 6.83% | 6.95% |
| Real Estate | 10.00% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.00% | 4.50% | 5.09% |
| Liquidity | 1.00% | -0.55% | -1.05% |
| Total | 100.00% | | |

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

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

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

| | <u>Miscellaneous</u> | <u>Safety</u> |
|-----------------------|----------------------|---------------|
| 1% Decrease | 6.65% | 6.65% |
| Net Pension Liability | \$ 9,483,787 | \$ 6,495,810 |
| Current Discount Rate | 7.65% | 7.65% |
| Net Pension Liability | \$ 5,979,285 | \$ 4,291,288 |
| 1% Increase | 8.65% | 8.65% |
| Net Pension Liability | \$ 3,082,983 | \$ 2,481,602 |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

8. RETIREMENT PLANS (CONTINUED):

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

Pension Plans Fiduciary Net Position

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

Subsequent Events

In December 2016, CalPERS' Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019, and result in increases to employers' normal costs and unfunded actuarial liabilities. For the GASB Statement 68 accounting valuations, the discount rate will move straight to 7% starting with the June 30, 2017 measurement date reports and will result in an increase to employer's total pension liabilities.

C. Payable to the Pension Plans:

At June 30, 2017, the City had no outstanding amount of contributions to the pension plans required for the year ended June 30, 2017.

9. DEFERRED COMPENSATION:

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

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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

10. GOVERNMENTAL MONEY PURCHASE PLAN (CONTINUED):

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

11. LITIGATION AND COMMITMENTS:

Litigation

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

Construction Contracts and Commitments

As of June 30, 2017, construction contracts totaled \$7,730,485. City commitments for outstanding encumbrances (purchase orders and contracts for goods and services not yet delivered) by major governmental funds is \$6,645,005 for the construction of the City Hall/Town Hall project and wastewater is \$1,446,297.

The City has a 25-year lease with the State of California's 22nd District Agricultural Association for use of the City's fire station that ends on June 30, 2025. The annual rent is payable every July 1st and is the greater of a) \$40,000 multiplied by the percentage which the Consumer's Price Index (CPI) for the preceding April increased compared to the base period in April 2000; or five percent annum. The annual rental increase may not exceed ten percent. For fiscal year 2016-2017, the fire lease payment was \$87,315.

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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

13. RISK MANAGEMENT:

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

General Liability

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

The City accounts for general liability claims that are under their \$100,000 insurance threshold as accounts payable in the general fund.

Workers' Compensation

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

General liability and workers' compensation claims were as follows for June 30, 2017:

| | <u>General Liability</u> | <u>Workers' Compensation</u> |
|----------------------------------|--------------------------|----------------------------------|
| Unpaid claims, July 1, 2015 | \$ 4,105 | \$ 315,592 |
| Incurred claims (including IBNR) | 3,092 | (28,202) |
| Claims payments | <u>(7,197)</u> | <u>(7,014)</u> |
| Unpaid claims, June 30, 2016 | - | 280,376 |
| Incurred claims (including IBNR) | 6,145 | (79,392) |
| Claims payments | <u>(6,145)</u> | <u>(52,125)</u> |
| Unpaid claims, June 30, 2017 | <u>\$ -</u> | <u>\$ 148,859</u> |

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

13. RISK MANAGEMENT (CONTINUED):

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

Settled claims have not exceeded any of the City's coverage amounts in any of the last three years and there were no reductions in the City's insurance coverage during the fiscal year ended June 30, 2017.

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.

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, 2017, 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, 2017 were \$305,000.
- The Ocean View/Pines Assessment District No. 2005-01 Bonds of \$932,201 were issued October 1, 2005, to finance the removal of overhead utilities in the Ocean View Pines neighborhood area. The bonds outstanding at June 30, 2017 were \$395,000.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

15. EXPENDITURES EXCEEDING APPROPRIATIONS:

The Gasoline Tax Special Revenue Fund, Supplemental Law Enforcement Special Revenue Fund, Regional Communications System Special Revenue Fund, Grants Special Revenue Fund, and Transnet II Capital Projects Fund exceeded its budgets by \$24,523, \$4,040, \$470,847, \$58,352, and \$278,512 respectively. These funds have adequate resources to cover its budget overages.

16. SUBSEQUENT EVENT:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 19, 2017, the date the financial statements were available to be issued, and determined that there were no events requiring disclosure.

CITY OF DEL MAR

MISCELLANEOUS PLAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LAST TEN FISCAL YEARS*

| Fiscal year ended | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> |
|--|----------------------|----------------------|----------------------|
| Measurement period | June 30, 2014 | June 30, 2015 | June 30, 2016 |
| Plan's proportion of the net pension liability | 0.06345% | 0.16365% | 0.06910% |
| Plan's proportionate share of the net pension liability | \$ 3,948,228 | \$ 4,489,625 | \$ 5,979,285 |
| Plan's covered - employee payroll | \$ 2,825,926 | \$ 2,850,725 | \$ 3,083,838 |
| Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll | 139.71% | 157.49% | 193.89% |
| Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability | 83.03% | 81.70% | 74.06% |
| Plan's proportionate share of aggregate employer contributions | \$ 522,334 | \$ 693,302 | \$ 746,689 |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

There were no changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

CITY OF DEL MAR

MISCELLANEOUS PLAN

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN

LAST TEN FISCAL YEARS*

| Fiscal year ended | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> |
|---|----------------------|----------------------|----------------------|
| Contractually required contribution (actuarially determined) | \$ 411,954 | \$ 529,486 | \$ 579,144 |
| Contributions in relation to the actuarially determined contributions | <u>(411,954)</u> | <u>(529,486)</u> | <u>(579,144)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered - employee payroll | \$ 2,850,725 | \$ 3,083,838 | \$ 3,198,271 |
| Contributions as a percentage of covered - employee payroll | 14.45% | 17.17% | 18.11% |

Notes to Schedule:

| | | | |
|----------------|-----------|-----------|-----------|
| Valuation Date | 6/30/2012 | 6/30/2013 | 6/30/2014 |
|----------------|-----------|-----------|-----------|

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|----------------------------|---|
| Single and agent employers | Entry age** |
| Amortization method | Level percentage of payroll, closed** |
| Asset valuation method | Market Value *** |
| Inflation | 2.75%** |
| Salary increases | Depending on age, service and type of employment** |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation** |
| Retirement age | 50 years for 3.00% @50 and 2.0% @60, 52 years for 2.0% @62** |
| Mortality | Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board** |

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively)

CITY OF DEL MAR

SAFETY PLAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LAST TEN FISCAL YEARS*

| Fiscal year ended | <u>June 30, 2015</u> | <u>June 30, 2016</u> | <u>June 30, 2017</u> |
|--|----------------------|----------------------|----------------------|
| Measurement period | June 30, 2014 | June 30, 2015 | June 30, 2016 |
| Plan's proportion of the net pension liability | 0.04522% | 0.08038% | 0.04959% |
| Plan's proportionate share of the net pension liability | \$ 2,814,100 | \$ 3,311,865 | \$ 4,291,288 |
| Plan's covered - employee payroll | \$ 1,271,501 | \$ 1,305,573 | \$ 1,336,570 |
| Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll | 221.32% | 253.67% | 321.07% |
| Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability | 81.74% | 79.38% | 74.06% |
| Plan's proportionate share of aggregate employer contributions | \$ 356,577 | \$ 361,590 | \$ 412,874 |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

There were no changes in assumptions

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

CITY OF DEL MAR

SAFETY PLAN

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN

LAST TEN FISCAL YEARS*

| Fiscal year ended | June 30, 2015 | June 30, 2016 | June 30, 2017 |
|---|------------------|------------------|------------------|
| Contractually required contribution (actuarially determined) | \$ 303,598 | \$ 336,247 | \$ 370,167 |
| Contributions in relation to the actuarially determined contributions | <u>(303,598)</u> | <u>(336,247)</u> | <u>(370,167)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered - employee payroll | \$ 1,305,573 | \$ 1,336,570 | \$ 1,289,037 |
| Contributions as a percentage of covered - employee payroll | 23.25% | 25.16% | 28.72% |

Notes to Schedule:

| Valuation Date | 6/30/2012 | 6/30/2013 | 6/30/2014 |
|----------------|-----------|-----------|-----------|
|----------------|-----------|-----------|-----------|

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|----------------------------|---|
| Single and agent employers | Entry age** |
| Amortization method | Level percentage of payroll, closed** |
| Asset valuation method | Market Value *** |
| Inflation | 2.75%** |
| Salary increases | Depending on age, service and type of employment** |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation** |
| Retirement age | 50 years for 3.00% @50 and 2.0% @50 |
| Mortality | Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board** |

* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

** - The valuation for June 30, 2012 and 2013 (applicable to fiscal year ended June 30, 2015 and 2016, respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013 and 2014 valuations (applicable to fiscal years ended June 30, 2016 and 2017, respectively)

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 10,289,150 | \$ 11,402,700 | \$ 12,334,771 | \$ 932,071 |
| Licenses, fees and permits | 1,199,040 | 1,053,720 | 1,017,566 | (36,154) |
| Intergovernmental | 119,790 | 68,120 | 64,650 | (3,470) |
| Charges for services | 1,574,920 | 1,504,620 | 1,537,125 | 32,505 |
| Fines and forfeitures | 649,000 | 529,000 | 561,080 | 32,080 |
| Use of money and property | 185,030 | 185,030 | 236,811 | 51,781 |
| Other | 3,960 | 75,960 | 338,242 | 262,282 |
| Total revenues | 14,020,890 | 14,819,150 | 16,090,245 | 1,271,095 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 4,986,690 | 6,420,630 | 6,051,510 | 369,120 |
| Public safety | 6,009,710 | 6,030,265 | 5,737,165 | 293,100 |
| Public works | 180,550 | 183,840 | 178,866 | 4,974 |
| Debt service: | | | | |
| Interest | - | - | 4,424 | (4,424) |
| Total expenditures | 11,176,950 | 12,634,735 | 11,971,965 | 662,770 |
| Excess (deficiency) of revenues over (under) expenditures | 2,843,940 | 2,184,415 | 4,118,280 | 1,933,865 |
| OTHER FINANCING USES | | | | |
| Transfers in | - | - | 97,115 | (97,115) |
| Transfers out | (2,116,500) | (2,157,501) | (2,032,750) | 124,751 |
| Total other financing uses | (2,116,500) | (2,157,501) | (1,935,635) | 27,636 |
| Net change in fund balance | 727,440 | 26,914 | 2,182,645 | 1,961,501 |
| Fund balance, beginning of year | 5,722,170 | 5,722,170 | 5,722,170 | - |
| Fund balance, end of year | <u>\$ 6,449,610</u> | <u>\$ 5,749,084</u> | <u>\$ 7,904,815</u> | <u>\$ 1,961,501</u> |

CITY OF DEL MAR

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

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 \$12,601,873 were made during the year ended June 30, 2017.
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 budgets were adopted for the following Non-Major Governmental Funds: (1) the Wildfire Debt Service Fund and (2) the Regional Transportation Congestion Improvement Program (RTCIP) Capital Projects Fund. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

CITY OF DEL MAR

NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Special Revenue Funds

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

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

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

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

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

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

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

Debt Service Fund

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.

Capital Projects Funds

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

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

CITY OF DEL MAR

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

| | Special Revenue Funds | | | | | |
|---|-----------------------|-------------------|------------------------------------|---|------------------|-------------------|
| | Gasoline Tax | Open Space | Supplemental Law Enforcement | Regional Communi- cations System | Grants | Housing |
| ASSETS | | | | | | |
| Cash and investments | \$ 18,314 | \$ 413,109 | \$ - | \$ 52,829 | \$ 16,627 | \$ 399,431 |
| Receivables: | | | | | | |
| Accrued interest | - | - | - | - | 31 | 749 |
| Accounts, net | - | 1,820 | - | - | - | - |
| Due from other agencies | 8,562 | - | 39,416 | - | 4,278 | - |
| Restricted cash and investments | - | - | - | - | - | - |
| Total assets | <u>\$ 26,876</u> | <u>\$ 414,929</u> | <u>\$ 39,416</u> | <u>\$ 52,829</u> | <u>\$ 20,936</u> | <u>\$ 400,180</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | \$ 26,876 | \$ 19,115 | \$ 11,543 | \$ - | \$ 447 | \$ - |
| Deposits payable | - | 85,920 | - | - | - | - |
| Due to other funds | - | - | 27,873 | - | - | - |
| Retention payable | - | 10,206 | - | - | - | - |
| Total liabilities | <u>26,876</u> | <u>115,241</u> | <u>39,416</u> | <u>-</u> | <u>447</u> | <u>-</u> |
| Fund balances (deficit): | | | | | | |
| Restricted for: | | | | | | |
| Public safety | - | - | - | 52,829 | 20,489 | - |
| Low-income housing | - | - | - | - | - | 400,180 |
| Public works | - | - | - | - | - | - |
| Street projects | - | - | - | - | - | - |
| Committed to: | | | | | | |
| Parks and recreation | - | 299,688 | - | - | - | - |
| Total fund balances (deficits) | <u>-</u> | <u>299,688</u> | <u>-</u> | <u>52,829</u> | <u>20,489</u> | <u>400,180</u> |
| Total liabilities and fund balances | <u>\$ 26,876</u> | <u>\$ 414,929</u> | <u>\$ 39,416</u> | <u>\$ 52,829</u> | <u>\$ 20,936</u> | <u>\$ 400,180</u> |

| Special Revenue Fund | Debt Service Fund | Capital Projects Funds | | | |
|-------------------------|----------------------|---------------------------------------|-------------|---------------------|--|
| AB 939 | Wildfire | Transnet II Capital Improvement | RTCIP | Total | |
| \$ 220,196 | \$ - | \$ - | \$ - | \$ 1,120,506 | |
| 413 | - | - | - | 1,193 | |
| 197 | - | - | - | 2,017 | |
| - | - | 679,200 | - | 731,456 | |
| - | - | 14,436 | - | 14,436 | |
| <u>\$ 220,806</u> | <u>\$ -</u> | <u>\$ 693,636</u> | <u>\$ -</u> | <u>\$ 1,869,608</u> | |
| \$ - | \$ - | \$ 14,148 | \$ - | \$ 72,129 | |
| - | - | - | - | 85,920 | |
| - | - | 559,117 | - | 586,990 | |
| - | - | 35,640 | - | 45,846 | |
| - | - | 608,905 | - | 790,885 | |
| - | - | - | - | 73,318 | |
| - | - | - | - | 400,180 | |
| 220,806 | - | - | - | 220,806 | |
| - | - | 84,731 | - | 84,731 | |
| - | - | - | - | 299,688 | |
| <u>220,806</u> | <u>-</u> | <u>84,731</u> | <u>-</u> | <u>1,078,723</u> | |
| <u>\$ 220,806</u> | <u>\$ -</u> | <u>\$ 693,636</u> | <u>\$ -</u> | <u>\$ 1,869,608</u> | |

CITY OF DEL MAR

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Special Revenue Funds | | | | | |
|--|-----------------------|------------------|------------------------------------|---|---------------|---------------|
| | Gasoline Tax | Open Space | Supplemental Law Enforcement | Regional Communi- cations System | Grants | Housing |
| REVENUES | | | | | | |
| Taxes | \$ 88,231 | \$ 16,760 | \$ - | \$ 44,076 | \$ - | \$ - |
| Licenses, fees and permits | - | 333,211 | - | - | - | 70,524 |
| Intergovernmental | - | 14,427 | 100,000 | - | 94,980 | - |
| Use of money and property | - | 721 | - | 70 | 124 | 2,309 |
| Contributions | - | 70,000 | - | - | - | - |
| Other | 320 | 42,566 | 39,416 | - | - | - |
| Total revenues | 88,551 | 477,685 | 139,416 | 44,146 | 95,104 | 72,833 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | 73,874 | 69,779 |
| Public safety | - | - | 194,650 | 454,846 | 24,648 | - |
| Public works | 467,873 | - | - | - | - | - |
| Parks and recreation | - | 910,515 | - | - | - | - |
| Capital outlay | - | 331,820 | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | 38,352 | - | - |
| Interest | - | - | - | 12,149 | - | - |
| Total expenditures | 467,873 | 1,242,335 | 194,650 | 505,347 | 98,522 | 69,779 |
| Excess (deficiency) of revenues over (under) expenditures | (379,322) | (764,650) | (55,234) | (461,201) | (3,418) | 3,054 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of debt | - | - | - | 435,436 | - | - |
| Transfers in | 379,322 | 762,178 | 55,234 | 78,594 | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | 379,322 | 762,178 | 55,234 | 514,030 | - | - |
| Net change in fund balances | - | (2,472) | - | 52,829 | (3,418) | 3,054 |
| Fund balances, beginning of year | - | 302,160 | - | - | 23,907 | 397,126 |
| Fund balances (deficit), end of year | \$ - | \$ 299,688 | \$ - | \$ 52,829 | \$ 20,489 | \$ 400,180 |

| Special Revenue Fund | Debt Service Fund | Capital Projects Funds | | |
|----------------------------|-------------------------|---------------------------------------|-------------|---------------------|
| AB 939 | Wildfire | Transnet II Capital Improvement | RTCIP | Total |
| \$ - | \$ - | \$ - | \$ - | \$ 149,067 |
| 52,371 | - | - | - | 456,106 |
| - | - | 273,759 | - | 483,166 |
| 1,501 | 719 | - | (17) | 5,427 |
| - | - | - | - | 70,000 |
| - | - | 505,756 | - | 588,058 |
| <u>53,872</u> | <u>719</u> | <u>779,515</u> | <u>(17)</u> | <u>1,751,824</u> |
| 17,622 | - | - | - | 161,275 |
| - | - | - | - | 674,144 |
| - | - | - | - | 467,873 |
| - | - | - | - | 910,515 |
| - | - | 599,906 | - | 931,726 |
| - | - | 50,000 | - | 88,352 |
| - | - | 141,309 | - | 153,458 |
| <u>17,622</u> | <u>-</u> | <u>791,215</u> | <u>-</u> | <u>3,387,343</u> |
| <u>36,250</u> | <u>719</u> | <u>(11,700)</u> | <u>(17)</u> | <u>(1,635,519)</u> |
| - | - | 92,244 | - | 527,680 |
| - | - | - | - | 1,275,328 |
| - | (97,115) | - | - | (97,115) |
| - | (97,115) | 92,244 | - | 1,705,893 |
| 36,250 | (96,396) | 80,544 | (17) | 70,374 |
| 184,556 | 96,396 | 4,187 | 17 | 1,008,349 |
| <u>\$ 220,806</u> | <u>\$ -</u> | <u>\$ 84,731</u> | <u>\$ -</u> | <u>\$ 1,078,723</u> |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GASOLINE TAX SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 105,730 | \$ 91,900 | \$ 88,231 | \$ (3,669) |
| Other | - | - | 320 | 320 |
| Total revenues | 105,730 | 91,900 | 88,551 | (3,349) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 421,520 | 443,350 | 467,873 | (24,523) |
| Total expenditures | 421,520 | 443,350 | 467,873 | (24,523) |
| Excess (deficiency) of revenues over (under) expenditures | (315,790) | (351,450) | (379,322) | (27,872) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 315,790 | 315,790 | 379,322 | 63,532 |
| Total other financing sources | 315,790 | 315,790 | 379,322 | 63,532 |
| Net change in fund balance | - | (35,660) | - | 35,660 |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | \$ - | \$ (35,660) | \$ - | \$ 35,660 |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|-------------------|---------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 16,650 | \$ 16,650 | \$ 16,760 | \$ 110 |
| Licenses, fees and permits | 355,750 | 295,750 | 333,211 | 37,461 |
| Intergovernmental | 44,350 | 15,640 | 14,427 | (1,213) |
| Use of money and property | 790 | 790 | 721 | (69) |
| Contributions | 19,600 | 70,000 | 70,000 | - |
| Other | 43,800 | 43,800 | 42,566 | (1,234) |
| Total revenues | 480,940 | 442,630 | 477,685 | 35,055 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Parks and recreation | 831,460 | 836,170 | 910,515 | (74,345) |
| Capital outlay | 50,000 | 449,283 | 331,820 | 117,463 |
| Total expenditures | 881,460 | 1,285,453 | 1,242,335 | 43,118 |
| Excess (deficiency) of revenues over (under) expenditures | (400,520) | (842,823) | (764,650) | 78,173 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 403,520 | 403,520 | 762,178 | 358,658 |
| Total other financing sources | 403,520 | 403,520 | 762,178 | 358,658 |
| Net change in fund balance | 3,000 | (439,303) | (2,472) | 436,831 |
| Fund balance, beginning of year | 302,160 | 302,160 | 302,160 | - |
| Fund balance, end of year | \$ 305,160 | \$ (137,143) | \$ 299,688 | \$ 436,831 |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 100,000 | \$ 100,000 | \$ 100,000 | \$ - |
| Other | - | - | 39,416 | 39,416 |
| Total revenues | <u>100,000</u> | <u>100,000</u> | <u>139,416</u> | <u>39,416</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 189,630 | 190,610 | 194,650 | (4,040) |
| Total expenditures | <u>189,630</u> | <u>190,610</u> | <u>194,650</u> | <u>(4,040)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(89,630)</u> | <u>(90,610)</u> | <u>(55,234)</u> | <u>35,376</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 89,630 | 89,630 | 55,234 | (34,396) |
| Total other financing sources | <u>89,630</u> | <u>89,630</u> | <u>55,234</u> | <u>(34,396)</u> |
| Net change in fund balance | - | (980) | - | 980 |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ (980)</u> | <u>\$ -</u> | <u>\$ 980</u> |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
REGIONAL COMMUNICATIONS SYSTEM SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|-----------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 45,000 | \$ 45,000 | \$ 44,076 | \$ (924) |
| Use of money and property | - | - | 70 | 70 |
| | | | | |
| Total revenues | 45,000 | 45,000 | 44,146 | (854) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 34,500 | 34,500 | 454,846 | (420,346) |
| Debt service: | | | | |
| Principal | - | - | 38,352 | (38,352) |
| Interest | - | - | 12,149 | (12,149) |
| | | | | |
| Total expenditures | 34,500 | 34,500 | 505,347 | (470,847) |
| | | | | |
| Excess (deficiency) of revenues over (under) expenditures | 10,500 | 10,500 | (461,201) | (471,701) |
| OTHER FINANCING SOURCES | | | | |
| Issuance of debt | - | - | 435,436 | 435,436 |
| Transfers in | - | - | 78,594 | 78,594 |
| | | | | |
| Total other financing sources | - | - | 514,030 | 514,030 |
| Net change in fund balance | 10,500 | 10,500 | 52,829 | 42,329 |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | \$ 10,500 | \$ 10,500 | \$ 52,829 | \$ 42,329 |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GRANTS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 43,860 | \$ 64,660 | \$ 94,980 | \$ 30,320 |
| Use of money and property | - | - | 124 | 124 |
| Total revenues | <u>43,860</u> | <u>64,660</u> | <u>95,104</u> | <u>30,444</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 73,874 | (73,874) |
| Public safety | <u>19,370</u> | <u>40,170</u> | <u>24,648</u> | <u>15,522</u> |
| Total expenditures | <u>19,370</u> | <u>40,170</u> | <u>98,522</u> | <u>(58,352)</u> |
| Net change in fund balance | 24,490 | 24,490 | (3,418) | (27,908) |
| Fund balance, beginning of year | <u>23,907</u> | <u>23,907</u> | <u>23,907</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 48,397</u> | <u>\$ 48,397</u> | <u>\$ 20,489</u> | <u>\$ (27,908)</u> |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
HOUSING SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------|------------------|------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, fees and permits | \$ 47,000 | \$ 47,000 | \$ 70,524 | \$ 23,524 |
| Use of money and property | 4,210 | 4,210 | 2,309 | (1,901) |
| Total revenues | 51,210 | 51,210 | 72,833 | 21,623 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 117,000 | 117,000 | 69,779 | 47,221 |
| Total expenditures | 117,000 | 117,000 | 69,779 | 47,221 |
| Net change in fund balance | (65,790) | (65,790) | 3,054 | 68,844 |
| Fund balance, beginning of year | 397,126 | 397,126 | 397,126 | - |
| Fund balance, end of year | \$ 331,336 | \$ 331,336 | \$ 400,180 | \$ 68,844 |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
 AB 939 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|---------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Licenses, fees and permits | \$ 50,000 | \$ 50,000 | \$ 52,371 | \$ 2,371 |
| Use of money and property | - | - | 1,501 | 1,501 |
| Total revenues | 50,000 | 50,000 | 53,872 | 3,872 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 50,000 | 50,000 | 17,622 | 32,378 |
| Total expenditures | 50,000 | 50,000 | 17,622 | 32,378 |
| Net change in fund balance | - | - | 36,250 | 36,250 |
| Fund balance, beginning of year | 184,556 | 184,556 | 184,556 | - |
| Fund balance, end of year | <u>\$ 184,556</u> | <u>\$ 184,556</u> | <u>\$ 220,806</u> | <u>\$ 36,250</u> |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
 TRANSNET II CAPITAL IMPROVEMENT
 CAPITAL PROJECTS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|----------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 10,000 | \$ - | \$ 273,759 | \$ 273,759 |
| Use of money and property | 10 | - | - | - |
| Other | - | - | 505,756 | 505,756 |
| Total revenues | 10,010 | - | 779,515 | 779,515 |
| EXPENDITURES | | | | |
| Capital outlay | 10,000 | 512,703 | 599,906 | (87,203) |
| Debt service: | | | | |
| Principal | - | - | 50,000 | (50,000) |
| Interest | - | - | 141,309 | (141,309) |
| Total expenditures | 10,000 | 512,703 | 791,215 | (278,512) |
| Excess (deficiency) of revenues over (under) expenditures | 10 | (512,703) | (11,700) | 501,003 |
| OTHER FINANCING SOURCES | | | | |
| Issuance of debt | - | - | 92,244 | 92,244 |
| Total other financing sources | - | - | 92,244 | 92,244 |
| Net change in fund balance | 10 | (512,703) | 80,544 | 593,247 |
| Fund balance, beginning of year | 4,187 | 4,187 | 4,187 | - |
| Fund balance, end of year | \$ 4,197 | \$ (508,516) | \$ 84,731 | \$ 593,247 |

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT CAPITAL
PROJECTS FUND - MAJOR FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|---------------------|---------------------|-----------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 15,000 | \$ 335,288 | \$ 92,619 | \$ (242,669) |
| Use of money and property | - | - | 3,310 | 3,310 |
| Contributions | - | - | 7,464 | 7,464 |
| Other | 7,359,505 | 15,845,443 | 175,338 | (15,670,105) |
| Total revenues | 7,374,505 | 16,180,731 | 278,731 | (15,902,000) |
| EXPENDITURES | | | | |
| Capital outlay | 8,111,505 | 19,763,072 | 11,020,598 | 8,742,474 |
| Debt service: | | | | |
| Interest | - | - | 349,078 | (349,078) |
| Cost of issuance | - | - | 161,610 | (161,610) |
| Total expenditures | 8,111,505 | 19,763,072 | 11,531,286 | 8,231,786 |
| Excess (deficiency) of revenues over (under) expenditures | (737,000) | (3,582,341) | (11,252,555) | (7,670,214) |
| OTHER FINANCING SOURCES | | | | |
| Issuance of debt | - | - | 3,160,286 | (3,160,286) |
| Transfers in | 1,266,000 | 1,266,000 | 783,661 | (482,339) |
| Total other financing sources | 1,266,000 | 1,266,000 | 3,943,947 | 2,677,947 |
| Net change in fund balance | 529,000 | (2,316,341) | (7,308,608) | (4,992,267) |
| Fund balance, beginning of year | 3,737,345 | 3,737,345 | 3,737,345 | - |
| Fund balance (deficit), end of year | \$ 4,266,345 | \$ 1,421,004 | \$ (3,571,263) | \$ (4,992,267) |

CITY OF DEL MAR

AGENCY FUNDS

JUNE 30, 2017

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

The City of Del Mar has the following Agency Funds:

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

CITY OF DEL MAR

AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2017

| | Stratford and Luneta Undergrounding Assessment District 1989-01 | Seawall Refinance Assessment District 1999-01 | Ocean View/Pines Assessment District 2005-01 |
|----------------------|---|--|---|
| ASSETS | | | |
| Accounts receivable | \$ 185 | \$ 339 | \$ 164 |
| Restricted assets: | | | |
| Cash and investments | <u>98,401</u> | <u>180,691</u> | <u>87,485</u> |
| Total assets | <u><u>\$ 98,586</u></u> | <u><u>\$ 181,030</u></u> | <u><u>\$ 87,649</u></u> |
| LIABILITIES | | | |
| Due to bond holders | <u>\$ 98,586</u> | <u>\$ 181,030</u> | <u>\$ 87,649</u> |
| Total liabilities | <u><u>\$ 98,586</u></u> | <u><u>\$ 181,030</u></u> | <u><u>\$ 87,649</u></u> |

| North Hills Undergrounding Assessment District 2007-01 | Sunset Undergrounding Assessment District 2007-02 | Total |
|---|--|--------------------------|
| \$ 37,130 | \$ 18 | \$ 37,836 |
| - | 9,666 | 376,243 |
| <u>\$ 37,130</u> | <u>\$ 9,684</u> | <u>\$ 414,079</u> |
| <u>\$ 37,130</u> | <u>\$ 9,684</u> | <u>\$ 414,079</u> |
| <u><u>\$ 37,130</u></u> | <u><u>\$ 9,684</u></u> | <u><u>\$ 414,079</u></u> |

CITY OF DEL MAR

AGENCY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

| | Balance June 30, 2016 | Additions | Deductions | Balance June 30, 2017 |
|--|--------------------------|-------------------|---------------------|--------------------------|
| <u>Stratford and Luneta Undergrounding</u> | | | | |
| <u>Assessment District 1989-01</u> | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 98 | \$ 185 | \$ (98) | \$ 185 |
| Restricted assets: | | | | |
| Cash and investments | 97,876 | 1,872 | (1,347) | 98,401 |
| Total assets | <u>\$ 97,974</u> | <u>\$ 2,057</u> | <u>\$ (1,445)</u> | <u>\$ 98,586</u> |
| LIABILITIES | | | | |
| Due to bond holders | \$ 97,974 | \$ 2,057 | \$ (1,445) | \$ 98,586 |
| Total liabilities | <u>\$ 97,974</u> | <u>\$ 2,057</u> | <u>\$ (1,445)</u> | <u>\$ 98,586</u> |
| <u>Seawall Refinance Assessment District 1999-01</u> | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 199 | \$ 339 | \$ (199) | \$ 339 |
| Restricted assets: | | | | |
| Cash and investments | 199,020 | 186,137 | (204,466) | 180,691 |
| Total assets | <u>\$ 199,219</u> | <u>\$ 186,476</u> | <u>\$ (204,665)</u> | <u>\$ 181,030</u> |
| LIABILITES | | | | |
| Due to bond holders | \$ 199,219 | \$ 186,476 | \$ (204,665) | \$ 181,030 |
| Total liabilities | <u>\$ 199,219</u> | <u>\$ 186,476</u> | <u>\$ (204,665)</u> | <u>\$ 181,030</u> |
| <u>Ocean View/Pines Assessment District 2005-01</u> | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 92 | \$ 164 | \$ (92) | 164 |
| Restricted assets: | | | | |
| Cash and investments | 91,701 | 54,730 | (58,946) | 87,485 |
| Total assets | <u>\$ 91,793</u> | <u>\$ 54,894</u> | <u>\$ (59,038)</u> | <u>\$ 87,649</u> |
| LIABILITIES | | | | |
| Due to bond holders | \$ 91,793 | \$ 54,894 | \$ (59,038) | \$ 87,649 |
| Total liabilities | <u>\$ 91,793</u> | <u>\$ 54,894</u> | <u>\$ (59,038)</u> | <u>\$ 87,649</u> |

CITY OF DEL MAR

AGENCY FUNDS, (CONTINUED)
 STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017

| | Balance June 30, 2016 | Additions | Deductions | Balance June 30, 2017 |
|--|--------------------------|-------------------|---------------------|--------------------------|
| <u>North Hills Undergrounding</u> | | | | |
| <u>Assessment District 2007-01</u> | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 37,130 | \$ - | \$ - | \$ 37,130 |
| Restricted assets: | | | | |
| Cash and investments | - | 37,130 | (37,130) | - |
| Total assets | <u>\$ 37,130</u> | <u>\$ 37,130</u> | <u>\$ (37,130)</u> | <u>\$ 37,130</u> |
| LIABILITIES | | | | |
| Due to bond holders | <u>\$ 37,130</u> | <u>\$ 37,130</u> | <u>\$ (37,130)</u> | <u>\$ 37,130</u> |
| Total liabilities | <u>\$ 37,130</u> | <u>\$ 37,130</u> | <u>\$ (37,130)</u> | <u>\$ 37,130</u> |
| <u>Sunset Undergrounding Assessment District 2007-02</u> | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 10 | \$ 18 | \$ (10) | \$ 18 |
| Restricted assets: | | | | |
| Cash and investments | 9,611 | 171 | (116) | 9,666 |
| Total assets | <u>\$ 9,621</u> | <u>\$ 189</u> | <u>\$ (126)</u> | <u>\$ 9,684</u> |
| LIABILITIES | | | | |
| Due to bond holders | <u>\$ 9,621</u> | <u>\$ 189</u> | <u>\$ (126)</u> | <u>\$ 9,684</u> |
| Total liabilities | <u>\$ 9,621</u> | <u>\$ 189</u> | <u>\$ (126)</u> | <u>\$ 9,684</u> |
| <u>Total Agency Funds</u> | | | | |
| ASSETS | | | | |
| Accounts receivable | \$ 37,529 | \$ 706 | \$ (399) | \$ 37,836 |
| Restricted assets: | | | | |
| Cash and investments | 398,208 | 280,040 | (302,005) | 376,243 |
| Total assets | <u>\$ 435,737</u> | <u>\$ 280,746</u> | <u>\$ (302,404)</u> | <u>\$ 414,079</u> |
| LIABILITIES | | | | |
| Due to bond holders | <u>\$ 435,737</u> | <u>\$ 280,746</u> | <u>\$ (302,404)</u> | <u>\$ 414,079</u> |
| Total liabilities | <u>\$ 435,737</u> | <u>\$ 280,746</u> | <u>\$ (302,404)</u> | <u>\$ 414,079</u> |

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CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2016-2017



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

| Contents | Page |
|--|-------------|
| Financial Trends | |
| These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective. | 100 |
| Revenue Capacity | |
| These tables contain information that may help in assessing the viability of the City's most significant revenue sources - property taxes, transient occupancy tax (TOT), and sales and use tax. | 112 |
| Debt Capacity | |
| These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 126 |
| Demographic and Economic Information | |
| These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 132 |
| Operating Information | |
| These tables contain service and infrastructure indicators that may inform one's understanding on how the information in the City's financial statements relate to the services that the City provides and the activities it performs. | 135 |

City of Del Mar

Net Position by Component ⁽¹⁾

Last Ten Fiscal Years Ended June 30, 2017

(Accrual basis of accounting)

| | Fiscal Year | | | | |
|---|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2007-2008 | 2008-2009 ⁽²⁾ | 2009-2010 | 2010-2011 | 2011-2012 |
| Governmental Activities | | | | | |
| Net investment in capital assets | \$ 32,141,682 | \$ 29,850,840 | \$ 30,313,422 | \$ 37,944,461 | \$ 47,943,072 |
| Restricted | 1,035,026 | 1,693,192 | 1,371,099 | 2,968,749 | 2,143,980 |
| Unrestricted | 482,410 | 3,731,430 | 3,997,451 | 4,573,211 | 5,025,740 |
| Total governmental activities net position | <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> |
| Business-type Activities | | | | | |
| Net investment in capital assets | \$ 18,768,065 | \$ 19,924,858 | \$ 19,503,704 | \$ 20,873,821 | \$ 19,876,130 |
| Restricted | 700,635 | - | - | - | - |
| Unrestricted | 3,037,145 | 2,976,453 | 3,823,049 | 2,623,531 | 3,845,994 |
| Total business-type activities net position | <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> |
| Primary Government | | | | | |
| Net investment in capital assets | \$ 51,610,382 | \$ 49,775,698 | \$ 49,817,126 | \$ 58,818,282 | \$ 67,819,202 |
| Restricted | 792,800 | 1,693,192 | 1,371,099 | 2,968,749 | 2,143,980 |
| Unrestricted | 3,761,781 | 6,707,883 | 7,820,500 | 7,196,742 | 8,871,734 |
| Total primary government net position | <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> |

Notes:

- (1) the financial statements: investment in capital assets, net of related debt, restricted, and unrestricted.
 The net position is considered restricted only when -
 - (a) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or
 - (b) enabling legislation is enacted by the City.
- (2) Fiscal Year 2008-2009 amounts were restated to record the write down of land in business-type activities.
- (3) CalPERS side fund, and to remove unamortized bond issuance costs for the implementation of GASB Statement 65.
- (4) Fiscal Year 2013-2014 amounts were restated to measure and recognize pension liabilities for the implementation of GASB 68 and GASB 71.

Source: City of Del Mar, Finance Department

| Fiscal Year | | | | |
|--------------------------|--------------------------|----------------------|----------------------|----------------------|
| 2012-2013 ⁽³⁾ | 2013-2014 ⁽⁴⁾ | 2014-2015 | 2015-2016 | 2016-2017 |
| \$ 55,606,641 | \$ 59,605,566 | \$ 59,266,263 | \$ 63,917,170 | \$ 70,677,865 |
| 965,813 | 980,148 | 795,930 | 706,189 | 779,035 |
| 4,743,258 | 217,804 | 3,680,641 | 3,657,031 | (1,945,483) |
| <u>\$ 61,315,712</u> | <u>\$ 60,803,518</u> | <u>\$ 63,742,834</u> | <u>\$ 68,280,390</u> | <u>\$ 69,511,417</u> |
| \$ 20,592,138 | \$ 18,867,190 | \$ 19,468,010 | \$ 21,145,247 | \$ 21,782,050 |
| - | - | - | - | - |
| 2,697,664 | 2,730,948 | 2,532,915 | 1,565,516 | 1,425,671 |
| <u>\$ 23,289,802</u> | <u>\$ 21,598,138</u> | <u>\$ 22,000,925</u> | <u>\$ 22,710,763</u> | <u>\$ 23,207,721</u> |
| \$ 76,198,779 | \$ 78,472,756 | \$ 78,734,273 | \$ 85,062,417 | \$ 92,459,915 |
| 965,813 | 980,148 | 795,930 | 706,189 | 779,035 |
| 7,440,922 | 2,948,752 | 6,213,556 | 5,222,547 | (519,812) |
| <u>\$ 84,605,514</u> | <u>\$ 82,401,656</u> | <u>\$ 85,743,759</u> | <u>\$ 90,991,153</u> | <u>\$ 92,719,138</u> |

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

| | Fiscal Year | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 |
| Expenses | | | | | |
| Governmental Activities | | | | | |
| General government | \$ 4,359,318 | \$ 4,386,669 | \$ 4,313,697 | \$ 4,124,385 | \$ 4,817,999 |
| Public safety | 4,807,256 | 5,080,611 | 5,115,313 | 5,050,517 | 5,365,983 |
| Public works | 972,444 | 934,974 | 1,511,201 | 1,057,431 | 491,439 |
| Parks and recreation | 662,959 | 672,742 | 686,835 | 692,531 | 732,882 |
| Community services | 1,079 | - | - | - | - |
| Interest on long-term debt | 139,679 | 119,312 | 128,910 | 51,070 | 22,603 |
| Total governmental activities expenses | <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> |
| Business-type Activities | | | | | |
| Water | 2,007,296 | 2,113,510 | 2,323,776 | 2,396,157 | 2,544,512 |
| Wastewater | 2,173,470 | 2,236,764 | 2,299,233 | 2,453,005 | 2,608,785 |
| Clean water | 530,166 | 439,010 | 429,372 | 370,017 | 416,849 |
| Total business-type activities expenses | <u>4,710,932</u> | <u>4,789,284</u> | <u>5,052,381</u> | <u>5,219,179</u> | <u>5,570,146</u> |
| Total primary government expenses | <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> |
| Program Revenues | | | | | |
| Governmental Activities | | | | | |
| Charges for services: | | | | | |
| General government | \$ 1,614,329 | \$ 920,795 | \$ 1,017,198 | \$ 1,308,618 | \$ 1,112,124 |
| Public safety | 233,027 | 1,172,189 | 1,268,801 | 1,466,187 | 1,382,429 |
| Public works | - | 14,000 | - | - | - |
| Parks and recreation | 498,075 | 406,236 | 404,801 | 392,672 | 466,632 |
| Operating grants and contributions | 611,539 | 323,436 | 343,777 | 454,648 | 282,071 |
| Capital grants and contributions | 7,677,470 | 1,762,742 | 703,612 | 4,194,853 | 8,474,616 |
| Total governmental activities program revenues | <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> |
| Business-type Activities | | | | | |
| Charges for services: | | | | | |
| Water | 2,357,075 | 2,344,156 | 2,234,510 | 2,277,701 | 2,477,171 |
| Wastewater | 2,417,053 | 2,345,933 | 2,584,404 | 2,622,453 | 2,874,751 |
| Clean water | 258,538 | 306,266 | 383,946 | 380,080 | 382,709 |
| Capital grants and contributions | - | - | - | 5,000 | 5,000 |
| Total business-type activities program revenues | <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> |
| Total primary government revenues | <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> |
| Net revenues/(expenses): ⁽¹⁾ | | | | | |
| Governmental activities | \$ (308,295) | \$ (6,594,910) | \$ (8,017,767) | \$ (3,158,956) | \$ 286,966 |
| Business-type activities | 321,734 | 207,071 | 150,479 | 66,055 | 169,485 |
| Total net revenues/(expenses) | <u>\$ 13,439</u> | <u>\$ (6,387,839)</u> | <u>\$ (7,867,288)</u> | <u>\$ (3,092,901)</u> | <u>\$ 456,451</u> |
| General Revenue and Other Changes in Net Position | | | | | |
| Governmental activities | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 4,032,639 | \$ 4,215,519 | \$ 4,433,968 | \$ 4,510,439 | \$ 4,647,145 |
| Sales and use tax | 1,408,551 | 1,362,060 | 1,367,739 | 1,551,454 | 1,628,442 |
| Transient occupancy tax | 1,247,227 | 1,418,345 | 1,505,530 | 1,704,696 | 1,805,475 |
| Franchise tax | 362,404 | 375,033 | 342,989 | 402,677 | 421,518 |
| Business license tax | 193,839 | 197,696 | 188,535 | 197,639 | 210,243 |
| Motor vehicle in-lieu tax | - | - | - | - | - |
| Intergovernmental, unrestricted | 276,741 | 211,868 | 163,473 | 140,401 | 117,062 |
| Use of money and property | 884,169 | 260,440 | 199,148 | 123,733 | 83,424 |
| Sale of capital assets | - | - | - | 4,171,104 | 18,811 |
| Other | 360,982 | 341,428 | 271,953 | 171,791 | 424,070 |
| Transfers | (241,453) | (171,135) | (49,063) | (10,530) | (16,785) |
| Total governmental activities | <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> |
| Business-type activities | | | | | |
| Unrestricted investment earnings | 167,396 | 90,967 | 28,378 | 13,762 | 13,260 |
| Other | - | 127,207 | 197,522 | 80,252 | 25,242 |
| Transfers | 241,453 | 171,254 | 49,063 | 10,530 | 16,785 |
| Total business-type activities | <u>408,849</u> | <u>389,428</u> | <u>274,963</u> | <u>104,544</u> | <u>55,287</u> |
| Total primary government | <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> |
| Change in Net Position | | | | | |
| Governmental activities | \$ 8,216,804 | \$ 1,616,344 | \$ 406,510 | \$ 9,804,449 | \$ 9,626,371 |
| Business-type activities | 730,583 | 596,499 | 425,442 | 170,599 | 224,772 |
| Total primary government | <u>\$ 8,947,387</u> | <u>\$ 2,212,843</u> | <u>\$ 831,952</u> | <u>\$ 9,975,048</u> | <u>\$ 9,851,143</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.

Source: City of Del Mar, Finance Department

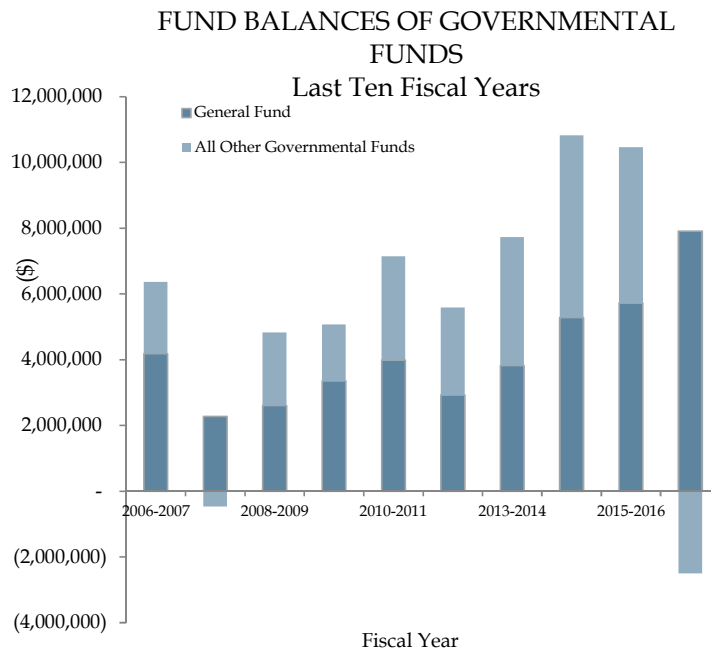
| Fiscal Year | | | | |
|--------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| 2012-2013 ⁽²⁾ | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| \$ 4,577,084 | \$ 4,328,963 | \$ 4,748,943 | \$ 5,362,200 | \$ 6,676,027 |
| 6,463,932 | 5,472,799 | 5,705,795 | 5,716,667 | 6,676,661 |
| 923,784 | 943,013 | 1,649,191 | 1,410,511 | 1,892,772 |
| 776,639 | 839,063 | 835,545 | 936,586 | 951,289 |
| - | - | - | - | - |
| 15,813 | 8,438 | 158,679 | 155,143 | 719,263 |
| <u>12,757,252</u> | <u>11,592,276</u> | <u>13,098,153</u> | <u>13,581,107</u> | <u>16,916,012</u> |
| 2,759,682 | 2,964,821 | 3,165,994 | 3,072,195 | 3,286,281 |
| 2,786,105 | 2,759,107 | 2,965,384 | 2,500,851 | 2,530,107 |
| 425,569 | 411,143 | 439,752 | 464,373 | 532,792 |
| 5,971,356 | 6,135,071 | 6,571,130 | 6,037,419 | 6,349,180 |
| <u>\$ 18,728,608</u> | <u>\$ 17,727,347</u> | <u>\$ 19,669,283</u> | <u>\$ 19,618,526</u> | <u>\$ 23,265,192</u> |
| \$ 1,117,178 | \$ 1,388,029 | \$ 1,646,441 | \$ 1,547,069 | \$ 1,735,309 |
| 1,312,948 | 1,318,815 | 1,457,029 | 1,382,501 | 1,405,751 |
| 2,165 | 2,209 | - | - | - |
| 414,556 | 443,169 | 410,206 | 383,027 | 378,446 |
| 277,781 | 311,393 | 285,416 | 231,257 | 522,338 |
| 7,358,463 | 3,874,226 | 951,754 | 1,802,911 | 885,773 |
| <u>10,483,091</u> | <u>7,337,841</u> | <u>4,750,846</u> | <u>5,346,765</u> | <u>4,927,617</u> |
| 2,711,877 | 2,861,908 | 2,822,138 | 2,745,721 | 3,085,668 |
| 2,998,521 | 3,048,006 | 3,675,632 | 3,486,362 | 3,283,228 |
| 404,313 | 395,404 | 408,037 | 420,388 | 476,980 |
| - | 5,000 | 5,000 | 5,000 | 5,000 |
| <u>6,114,711</u> | <u>6,310,318</u> | <u>6,910,807</u> | <u>6,657,471</u> | <u>6,850,876</u> |
| <u>\$ 16,597,802</u> | <u>\$ 13,648,159</u> | <u>\$ 11,661,653</u> | <u>\$ 12,004,236</u> | <u>\$ 11,778,493</u> |
| \$ (2,274,161) | \$ (4,254,435) | \$ (8,347,307) | \$ (8,234,342) | \$ (11,988,395) |
| 143,355 | 175,247 | 339,677 | 620,052 | 501,696 |
| <u>\$ (2,130,806)</u> | <u>\$ (4,079,188)</u> | <u>\$ (8,007,630)</u> | <u>\$ (7,614,290)</u> | <u>\$ (11,486,699)</u> |
| \$ 4,971,265 | \$ 5,329,825 | \$ 5,291,352 | \$ 5,640,285 | \$ 6,752,952 |
| 1,674,709 | 1,700,688 | 1,998,279 | 2,332,522 | 2,227,309 |
| 1,939,699 | 2,101,634 | 2,444,275 | 2,617,866 | 2,697,297 |
| 384,220 | 373,589 | 367,471 | 369,524 | 459,271 |
| 191,786 | 191,734 | 208,898 | 226,508 | 240,103 |
| - | - | - | - | - |
| 205,319 | 209,226 | 278,081 | 182,140 | 133,399 |
| 161,140 | 190,457 | 239,734 | 298,974 | 245,548 |
| - | - | - | 108,023 | - |
| 412,954 | 228,085 | 493,914 | 1,050,341 | 437,304 |
| (108,563) | (19,615) | (35,381) | (54,285) | 26,239 |
| <u>9,832,529</u> | <u>10,305,623</u> | <u>11,286,623</u> | <u>12,771,898</u> | <u>13,219,422</u> |
| 24,395 | 5,591 | 27,729 | 35,501 | 21,501 |
| 26,060 | - | - | - | - |
| 108,563 | 19,615 | 35,381 | 54,285 | (26,239) |
| <u>159,017</u> | <u>25,206</u> | <u>63,110</u> | <u>89,786</u> | <u>(4,738)</u> |
| <u>\$ 9,991,546</u> | <u>\$ 10,330,829</u> | <u>\$ 11,349,733</u> | <u>\$ 12,861,684</u> | <u>\$ 13,214,684</u> |
| \$ 7,558,368 | \$ 6,051,188 | \$ 2,939,316 | \$ 4,537,556 | \$ 1,231,027 |
| 323,493 | 200,453 | 402,787 | 709,838 | 496,958 |
| <u>\$ 7,881,861</u> | <u>\$ 6,251,641</u> | <u>\$ 3,342,103</u> | <u>\$ 5,247,394</u> | <u>\$ 1,727,985</u> |

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

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

| | Fiscal Year | | | | |
|------------------------------------|---------------------|---------------------|---------------------|--------------------------|---------------------|
| | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 ⁽¹⁾ | 2011-2012 |
| General Fund | | | | | |
| Reserved | \$ 84,451 | \$ 30,334 | \$ 36,396 | \$ - | \$ - |
| Unreserved | 2,190,405 | 2,572,399 | 3,320,829 | - | - |
| Nonspendable | - | - | - | - | 525,151 |
| Assigned | - | - | - | 1,681,273 | 1,470,192 |
| Unassigned | - | - | - | 2,305,009 | 2,384,635 |
| Total general fund | <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> |
| All Other Governmental Funds | | | | | |
| Reserved | \$ 2,623,549 | \$ 1,482,888 | \$ 963,355 | \$ - | \$ - |
| Unreserved, reported in: | | | | | |
| Special revenue funds | - | 67,058 | 342,232 | - | - |
| Debt service funds | - | - | - | - | - |
| Capital projects fund | (3,084,510) | 683,550 | 409,384 | - | - |
| Restricted | - | - | - | 976,173 | 976,276 |
| Committed | - | - | - | 190,215 | 181,806 |
| Assigned | - | - | - | 1,992,576 | 1,180,204 |
| Total all other governmental funds | <u>\$ (460,961)</u> | <u>\$ 2,233,496</u> | <u>\$ 1,714,971</u> | <u>\$ 3,158,964</u> | <u>\$ 2,338,286</u> |

Source: City of Del Mar, Finance Department



(Concluded)

| Fiscal Year | | | | |
|---------------------|---------------------|---------------------|---------------------|-----------------------|
| 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | 23,338 |
| 1,475,704 | 1,471,791 | 1,471,791 | 1,530,159 | 2,233,502 |
| 1,446,003 | 2,345,865 | 3,806,755 | 4,192,011 | 5,647,975 |
| <u>\$ 2,921,707</u> | <u>\$ 3,817,656</u> | <u>\$ 5,278,546</u> | <u>\$ 5,722,170</u> | <u>\$ 7,904,815</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| - | - | - | - | - |
| 965,812 | 980,148 | 795,930 | 706,189 | 779,035 |
| 167,503 | 207,819 | 299,415 | 302,160 | 299,688 |
| 1,535,486 | 2,729,399 | 4,451,680 | 3,737,345 | (3,571,263) |
| <u>\$ 2,668,801</u> | <u>\$ 3,917,366</u> | <u>\$ 5,547,025</u> | <u>\$ 4,745,694</u> | <u>\$ (2,492,540)</u> |

Note:

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

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

| | Fiscal Year | | | | |
|---|-----------------------|---------------------|-------------------|------------------------------|---------------------|
| | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 |
| Revenues: | | | | | |
| Taxes | \$ 7,350,716 | \$ 7,676,829 | \$ 7,937,072 | \$ 8,521,081 | \$ 8,858,700 |
| Licenses and permits | 1,288,712 | 1,005,220 | 916,254 | 1,185,430 | 1,047,420 |
| Intergovernmental | 2,176,880 | 2,230,841 | 1,022,692 | 4,470,137 | 8,077,378 |
| Charges for services | 777,891 | 794,002 | 992,813 | 1,091,028 | 1,098,148 |
| Fines and forfeitures | 860,395 | 761,014 | 781,733 | 891,019 | 815,617 |
| Use of money and property | 426,807 | 225,747 | 188,513 | 117,942 | 79,311 |
| Contributions | 5,703,470 | 325,389 | 108,559 | 181,627 | 657,875 |
| Other revenues | 91,668 | 358,876 | 253,253 | 153,538 | 416,689 |
| Total revenues | <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> |
| Expenditures: | | | | | |
| General government | 4,363,308 | 4,376,664 | 4,158,473 | 4,134,195 | 4,848,423 |
| Public safety | 4,846,456 | 5,068,992 | 4,994,026 | 5,105,353 | 5,380,136 |
| Public works | 528,086 | 475,670 | 557,557 | 530,892 | 544,546 |
| Parks and recreation | 654,005 | 671,207 | 670,548 | 700,050 | 734,815 |
| Capital outlays | 12,130,994 | 2,807,876 | 1,039,393 | 4,526,067 | 9,796,937 |
| Debt service: | | | | | |
| Principal | 339,749 | 435,778 | 363,293 | 3,637,212 | 150,000 |
| Interest and fiscal charges | 128,514 | 111,144 | 132,569 | 67,774 | 25,290 |
| Cost of issuance | - | - | - | - | - |
| Total expenditures | <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> |
| Excess of revenues over (under) expenditures | <u>(4,314,573)</u> | <u>(569,413)</u> | <u>285,030</u> | <u>(2,089,741)</u> | <u>(429,009)</u> |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from capital lease | - | - | - | - | - |
| Issuance of debt | - | 3,763,000 | - | - | - |
| Sale of capital assets | - | - | - | 4,171,104 | 18,811 |
| Transfers-in | 2,706,687 | 1,287,803 | 584,915 | 5,695,089 | 1,183,682 |
| Transfers-out | (2,948,140) | (1,459,056) | (633,978) | (5,703,402) | (1,200,466) |
| Total other financing sources (uses) | <u>(241,453)</u> | <u>3,591,747</u> | <u>(49,063)</u> | <u>4,162,791</u> | <u>2,027</u> |
| Net change in fund balances | <u>\$ (4,556,026)</u> | <u>\$ 3,022,334</u> | <u>\$ 235,967</u> | <u>\$ 2,073,050</u> | <u>\$ (426,982)</u> |
| Debt service as a percentage of noncapital expenditures | <u>4.31%</u> | <u>4.91%</u> | <u>4.56%</u> | <u>26.14% ⁽¹⁾</u> | <u>1.50%</u> |

Note:

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

Source: City of Del Mar, Finance Department

(Concluded)

| Fiscal Year | | | | |
|----------------------|--------------|---------------|---------------|----------------|
| 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| \$ 9,284,503 | \$ 9,865,474 | \$ 10,469,129 | \$ 11,291,573 | \$ 12,483,838 |
| 1,036,973 | 1,320,317 | 1,432,809 | 1,313,261 | 1,473,672 |
| 7,638,143 | 4,165,489 | 1,167,061 | 2,049,910 | 640,435 |
| 1,190,559 | 1,296,138 | 1,447,608 | 1,471,767 | 1,537,125 |
| 669,665 | 586,367 | 633,259 | 579,364 | 561,080 |
| 154,539 | 190,457 | 239,733 | 298,973 | 245,548 |
| 36,921 | 17,368 | 26,100 | 13,612 | 77,464 |
| 411,397 | 221,469 | 657,152 | 1,046,464 | 1,101,638 |
| 20,422,700 | 17,663,079 | 16,072,851 | 18,064,924 | 18,120,800 |
| 5,903,824 | 4,326,650 | 4,465,857 | 5,055,390 | 6,212,785 |
| 6,457,063 | 5,442,607 | 5,707,066 | 5,769,859 | 6,411,309 |
| 767,200 | 486,619 | 565,436 | 589,870 | 646,739 |
| 775,814 | 809,797 | 796,933 | 907,484 | 910,515 |
| 7,664,337 | 4,960,745 | 2,652,017 | 6,620,181 | 11,952,324 |
| 155,000 | 165,000 | 886,500 | 50,000 | 88,352 |
| 18,655 | 11,532 | 158,718 | 155,143 | 506,960 |
| - | - | - | - | 161,610 |
| 21,741,893 | 16,202,950 | 15,232,527 | 19,147,927 | 26,890,594 |
| (1,319,193) | 1,460,129 | 840,324 | (1,083,003) | (8,769,794) |
| - | - | - | 157,431 | - |
| - | 704,000 | 2,285,606 | 622,150 | 3,687,966 |
| - | - | - | - | - |
| 1,779,347 | 2,180,793 | 2,739,389 | 3,642,313 | 2,156,104 |
| (1,587,910) | (2,200,408) | (2,774,770) | (3,696,598) | (2,129,865) |
| 191,437 | 684,385 | 2,250,225 | 725,296 | 3,714,205 |
| \$ (1,127,756) | \$ 2,144,514 | \$ 3,090,549 | \$ (357,707) | \$ (5,055,589) |
| 1.27% ⁽²⁾ | 1.58% | 8.33% | 1.65% | 3.99% |

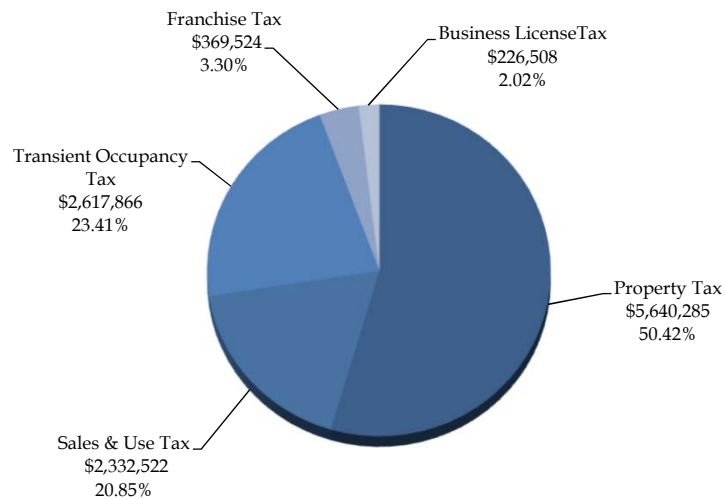
City of Del Mar
Governmental Activities Tax Revenues By Sources
Last Ten Fiscal Years

| Fiscal Year | Property Taxes (1) | Sales & Use Tax (2) | Transient Occupancy Tax | Franchise Tax | Business License Tax | Total |
|----------------------------|---------------------------|--------------------------------|--------------------------------|----------------------|-----------------------------|---------------|
| 2016-2017 | \$ 6,752,952 | \$ 2,227,309 | \$ 2,697,297 | \$ 459,271 | \$ 240,103 | \$ 12,376,932 |
| 2015-2016 | 5,640,285 | 2,332,522 | 2,617,866 | 369,524 | 226,508 | 11,186,705 |
| 2014-2015 | 5,291,352 | 1,998,279 | 2,444,275 | 367,471 | 208,898 | 10,310,275 |
| 2013-2014 | 5,329,825 | 1,700,688 | 2,101,634 | 373,589 | 191,734 | 9,697,470 |
| 2012-2013 | 4,971,265 | 1,674,709 | 1,939,699 | 384,220 | 191,786 | 9,161,679 |
| 2011-2012 | 4,647,145 | 1,628,442 | 1,805,475 | 421,518 | 210,243 | 8,712,823 |
| 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 |
| Change from Base Year 2008 | <u>77.85%</u> | <u>58.13%</u> | <u>116.26%</u> | <u>26.73%</u> | <u>23.87%</u> | <u>76.59%</u> |

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, 2017



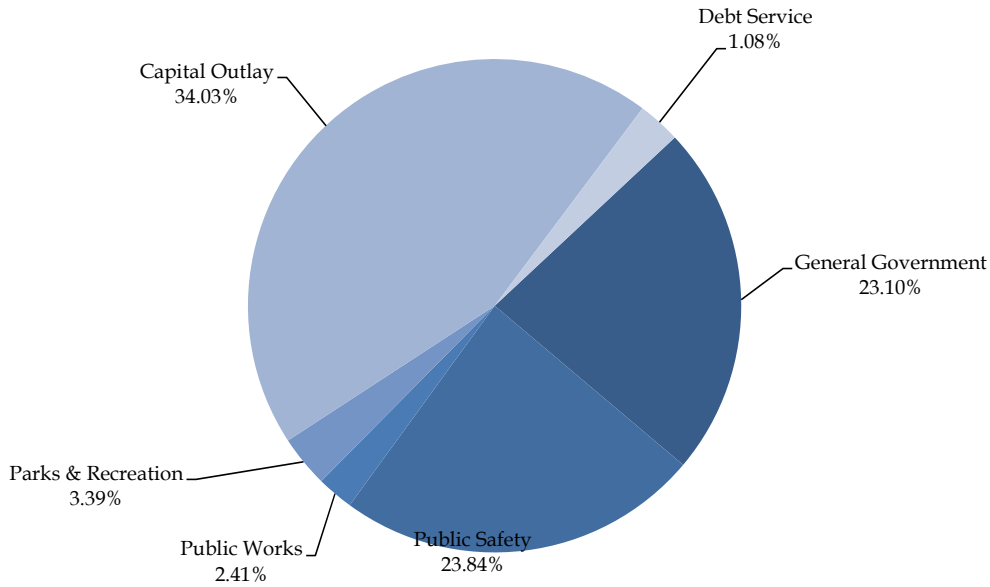
Source: City of Del Mar, Finance Department

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City of Del Mar
General Governmental Expenditures By Function ⁽¹⁾
Last Ten Fiscal Years

| Fiscal Year | General Government | Public Safety | Public Works |
|--------------------|---------------------------|----------------------|---------------------|
| 2016-2017 | \$ 6,212,785 | \$ 6,411,309 | \$ 646,739 |
| 2015-2016 | 5,055,390 | 5,769,859 | 589,870 |
| 2014-2015 | 4,465,857 | 5,707,066 | 565,436 |
| 2013-2014 | 4,326,650 | 5,442,607 | 486,619 |
| 2012-2013 | 5,903,824 | 6,457,063 | 767,200 |
| 2011-2012 | 4,848,423 | 5,380,136 | 544,546 |
| 2010-2011 | 4,134,195 | 5,105,353 | 530,892 |
| 2009-2010 | 4,158,473 | 4,994,026 | 557,557 |
| 2008-2009 | 4,376,664 | 5,068,992 | 475,670 |
| 2007-2008 | 4,363,308 | 4,846,456 | 528,086 |

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
Fiscal Year Ended June 30, 2017



Notes:

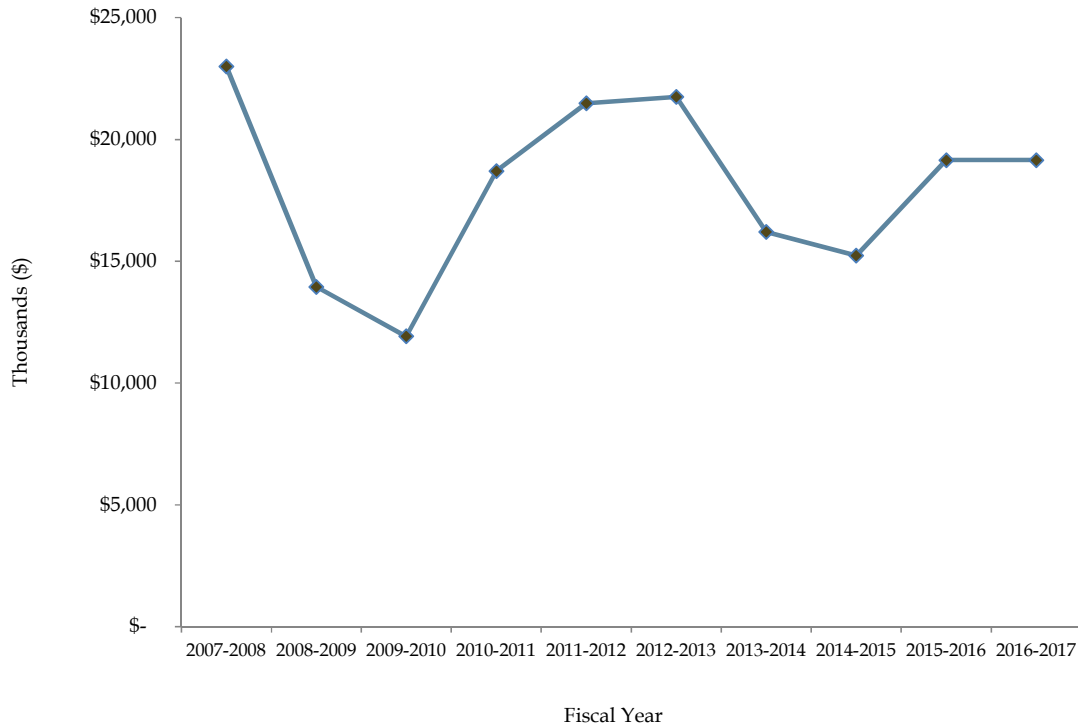
- (1) These amounts include all governmental fund types and exclude other financing sources (uses).
- (2) These amounts include lease and bond payments toward debt service.

Source: City of Del Mar, Finance Department

(Concluded)

| | Parks and Recreation | Capital Outlay | Debt Service ⁽²⁾ | Total |
|----|-------------------------------------|---------------------------|--|---------------|
| \$ | 910,515 | \$ 11,952,324 | \$ 756,922 | \$ 26,890,594 |
| | 907,484 | 6,620,181 | 205,143 | 19,147,927 |
| | 796,933 | 2,652,017 | 1,045,218 | 15,232,527 |
| | 809,797 | 4,960,745 | 176,532 | 16,202,950 |
| | 775,814 | 7,664,337 | 173,655 | 21,741,893 |
| | 734,815 | 9,796,937 | 175,290 | 21,480,147 |
| | 700,050 | 4,526,067 | 3,704,986 | 18,701,543 |
| | 670,548 | 1,039,393 | 495,862 | 11,915,859 |
| | 671,207 | 2,807,876 | 546,922 | 13,947,331 |
| | 654,005 | 12,130,994 | 468,263 | 22,991,112 |

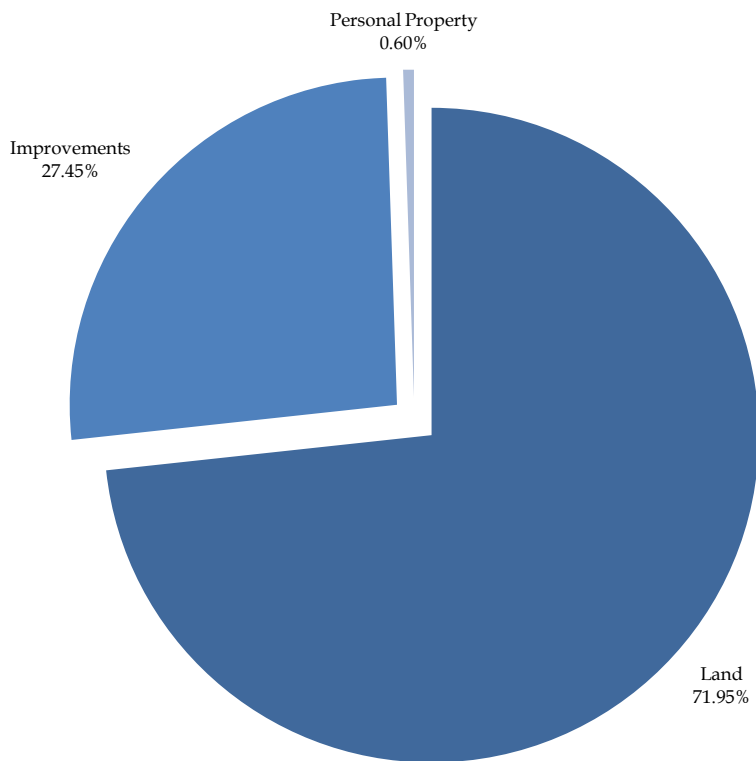
**TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years**



City of Del Mar
Assessed Valuation ⁽¹⁾ 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 |
| 2016-2017 | \$ - | \$ - | \$ - | \$ - | \$ 2,491,586,010 | \$ 882,844,518 | \$ 2,419,711 | \$ 3,376,850,239 |
| 2015-2016 | - | - | - | - | 2,311,411,842 | 845,516,967 | 2,516,792 | 3,159,445,601 |
| 2014-2015 | - | - | - | - | 2,156,012,588 | 811,418,979 | - | 2,967,431,567 |
| 2013-2014 | - | - | - | - | 2,070,200,773 | 783,962,779 | - | 2,854,163,552 |
| 2012-2013 | - | - | - | - | 1,954,149,908 | 714,731,656 | 5,494 | 2,668,887,058 |
| 2011-2012 | - | - | - | - | 1,918,194,704 | 683,506,497 | 169,279 | 2,601,870,480 |
| 2010-2011 | - | - | - | - | 1,880,114,480 | 655,122,496 | 206,702 | 2,535,443,678 |
| 2009-2010 | - | - | - | - | 1,806,702,397 | 642,006,171 | 237,875 | 2,448,946,443 |
| 2008-2009 | - | - | - | - | 1,721,203,056 | 596,285,611 | 296,677 | 2,317,785,344 |
| 2007-2008 | - | - | - | - | 1,551,754,556 | 555,166,814 | 281,693 | 2,107,203,063 |

ASSESSED VALUATION BY CATEGORIES
(TOTAL LOCALLY ASSESSED - BEFORE EXEMPTIONS)
Fiscal Year Ended June 30, 2017



In 1978, California voters passed Proposition 13 which set the property tax at a fixed amount of one percent. 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.

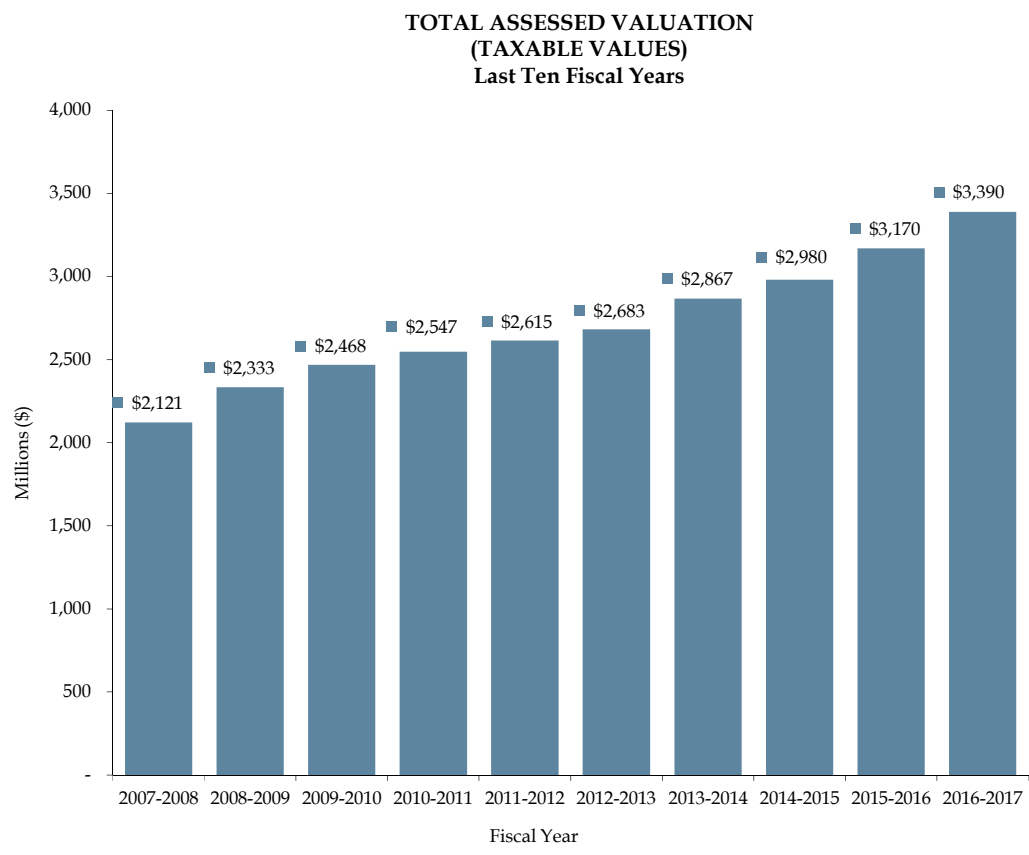
(Continued)

Locally Assessed

| Secured | | | Unsecured | | | | |
|----------------|----------------|------------------|--------------|-------------------|-------------------|------------------|------------------|
| Exemptions | | Total | Improvements | Personal Property | Total | Other Exemptions | Total |
| All Others | Home Owners | After Exemptions | | | Before Exemptions | | After Exemptions |
| \$ (3,423,957) | \$ (6,227,200) | \$ 3,367,199,082 | \$ 6,913,858 | \$ 15,716,066 | \$ 22,629,924 | \$ 167,519 | \$ 22,462,405 |
| (3,374,099) | (6,332,200) | 3,149,739,302 | 6,276,297 | 14,334,541 | 20,610,838 | (247,256) | 20,363,582 |
| (3,310,064) | (6,375,600) | 2,957,745,903 | 5,688,971 | 17,304,718 | 22,993,689 | (289,114) | 22,704,575 |
| (3,312,066) | (6,386,800) | 2,844,464,686 | 5,659,587 | 17,285,563 | 22,945,150 | (340,680) | 22,604,470 |
| (3,246,230) | (6,612,200) | 2,659,028,628 | 6,299,048 | 18,158,999 | 24,458,047 | (341,553) | 24,116,494 |
| (3,182,380) | (6,713,000) | 2,591,975,100 | 5,673,292 | 17,923,916 | 23,597,208 | (301,587) | 23,295,621 |
| (3,386,894) | (6,797,000) | 2,525,259,784 | 5,012,329 | 16,673,086 | 21,685,415 | (48,405) | 21,637,010 |
| (3,392,145) | (6,893,600) | 2,438,660,698 | 5,291,249 | 24,013,350 | 29,304,599 | - | 29,304,599 |
| (3,332,473) | (6,944,000) | 2,307,508,871 | 5,304,498 | 20,310,207 | 25,614,705 | - | 25,614,705 |
| (3,008,202) | (6,958,000) | 2,097,236,861 | 5,096,765 | 18,871,651 | 23,968,416 | - | 23,968,416 |

City of Del Mar
Assessed Valuation ⁽¹⁾ 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 |
| 2016-2017 | 3,399,480,163 | 3,389,661,487 | 6.93% | 1.02625% |
| 2015-2016 | 3,180,056,439 | 3,170,102,884 | 6.36% | 1.02622% |
| 2014-2015 | 2,990,425,256 | 2,980,450,478 | 3.95% | 1.02497% |
| 2013-2014 | 2,877,108,702 | 2,867,069,156 | 6.85% | 1.03296% |
| 2012-2013 | 2,693,345,105 | 2,683,145,122 | 2.60% | 1.01055% |
| 2011-2012 | 2,625,467,688 | 2,615,270,721 | 2.68% | 1.00970% |
| 2010-2011 | 2,557,129,093 | 2,546,896,794 | 3.20% | 1.00925% |
| 2009-2010 | 2,478,251,042 | 2,467,965,297 | 5.78% | 1.01052% |
| 2008-2009 | 2,343,400,049 | 2,333,123,576 | 9.99% | 1.01037% |
| 2007-2008 | 2,131,171,479 | 2,121,205,277 | 7.05% | 1.01497% |



Source: California Municipal Statistics, Inc.

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City of Del Mar
Assessed Value of Property by User Code ⁽¹⁾
Last Ten Fiscal Years

| Category | Fiscal Year | | | | |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 |
| Residential | \$ 2,126,571,875 | \$ 2,252,513,842 | \$ 2,341,247,897 | \$ 2,394,641,412 | \$ 2,455,807,004 |
| Commercial | 178,609,919 | 183,387,390 | 180,733,181 | 193,402,493 | 199,024,611 |
| Industrial | 2,406,337 | 2,454,459 | 2,448,637 | 2,467,068 | 2,516,402 |
| Irrigation farm | - | - | - | - | - |
| Rural land (Non-irrigated) | - | - | - | - | - |
| Institutional | 2,646,759 | 2,699,693 | 2,693,294 | 2,713,573 | 2,767,844 |
| Recreational | 7,181,758 | 7,570,329 | 8,042,055 | 8,412,054 | 8,765,703 |
| Miscellaneous | - | - | - | - | - |
| Total | \$ 2,317,416,648 | \$ 2,448,625,713 | \$ 2,535,165,064 | \$ 2,601,636,600 | \$ 2,668,881,564 |

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.

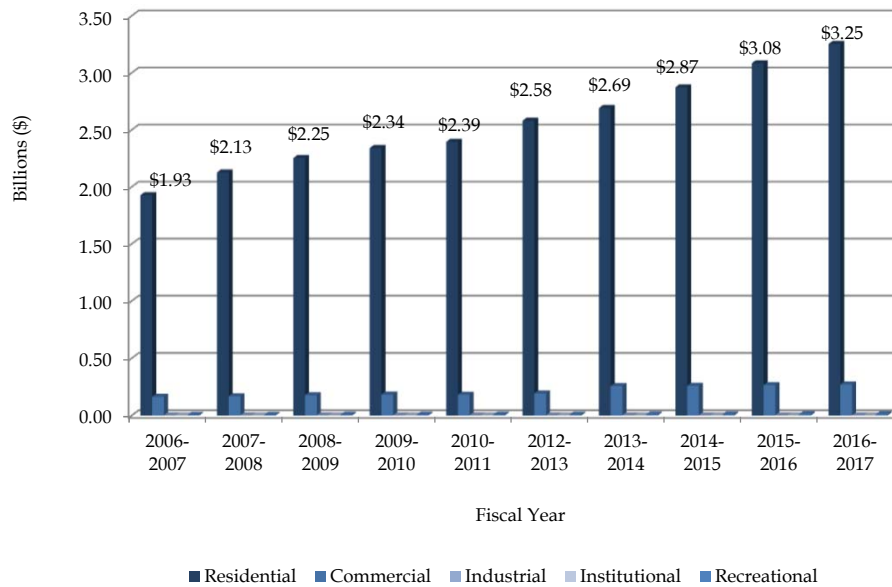
- The amounts represent total assessed value of real property, excluding personal property and fixtures, prior to exemptions.

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

(Concluded)

| Fiscal Year | | | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| \$ 2,580,568,065 | \$ 2,691,922,002 | \$ 2,873,316,023 | \$ 3,084,334,222 | \$ 3,253,273,422 |
| 258,451,071 | 260,013,522 | 265,411,786 | 271,336,627 | 278,157,135 |
| 2,956,947 | 2,970,364 | 3,014,195 | 3,048,474 | 3,199,522 |
| - | - | - | - | - |
| - | - | - | - | - |
| 2,823,200 | 2,836,017 | 2,892,680 | 2,936,793 | 2,995,528 |
| 9,364,269 | 9,689,662 | 11,214,206 | 11,767,616 | 13,338,452 |
| - | - | - | - | - |
| <u>\$ 2,854,163,552</u> | <u>\$ 2,967,431,567</u> | <u>\$ 3,155,848,890</u> | <u>\$ 3,373,423,732</u> | <u>\$ 3,550,964,059</u> |

ASSESSED VALUE - TAXABLE PROPERTY
Last Ten Fiscal Years



City of Del Mar
Estimated Value of Taxable Property ⁽¹⁾
Last Ten Fiscal Years

| Fiscal Year | Residential | | Commercial | | Industrial | |
|-------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|
| | Assessed Value | Number of Parcels | Assessed Value | Number of Parcels | Assessed Value | Number of Parcels |
| 2016-2017 | 3,253,273,422 | 4,200 | 278,157,135 | 101 | 3,199,522 | 8 |
| 2015-2016 | 3,084,334,222 | 4,199 | 271,336,627 | 102 | 3,048,474 | 8 |
| 2014-2015 | 2,873,316,023 | 4,198 | 265,411,786 | 102 | 3,014,195 | 9 |
| 2013-2014 | 2,691,922,002 | 4,199 | 260,013,522 | 102 | 2,970,364 | 9 |
| 2012-2013 | 2,580,568,065 | 4,199 | 258,451,071 | 102 | 2,956,947 | 9 |
| 2011-2012 | 2,455,807,004 | 4,197 | 199,024,611 | 101 | 2,516,402 | 9 |
| 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 |

Notes:

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

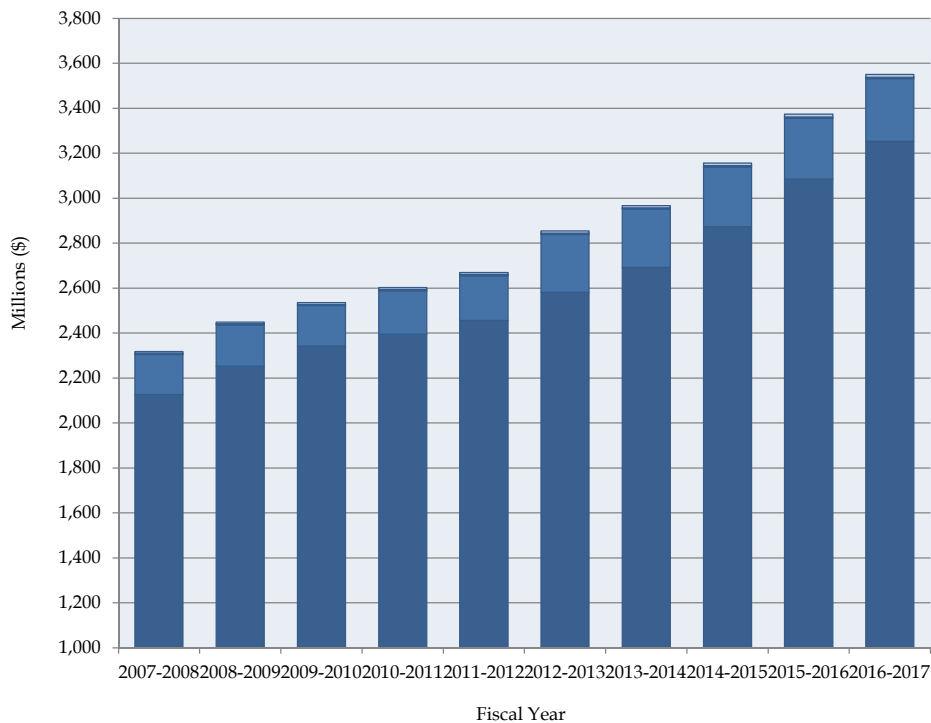
Source:

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

(Concluded)

| Institutional | | Recreational | | Total | | Total Direct |
|----------------|-------------------|----------------|-------------------|----------------|-------------------|------------------|
| Assessed Value | Number of Parcels | Assessed Value | Number of Parcels | Assessed Value | Number of Parcels | Tax Rate (%) (2) |
| 2,995,528 | 1 | 13,338,452 | 346 | 3,550,964,059 | 4,656 | 0.14775 |
| 2,936,793 | 1 | 11,767,616 | 350 | 3,373,423,732 | 4,660 | 0.14775 |
| 2,892,680 | 1 | 11,214,206 | 337 | 3,155,848,890 | 4,647 | 0.14775 |
| 2,836,017 | 1 | 9,689,662 | 234 | 2,967,431,567 | 4,545 | 0.14775 |
| 2,823,200 | 1 | 9,364,269 | 231 | 2,854,163,552 | 4,542 | 0.14775 |
| 2,767,844 | 1 | 8,765,703 | 241 | 2,668,881,564 | 4,549 | 0.14775 |
| 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 |

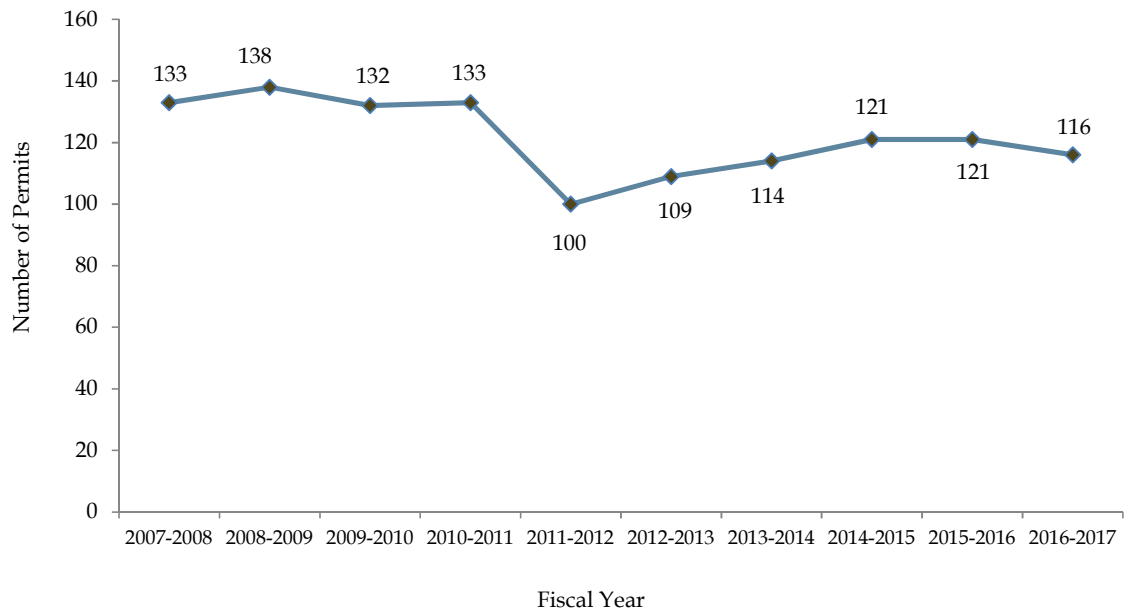
ASSESSED VALUE BY CATEGORY
June 30, 2017



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

| Fiscal Year | Construction ⁽¹⁾ | | | |
|-------------|-----------------------------|---------------|-------------------|---------------|
| | Residential | | Commercial | |
| | Number of Permits | Valuation | Number of Permits | Valuation |
| 2016-2017 | 90 | \$ 13,885,482 | 24 | \$ 13,700,850 |
| 2015-2016 | 75 | 10,798,630 | 17 | 572,000 |
| 2014-2015 | 101 | 12,075,924 | 3 | 338,000 |
| 2013-2014 | 73 | 10,921,237 | 12 | 951,835 |
| 2012-2013 | 64 | 7,771,721 | 11 | 112,926 |
| 2011-2012 | 59 | 6,784,857 | 13 | 2,293,192 |
| 2010-2011 | 61 | 11,634,203 | 17 | 1,556,638 |
| 2009-2010 | 82 | 6,554,248 | 15 | 994,080 |
| 2008-2009 | 76 | 8,937,699 | 22 | 3,040,727 |
| 2007-2008 | 54 | 10,249,217 | 17 | 8,458,120 |

NUMBER OF PERMITS
Last Ten Fiscal Years



Source:

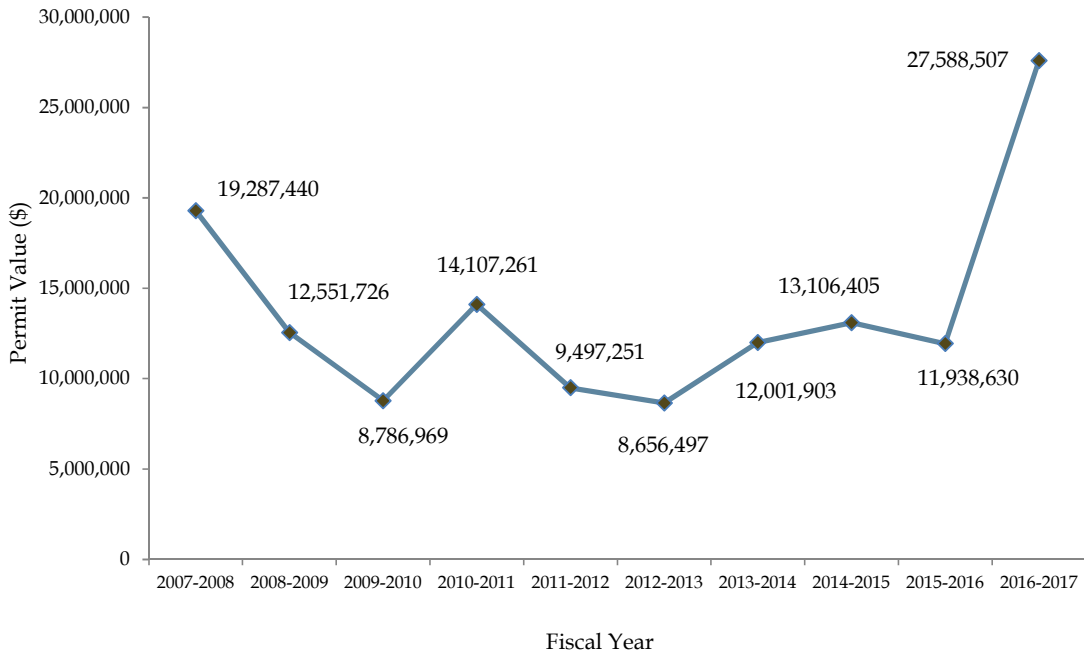
(1)

City of Del Mar, Planning and Community Development Department

(Concluded)

| Construction ⁽¹⁾ | | Total | |
|-----------------------------|-----------|-------------------|---------------|
| Number of Permits | Valuation | Number of Permits | Valuation |
| 2 | \$ 2,175 | 116 | \$ 27,588,507 |
| 29 | 568,000 | 121 | 11,938,630 |
| 17 | 692,481 | 121 | 13,106,405 |
| 29 | 128,831 | 114 | 12,001,903 |
| 34 | 771,850 | 109 | 8,656,497 |
| 28 | 419,202 | 100 | 9,497,251 |
| 55 | 916,420 | 133 | 14,107,261 |
| 35 | 1,238,641 | 132 | 8,786,969 |
| 40 | 573,300 | 138 | 12,551,726 |
| 62 | 580,103 | 133 | 19,287,440 |

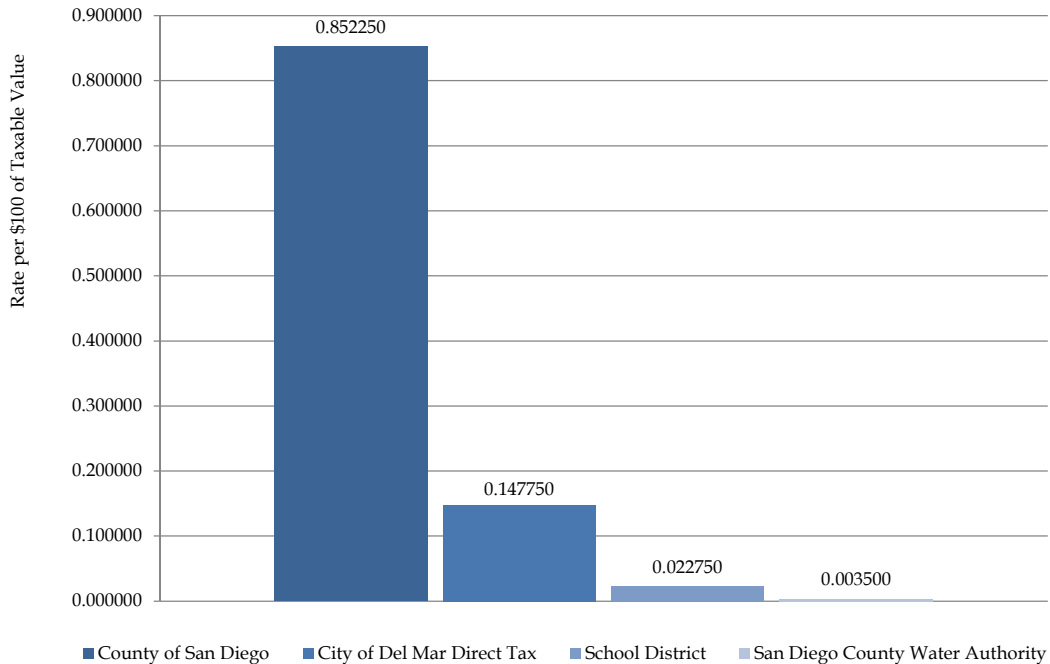
PERMIT VALUATION
Last Ten Fiscal Years



City of Del Mar
Property Tax Rates ⁽¹⁾ - All Overlapping Governments
Last Ten Fiscal Years
(Rate per \$100 of Taxable Value)

| Fiscal Year | County | | | | Special Districts | | | Total |
|-------------|----------------------------|------------------|----------------------------|-------------------|-------------------|--|-------------------------|---------|
| | Total Del Mar Debt Service | San Diego County | City of Del Mar Direct Tax | Total County Base | School District | San Diego County Water Authority (SDCWA) | Total Special Districts | |
| 2016-2017 | - | 0.85225 | 0.14775 | 1.00000 | 0.02275 | 0.00350 | 0.02625 | 1.02625 |
| 2015-2016 | - | 0.85225 | 0.14775 | 1.00000 | 0.02272 | 0.00350 | 0.02622 | 1.02622 |
| 2014-2015 | - | 0.85225 | 0.14775 | 1.00000 | 0.02147 | 0.00350 | 0.02497 | 1.02497 |
| 2013-2014 | 0.00635 | 0.85225 | 0.14775 | 1.00000 | 0.02311 | 0.00350 | 0.02661 | 1.03296 |
| 2012-2013 | 0.00705 | 0.85225 | 0.14775 | 1.00000 | - | 0.00350 | 0.00350 | 1.01055 |
| 2011-2012 | 0.00600 | 0.85225 | 0.14775 | 1.00000 | - | 0.00370 | 0.00370 | 1.00970 |
| 2010-2011 | 0.00555 | 0.85225 | 0.14775 | 1.00000 | - | 0.00370 | 0.00370 | 1.00925 |
| 2009-2010 | 0.00622 | 0.85225 | 0.14775 | 1.00000 | - | 0.00430 | 0.00430 | 1.01052 |
| 2008-2009 | 0.00607 | 0.85225 | 0.14775 | 1.00000 | - | 0.00430 | 0.00430 | 1.01037 |
| 2007-2008 | 0.01047 | 0.86312 | 0.13688 | 1.00000 | - | 0.00450 | 0.00450 | 1.01497 |

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
Fiscal Year Ended June 30, 2017



Note:

(1)

Tax Rate Area: TRA 11-001

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

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

| Owner/Taxpayer | Business Type | Fiscal Year 2016-2017 | | Fiscal Year 2007-2008 | |
|--|---------------------|-----------------------|--|-----------------------|--|
| | | Assessed Valuation | Percent of Total City Assessed Valuation | Assessed Valuation | Percent of Total City Assessed Valuation |
| Lhoberge LP | Property management | \$ 69,710,648 | 1.96 | \$ - | - % |
| G L L B V K Properties 2007 L P | Property management | 46,446,419 | 1.31 | - | - |
| Allred Family Living Trust | Trust | 31,689,689 | 0.89 | 28,000,000 | 1.21 |
| Del Mar Thoroughbred Club | Horse racing club | 24,259,820 | 0.68 | 21,435,208 | 0.92 |
| Pickens Madeleine A Trust | Trust | 23,460,000 | 0.66 | 35,700,000 | 1.54 |
| Luddy Frederic B Trust | Trust | 19,804,600 | 0.56 | - | - |
| Jacobs Family Trust | Trust | 19,771,687 | 0.56 | 16,693,862 | 0.72 |
| Moores Rebecca A Family Trust | Trust | 18,876,809 | 0.53 | - | - |
| COCO California LLC | Property management | 18,000,000 | 0.51 | - | - |
| 2928 Camino del Mar LLC | Property management | 17,790,528 | 0.50 | - | - |
| Naify Marsha J Living Trust | Trust | - | - | 18,727,200 | 0.81 |
| Moores John J & Rebecca Trust | Trust | - | - | 16,678,951 | 0.72 |
| G & I III Del Mar LP | Property management | - | - | 29,696,042 | 1.28 |
| Funke Thomas M | Trust | - | - | 15,298,009 | 0.66 |
| Allred Family Living Trust | Trust | - | - | 14,750,000 | 0.64 |
| S K L Trust | Trust | - | - | 14,158,589 | 0.61 |
| Top Ten Totals (secured and unsecured) | | 289,810,200 | 8.16 | 211,137,861 | 9.11 |
| All Others (secured) | | 3,261,153,859 | 91.84 | 2,106,278,787 | 90.89 |
| Total Assessed Valuation | | \$ 3,550,964,059 | 100.00 | \$ 2,317,416,648 | 100.00 % |

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

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

| Fiscal Year 2016-2017 | | Fiscal Year 2007-2008 | |
|--|----------------------|------------------------------|----------------------|
| Taxpayers | Business Type | Taxpayers | Business Type |
| 1 Banana Republic | Retail clothing | Americana Restaurant | Restaurant |
| 2 Barrett's Equine | Business services | Banana Republic | Retail clothing |
| 3 Chicken Charlie's Enterprise | Food service | Brigantine Restaurant | Restaurant |
| 4 Del Mar Blue Print | Commercial printing | Bully's Restaurant | Restaurant |
| 5 Del Mar Rendezvous | Restaurant | Chico's | Retail clothing |
| 6 Del Mar Thoroughbred Club | Horse racing club | Del Mar Blue Print | Commercial printing |
| 7 Design Line Interiors | Interior design | Del Mar Thoroughbred Club | Horse racing club |
| 8 Dexter's Deli | Retail pet supply | Dexter's Deli | Retail pet supply |
| 9 En Fuego Cantina & Grill | Restaurant | Dulce Design | Interior design |
| 10 Il Fornaio | Restaurant | Epazote A Baja Bar & Grill | Restaurant |
| 11 Jake's | Restaurant | Finley Design | Interior design |
| 12 Jimmy O's | Restaurant | Gary's Studio | Retail clothing |
| 13 Juicys | Food service | Greatcall | Cell phone service |
| 14 L'Auberge Hotel | Restaurant | Il Fornaio | Restaurant |
| 15 Mattress Firm | Furniture/Appliances | Jake's | Restaurant |
| 16 MiWall Wholesale Ammo | Recreation products | Jimmy O's | Restaurant |
| 17 Pacifica Breeze Café | Restaurant | JR Resources | Marketing services |
| 18 Pacifice Del Mar Restaurant | Restaurant | L'Auberge Hotel | Hotel |
| 19 Pinnacle Appliance Distributor | Furniture/Appliances | La Mes R.V. Center | Used R.V. sales |
| 20 Poseidon Restaurant | Restaurant | Pacifica Del Mar | Restaurant |
| 21 Premier Food Services | Food service | Parisi Gallery | Art sales |
| 22 Prep Kitchen | Restaurant | Poseidon Restaurant | Restaurant |
| 23 Sbicca An American Bistro | Restaurant | Premier Food Services | Food service |
| 24 The Brigantine Restaurant | Restaurant | Sbicca An American Bistro | Restaurant |
| 25 UAG San Diego | Car sales-used | White House/Black Market | Retail clothing |
| Percentage of total sales tax collected | 67.80% | | 67.79% |

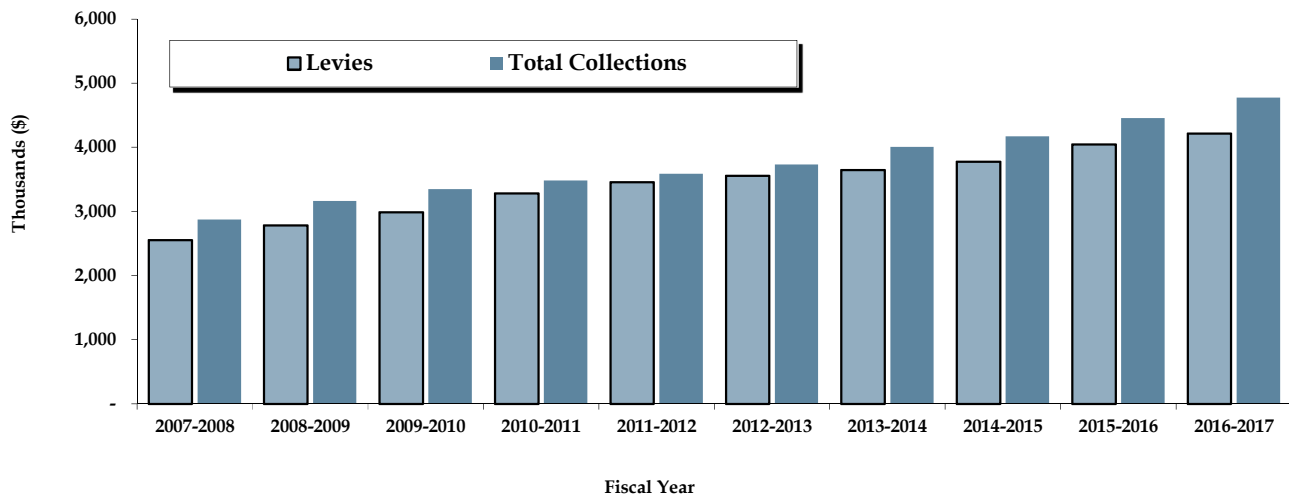
Note: The names are listed in alphabetical order and not by sales tax volume.

Source: Muniservices, LLC

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

| Fiscal Year | Secured Taxes Charge (1) | Collections at Year End | Percentage of Collections at Year End | Collections in Subsequent Years | Total Collections | Percentage of Levy |
|-------------|--------------------------|-------------------------|---------------------------------------|---------------------------------|-------------------|--------------------|
| 2016-2017 | \$ 4,816,554 | \$ 4,771,416 | 99.06% | \$ 5,426 | \$ 4,776,842 | 99.18% |
| 2015-2016 | 4,487,604 | 4,449,392 | 99.15% | 4,285 | 4,453,677 | 99.24% |
| 2014-2015 | 4,216,164 | 4,165,840 | 98.81% | 4,230 | 4,170,070 | 98.91% |
| 2013-2014 | 4,046,271 | 3,999,623 | 98.85% | 7,804 | 4,007,427 | 99.04% |
| 2012-2013 | 3,779,401 | 3,732,226 | 98.75% | 1,785 | 3,734,011 | 98.80% |
| 2011-2012 | 3,646,327 | 3,586,085 | 98.35% | 1,267 | 3,587,352 | 98.38% |
| 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% |

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 |
| 2016-2017 | \$ - | 99,707 | 6,444,870 | - | 6,544,577 | \$ - | \$ - | \$ - | \$ 4,667,547 | \$ 4,667,547 |
| 2015-2016 | - | - | 2,845,256 | - | 2,845,256 | - | - | - | 4,566,055 | 4,566,055 |
| 2014-2015 | - | - | 2,273,106 | - | 2,273,106 | - | 440,000 | - | 4,771,694 | 5,211,694 |
| 2013-2014 | 170,000 | - | 704,000 | - | 874,000 | - | 855,000 | - | 4,971,536 | 5,826,536 |
| 2012-2013 | 335,000 | - | - | - | 335,000 | - | 1,250,000 | - | 5,168,672 | 6,418,672 |
| 2011-2012 | 490,000 | - | - | - | 490,000 | - | 1,625,000 | - | 4,577,583 | 6,202,583 |
| 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 |

| Fiscal Year | Population (1) | Total Outstanding Debt | Taxable Assessed Value | Percent of Taxable Assessed Value | Debt Per Capita | Personal Income | Percent of Personal Income |
|-------------|----------------|------------------------|------------------------|-----------------------------------|-----------------|-----------------|----------------------------|
| 2016-2017 | 4,297 | \$ 11,212,124 | 3,395,888,687 | 0.33% | \$ 2,609 | \$ 625,791 (2) | 5.58% |
| 2015-2016 | 4,274 | 7,411,311 | 3,176,435,084 | 0.23% | 1,734 | 607,564 | 8.20% |
| 2014-2015 | 4,238 | 7,484,800 | 2,986,826,078 | 0.25% | 1,766 | 589,296 | 7.87% |
| 2013-2014 | 4,234 | 6,700,536 | 2,873,455,956 | 0.23% | 1,583 | 560,167 | 8.36% |
| 2012-2013 | 4,205 | 6,753,672 | 2,689,757,322 | 0.25% | 1,606 | 539,556 | 7.99% |
| 2011-2012 | 4,194 | 6,692,583 | 2,621,983,721 | 0.26% | 1,596 | 526,396 | 7.87% |
| 2010-2011 | 4,187 | 5,311,115 | 2,553,693,794 | 0.21% | 1,268 | 502,766 | 9.47% |
| 2009-2010 | 4,660 | 7,392,791 | 2,474,858,897 | 0.30% | 1,586 | 470,315 | 6.36% |
| 2008-2009 | 4,591 | 7,286,446 | 2,340,067,576 | 0.31% | 1,587 | 457,060 | 6.27% |
| 2007-2008 | 4,580 | 4,491,813 | 2,104,194,861 | 0.21% | 981 | 447,663 | 9.97% |

Notes:

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

Sources:

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

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

Business-type Activities

| Fiscal Year | Revenue (1) | Operating Expenses (1) | Net Available Revenue | Debt Service ⁽²⁾ | | | | Total Debt Service | Percent Coverage |
|----------------|--------------|---------------------------|-----------------------------|--------------------------------|-----------|----------------------------------|----------|--------------------------|---------------------|
| | | | | Clean Water State Revolving | | Certificates of Participation | | | |
| | | | | Principal | Interest | Principal | Interest | | |
| 2016-2017 | \$ 6,850,876 | \$ 6,225,014 | \$ 625,862 | \$ 211,601 | \$132,416 | \$ - | \$ - | \$ 344,017 | 181.93% |
| 2015-2016 | 6,657,471 | 5,875,267 | 782,204 | 205,638 | 138,379 | - | - | 344,017 | 227.37% |
| 2014-2015 | 6,910,807 | 6,406,810 | 503,997 | 199,848 | 144,169 | 415,000 | 32,375 | 791,392 | 63.68% |
| 2013-2014 | 6,310,318 | 5,943,962 | 366,356 | 197,136 | 146,881 | 395,000 | 191,109 | 930,126 | 39.39% |
| 2012-2013 | 6,140,771 | 5,769,776 | 370,995 | - | - | 375,000 | 191,020 | 566,020 | 65.54% |
| 2011-2012 | 5,764,873 | 5,365,943 | 398,930 | - | - | 355,000 | 204,203 | 559,203 | 71.34% |
| 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% |

Notes:

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

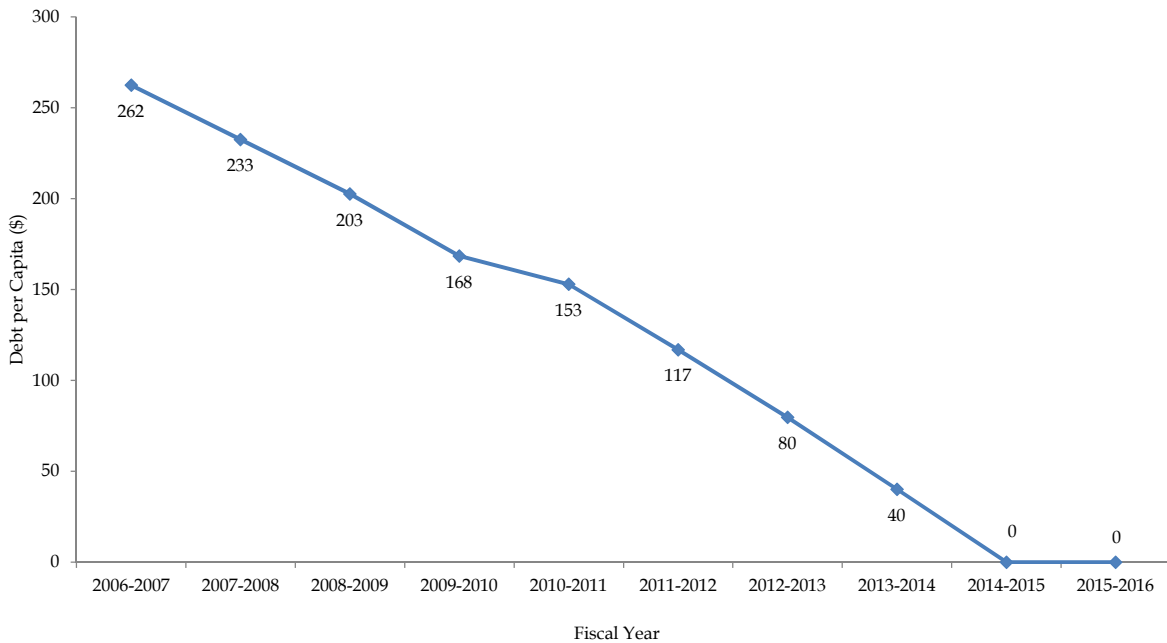
(2) Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.

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 | | | | Percent of | Debt | Personal | Percent of |
|---------------------------------|---------------------------|-------------------------------|------------------------|------------------------|------------|--------------------------------------|-----------------|
| Fiscal Year | Population ⁽¹⁾ | Certificates of Participation | Taxable Assessed Value | Taxable Assessed Value | Per Capita | Income ⁽²⁾ (in Thousands) | Personal Income |
| 2016-2017 | 4,297 | \$ - | \$ 3,395,888,687 | 0.00% | \$ - | 625,791 ⁽³⁾ | 0.00% |
| 2015-2016 | 4,274 | - | 3,176,435,084 | 0.00% | - | 607,564 | 0.00% |
| 2014-2015 | 4,238 | - | 2,986,826,078 | 0.00% | - | 589,296 | 0.00% |
| 2013-2014 | 4,234 | 170,000 | 2,873,455,956 | 0.01% | 40 | 560,167 | 329.51% |
| 2012-2013 | 4,199 | 335,000 | 2,689,757,322 | 0.01% | 80 | 539,556 | 161.06% |
| 2011-2012 | 4,194 | 490,000 | 2,621,983,721 | 0.02% | 117 | 526,396 | 107.43% |
| 2010-2011 | 4,187 | 640,000 | 2,553,693,794 | 0.03% | 153 | 502,766 | 78.56% |
| 2009-2010 | 4,660 | 785,000 | 2,474,858,897 | 0.03% | 168 | 470,315 | 59.91% |
| 2008-2009 | 4,591 | 930,000 | 2,340,067,576 | 0.04% | 203 | 457,060 | 49.15% |
| 2007-2008 | 4,580 | 1,065,000 | 2,104,194,861 | 0.05% | 233 | 447,663 | 42.03% |

GENERAL BONDED DEBT OUTSTANDING PER CAPITA
Last Ten Fiscal Years



Source:

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

City of Del Mar
Direct and Overlapping Bonded Debt
June 30, 2017

| | Fiscal Year 2015-2016 Assessed Valuation | \$3,395,888,687 | | |
|--|--|----------------------|------------------------|----------------------|
| | Fiscal Year 2015-2016 Population | 4,297 | | |
| | | Total Debt | Percent | City's Share |
| | | June 30, 2017 | Applicable | of Debt |
| | | | to City ⁽¹⁾ | June 30, 2017 |
| Overlapping Tax and Assessment Debt: | | | | |
| San Diego County General Obligations | \$ | 291,180,000 | 0.727 % | \$ 2,116,879 |
| San Diego County Pension Obligations | | 605,520,000 | 0.727 % | 4,402,130 |
| San Diego County Superintendent of Schools | | | | |
| - General Fund Obligations | | 11,460,000 | 0.727 % | 83,314 |
| Mira Costa Community College District | | | | |
| - Certificates of Participation | | 12,265,000 | 3.524 % | 434,672 |
| San Dieguito Union High School District | | | | |
| - General Fund Obligations | | 12,730,000 | 5.776 % | 735,285 |
| Total Overlapping General Fund Debt | | 933,155,000 | | 7,772,280 |
| Direct Debt and Overlapping Tax and Assessment Debt: | | | | |
| Direct Debt: | | | | |
| City of Del Mar | | 19,445,584 | 100.000 % | 19,445,584 |
| Subtotal Direct Debt | | 19,445,584 | | 19,445,584 |
| Overlapping Tax and Assessment Debt: | | | | |
| City of Del Mar 1915 Act Bonds | | 700,000 | 100.000 % | 700,000 |
| San Dieguito Union High School District | | 316,250,000 | 5.776 % | 18,266,600 |
| Solana Beach School District School Facilities Improvements District | | 50,000,000 | 0.417 % | 208,500 |
| Metropolitan Water District | | 74,905,000 | 0.131 % | 98,126 |
| Subtotal Overlapping Tax and Assessment Debt | | 441,855,000 | | 19,273,226 |
| Total Direct and Overlapping Tax and Assessment Debt | | 461,300,584 | | 38,718,810 |
| Subtotal Overlapping Tax | | 1,375,010,000 | | 27,045,506 |
| Combined Total Debt | \$ | 1,394,455,584 | | \$ 46,491,090 |

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

| <u>Ratios to Fiscal Year 2016-2017 Assessed Valuation</u> | | <u>Per Capita</u> |
|---|-------|-------------------|
| City Direct Debt | 0.57% | \$4,525 |
| Total Overlapping Tax and Assessment Debt..... | 0.57% | \$9,011 |
| Combined Total Debt..... | 0.80% | \$10,819 |

State School Building Aid Repayable as of June 30, 2017 \$ -

Source: California Municipal Statistics, Inc.

City of Del Mar
Schedule of Legal Debt Margin⁽¹⁾
Last Ten Fiscal Years

| | <u>2007-2008</u> | <u>2008-2009</u> | <u>2009-2010</u> | <u>2010-2011</u> | <u>2011-2012</u> |
|---|------------------|------------------|------------------|------------------|------------------|
| Assessed valuation | \$ 2,128,163,277 | \$ 2,340,067,576 | \$ 2,474,858,897 | \$ 2,553,693,794 | \$ 2,621,983,721 |
| Conversion percentage | 25% | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | \$ 532,040,819 | \$ 585,016,894 | \$ 618,714,724 | \$ 638,423,449 | \$ 655,495,930 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% |
| Debt limit | \$ 79,806,123 | \$ 87,752,534 | \$ 92,807,209 | \$ 95,763,517 | \$ 98,324,390 |
| Total net debt applicable to limit: | | | | | |
| General obligation bonds | 1,065,000 | 930,000 | 785,000 | 640,000 | 490,000 |
| Legal debt margin | \$ 78,741,123 | \$ 86,822,534 | \$ 92,022,209 | \$ 95,123,517 | \$ 97,834,390 |
| Total debt applicable to the limit as a percentage of debt limit | 1.35% | 1.07% | 0.85% | 0.67% | 0.50% |

Note:

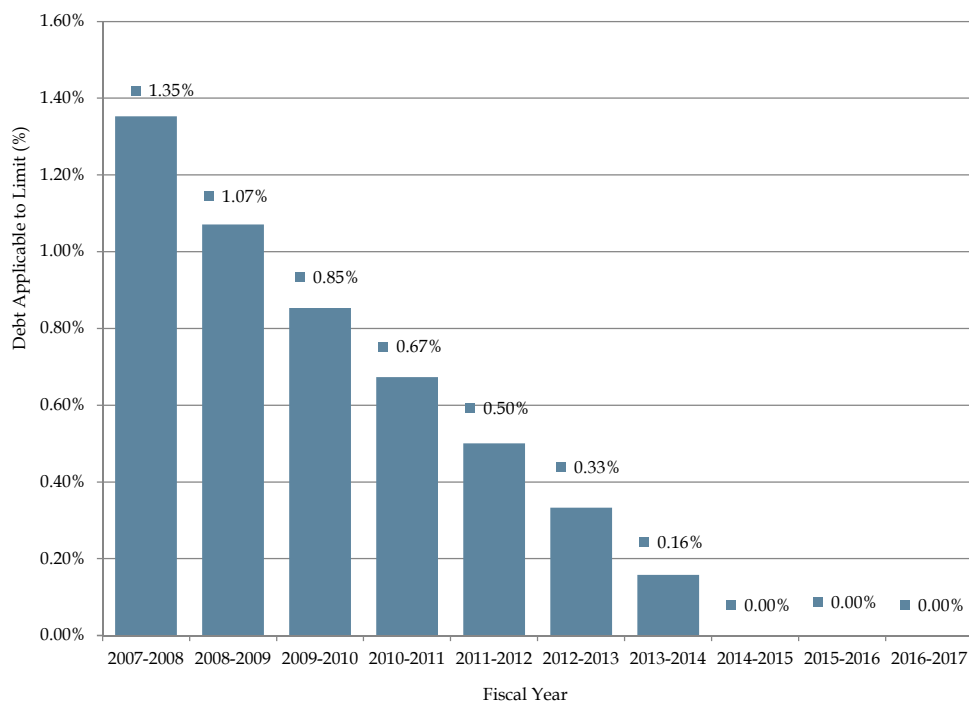
(1) Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25 percent of market value. Effective with Fiscal Year 1981-1982, each parcel is now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

(Concluded)

| Fiscal Year | | | | |
|------------------|------------------|------------------|------------------|------------------|
| 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| \$ 2,689,757,322 | \$ 2,873,455,956 | \$ 2,986,826,078 | \$ 3,176,435,084 | \$ 3,395,888,687 |
| 25% | 25% | 25% | 25% | 25% |
| \$ 672,439,331 | \$ 718,363,989 | \$ 746,706,520 | \$ 794,108,771 | \$ 848,972,172 |
| 15% | 15% | 15% | 15% | 15% |
| \$ 100,865,900 | \$ 107,754,598 | \$ 112,005,978 | \$ 119,116,316 | \$ 127,345,826 |
| 335,000 | 170,000 | - | - | - |
| \$ 100,530,900 | \$ 107,584,598 | \$ 112,005,978 | \$ 119,116,316 | \$ 127,345,826 |
| 0.33% | 0.16% | 0.00% | 0.00% | 0.00% |

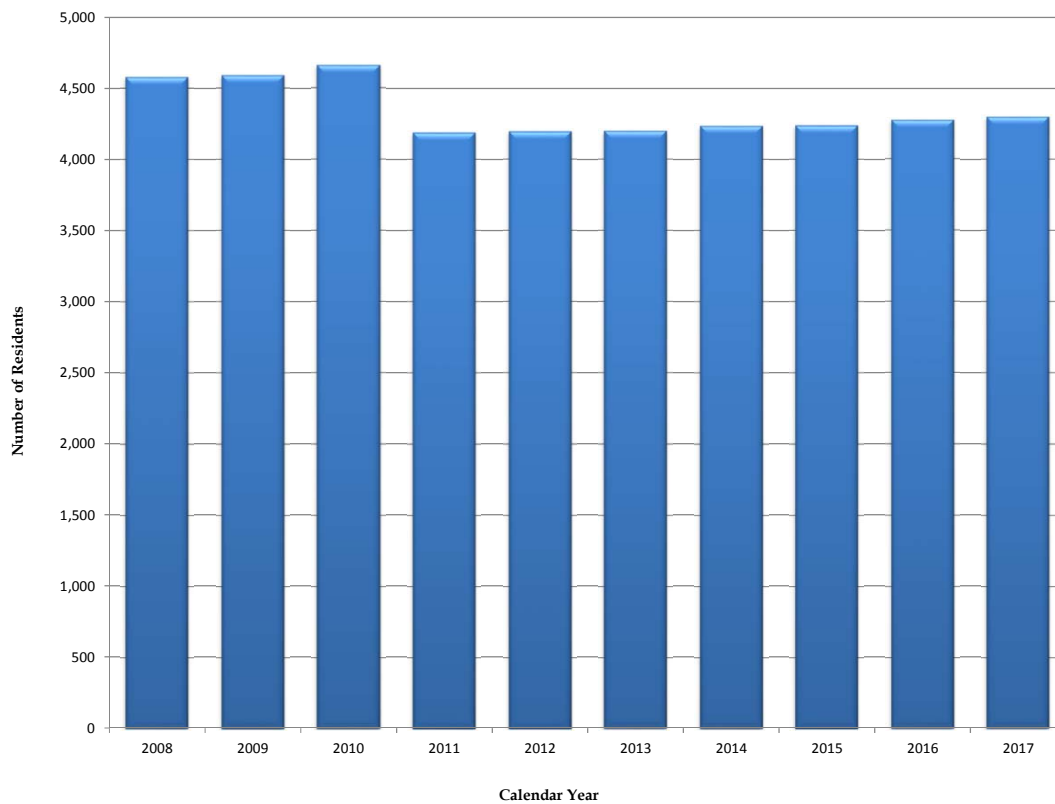
**DEBT APPLICABLE TO LIMIT
Last Ten Fiscal Years**



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

| Year | City of Del Mar Housing Units (1) | Population (2) | | | | Personal Income (3) | | | |
|------|-----------------------------------|-----------------|-------------------------------|---------------------|-------------------------------|--------------------------------|------------|--------------------------------|------------|
| | | City of Del Mar | Average Annual Percent Change | County of San Diego | Average Annual Percent Change | City of Del Mar | | County of San Diego | |
| | | | | | | Personal Income (in Thousands) | Per Capita | Personal Income (in Thousands) | Per Capita |
| 2017 | 2,611 | 4,297 | 0.56% | 3,316,192 | 0.84% | - * | - * | - * | - * |
| 2016 | 2,542 | 4,273 | 0.83% | 3,288,612 | 1.89% | 607,564 | 142,187 | 183,032,418 | 55,168 |
| 2015 | 2,605 | 4,238 | 0.09% | 3,227,496 | 1.04% | 589,296 | 139,050 | 170,114,527 | 52,708 |
| 2014 | 2,605 | 4,234 | 0.83% | 3,194,362 | 1.40% | 560,167 | 132,302 | 167,931,419 | 52,571 |
| 2013 | 2,637 | 4,199 | 0.12% | 3,150,178 | 0.21% | 539,556 | 128,496 | 165,008,428 | 52,381 |
| 2012 | 2,637 | 4,194 | 0.17% | 3,143,429 | 0.79% | 526,396 | 125,512 | 160,914,306 | 51,191 |
| 2011 | 2,542 | 4,187 | -10.15% | 3,118,876 | -3.27% | 502,766 | 120,078 | 151,466,837 | 48,565 |
| 2010 | 2,542 | 4,660 | 1.50% | 3,224,432 | 1.61% | 470,315 | 100,926 | 141,243,429 | 43,804 |
| 2009 | 2,537 | 4,591 | 0.24% | 3,173,407 | 0.86% | 457,060 | 99,556 | 139,577,195 | 45,706 |
| 2008 | 2,519 | 4,580 | 0.59% | 3,146,274 | 1.49% | 447,663 | 97,743 | 104,846,916 | 44,766 |

DEL MAR
POPULATION
Last Ten Calendar Years



Note:

* This information is not available.

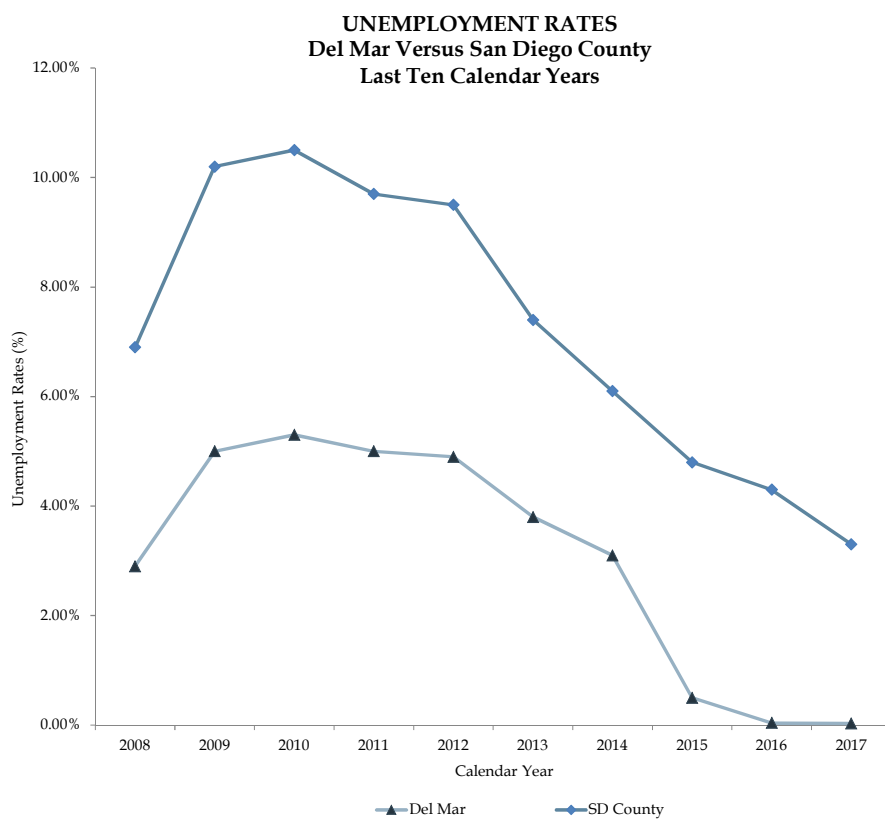
Source:

(1) SANDAG

(2) State of California, Finance Department

(3) United States Bureau of Economic Analysis

| Employment ⁽⁴⁾ | | | | | | Enrollment Del Mar Union Elementary (5) |
|---------------------------|----------|----------------------|---------------------|-----------|----------------------|--|
| City of Del Mar | | | County of San Diego | | | |
| Labor Force | Employed | Unemployment Rate | Labor Force | Employed | Unemployment Rate | |
| 2,700 | 2,700 | 0.03% | 1,584,700 | 1,533,200 | 3.30% | 4,413 |
| 2,700 | 2,700 | 0.04% | 1,597,600 | 1,528,200 | 4.30% | 4,334 |
| 2,600 | 2,600 | 0.50% | 1,572,600 | 1,496,700 | 4.80% | 4,399 |
| 3,100 | 3,000 | 3.10% | 1,588,500 | 1,491,600 | 6.10% | 4,376 |
| 3,100 | 3,000 | 3.80% | 1,611,200 | 1,492,300 | 7.40% | 4,384 |
| 3,100 | 2,900 | 4.90% | 1,593,800 | 1,441,700 | 9.50% | 4,387 |
| 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 |



Source:

- (4) State of California, Employment Development Department (EDD)
- (5) State of California, Department of Education, Educational Demographics Unit

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

| Employer ⁽¹⁾ | Business Type | 2017 | | 2016 | |
|--------------------------------------|-------------------|---------------------|-----------------------------|---------------------|-----------------------------|
| | | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Avida Caregivers of Del Mar | Health services | - | 0.00% | 550 | 18.33% |
| L'Auberge Del Mar Resort Spa | Resorts | 250 | 8.33% | 250 | 8.33% |
| Del Mar Thoroughbred Club | Horse racing club | 115 | 3.83% | 115 | 3.83% |
| Jake's Del Mar | Restaurant | 110 | 3.67% | 110 | 3.67% |
| Il Fornaio | Restaurant | 100 | 3.33% | 100 | 3.33% |
| Weichert Realtors | Real Estate | 99 | 3.30% | - | 0.00% |
| Pacifica Del Mar | Restaurant | 65 | 2.17% | 65 | 2.17% |
| Brigantine Seafood Restaurant | Restaurant | - | 0.00% | 100 | 3.33% |
| Re/Max Moonlight Beach, Inc. | Real Estate | - | 0.00% | 100 | 3.33% |
| Pacifica Del Mar | Restaurant | 65 | 2.17% | 65 | 2.17% |
| Clubxcite | Tutor services | 51 | 1.70% | - | 0.00% |
| Poseidon Restaurant | Restaurant | 50 | 1.67% | 50 | 1.67% |
| Sbicca An American Bistro | Restaurant | 50 | 1.67% | 50 | 1.67% |
| Total Top Ten Employers | | <u>955</u> | | <u>1,555</u> | |
| Total City Employment ⁽²⁾ | | <u>2,700</u> | | <u>2,700</u> | |

Notes:

(1) Represents non-governmental employers.

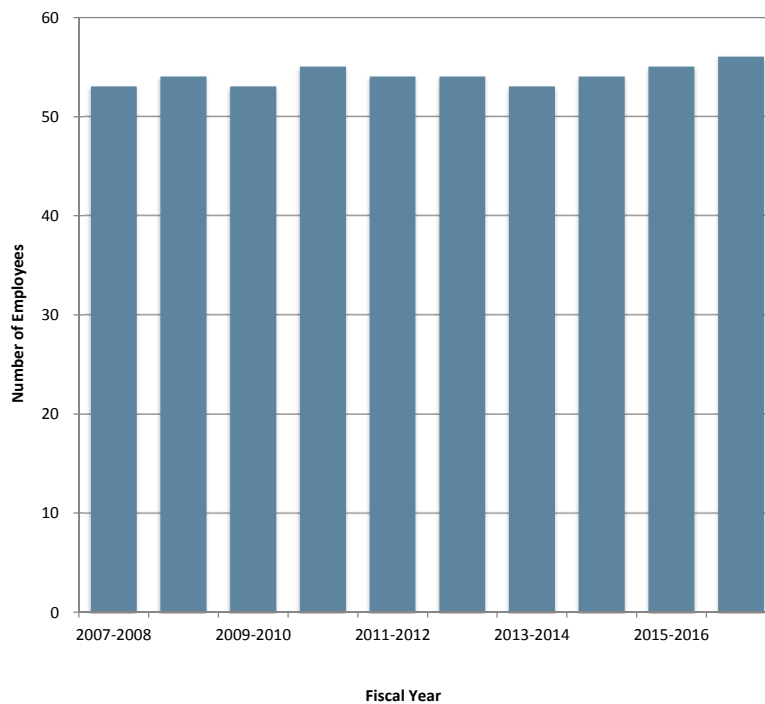
(2) Total City employment provided by EDD - Labor Market Information Division.

Source: infoUSA

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

| Function | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General government | 20.5 | 21.0 | 20.0 | 20.0 | 19.0 | 19.0 | 19.0 | 20.0 | 21.0 | 22.0 |
| Public safety ⁽¹⁾ | 15.5 | 15.0 | 15.0 | 17.0 | 17.0 | 17.0 | 16.0 | 16.0 | 16.0 | 16.0 |
| Public works | 12.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 |
| Parks and recreation | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Total | 53.0 | 54.0 | 53.0 | 55.0 | 54.0 | 54.0 | 53.0 | 54.0 | 55.0 | 56.0 |

CITY OF DEL MAR
EMPLOYMENT
Last Ten Fiscal Years



Note:

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

Source: City of Del Mar, Finance Department

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

| Function | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| Police: | | | | | | | | | | |
| Arrests ⁽¹⁾ | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Parking citations issued | 19,032 | 20,132 | 20,000 | 27,068 | 21,547 | 19,060 | 18,000 | 15,694 | 11,818 | 13,074 |
| Fire: | | | | | | | | | | |
| Emergency calls | 1,205 | 1,116 | 1,112 | 1,153 | 1,001 | 1,112 | 1,130 | 1,468 | 1,309 | 806 |
| Inspections | 490 | 471 | 307 | 240 | 425 | 473 | 598 | 459 | 394 | 93 |
| Public works: | | | | | | | | | | |
| Street resurfacing (miles) | 0.69 | 0.11 | 0.50 | - | 0.50 | 0.50 | 1.00 | 1.00 | 1.00 | 1.00 |
| Street slurry (miles) | - | - | 0.50 | - | 0.50 | 0.50 | - | - | - | - |
| Parks and recreation: | | | | | | | | | | |
| Number of recreational classes | 364 | 412 | 624 | 436 | 424 | 500 | 468 | 347 | 485 | 222 |
| Number of facility rentals | 256 | 285 | 130 | 93 | 85 | 115 | 185 | 175 | 143 | 93 |
| Water: | | | | | | | | | | |
| New construction | 8 | 12 | - | - | - | - | - | - | - | - |
| Average daily consumption (in thousands of gallons) | 1,103 | 1,073 | 1,008 | 972 | 967 | 1,024 | 969 | 858 | 803 | 838 |
| Sewer: | | | | | | | | | | |
| New construction | 5 | 12 | - | - | - | - | - | - | - | - |
| Average daily sewage treatment (in thousands of gallons) | 614 | 563 | 560 | 550 | 567 | 540 | 520 | 534 | 499 | 523 |

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 | | | | | | | | | |
|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2007-2008 | 2008-2009 | 2009-2010 | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 |
| 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 | 87 | 87 | 87 | 87 | 74 | 74 | 74 | 74 | 74 | 74 |
| Traffic signals | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Parks and recreation: | | | | | | | | | | |
| Parks | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | | | | | | |
| Water mains (miles) | 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 | 28.85 | 28.85 | 28.85 | 28.85 | 28.85 | 28.85 | 29.85 | 29.85 |
| Storm drainage (miles) | 13.59 | 13.59 | 13.59 | 13.59 | 13.59 | 13.59 | 13.59 | 13.70 | 13.70 | 13.70 |
| Maximum daily treatment capacity (thousands of gallons) | 877 | 877 | 877 | 877 | 877 | 877 | 877 | 877 | 877 | 877 |

Source: City of Del Mar

City of Del Mar
Miscellaneous Statistics
June 30, 2017

| | |
|--|-----------------|
| Date of incorporation..... | July 15, 1959 |
| Form of government..... | Council/Manager |
| Area..... | 2 square miles |
| Climate: | |
| Average annual high temperature..... | 72.9° F |
| Average annual low temperature..... | 52.0° F |
| Annual precipitation..... | 11.97 inches |
| Fire protection: | |
| Station..... | 1 |
| Firefighters and officers..... | 9 |
| Fire incident responses..... | 64 |
| Emergency medical incident responses..... | 806 |
| Public service calls..... | 276 |
| Fire inspections..... | 93 |
| Culture and leisure: | |
| Parks..... | 5 |
| Park areas..... | 9.69 acres |
| Passive/Active recreation areas..... | 300.38 acres |
| including Fairground/Racetrack..... | 200 acres |
| Miles of beaches..... | 2.2 miles |
| Number of beach attendances..... | 2,000,000 |
| Baseball field..... | 1 |
| Tennis courts..... | 2 |
| Library..... | 1 |
| Library inventory..... | 20,263 |
| Hotels: | |
| Major hotel rooms..... | 355 |
| Average percent occupancy..... | 75% |
| Average room rate..... | \$314 |
| Average group size per stay..... | 2.5 persons* |
| Average length of stay..... | 3.5 days* |
| (*information from San Diego County profile) | |
| Education: | |
| Private school..... | 1 |
| School district..... | 1 |
| Street miles..... | 22.5 miles |
| Street lights..... | 74 |
| Water system: | |
| Service connection..... | 1,874 meters |
| Fire hydrants..... | 350 |
| Sanitary sewer lines..... | 29.85 miles |