

# **City of Del Mar, California**

## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2007**

**Prepared By the  
Finance Department**

**CITY OF DEL MAR**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2007**

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## **INTRODUCTORY SECTION**

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# City of Del Mar



March 20, 2008

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

## LETTER OF TRANSMITTAL FISCAL YEAR 2006-2007 COMPREHENSIVE ANNUAL FINANCIAL REPORT

We are pleased to present the Fiscal Year 2006-2007 Comprehensive Annual Financial Report (CAFR) for the City of Del Mar. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

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

The City's financial statements have been audited by Vavrinek, Trine, Day & Co., LLP, certified public accountants. The independent auditor conclude, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2007.

### **Profile of the City of Del Mar**

Del Mar is a charter City incorporated in 1959. It is located about 20 miles north of San Diego on the Southern California Coast. The City is governed by a five member City Council under the Council/Manager form of Government. The City Council is elected at large with staggered four-year terms and the position of Mayor rotating amongst Council members annually.

Del Mar is a small coastal city of 4,548 residents and is primarily a residential community with substantial tourist appeal covering approximately two square miles and noted for its beautiful, well-guarded beaches. The City is fully built out with current development limited to the remodeling and rebuilding of existing properties. The 22<sup>nd</sup> District Agricultural Association, commonly referred to as the Fairgrounds, is a significant presence in the City encompassing approximately one-third of the City's geography. The 22<sup>nd</sup> District Agricultural Association is owned by the State of California and managed by a Board of Directors appointed by the Governor.

This report includes financial statements for the City and the financial activity related to the Del Mar Public Facilities Corporation. As a full service City, Del Mar provides its



citizens and customers fire, lifeguarding, park services, and contracts with the Sheriff for police services.

### **Budgetary Process**

For the last six years, Del Mar has completed a two-year operating and capital improvement budget with projections for capital projects extended to five years. The budget process begins with the City Council setting goals in a public meeting through citizen participation. Departments then develop operational goals in accordance with the City Council goals within their own programs. Based on the goals set forth, the proposed two-year budget is prepared and then presented to the Council and discussed at a public workshop. The final budget is adopted by the City Council at a meeting in June. The budget is monitored monthly by the Finance Department and Department Heads using the Treasurer's Report which compares actual revenues and expenditures to-date with budgeted amounts. A mid-term review of the budget takes place at a Council Meeting during the second year of the two-year period.

Throughout each fiscal year, the Council may increase or decrease the budget as needed, through 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. Quarterly financial reports are presented to the Council at regularly scheduled meetings.

### **Factors Affecting Financial Conditions**

Del Mar is a fully built-out small coastal City, which relies heavily on the local real estate market (property taxes) and tourism as major revenue sources. The total assessed value for the City exceeded \$1.98 billion, up 8.6 percent from the previous fiscal year. The housing market did slow down this fiscal year from the record-setting sales and robust price gains of the last few years, and it is expected to decline modestly in the next fiscal year. The annual increase in assessed value is attributable to two main factors: 1) an annual increase in the assessed value of property (limited to 2 percent annually by Proposition 13); and 2) the increase in assessed valuations of property as a result of home sales. Del Mar does not have or plan to have any new property tax base as it is fully built-out with no new or future development planned.

Tourism is a significant industry and major source of revenue for the City. With its beautiful beaches and moderate climate, Del Mar has become a popular destination for both local visitors and vacation travelers. Transient Occupancy Tax (TOT) has increased approximately 7.5 percent since last fiscal year, and sales tax increased by approximately 3.8 percent.

The State of California is facing a fiscal crisis that is directly impacting local governments and the communities they serve. The State's \$102 billion fiscal spending plan has a deficit of approximately \$14.5 billion and the Governor has called a State of Emergency. The Legislature is reviewing the Governor's proposal which includes

massive cuts in funding to education, social services, healthcare, transportation, local governments and environmental programs. At this time, the Governor is not recommending any significant cuts to Del Mar. The Legislative Analyst's Office (LAO) has an alternative proposal to shift cities' share of Proposition 172 funding, and eliminate the Citizens Option for Public Safety (COPS) program and the Local Detention Facility Subventions. Although no decisions have been reached at this time on either proposal, the LAO's proposal could result in a loss of approximately \$179,000 to Del Mar. Constitutional protection for local revenues is provided through Proposition 1A, which was passed in November 2005, and requires the State to pay for unfunded mandates. Fiscal Year 2008-2009 is the first year for which the suspension provisions of Proposition 1A are available to the State; however, there is no discussion by the State to suspend Proposition 1A at this time.

Beginning in Fiscal Year 2004-2005, the State enacted the "triple-flip", whereby ¼ of the City's monthly sales tax dollars are redirected to the State for repayment of \$15 billion in State debt. The State "refunds" these sales tax dollars to the City via "property tax in lieu of sales tax" twice annually. This is subject to discussion again and the State is reviewing the status of these requirements for State budget purposes.

As a fully built-out city, Del Mar will not see shopping malls or car dealers, nor is there room for additional hotel construction. Our approach for the future is to identify new revenue sources, to actively pursue grant opportunities particularly for large capital projects, and to examine ways to reduce expenditures through alternative approaches to providing necessary services for our residents.

### **Long-term Financial Planning**

The City completed a long-range capital-financing plan during the Fiscal Year 2006-2007 budget process. The plan included 20 year projections for the General Fund's operating revenues and expenditures, in addition to projecting 20 years of capital projects that are funded with general government dollars. The City will continue to revise this plan and use it for future financial forecasting and capital planning.

### **Cash Management**

The City Treasurer is responsible for the investment of idle funds. Del Mar's investment portfolio contains funds pooled in the State's Local Agency Investment Fund (LAIF) for liquidity, along with a variety of federal agency and corporate bonds. The City Council adopts the investment policy annually. In practice, the City holds its investments until maturity.

### **Risk Management**

The City is exposed to various risks of loss related to its operations, including losses associated with errors and omissions and injuries to employees and members of the public. The City maintains a combination of insurance coverage and cash reserves to

manage and finance its various types of risk. The City operates a self-insurance program to provide for workers' compensation claims and participates in a joint powers authority for all other insurance purposes. The City's self-insurance retention reserve for general liability and workers' compensation is \$100,000 and \$125,000, respectively. More information about the City's risk management can be found in Note 13 of the Notes to the Financial Statements.

### **Pension Benefits**

The City offers pension benefits to all full-time employees through a statewide pension plan managed by the California Public Employees Retirement System (CalPERS). The City has no liability in connection with employee benefits offered through these plans beyond its annual contractual payments. Additional information on these plans can be found in Note 8 in the Notes to the Financial Statements.

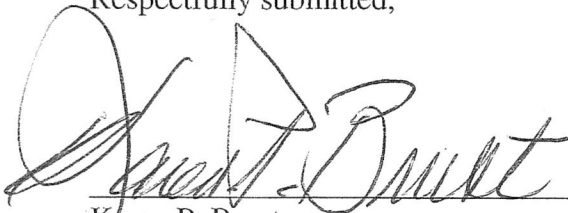
### **Acknowledgments**

The Government Finance Officer's Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This was the eleventh consecutive year the City has achieved this prestigious award. In order to receive an award, the City must publish an easily readable and comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

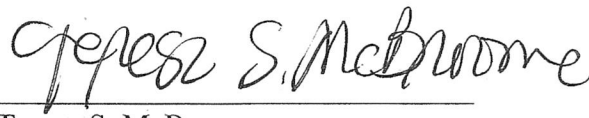
A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility.

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

Respectfully submitted,



Karen P. Brust  
City Manager



Teresa S. McBroome  
Accounting Manager/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Del Mar  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

# CITY COUNCIL

As of June 30, 2007

*Carl Hilliard*  
**Mayor**

*Dave Druker*  
**Deputy Mayor**

*Crystal Crawford*  
**Councilmember**

*Richard Earnest*  
**Councilmember**

*Henry Abarbanel*  
**Councilmember**

# CITY MANAGER

*Karen P. Brust\**

**ASSISTANT CITY MANAGER**

*Kenya J. Warren\*\**

**CITY ATTORNEY**

*Tamara Smith*

**DIRECTOR OF PLANNING AND  
COMMUNITY DEVELOPMENT**

*Linda Niles*

**CITY CLERK AND  
INFORMATION SYSTEMS DIRECTOR**

*Mercedes Martin*

**ACCOUNTING MANAGER/CITY TREASURER**

*Teresa S. McBroome\*\*\**

**PUBLIC WORKS DIRECTOR**

*David Scherer*

**SHERIFF CAPTAIN**

*Don Fowler*

**CITY ENGINEER**

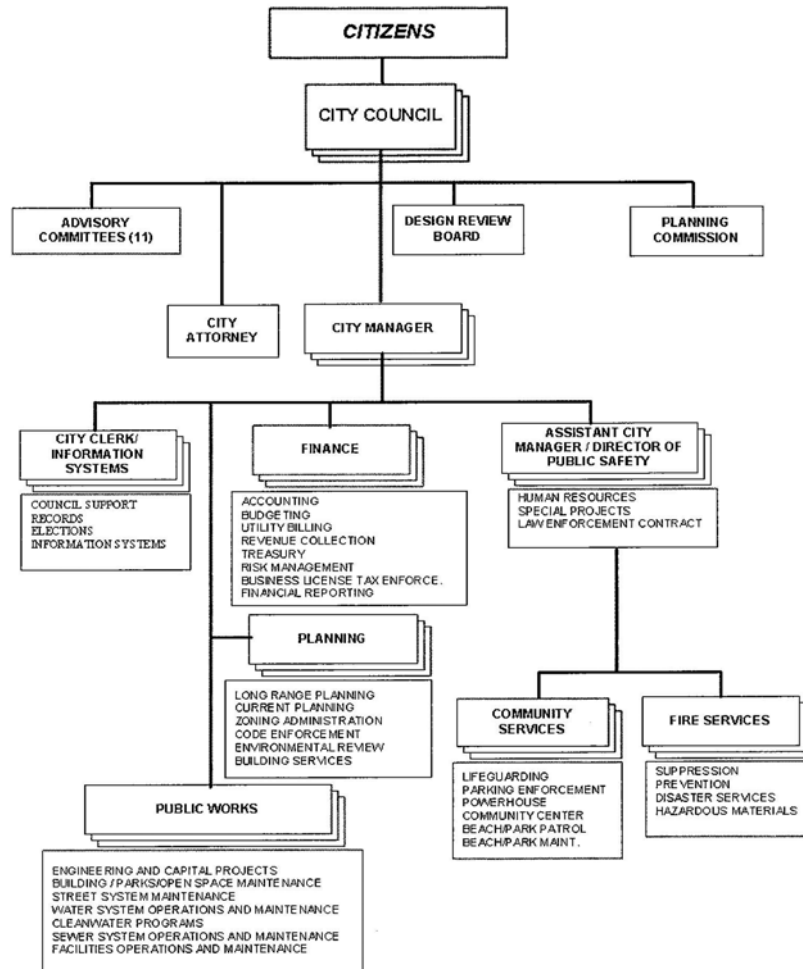
*Carmen Kasner*

\* Assumed position October 2007

\*\* Assumed interim position January 2008

\*\*\* Assumed position March 2008

CITY OF DEL MAR  
ORGANIZATION CHART



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

The Honorable City Council  
Of the City of Del Mar

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California, as of June 30, 2007, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2008, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 16 and the required supplementary information on page 56, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents, including the introductory section, combining schedules and additional budgetary comparison schedules, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules and additional budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Vavrunik, Trine, Day ! Co., LLP*

Rancho Cucamonga, California  
February 28, 2008

**CITY OF DEL MAR**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

As management of the City of Del Mar (City), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2007. This analysis focuses on current year activities and the resulting changes in an effort to explain the City’s overall financial condition. We encourage readers to consider the information presented here in conjunction with the Letter of Transmittal (page i), and the City’s financial statements (beginning on page 17).

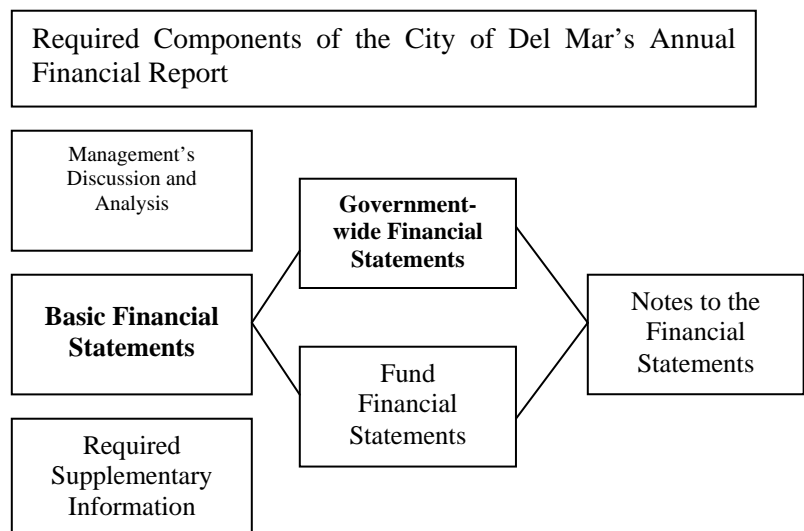
**Overview of Financial Statements**

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

**Government-Wide Financial Statements**

The *Government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business using the accrual basis of accounting. The statements separate Governmental Activities, principally supported by taxes and revenues from other agencies, from Business-type Activities that are intended to recover all, or a significant portion of their costs, through user fees and charges. The Governmental Activities of the City include General Government, Public Safety, and Community Services. The City’s Business-type Activities include Water, Wastewater, Cleanwater and Worker’s Compensation. Included in the Government-wide financial statements are:

- The *Statement of Net Assets* presents information on all of the City’s assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether or not the financial position of the city is improving or deteriorating.
- The *Statement of Activities* presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.



## CITY OF DEL MAR

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

**Fund financial statements** provide more detailed information about the City's most significant *funds* – not the City as a whole. 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 demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

- *Governmental Funds* (General Fund, Special Revenue, Debt Service, and Capital Projects Funds) are used to account for the same functions reported as Governmental Activities in the Government wide financial statements. However, unlike the Government-wide Financial Statements, Fund Financial Statements focus on short-term inflows and outflows of spendable resources. These funds are reported using a modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information may be useful in evaluating the City's short-term financing requirements.

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The various fund Balance Sheets and the Statement of Revenues, Expenditures and Changes in Fund Balances require a reconciliation to facilitate the comparison between fund statements and the government-wide statements. This reconciliation is required because the government-wide statements are prepared using the full accrual basis of accounting while the fund statements are prepared using the modified accrual basis of accounting. These reconciliations can be found on pages 21 and 23, immediately following the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds.

- *Proprietary Funds* are comprised of Enterprise and Internal Service Funds. The City uses an Enterprise fund to account for its Water, Wastewater and Cleanwater utilities. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The only Internal Service Fund used by the City is Worker's Compensation.

Proprietary funds are reported in the same way that all activities are reported in Statement of Net Assets and Statement of Activities. In fact, the City's enterprise funds (which make up the City's proprietary funds) are the same as its business-type activities, but the statements provide more detail and additional information, such as cash flows.

- *Fiduciary Funds* are used to account for resources held for the benefit of parties outside of the City. Fiduciary Funds are not reflected in the government wide and primary governmental fund financial statements because the resources of those funds are not available to support the City's own programs. Fiduciary Funds are reported in the Financial section.

**Notes to the financial statements** provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

**Other supplementary information** presents a comparison of budget to actual for major funds. The inclusion of the Statistical Section provides useful historical trend data on the City.

**CITY OF DEL MAR**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

**Government-wide Financial Analysis**

**Net Assets:**

The following summaries of net assets and changes in net assets are presented for the fiscal years ended June 30, 2007 and June 30, 2006.

**CITY OF DEL MAR'S NET ASSETS**  
(in thousands of dollars)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total Percentage Change 2006-07</b>
	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	
<b>Assets</b>							
Current and other assets	\$8,141	\$9,695	\$4,425	\$4,695	\$12,566	\$14,390	14.52%
Capital	18,569	20,276	21,084	21,482	39,653	41,758	5.31%
<b>Total assets</b>	<b>26,710</b>	<b>29,971</b>	<b>25,509</b>	<b>26,177</b>	<b>52,219</b>	<b>56,148</b>	<b>7.52%</b>
<b>Liabilities</b>							
Long-term liabilities	2,232	1,698	4,222	3,216	6,454	4,914	-23.86%
Other liabilities	1,925	2,830	378	1,186	2,303	4,016	74.38%
<b>Total liabilities</b>	<b>4,157</b>	<b>4,528</b>	<b>4,600</b>	<b>4,402</b>	<b>8,757</b>	<b>8,930</b>	<b>1.98%</b>
<b>Net assets:</b>							
Invested in capital assets net of related debt	16,337	18,623	16,863	17,781	33,200	36,404	9.65%
Restricted	-	751	679	689	679	1,440	112.08%
Unrestricted	6,216	6,069	3,367	3,305	9,583	9,374	-2.18%
<b>Total net assets</b>	<b>\$22,553</b>	<b>\$25,443</b>	<b>\$20,909</b>	<b>\$21,775</b>	<b>\$43,462</b>	<b>\$47,218</b>	<b>8.64%</b>

The City’s assets exceeded liabilities by \$47.22 million as compared to \$43.46 million at June 30, 2006. The capital asset figure for governmental activities does not include all of the City’s infrastructure assets. The City is not required to record retroactive general infrastructure assets.

The City’s net assets increased by \$3,755 thousand at June 30, 2007 as compared to \$2,510 thousand at June 30, 2006. Approximately 59% of this increase represents the degree to which increases in ongoing revenue have exceeded increases in ongoing expenses. Approximately 41% represents one-time capital grants and contributions received by the City for the purchase of capital assets.

The largest portion of the City’s net assets (77%) reflects investment in capital assets (i.e. land, buildings, machinery, and equipment) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to the citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

**CITY OF DEL MAR**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

An additional portion of the City's net assets, approximately 3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$9.4 million may be used to meet the City's ongoing obligations to citizens and creditors.

The majority (approximately 64.9%) of the \$6.1 million in unrestricted governmental activities net assets is attributable to the General Fund. Although the unrestricted net assets of our business-type activities total \$3.3 million, these resources cannot be used to help fund governmental activities. The City can only use these net assets to finance the continuing operations of the City's enterprises: water, wastewater, and cleanwater,.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets for the government as a whole, as well as for the business-type activities.

**CITY OF DEL MAR**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

**Summary of Activities:**

The condensed summary of activities, which follows, shows that net assets increased by \$3,755 thousand during the year.

**CITY OF DEL MAR'S CHANGES IN NET ASSETS**  
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2006	2007	2006	2007	2006	2007	2006-07
Revenues							
Program revenues							
Charges for services	\$2,627	\$2,465	\$4,754	\$4,947	\$7,381	\$7,412	0.42%
Operating grants and contributions	764	401	-	-	764	401	-47.51%
Capital grants and contributions	490	1,558	-	-	490	1,558	217.96%
General revenue							
Property tax	2,992	3,756	-	-	2,992	3,756	25.53%
Sales and use tax	1,669	1,732	-	-	1,669	1,732	3.77%
Transient occupancy tax	1,565	1,682	-	-	1,565	1,682	7.48%
Other taxes	1,155	828	-	-	1,155	828	-28.31%
Income from property and investments	557	817	72	162	629	979	55.64%
Other	299	114	-	-	299	114	-61.87%
Total Revenue	<u>12,118</u>	<u>13,353</u>	<u>4,826</u>	<u>5,109</u>	<u>16,944</u>	<u>18,462</u>	<u>8.96%</u>
Expenses							
General government	3,800	3,888	-	-	3,800	3,888	2.32%
Public safety	4,987	4,751	-	-	4,987	4,751	-4.73%
Public works	508	899	-	-	508	899	76.97%
Parks and recreation	694	633	-	-	694	633	-8.79%
Interest on long-term debt	43	74	-	-	43	74	72.09%
Cleanwater	-	-	343	359	343	359	4.66%
Water	-	-	2,035	2,064	2,035	2,064	1.43%
Wastewater	-	-	2,024	2,039	2,024	2,039	0.74%
Total expenses	<u>10,032</u>	<u>10,245</u>	<u>4,402</u>	<u>4,462</u>	<u>14,434</u>	<u>14,707</u>	<u>1.89%</u>
Excess before transfers	2,086	3,108	424	647	2,510	3,755	49.60%
Transfers	(175)	(219)	175	219	-	-	0.00%
Increase in net assets	1,911	2,889	599	866	2,510	3,755	49.60%
Beginning net assets	20,642	22,553	20,310	20,909	40,952	43,462	6.13%
Ending net assets	<u>\$22,553</u>	<u>\$25,442</u>	<u>\$20,909</u>	<u>\$21,775</u>	<u>\$43,462</u>	<u>\$47,217</u>	<u>8.64%</u>

Governmental activities increased the City’s net assets by \$2,889 thousand as compared to \$1,911 thousand in the previous fiscal year.

**CITY OF DEL MAR**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

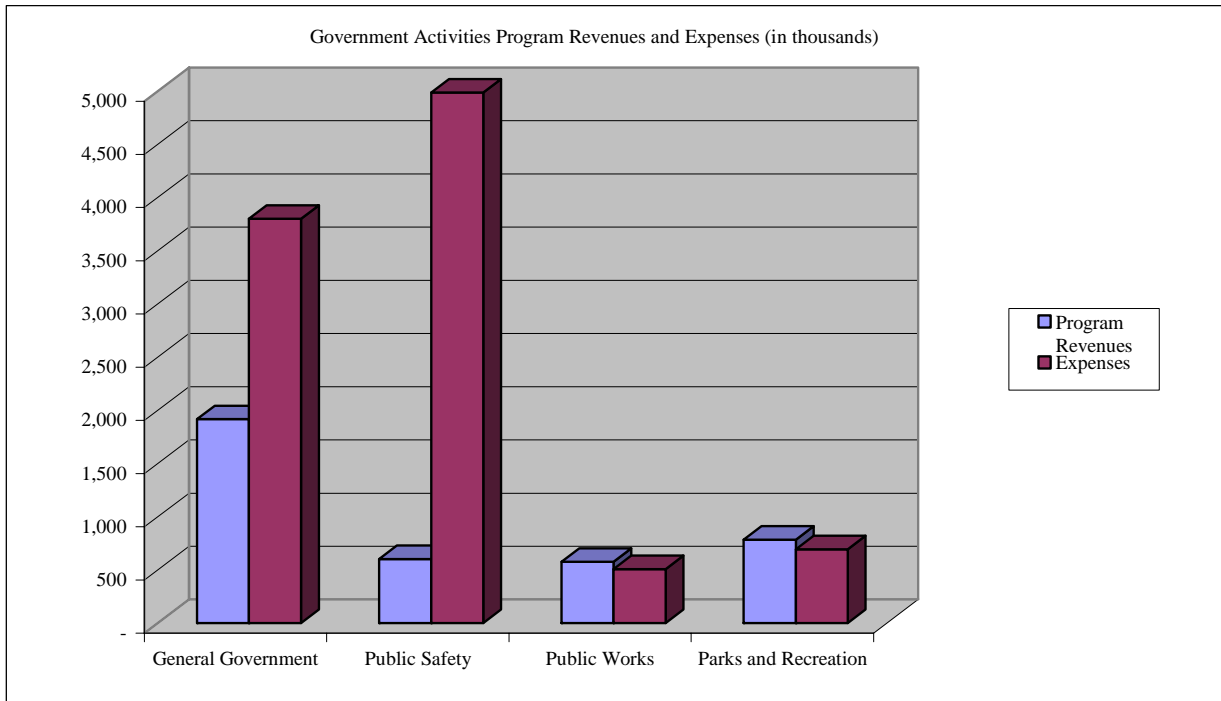
**JUNE 30, 2007**

**Governmental Activities:**

*Governmental* activities increased the City’s net assets by \$2,889 thousand. The increase was generated by total revenues of *governmental* activities of \$13.3 million (\$4.4 million in program revenues and \$8.9 million in general revenues) offset by \$10.2 million in total costs of *governmental* activities. Key factors of this increase include: actual expenditures below projections for the year; and the fact that the costs of capital asset acquisitions are capitalized and depreciated over the useful life of the assets under full-accrual accounting, versus being expensed in full in the year of acquisition.

The following table presents the total cost of each of the City’s major functions in addition to each function’s program revenues (fees generated by the activities, contributions, and intergovernmental aid). The net cost (the differences between the adjoining bars in the graph) shows the financial burden that was placed on the City’s taxpayers by each of these functions (costs covered by general revenues).

While total costs of all *governmental* activities were \$10.2 million, some of these costs were paid by those who directly benefited from the function (\$2.5 million), and other governments and organizations that subsidize certain programs with grants and contributions (\$1.9 million), and taxes and other revenues (such as income from property and investments and Motor Vehicle License Fees) received by the City to pay for the “public benefit” portion, totaling \$8.9 million.



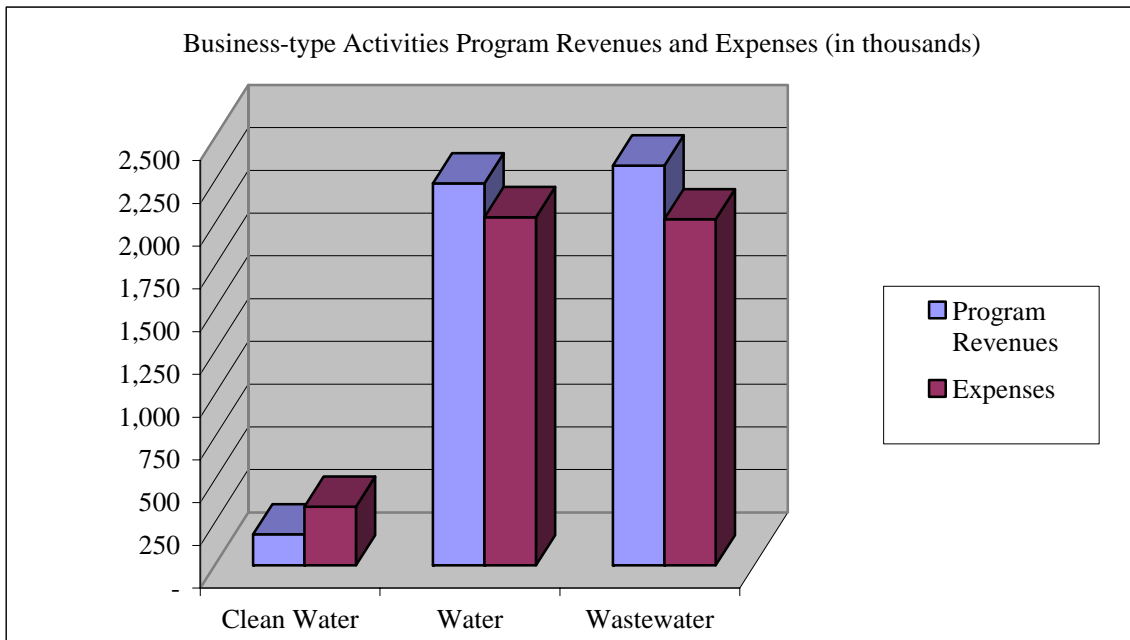
**CITY OF DEL MAR**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

**Business-type activities:**

Program revenues for the City’s business-type activities totaled \$4.95 million for the year, while functional expenses equaled \$4.46 million.



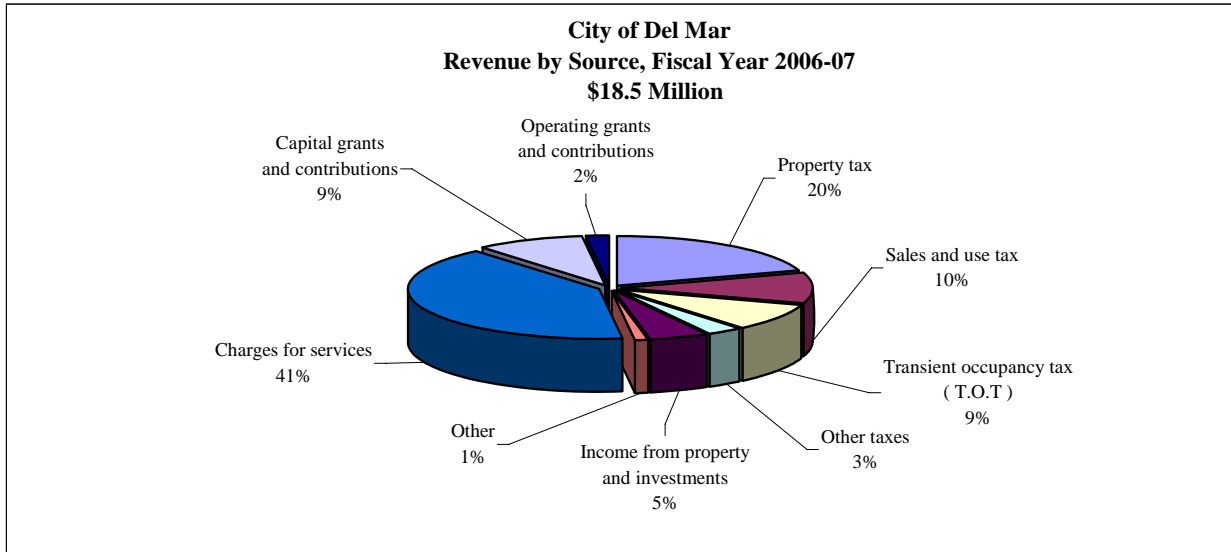
The Clean Water fund was established in fiscal year 2003-2004 with user rates established to achieve a 34% cost recovery level, as current year program expenditures exceed program revenues. The remainder is funded by the General Fund. Program revenues for Water and Wastewater exceed program expenses as the City purchased capital assets that will be reflected as program expenses over time. Water and Wastewater expenses do not reflect principal payment of long-term debt, which is reflected in the statement of cash flows. Additionally, a small portion of the surplus is set aside for future capital costs.

**CITY OF DEL MAR**

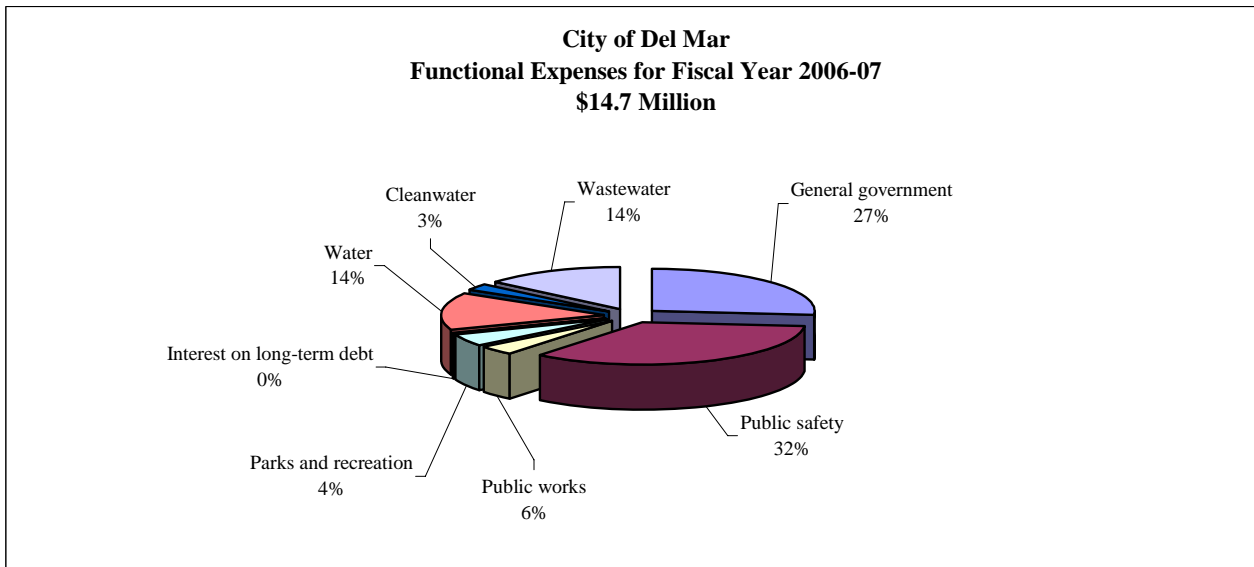
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

**Total Revenues by Source:** More than 60% of the City’s governmental revenue is generated through taxes collected (property, sales, transient occupancy tax, etc.), and in the current year, almost 100% of the City’s business-type revenue was generated through charges for services. This graph depicts the City’s combined governmental and business-type revenue sources.



**Total Expenses by Function:** The total cost of all programs and services was approximately \$14.7 million in fiscal year 2006 – 07. This graph depicts the City’s combined governmental and business-type functional expenses.



## CITY OF DEL MAR

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

The City's expenses cover a wide range of services:

- General Government (27%)

Those programs in General Government include City Council, City Manager, Engineering, City Clerk, Information Systems, Finance, Planning, and Community Development.

- Public Safety (32%)

There are three operational areas of Public Safety which work together to ensure the overall safety of the community: Fire, Community Services, and contract law enforcement provided by the San Diego Sheriff's Department. These three operations provide quality safety services in the areas of fire prevention/suppression, emergency preparedness, beach protection, and law enforcement.

- Public Works (6%)

Public works is charged with the maintenance and improvement of the City's assets. Their area of responsibilities includes City facilities and grounds, streets, pedestrian paths, bike lanes, signage, traffic signals, landscaping, and open spaces.

- Parks and Recreation (4%)

The City Council has a commitment to the acquisition and maintenance of open space in Del Mar, and believes open space is vital in perpetuating the village character of the City as well as providing recreational areas for residents and visitors. This segment provides for the clean-up of the City's beaches, the Powerhouse Community Center, parks, public pathways, building grounds, and tennis courts.

- Water Services (14%)

The City of Del Mar provides water services to approximately 1,800 customers. Del Mar purchases 100% of its water from the San Diego County Water Authority and contracts with the City of San Diego for the treatment and transportation of the water.

- Wastewater Services (14%)

The City of Del Mar operates and maintains a sanitary wastewater collection system. Sewage is treated by the City of San Diego.

- Clean Water (3%)

The City established this fund in fiscal year 2003-2004 to account for the mandated costs of the City's National Pollution Discharge Elimination System (NPDES) permit.

## CITY OF DEL MAR

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

#### Financial Analysis of the City's Funds

As noted earlier, the City 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 resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the city include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

At the end of the current year, the City's governmental funds reported combined ending fund balances of \$6.4 million, an increase of \$825 thousand in comparison with the previous year. Although \$4.2 million constitutes unreserved fund balance, approximately \$2.1 million is designated for: debt service (\$163,948), equipment replacement (\$657,455), park acquisition and development (\$528,290), revenue loss (\$500,000) self-insurance (\$100,000), environmental trust (\$4,089), leave liability (\$105,041) and special revenue purposes (\$54,475). (\$72,041) is unreserved and undesignated, and is available for spending at the City's discretion. The remainder of fund balance, \$2.2 million, is reserved to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders for the prior period (\$1,567 thousand), and 2) provide for low and moderate-income housing (\$665 thousand).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$3.5 million, while total fund balance was \$4.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 39% of total General Fund expenditures of \$8.9 million, while total fund balance represents 47% of that same amount. Overall, the General Fund's performance resulted in revenues in excess of expenditures in the fiscal year ended June 30, 2007 of \$1,828 thousand, before interfund transfers are considered. These transactions affect the balance sheet only and do not impact expenditure accounts.

The remaining governmental funds ended the year with a total fund balance of \$2.2 million (\$0.7 million in special revenue funds; \$0.1 million in debt service funds; \$1.4 million in capital projects funds), of which \$0.7 million is unreserved.

Revenues for governmental activities totaled approximately \$13.4 million in the fiscal year ended June 30, 2007, which represents an increase of 1.0% from the fiscal year ended June 30, 2006. The increase can be attributed to several factors: the continuation of a strong real estate market and the consequent growth in the assessed value of property, resulting in a 25.5% (\$764,000) increase in property taxes over prior year figures. The Sales and Use and Transient Occupancy Taxes reflect a healthy growth of 3.8% and 7.5% respectively (\$63,000 and \$117,000). The significant increase in capital contributions and grants (218% or \$1,068,000) is due to the receipt of contributions for undergrounding utility projects. The decrease in operating grants is due to the loss of one-time funds for fuel reduction and Housing-in Lieu Fees for a condominium conversion project.

## **CITY OF DEL MAR**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

Governmental expenditures totaled almost \$12.3 million, which is a moderate increase of approximately 9% from prior fiscal year 2006 figures. The increase can be attributed to increased expenditures in capital outlay.

#### **Proprietary Funds:**

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

The Water Fund had operating income of \$347,000 for the fiscal year. Water sales were approximately \$12,000 more than last year. Total expenses for the year amounted to \$2.0 million. The largest expenditure for the City continues to be purchased water, which was 39% of the total operating expenses. Unrestricted net assets at the end of the fiscal year were \$2.2 million.

During fiscal year 2003-2004, the City established a Cleanwater proprietary fund to account for the mandated costs of the City's National Pollution Discharge Elimination System (NPDES) permit. In the current fiscal year, the Cleanwater fund had operating losses of almost \$228,000 with revenues of \$131,000 and operating expenditures of \$359,000. Current year user rates were established to achieve a 53% cost recovery level for this fund. The remainder is funded through a balance sheet transfer from the General Fund. The total net assets at the end of the fiscal year were \$2,000.

Wastewater funds reported operating income of \$552,000 for the fiscal year. Revenues slightly increased over prior year figures by approximately \$87,000 (4%), which mirrored the increase in operating expenditures (\$26,000 or 1%). Total positive growth in the Wastewater fund was \$451,000 with unrestricted net assets of \$1.09 million at the end of the fiscal year.

#### **General Fund Budgetary Highlights:**

Management takes an active role in monitoring revenues and expenditures during the year and updates estimates when new information becomes available. Because of this monitoring, net estimated revenues were increased during this fiscal year by \$686,000 (7%) to reflect the following:

- The original property tax estimate assumed a very conservative growth rate of 3% (\$81,000). The final budget reflected an increase of \$260,000.
- Property tax in lieu of VLF (Vehicle License Fees) was adjusted by \$82,000.
- Sales tax revenues were significantly (\$122,000) higher than anticipated, due to growth in restaurant activity and one-time events at the Fairgrounds, such as RV and horse sales.
- Updates were posted to franchise taxes (\$53,000), which had been underestimated for a number of years.
- An increase in parking violations was posted (\$80,000).
- Housing-in-lieu fees were adjusted to reflect current activity (\$141,000).
- Other revenues, combined were adjusted downward by \$133,000.

## CITY OF DEL MAR

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2007

The increase from the total original budgeted expenditures to the final budget was \$200,000 (4.1%), some of which were in response to the following:

- Council costs for additional contractual services (\$39,000).
- Engineering costs for higher than anticipated demand in development review (\$56,000).
- Increased costs of information systems to keep up with on-going advances in technology (\$32,000).
- Costs increase associated with one-time payment for a retired employee and overtime (\$65,000).
- Various costs increase, combined (\$8,000)

The difference between the final budgeted revenues and the actual revenues for the year on a budgetary basis was \$54,000.

The difference between the final budgeted expenditures and the actual expenditures for the year on a budgetary basis was \$650,000 and can be generally summarized as follows:

- Lower than anticipated legal and risk management costs for unexpected claims (\$25,000).
- Prolonged vacancies in Planning and Finance that resulted in significant personnel savings (\$113,000).
- Contracts that were encumbered but not complete by year-end (\$118,000).
- Computer software and hardware and other furniture budgeted but not spent (\$68,000).
- Unspent costs for community support (\$21,000).
- Reduced costs of operating supplies (\$27,000).
- Savings in seasonal salaries (\$114,000).
- General "savings" being carried forward into the new fiscal year by the various departments within the City to enhance and provide future services and programs (\$164,000).

For purpose of the budgetary presentation, actual revenues have been adjusted to exclude unrealized gains and losses pursuant to GASB 31 and to adjust revenues to the cash basis. Expenditures have been adjusted to include outstanding encumbrances and to adjust expenditures to the cash basis.

#### **Capital Assets and Debt Administration**

##### **Capital Assets:**

The City's capital assets for its governmental and business-type activities as of June 30, 2007 amount to \$41.8 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, infrastructure, equipment, water and wastewater systems, and construction in progress. The City began recording infrastructure assets effective with fiscal year 2005. Per GASB 34, the City is not required to record retroactive general infrastructure assets. More detailed information about the City's capital assets is presented in Note 4 to the financial statements.

**CITY OF DEL MAR**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

The total increase in the City’s net investment in capital assets for the current fiscal year was \$2,104,000 (\$1,706,000 for governmental activities and \$398,000 for business type activities).

**City of Del Mar's  
Capital Assets, Net of Depreciation  
June 30, 2007  
(In thousands of dollars)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Change</b>	<b>Total Percentage Change</b>
	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006-07</b>	<b>2006-07</b>
Land	\$10,024	\$10,024	\$1,420	\$1,420	\$11,444	\$11,444	\$ -	0.00%
Buildings and improvement	7,396	7,396	85	391	7,481	7,787	306	3.93%
Equipment	2,046	1,969	619	610	2,665	2,579	(86)	-3.33%
Infrastructure	1,408	2,152	-	-	1,408	2,152	744	34.57%
Construction in progress	1,383	2,620	771	317	2,154	2,937	783	26.66%
Water system	-	-	13,835	14,319	13,835	14,319	484	3.38%
Wastewater system	-	-	11,807	12,481	11,807	12,481	674	5.40%
Total Capital Assets	22,257	24,161	28,537	29,538	50,794	53,699	2,905	5.41%
Accumulated depreciation	(3,687)	(3,885)	(7,453)	(8,056)	(11,140)	(11,941)	(801)	6.71%
Capital Assets, Net	<u>\$18,570</u>	<u>\$20,276</u>	<u>\$21,084</u>	<u>\$21,482</u>	<u>\$39,654</u>	<u>\$41,758</u>	<u>\$2,104</u>	<u>12.12%</u>

**Long-Term Debt**

At the end of the current fiscal year, the City’s total outstanding long-term obligations were \$5.8 million, a decrease of \$613,000 from the previous fiscal year, as shown in the table below. More detail about the City’s long-term liabilities is presented in Note 6 to the financial statements.

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Change</b>	<b>Percentage Change</b>
	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006-07</b>	<b>2006-07</b>
Bonds	\$ 1,320	\$ 1,195	\$ -	\$ -	\$ 1,320	\$ 1,195	\$ (125)	-10.46%
Notes	51	42	14	11	65	53	(12)	-22.64%
Capital leases	606	416	7	4	613	420	(193)	-45.95%
Certificates of participation	-	-	4,155	3,675	4,155	3,675	(480)	-13.06%
Compensated absences	255	250	46	50	301	300	(1)	-0.33%
Claims payable	-	198	-	-	-	198	198	0.00%
Total Long-Term Debt	<u>\$ 2,232</u>	<u>\$ 2,101</u>	<u>\$ 4,222</u>	<u>\$ 3,740</u>	<u>\$ 6,454</u>	<u>\$ 5,841</u>	<u>\$ (613)</u>	<u>-10.49%</u>

**Economic factors and other significant factors**

- Property tax remains the City’s most reliable source of revenue with the most recent estimates showing assessed values in the City at \$1.99 billion, almost 45% higher than they were just five years ago, and 133% more than what they were ten years ago.
- The City of Del Mar joined other California cities in agreeing to provide financial aid (in the form of property tax reductions) to the State of California for fiscal years 2004-2005 and 2005-2006 in return for the Governor’s support of Constitutional protection of local revenues (Proposition 1A). The cost to the City is \$135,000 per year.

## **CITY OF DEL MAR**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2007**

- PERS rates(City contribution) for each of the City's three plans remained the same as 2006/07: general employees – 20.197%; safety employees(lifeguard) – 10.904%; safety employees(fire) – 43.318%.

All of the above factors were considered in preparing for the City's budget for the 2007/08 fiscal year. During the current fiscal year, unreserved fund balance in the general fund increased to \$3,460,629 with approximately \$2.1 million being designated for general contingencies and the remaining \$1.4 million designated for specific purposes. The City of Del Mar has not appropriated any of these funds for spending in the 2007 fiscal year budget.

#### **Requests for Information**

The financial report is designed to provide a general overview of the City's finances for all of those with an interest in the government's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Finance Department, 1050 Camino Del Mar, Del Mar, CA 92014, (858) 755-9354, or visit us online at [www.delmar.ca.us](http://www.delmar.ca.us).

# **BASIC FINANCIAL STATEMENTS**

**CITY OF DEL MAR**

**STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 7,418,377	\$ 2,802,904	\$ 10,221,281
Receivables:			
Accounts, net	1,675,493	954,370	2,629,863
Accrued interest	73,260	38,288	111,548
Inventory	-	71,750	71,750
Prepaid expenses	2,799	-	2,799
Restricted cash and investments	525,110	43,087	568,197
Total Current Assets	<u>9,695,039</u>	<u>3,910,399</u>	<u>13,605,438</u>
Non-Current Assets:			
Restricted Assets:			
Cash and investments with fiscal agent	-	689,363	689,363
Deferred charges	-	95,418	95,418
Capital Assets:			
Land	10,024,325	1,419,960	11,444,285
Water and wastewater systems	-	26,800,184	26,800,184
Buildings and improvements	7,395,505	390,601	7,786,106
Machinery and equipment	1,969,255	610,121	2,579,376
Construction in progress	2,620,302	317,057	2,937,359
Infrastructure	2,151,903	-	2,151,903
Less: accumulated depreciation	(3,885,710)	(8,055,724)	(11,941,434)
Total Capital Assets, net of depreciation	<u>20,275,580</u>	<u>21,482,199</u>	<u>41,757,779</u>
Total Non-Current Assets	<u>20,275,580</u>	<u>22,266,980</u>	<u>42,542,560</u>
Total Assets	<u>29,970,619</u>	<u>26,177,379</u>	<u>56,147,998</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable and accrued liabilities	1,759,700	558,431	2,318,131
Accrued interest payable	30,353	61,011	91,364
Deposits payable	525,110	43,087	568,197
Retention payable	112,615	-	112,615
Total Current Liabilities	<u>2,427,778</u>	<u>662,529</u>	<u>3,090,307</u>
Non-Current Liabilities:			
Long-term liabilities due within one year	402,150	523,647	925,797
Long-term liabilities due more than one year	1,698,377	3,215,941	4,914,318
Total Non-Current Liabilities	<u>2,100,527</u>	<u>3,739,588</u>	<u>5,840,115</u>
Total Liabilities	<u>4,528,305</u>	<u>4,402,117</u>	<u>8,930,422</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	18,622,695	17,781,176	36,403,871
Restricted for			
Public works	48	-	48
Public safety	408	-	408
Debt service	163,948	689,363	853,311
Recreation services	585,829	-	585,829
Unrestricted	6,069,386	3,304,723	9,374,109
Total Net Assets	<u>\$ 25,442,314</u>	<u>\$ 21,775,262</u>	<u>\$ 47,217,576</u>

See accompanying notes to financial statements.

**CITY OF DEL MAR**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Governmental Activities:</b>				
General government	\$ 3,888,011	\$ 1,622,284	\$ 158,231	\$ -
Public safety	4,750,724	252,613	100,000	17,216
Public works	899,025	-	140,102	1,418,784
Parks and recreation	633,010	590,413	2,820	121,918
Interest on long-term debt	74,368	-	-	-
<b>Total Governmental Activities</b>	<b>10,245,138</b>	<b>2,465,310</b>	<b>401,153</b>	<b>1,557,918</b>
<b>Business-type Activities:</b>				
Water	2,064,393	2,390,664	-	-
Wastewater	2,038,716	2,424,808	-	-
Cleanwater	359,082	131,068	-	-
<b>Total Business-type Activities</b>	<b>4,462,191</b>	<b>4,946,540</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 14,707,329</b>	<b>\$ 7,411,850</b>	<b>\$ 401,153</b>	<b>\$ 1,557,918</b>

**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 Assets

Net Assets, Beginning of Year

Net Assets, End of Year

See accompanying notes to financial statements.

Net Revenue (Expense) and Change in Net Assets

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (2,107,496)	\$ -	\$ (2,107,496)
(4,380,895)	-	(4,380,895)
659,861	-	659,861
82,141	-	82,141
(74,368)	-	(74,368)
<u>(5,820,757)</u>	<u>-</u>	<u>(5,820,757)</u>
-	326,271	326,271
-	386,092	386,092
-	(228,014)	(228,014)
<u>-</u>	<u>484,349</u>	<u>484,349</u>
<u>(5,820,757)</u>	<u>484,349</u>	<u>(5,336,408)</u>
3,756,024	-	3,756,024
1,732,150	-	1,732,150
1,682,319	-	1,682,319
356,121	-	356,121
182,343	-	182,343
289,401	-	289,401
817,285	162,536	979,821
113,571	-	113,571
(218,972)	218,972	-
<u>8,710,242</u>	<u>381,508</u>	<u>9,091,750</u>
2,889,485	865,857	3,755,342
<u>22,552,829</u>	<u>20,909,405</u>	<u>43,462,234</u>
<u>\$ 25,442,314</u>	<u>\$ 21,775,262</u>	<u>\$ 47,217,576</u>

**CITY OF DEL MAR**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

**JUNE 30, 2007**

	General Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 4,271,050	\$ 1,355,648	\$ 872,103	\$ 6,498,801
Receivables:				
Accrued interest	49,699	8,814	6,630	65,143
Accounts, net	639,397	898,694	137,402	1,675,493
Prepaid expenses	2,799	-	-	2,799
Restricted assets:				
Cash and investments	506,760	-	18,350	525,110
Total Assets	<u>\$ 5,469,705</u>	<u>\$ 2,263,156</u>	<u>\$ 1,034,485</u>	<u>\$ 8,767,346</u>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 778,488	\$ 713,893	\$ 267,319	\$ 1,759,700
Deposits payable	506,760	-	18,350	525,110
Retentions payable	-	112,615	-	112,615
Total Liabilities	<u>1,285,248</u>	<u>826,508</u>	<u>285,669</u>	<u>2,397,425</u>
<b>FUND BALANCES</b>				
Reserved	723,828	1,507,272	3,520	2,234,620
Unreserved, designated for, reported in:				
General fund	3,460,629	-	-	3,460,629
Special revenue funds	-	-	582,765	582,765
Debt service funds	-	-	163,948	163,948
Unreserved, undesignated reported in :				
Capital projects funds	-	(70,624)	(1,417)	(72,041)
Total Fund Balances	<u>4,184,457</u>	<u>1,436,648</u>	<u>748,816</u>	<u>6,369,921</u>
Total Liabilities and Fund Balances	<u>\$ 5,469,705</u>	<u>\$ 2,263,156</u>	<u>\$ 1,034,485</u>	<u>\$ 8,767,346</u>

See accompanying notes to financial statements.

**CITY OF DEL MAR**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

Fund Balances of Governmental Funds	\$ 6,369,921
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not included in the funds.	20,275,580
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(30,353)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	(1,902,493)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	<u>729,659</u>
Net Assets of Governmental Activities	<u><u>\$ 25,442,314</u></u>

See accompanying notes to financial statements.

**CITY OF DEL MAR**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	General Fund	Capital Improvement Project Fund	Non-Major Governmental Funds	Total
<b>REVENUES</b>				
Taxes	\$ 7,471,443	\$ -	\$ 356,594	\$ 7,828,037
Licenses, fees and permits	809,729	-	409,035	1,218,764
Intergovernmental	335,078	255,040	568,366	1,158,484
Charges for services	360,848	-	-	360,848
Fines and forfeitures	884,813	-	-	884,813
Use of money and property	698,835	44,791	37,539	781,165
Contributions	53,060	952,393	1,200	1,006,653
Other	117,634	-	22,241	139,875
Total Revenues	<u>10,731,440</u>	<u>1,252,224</u>	<u>1,394,975</u>	<u>13,378,639</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,780,027	-	948	3,780,975
Public safety	4,860,572	-	159,097	5,019,669
Public works	166,825	-	642,154	808,979
Parks and recreation	-	-	580,463	580,463
Capital outlay	-	1,561,961	172,287	1,734,248
Debt Service:				
Principal	81,912	-	234,939	316,851
Interest	13,895	-	79,188	93,083
Total Expenditures	<u>8,903,231</u>	<u>1,561,961</u>	<u>1,869,076</u>	<u>12,334,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,828,209</u>	<u>(309,737)</u>	<u>(474,101)</u>	<u>1,044,371</u>
Other Financing Sources (Uses):				
Transfers in	65,314	900,000	452,231	1,417,545
Transfers out	(1,479,844)	(141,793)	(14,880)	(1,636,517)
Total Other Financing Sources (Uses)	<u>(1,414,530)</u>	<u>758,207</u>	<u>437,351</u>	<u>(218,972)</u>
Net Change in Fund Balances	413,679	448,470	(36,750)	825,399
Fund Balances, Beginning of Year	3,770,778	988,178	785,566	5,544,522
Fund Balances, End of Year	<u>\$ 4,184,457</u>	<u>\$ 1,436,648</u>	<u>\$ 748,816</u>	<u>\$ 6,369,921</u>

See accompanying notes to financial statements.

**CITY OF DEL MAR**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

Net Change in Fund Balances - Total Governmental Funds	\$ 825,399
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	1,705,947
Repayment of long-term debt consumes the current financial resources of governmental funds and thus are expenditures in the funds. This transaction, however, has no effect on net assets. This amount is the effect of the difference in the treatment of long-term debt.	329,674
Revenue is deferred in the governmental funds when it is not received soon enough after year-end to be considered available. The availability criteria does not apply to the government-wide statements and therefore, the revenue is not deferred. This amount represents the change in deferred revenue.	(54,461)
Interest expenditures are recognized in the governmental funds when due. Interest expense is recorded on accrual basis in the government-wide statements. This amount represents the difference between the interest paid and the interest accrued.	5,892
This amount represents the change in the retention payable.	28,924
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. The net revenue of certain activities of the internal service funds is reported with governmental activities	48,110
Change in Net Assets of Governmental Activities	<u>\$ 2,889,485</u>

See accompanying notes to financial statements.

**CITY OF DEL MAR**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

**JUNE 30, 2007**

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major Enterprise Fund	Total	
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 1,958,349	\$ 844,525	\$ 30	\$ 2,802,904	\$ 919,576
Receivables:					
Accounts	489,930	423,717	40,723	954,370	-
Interest	20,787	17,501	-	38,288	8,117
Inventory	59,733	12,017	-	71,750	-
Restricted cash and investments	43,087	-	-	43,087	-
<b>Total Current Assets</b>	<b>2,571,886</b>	<b>1,297,760</b>	<b>40,753</b>	<b>3,910,399</b>	<b>927,693</b>
Non-Current Assets:					
Restricted assets:					
Cash and investments	232,563	456,800	-	689,363	-
Deferred charges	9,180	86,238	-	95,418	-
Capital Assets:					
Land	983,060	436,900	-	1,419,960	-
Water and wastewater system	14,319,408	12,480,776	-	26,800,184	-
Buildings and improvements	349,542	41,059	-	390,601	-
Machinery and equipment	203,212	396,709	10,200	610,121	-
Construction in progress	85,176	231,881	-	317,057	-
Less: Accumulated depreciation	(4,297,809)	(3,753,052)	(4,863)	(8,055,724)	-
<b>Total Capital Assets (Net of     Accumulated Depreciation)</b>	<b>11,642,589</b>	<b>9,834,273</b>	<b>5,337</b>	<b>21,482,199</b>	<b>-</b>
<b>Total Non-Current Assets</b>	<b>11,884,332</b>	<b>10,377,311</b>	<b>5,337</b>	<b>22,266,980</b>	<b>-</b>
<b>Total Assets</b>	<b>14,456,218</b>	<b>11,675,071</b>	<b>46,090</b>	<b>26,177,379</b>	<b>927,693</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	302,047	217,167	39,217	558,431	-
Current portion of long-term liabilities	223,773	298,575	1,299	523,647	-
Accrued interest	5,339	55,672	-	61,011	-
Payable from restricted assets:					
Customer deposits	43,087	-	-	43,087	-
<b>Total Current Liabilities</b>	<b>574,246</b>	<b>571,414</b>	<b>40,516</b>	<b>1,186,176</b>	<b>-</b>
Non-current liabilities:					
Claims payable	-	-	-	-	198,034
Certificates of participation	225,000	2,945,000	-	3,170,000	-
Compensated absences	16,983	16,385	3,898	37,266	-
Notes payable	4,338	4,337	-	8,675	-
<b>Total Non-Current Liabilities</b>	<b>246,321</b>	<b>2,965,722</b>	<b>3,898</b>	<b>3,215,941</b>	<b>198,034</b>
<b>Total Liabilities</b>	<b>820,567</b>	<b>3,537,136</b>	<b>44,414</b>	<b>4,402,117</b>	<b>198,034</b>
Net Assets:					
Invested in capital assets, net of related debt	11,189,478	6,586,361	5,337	17,781,176	-
Restricted for debt service	232,563	456,800	-	689,363	-
Unrestricted	2,213,610	1,094,774	(3,661)	3,304,723	729,659
<b>Total Net Assets</b>	<b>\$ 13,635,651</b>	<b>\$ 8,137,935</b>	<b>\$ 1,676</b>	<b>\$ 21,775,262</b>	<b>\$ 729,659</b>

See accompanying notes to financial statements.

**CITY OF DEL MAR**

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	Business-type Activities- Enterprise Fund			Total	Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major Enterprise Fund		
<b>OPERATING REVENUES</b>					
Water sales	\$ 2,304,117	\$ -	\$ -	\$ 2,304,117	\$ -
Clean water services	-	-	128,728	128,728	-
Sewer service	-	2,413,598	-	2,413,598	-
Charges for services	-	-	-	-	422,796
Customer penalties	10,036	11,210	2,340	23,586	-
Other	76,511	-	-	76,511	25
Total Operating Revenues	<u>2,390,664</u>	<u>2,424,808</u>	<u>131,068</u>	<u>4,946,540</u>	<u>422,821</u>
<b>OPERATING EXPENSES</b>					
Source of supply	805,378	-	-	805,378	-
Transmission and distribution	257,592	-	-	257,592	-
Water treatment	163,633	-	-	163,633	-
Sewer collection	-	154,698	-	154,698	-
Plant maintenance and operation	-	875,320	-	875,320	-
General and administrative	519,400	499,973	357,042	1,376,415	410,831
Depreciation and amortization	298,123	342,738	2,040	642,901	-
Total Operating Expenses	<u>2,044,126</u>	<u>1,872,729</u>	<u>359,082</u>	<u>4,275,937</u>	<u>410,831</u>
Operating Income	<u>346,538</u>	<u>552,079</u>	<u>(228,014)</u>	<u>670,603</u>	<u>11,990</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	104,651	57,885	-	162,536	36,120
Interest expense	(20,267)	(165,987)	-	(186,254)	-
Total Non-operating Revenues	<u>84,384</u>	<u>(108,102)</u>	<u>-</u>	<u>(23,718)</u>	<u>36,120</u>
Income Before Transfers	430,922	443,977	(228,014)	646,885	48,110
Transfers in	6,986	6,986	205,000	218,972	-
Change In Net Assets	437,908	450,963	(23,014)	865,857	48,110
Net Assets, Beginning of Year	13,197,743	7,686,972	24,690	20,909,405	681,549
Net Assets, End of Year	<u>\$ 13,635,651</u>	<u>\$ 8,137,935</u>	<u>\$ 1,676</u>	<u>\$ 21,775,262</u>	<u>\$ 729,659</u>

See accompanying notes to financial statements.

**CITY OF DEL MAR**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major Enterprise Fund	Total	
Cash Flows from Operating Activities:					
Cash received from water, sewer & cleanwater customers	\$ 2,296,641	\$ 2,416,893	\$ 129,065	\$ 4,842,599	\$ -
Cash received from other operating receipts	76,511	-	-	76,511	427,555
Cash payments for water purchases	(874,119)	-	-	(874,119)	-
Cash payments for sewer collection & maintenance	-	(847,437)	-	(847,437)	-
Cash payments for services & supplies	(270,122)	-	-	(270,122)	-
Cash payment to employees for services	(517,664)	(499,559)	(338,397)	(1,355,620)	(212,797)
Net Cash Provided By (used for) Operating Activities	711,247	1,069,897	(209,332)	1,571,812	214,758
Cash Flows from Non-Capital Financing Activities:					
Transfers received	6,986	6,986	205,000	218,972	-
Net Cash Provided By Non-Capital Financing Activities	6,986	6,986	205,000	218,972	-
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(511,502)	(508,195)	(2,041)	(1,021,738)	-
Interest payments on long-term debt	(24,982)	(169,195)	-	(194,177)	-
Principal payments on long-term debt	(207,375)	(276,930)	-	(484,305)	-
Net Cash (used for) Capital and Related Financing Activities	(743,859)	(954,320)	(2,041)	(1,700,220)	-
Cash Flows from Investing Activities:					
Purchase of investments	1,333,754	481,084	3,584	1,818,422	-
Interest received	101,257	50,633	1,348	153,238	28,003
Net Cash Provided By Investing	1,435,011	531,717	4,932	1,971,660	28,003
Net Increase (decrease) in Cash and Cash Equivalents	1,409,385	654,280	(1,441)	2,062,224	242,761
Cash and cash equivalents, beginning of year	824,614	647,045	1,471	1,473,130	676,815
Cash and cash equivalents, end of year	\$ 2,233,999	\$ 1,301,325	\$ 30	\$ 3,535,354	\$ 919,576
Reconciliation of Operating Income (loss) to Net Cash Provided By (used for) Operating Activities:					
Operating income (loss):	\$ 346,538	\$ 552,079	\$ (228,014)	\$ 670,603	\$ 11,990
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:					
Depreciation and amortization	298,123	342,738	2,040	642,901	-
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(13,313)	(9,609)	(2,003)	(24,925)	4,734
(Increase) decrease in inventory	(12,530)	1,694	-	(10,836)	-
Increase (decrease) in claims payable	-	-	-	-	198,034
Increase (decrease) in accounts payable	94,892	182,581	18,580	296,053	-
Increase (decrease) in customer deposits	(4,199)	-	-	(4,199)	-
Increase (decrease) in compensated absences	1,736	414	65	2,215	-
Total Adjustments	364,709	517,818	18,682	901,209	202,768
Net Cash Provided By (used for) Operating Activities	\$ 711,247	\$ 1,069,897	\$ (209,332)	\$ 1,571,812	\$ 214,758

See accompanying notes to financial statements.

**CITY OF DEL MAR**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**JUNE 30, 2007**

	Pension Trust Funds	Agency Funds
<b>ASSETS</b>		
Accounts and assessments receivable	\$ -	\$ 8,435
Restricted assets:		
Cash and investments	3,508,637	954,325
Total Assets	<u>\$ 3,508,637</u>	<u>\$ 962,760</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 1,174
Due to bondholders	-	961,586
Total Liabilities	<u>-</u>	<u>\$ 962,760</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	<u>\$ 3,508,637</u>	

See accompanying notes to financial statements

**CITY OF DEL MAR**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Plan members	\$ 298,402
Investment Earnings:	
Interest	487,481
Total Additions	<u>785,883</u>
<b>DEDUCTIONS</b>	
Administrative expense	<u>111,569</u>
Change in Net Assets	674,314
Net Assets, Beginning of Year	<u>2,834,323</u>
Net Assets, End of Year	<u><u>\$ 3,508,637</u></u>

See accompanying notes to financial statements

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

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

A. Reporting Entity

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

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

The Del Mar Public Facilities Corporation (the Corporation) was formed on August 16, 1993, under the Nonprofit Public Benefit Corporation Law of the State of California to provide financial assistance to the City of Del Mar by acquiring, leasing, constructing or financing public sewer and/or water facilities and improvements. The financial activities of the Corporation have been aggregated and merged (termed "blending") with those of the City in the accompanying financial statements, as it meets the criteria for inclusion as set forth in GASB Statement No. 14. The City does not produce separate financial statements for the Corporation.

The criteria set forth in GASB Statement No. 14 states that component units are those entities, which are financially accountable to the primary government unit, either because the City appoints a voting majority of the component unit's board and the City is able to impose its will on that organization or because there is a potential for that organization to provide a financial benefit or impose a financial burden on the City. Since the City Council serves as the governing board for the Corporation it is considered to be a blended component unit.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

**B. Fund Accounting**

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

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

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

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

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

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

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

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

Property taxes, sales tax, transient occupancy tax (T.O.T.) franchise taxes, vehicle license fees, highway user's tax, interest associated with the current period, and some grants are all susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Debt Service Funds are used to account for bond proceeds required to be set aside for future debt service and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City.
- Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The Internal Service Fund is used to account for the workers compensation services provided to other departments of the City.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

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

- 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. These funds include the Pension Trust Funds and the Agency Funds.
- The Pension Trust Funds are used to account for assets in the Deferred Compensation Plan and the Governmental Money Purchase Plan.
- The Agency Funds are used to account for taxes received for special assessment debt for which the City is not obligated.

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the funds principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services, general and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, then unrestricted resources as they are needed.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

D. Investments

Investments are reported in the accompanying balance sheet at fair value. The City has adopted the provisions of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Pools", which require governmental entities to report certain investments in the year in which the change occurred. In accordance with GASB Statement No. 31, the City has adjusted certain investments to fair value (when material).

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

E. Cash and Cash Equivalents

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

F. Receivables and Payables

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

G. Capital Assets

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

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 and an estimated useful life greater than one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 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 is not depreciated.

Water system	40-50 years
Wastewater	40 years
Structures	33 1/3 years
Meters and hydrants	25 years
Equipment	5 years
Infrastructure	33 1/3 years

The City capitalized general infrastructure assets of \$743,784 during the year ended June 30, 2007. No retroactive infrastructure assets have been capitalized. Per GASB 34, the City is not required to record retroactive general infrastructure assets.

H. Compensated Absences

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

I. Inventory

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

J. Restricted Assets

The City reports assets that are restricted for customer deposits, contributions designated for specific purposes, and funds held in trust which are restricted for debt service payments.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

**K. Property Taxes**

Under California law, property taxes are assessed and collected by the County of San Diego up to 1 % of assessed value, plus other increases approved by the voters. The County bills and collects the taxes and remits them to the City in installments. The City of Del Mar accrues only those taxes to the extent they result in current receivables.

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

**L. Long-term Obligations**

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

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

**M. Use of Estimates**

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

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 Cleanwater).

O. Fund Equity

In the fund financial statements, governmental funds report reservation of the fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans and are subject to change.

*NOTE 2 – BUDGETS 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. Actual expenditures may not exceed budgeted appropriations at the department level. However, the City manager is authorized to transfer budgeted amounts between individual accounts within a department. Supplemental budgetary increases in appropriations for the General, Special Revenue, Debt Service and Capital Project Funds in the amount of \$3,108,995 were made during the year ended June 30, 2007.
3. Formal budgetary integration is employed as a management control device. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Unencumbered appropriations at year end automatically lapse. Those appropriations may be re-encumbered in the following year only after reconsideration.
4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds (for which annual budgets were adopted) are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds. In addition, no budgetary comparison schedule was prepared for the Open Space Debt Service Fund, Proposition 42 Fund or Transnet Fund.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING, (Continued)*

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.

*NOTE 3 – CASH AND INVESTMENTS*

Cash and investments as of June 30, 2007, are classified in the accompanying financial statements as follows:

Statement of Net Assets

Current assets:

Cash and investments	\$ 10,221,281
Restricted cash and investments	568,197

Noncurrent assets:

Cash and investments with fiscal agent	689,363
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Statement of Fiduciary Net Assets:

Restricted cash and investments	4,462,962
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Total Cash and Investments	<u>\$ 15,941,803</u>
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Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 2,188
Deposits with financial institutions	3,328,758
Investments	<u>12,593,512</u>
Total Cash and Investments	<u>\$ 15,941,803</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 3 – CASH AND INVESTMENTS, (Continued)*

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

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

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

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 3 – CASH AND INVESTMENTS, (Continued)*

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Farmers Home Administration	None	None	None
General Services Administration	None	None	None
U.S. Maritime Administration	None	None	None
Small Business Administration	None	None	None
Government National Mortgage Association	None	None	None
U.S. Dept. of Housing & Urban Development	None	None	None
Washington Metro Area Transit Authority	None	None	None
Federal Housing Administration Debentures	None	None	None
Commercial Paper	9 days	None	None
Interest Bearing Demand or Time Deposits	366 days	None	None
Money Market Funds	None	None	None

Disclosures Relating to Interest Rate Risk

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 3 – CASH AND INVESTMENTS, (Continued)*

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

Investment Type	Totals	Remaining Maturing (In Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	\$ 7,441,651	\$ 2,232,514	\$ 1,982,810	\$ 3,226,327
Medium-term corporate notes	1,477,507	-	249,453	1,228,054
State investment pool	2,984,991	2,984,991	-	-
Held by fiscal agent:	-	-	-	-
Federal agency securities	689,363	-	-	689,363
<b>Total</b>	<b>\$12,593,512</b>	<b>\$ 5,217,505</b>	<b>\$ 2,232,263</b>	<b>\$ 5,143,744</b>

Disclosures Relating to Credit Risk

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

Investment Type	Totals	Minimum Legal Rating	Rating as of Year End			
			AAA	AA	A	Not Rated
Federal agency securities	\$ 7,441,651	N/A	\$7,441,651	\$ -	\$ -	\$ -
Medium-term corporate notes	1,477,307	A	744,799	488,218	244,290	-
State investment pool	2,984,991	N/A	-	-	-	2,984,991
Held by fiscal agent:	-	-	-	-	-	-
Federal agency securities	689,363	N/A	689,363	-	-	-
<b>Total</b>	<b>\$12,593,312</b>		<b>\$8,875,813</b>	<b>\$ 488,218</b>	<b>\$ 244,290</b>	<b>\$2,984,991</b>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 3 – CASH AND INVESTMENTS, (Continued)*

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount Reported</u>
Federal Farm Credit Bank	Federal Agency Securities	\$ 1,486,641
Federal Home Loan Banks	Federal Agency Securities	5,707,108

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party in the event of the failure of the counterparty (e.g., broker-dealer). The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2007, \$141,006 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in uncollateralized accounts.

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 3 – CASH AND INVESTMENTS, (Continued)*

Investment in State Investment Pool

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

*NOTE 4 – CAPITAL ASSETS*

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 10,024,325	\$ -	\$ -	\$ 10,024,325
Construction in progress	1,383,402	1,980,684	(743,784)	2,620,302
Total Capital Assets Not Being Depreciated	<u>11,407,727</u>	<u>1,980,684</u>	<u>(743,784)</u>	<u>12,644,627</u>
Capital Assets Being Depreciated:				
Buildings and improvements	7,395,505	-	-	7,395,505
Machinery and equipment	2,045,563	114,428	(190,736)	1,969,255
Infrastructure	1,408,119	743,784	-	2,151,903
Total Capital Assets Being Depreciated	<u>10,849,187</u>	<u>858,212</u>	<u>(190,736)</u>	<u>11,516,663</u>
Less Accumulated Depreciation for:				
Buildings and improvements	(1,907,514)	(208,213)	-	(2,115,727)
Machinery and equipment	(1,777,166)	(131,964)	184,034	(1,725,096)
Infrastructure	(2,601)	(42,286)	-	(44,887)
Total Accumulated Depreciation	<u>(3,687,281)</u>	<u>(382,463)</u>	<u>184,034</u>	<u>(3,885,710)</u>
Total Capital Assets Being Depreciated, Net Governmental Activities	<u>7,161,906</u>	<u>475,749</u>	<u>(6,702)</u>	<u>7,630,953</u>
Capital Assets, Net	<u>\$ 18,569,633</u>	<u>\$ 2,456,433</u>	<u>\$ (750,486)</u>	<u>\$ 20,275,580</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 4 – CAPITAL ASSETS, (Continued)*

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
<b>Business-type Activities:</b>				
Capital Assests Not Being Depreciated:				
Land	\$ 1,419,960	\$ -	\$ -	\$ 1,419,960
Construction in progress	771,829	1,009,492	(1,464,264)	317,057
Total Capital Assets Not Being Depreciated	<u>2,191,789</u>	<u>1,009,492</u>	<u>(1,464,264)</u>	<u>1,737,017</u>
Capital Assets, Being Depreciated:				
Improvements	85,016	305,585	-	390,601
Machinery and equipment	619,430	12,245	(21,554)	610,121
Water system	13,834,912	484,496	-	14,319,408
Wastewater system	11,806,594	674,182	-	12,480,776
Total Capital Assets Being Depreciated	<u>26,345,952</u>	<u>1,476,508</u>	<u>(21,554)</u>	<u>27,800,906</u>
Less Accumulated Depreciation for:				
Improvements	(20,772)	(2,189)	-	(22,961)
Machinery and equipment	(524,132)	(37,108)	21,554	(539,686)
Water system	(3,804,103)	(280,678)	-	(4,084,781)
Wastewater system	(3,104,282)	(304,014)	-	(3,408,296)
Total Accumulated Depreciation	<u>(7,453,289)</u>	<u>(623,989)</u>	<u>21,554</u>	<u>(8,055,724)</u>
Total Capital Assets Being Depreciated, Net Business-type Activities	<u>18,892,663</u>	<u>852,519</u>	<u>-</u>	<u>19,745,182</u>
Capital Assets, Net	<u>\$ 21,084,452</u>	<u>\$ 1,862,011</u>	<u>\$ (1,464,264)</u>	<u>\$ 21,482,199</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 4 – CAPITAL ASSETS, (Continued)*

Depreciation expense was charged to functions for the year ended June 30, 2007 as follows:

Governmental Activities:

General government	\$ 109,544
Public safety	128,169
Public works	91,285
Parks and recreation	53,465
Total Depreciation Expense - Governmental Activities	<u>\$ 382,463</u>

Business-type Activities:

Water	\$ 289,771
Clean Water	2,040
Wastewater	332,178
Total Depreciation Expense - Business-Type Activities	<u>\$ 623,989</u>

*NOTE 5 – INTERFUND TRANSFERS*

Interfund transfers for the year ended June 30, 2007 are as follows:

Transfer In	Transfer Out			Total
	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 65,314	\$ -	\$ 65,314
Capital Improvement Project Fund	900,000	-	-	900,000
Nonmajor Governmental Funds	374,844	76,479	908	452,231
Water Fund	-	-	6,986	6,986
Wastewater Fund	-	-	6,986	6,986
Nonmajor Enterprise Fund	205,000	-	-	205,000
Total	<u>\$ 1,479,844</u>	<u>\$ 141,793</u>	<u>\$ 14,880</u>	<u>\$ 1,636,517</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 5 – INTERFUND TRANSFERS, (Continued)*

Purpose of Interfund Transfers

Transfers were used to:

1. Provide funding from the General Fund to the Capital Improvement Project Fund for street and drainage projects.
2. Provide funding from the General Fund to the Nonmajor Enterprise Fund to supplement rates paid to the utility by users.
3. Provide funding from the General Fund to other Nonmajor Governmental Funds to supplement funding for various governmental activities and projects, such as law enforcement, street maintenance, and beach maintenance.
4. Transfer funding for the Del Mar Village Association from a capital project to an operating grant.
5. Provide funding for a Public Works project to the Water Fund and the Wastewater Fund.

*NOTE 6 – CHANGES IN LONG-TERM LIABILITIES*

A summary of changes in long-term liabilities for the year ended June 30, 2007 is as follows:

	Balance at July 1, 2006	Additions	Deductions	Balance at June 30, 2007	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable	\$ 1,320,000	\$ -	\$ 125,000	\$ 1,195,000	\$ 130,000
Notes payable	51,390	-	9,180	42,210	9,699
Obligations under capital leases	605,690	-	190,015	415,675	200,049
Claims Payable	-	198,034	-	198,034	-
Compensated absences	255,088	239,988	245,468	249,608	62,402
Total Governmental Activity	<u>\$ 2,232,168</u>	<u>\$ 438,022</u>	<u>\$ 569,663</u>	<u>\$ 2,100,527</u>	<u>\$ 402,150</u>
<b>Business-type Activities:</b>					
Certification of participation	\$ 4,155,000	\$ -	\$ 480,000	\$ 3,675,000	\$ 505,000
Obligations under capital leases	7,098	-	3,460	3,638	3,638
Note payable	13,710	-	2,448	11,262	2,587
Compensated absences	45,870	3,818	-	49,688	12,422
Total Business-type Activity	<u>\$ 4,221,678</u>	<u>\$ 3,818</u>	<u>\$ 485,908</u>	<u>\$ 3,739,588</u>	<u>\$ 523,647</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

Governmental long-term debt:

Bonds Payable:

1999 Wildfire Protection Bonds - due in annual installments of \$80,000 to \$170,000 through 2014; interest ranges from 4.00% to 4.60%. \$ 1,195,000

Notes Payable:

Note Payable - The City entered into an agreement in April of 1995 to join the Regional Communications Systems of the Counties of San Diego and Imperial, California. As part of that agreement the City agreed to reimburse the County of San Diego for \$120,100 of its cost to set up the system. The note payment including interest at 5.65% is \$12,083 annually through December 2010. 42,210

Capital Lease:

Library capital lease - The City entered into a lease purchase agreement in 1994 to acquire real property to be used for a community library. The lease payment including interest at 6.25% is \$31,108 semiannually through February 2009. 115,288

VOIP capital lease - The City entered into a lease purchase agreement in 2005 to acquire equipment to be used for communications. The lease payment including interest at 4.3% is \$2,799 monthly through January, 2010. 81,988

Powerhouse Park Project - The City entered into a lease financing agreement in 1999 to provide capital for use in the City's Powerhouse Park Project. The lease payment including interest at 4.95% is \$54,396.38 semi-annually through January 2009. 204,762

Equipment Lease - The City entered into a lease purchase agreement in October of 1998 to acquire equipment for use in its Regional Communications System (RCS). The lease payment including interest at 5.127% is \$14,336 annually through November 2007. 13,637

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

Business-type long-term debt:

Certificates of Participation:

1993 Certificates of Participation (COPS) - The Del Mar Public Facilities Corporation issued COP's consisting of \$2,500,000 in certificates maturing in various amounts from \$125,000 to \$225,000 annually on September 1 each year through 2008; the interest rate ranges from 4.20% to 4.50%. \$ 440,000

1993 Certificates of Participation (COPS) - The Del Mar Public Facilities Corporation issued COP's consisting of \$6,000,000 in certificates maturing in various amounts from \$165,000 to \$440,000 annually on September 1 each year through 2015. The interest rate is 5.00%. 3,235,000

Notes Payable:

Note - The City entered into an agreement in April of 1995 to join the Regional Communications Systems of the Counties of San Diego and Imperial, California. As part of that agreement the City agreed to reimburse the County of San Diego for \$32,027 of its cost to set up the system. The note payment, including interest at 5.65%, is \$3,224 annually through December 2010. 11,262

Capital Lease:

Equipment Lease - The City entered into a lease purchase agreement in October of 1998 to acquire equipment for use in its Regional Communications System (RCS). 3,638

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

Governmental Long Term Debt

Fiscal Year Ending	Wildfire Protection Project General Obligation Bonds, Series 1999			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
	2008	\$ 130,000	\$ 51,415	\$ 181,415	\$ 9,699	\$ 2,385
2009	135,000	46,085	181,085	10,246	1,837	12,083
2010	145,000	40,550	185,550	10,825	1,258	12,083
2011	145,000	34,605	179,605	11,440	646	12,087
2012	150,000	28,515	178,515	-	-	-
2013-2015	490,000	45,130	535,130	-	-	-
Total	\$ 1,195,000	\$ 246,300	\$ 1,441,300	\$ 42,210	\$ 6,126	\$ 48,337

Fiscal Year Ending	Library			VOIP		
	Principal	Interest	Total	Principal	Interest	Total
	2008	\$ 55,871	\$ 6,346	\$ 62,217	\$ 30,663	\$ 2,927
2009	59,417	2,800	62,217	32,009	1,581	33,590
Total	\$ 115,288	\$ 9,146	\$ 124,434	\$ 81,988	\$ 4,786	\$ 86,774

Fiscal Year Ending	Power House			RCS Equipment		
	Principal	Interest	Total	Principal	Interest	Total
	2008	\$ 99,878	\$ 8,915	\$ 108,793	\$ 13,637	\$ 699
2009	104,884	3,910	108,794	-	-	-
Total	\$ 204,762	\$ 12,825	\$ 217,587	\$ 13,637	\$ 699	\$ 14,336

Business-Type Long-Term Debt

Fiscal Year Ending	1993 Sewer System Improvement Project Certificates of Participation			1993 Water System Improvement Project Certificates of Participation		
	Principal (*)	Interest	Total	Principal	Interest	Total
	2008	\$ 290,000	\$ 161,750	\$ 451,750	\$ 215,000	\$ 19,800
2009	305,000	147,250	452,250	225,000	10,125	235,125
2010	320,000	132,000	452,000	-	-	-
2011	340,000	116,000	456,000	-	-	-
2012	355,000	99,000	454,000	-	-	-
2013-2016	1,625,000	208,500	1,833,500	-	-	-
Total	\$ 3,235,000	\$ 864,500	\$ 4,099,500	\$ 440,000	\$ 29,925	\$ 469,925

(\*) Sinking fund installments

Fiscal Year Ending	Capital Lease RCS Equipment			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
	2008	\$ 3,638	\$ 186	\$ 3,824	\$ 2,587	\$ 636
2009	-	-	-	2,733	490	3,223
2010	-	-	-	2,888	336	3,224
2011	-	-	-	3,054	172	3,226
Total	\$ 3,638	\$ 186	\$ 3,824	\$ 11,262	\$ 1,634	\$ 12,896

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 7 – FUND BALANCES / NET ASSETS*

A city may set up "reserves" of fund equity to segregate fund balances which cannot be appropriated for expenditure in a future period, or which are legally set aside for a specific future use. Unrestricted fund "designations" may also be established to indicate tentative plans for financial resource utilization in a future period.

The City's reserves and designations at June 30, 2007 are tabulated below, followed by explanations as to the nature and purpose of each reserve or designation.

	Governmental Fund Balances			
	General	Capital		Total
		Improvement Projects	Other Non-Major	
Reserved for:				
Prepaid expenses	\$ 2,799	\$ -	\$ -	\$ 2,799
Encumbrances	56,297	1,507,272	3,520	1,567,089
Housing	664,732	-	-	664,732
Total Reserved	<u>723,828</u>	<u>1,507,272</u>	<u>3,520</u>	<u>2,234,620</u>
Unreserved - Designated for:				
Compensated absences	105,041	-	-	105,041
Debt service	-	-	\$ 163,948	163,948
Environmental trust	4,089	-	-	4,089
Equipment replacement	657,455	-	-	657,455
General contingencies	2,094,044	-	-	2,094,044
Park acquisition and development	-	-	528,290	528,290
Revenue loss	500,000	-	-	500,000
Self-insurance	100,000	-	-	100,000
Special revenue purposes	-	-	54,475	54,475
Total Unreserved-Designated	<u>3,460,629</u>	<u>-</u>	<u>746,713</u>	<u>4,207,342</u>
Unreserved - Undesignated	-	(70,624)	(1,417)	(72,041)
Total Fund Balances	<u>\$ 4,184,457</u>	<u>\$ 1,436,648</u>	<u>\$ 748,816</u>	<u>6,369,921</u>
Net Assets of Business-type Funds				
Net assets:				
Invested in capital assets, net of related debt				\$ 17,781,176
Restricted for debt service				689,363
Unrestricted				<u>3,388,736</u>
Total				<u>\$ 21,859,275</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

**Reserve for Encumbrances** represents the portion of purchase orders and contracts for goods and services that had not been received at June 30, 2007.

**Reserve for 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.

**Designated for Compensated Absences** are funds set aside for the compensated absences obligation recorded in the non-current liabilities section of the Statement of Net assets as described in Note 5.

**Designated for Debt Service** are funds set aside in the Debt Service Fund to meet the annual debt service on the general obligation bonds described in Note 5.

**Designated for Environmental Trust** represent funds set aside for the purpose of monitoring helicopter noise pollution as a result of litigation against the Federal government.

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

**Designated for General Contingencies** represent the remainder of the unreserved fund balance at June 30, 2007 in the General Fund and has been designated for general contingencies.

**Designated for Park Acquisition and Development** are funds set aside for acquisition and development of park lands.

**Designated for Revenue Loss** are funds established to provide for possible reductions in any single revenue source.

**Designated for Self-Insurance** are funds established for payment of the deductible portions claims covered by insurance policies.

**Designated for Special Revenue Purposes** are designated for the specific purposes as restricted by law or administrative action.

The business-type activities have a restriction of net assets for debt service totaling \$689,363. The restriction includes amounts restricted by the covenants of debt agreements, which are being held by fiscal agents. The amounts are restricted for payment of long-term debt principal and interest maturing in future years.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

As of June 30, the following fund has a negative fund balance:

Transnet Capital Projects Fund      \$ 1,417

The City is considering General Fund support to reduce the deficit in fiscal year 2007/08.

Fund Disclosures

Expenditures in Excess of Budget

The Regional Communications System Fund expenditures exceeded the budget amount by \$3,136. This Fund had adequate resources to cover the excess expenditures.

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

Plan Description:

The City's defined benefit pension plans, the Miscellaneous and Safety Plans for the City of Del Mar (Plans) provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), a cost-sharing employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office: 400 P Street, Sacramento, CA 95814.

Funding Policy:

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City partially contributes the amount required of safety employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For the year ended June 30, 2007 the required employer contribution for the miscellaneous employees was \$467,549, which was 20.197% of their annual covered payroll; for safety (non-fire) the required employer contribution was \$40,051, which was 10.904% of their annual covered payroll; and for the fire safety plan the required employer contribution was \$276,193, which was 43.318% of their annual covered payroll. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

Annual Pension Costs:

For fiscal year 2006-2007, the City of Del Mar’s annual pension cost was \$316,244 for safety employees and \$467,549 for miscellaneous employees and was equal to the City’s required and actual contributions

Three-Year Trend Information for Miscellaneous and Safety Plans:

Fiscal Year	Annual Pension Cost	Percentage APC Contributed	Net Pension Obligation
Nonsafety Employees:			
6/30/2005	\$ 204,555	100%	\$ -
6/30/2006	274,154	100%	-
6/30/2007	467,549	100%	-
Safety Employees:			
6/30/2005	\$ 223,197	100%	\$ -
6/30/2006	233,343	100%	-
6/30/2007	316,244	100%	-

Risk Pool and Future Contributions

As a result of having less than 100 active members as of June 30, 2003, the City was required to participate in a risk pool. Mandated pooling is effective with the June 30, 2003 valuation which determined the contribution rate for fiscal year 2005-2006. The fiscal year 2005-2006 was the first year under pooling, and therefore, the City’s pooled employer contribution rate was the same as the stand-alone employer contribution rate. This is because the difference between the pool’s normal cost and the stand-alone normal cost will be phased out over five years, beginning with fiscal year 2006-2007. For fiscal year 2005-2006, 100% of the difference between the pool’s normal costs and the stand-alone normal cost was reflected in the development of the City’s pooled employer contribution rate. For fiscal year 2006-2007, only 80% of the difference is reflected; for fiscal year 2007-2008, 60% will be reflected, and so on, until it is fully subject to the pool’s normal costs for fiscal year 2010-2011 and beyond.

*NOTE 9 – DEFERRED COMPENSATION*

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, organized as a trust for the exclusive benefit of the participants and available to all City employees, permits them to defer a portion of their salary until future years. The City is designated as a fiduciary of the plan; therefore the assets and transactions related to the plan are reported in the Pension Trust Fund as of June 30, 2007. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 10 – GOVERNMENTAL MONEY PURCHASE PLAN*

On November 15, 1999 the City adopted a money purchase pension plan. The plan was created in accordance with Internal Revenue Code Section 401(a). The plan is organized as a trust for the exclusive benefit of the participants and is available to the City's management employees. The plan allows the participants to defer a portion of their salary to future years and requires the City to contribute 1.14% of participant earnings into the plan which is paid by the employee. 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.

The City is designated as the fiduciary of the plans; therefore the assets and transactions related to the plans are reported in the Pension Trust Fund as of June 30, 2007.

*NOTE 11 – LITIGATION AND COMMITMENTS*

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

Construction Contracts and Commitments:

As of June 30, 2007 construction contracts and commitments totaled \$761,722.

*NOTE 12 – POST EMPLOYMENT HEALTH CARE BENEFITS*

The City has no obligation to provide post employment health care benefits for retirees. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration fee is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the City under this program.

*NOTE 13 – RISK MANAGEMENT*

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

*NOTE 13 – RISK MANAGEMENT (continued)*

General Liability:

As a member of SANDPIPA, 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 \$2,000,000 of pooled liability insurance for each occurrence is covered by SANDPIPA, with an additional \$35,000,000 of purchased liability for a total of \$37,000,000. Specific coverage includes bodily injury, property damage, municipal errors and omissions and personal injury.

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.

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.

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 year ended June 30, 2007.

*NOTE 14 – ASSESSMENT DISTRICT BOND ISSUES*

The City has issued Special Assessment Bonds as allowed under the State of California Special Improvement Act. The City has no obligation beyond the balances in the designated Agency fund for any delinquent assessment district bond payments. The City acts solely as an agent for those paying assessments and the bondholders of the obligations outstanding. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. Neither the faith, credit, nor taxing power of the City is pledged to the payment of the bonds. Therefore, such bonds are not an appropriate liability of the City and are not included in the accompanying financial statements. At June 30, 2007, the outstanding special assessment district bonds are as follows:

- Assessment District No. 89-1 Bonds of \$219,514 were issued October 2, 1990 to finance the undergrounding of utilities in the Luneta/Stratford Streets area. This bond issue was retired during fiscal year 2007.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2007**

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

- Reassessment District No. 99-1 Bonds of \$1,350,000 were issued June 17, 1999 to finance seawall improvements. These bonds outstanding at June 30, 2007 were \$1,035,000.
- 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, 2007 were \$900,000.
- The North Hills Undergrounding District and the Sunset Undergrounding District are in preliminary stages of development.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 7,266,600	\$ 7,385,400	\$ 7,471,443	\$ 86,043
Licenses, fees and permits	1,132,700	911,859	809,729	(102,130)
Intergovernmental	179,100	352,982	335,078	(17,904)
Charges for services	360,848	360,848	360,848	-
Fines and forfeitures	899,375	899,375	884,813	(14,562)
Use of money and property	547,600	657,600	698,835	41,235
Contributions	51,000	52,810	53,060	250
Other	61,000	56,528	117,634	61,106
Total Revenues	10,498,223	10,677,402	10,731,440	54,038
<b>EXPENDITURES</b>				
Current:				
General government	3,975,921	4,244,345	3,780,027	464,318
Public safety	5,149,831	5,035,891	4,860,572	175,319
Public works	165,687	177,599	166,825	10,774
Debt Service:				
Principal	62,237	81,932	81,912	20
Interest	-	13,896	13,895	1
Total expenditures	9,353,676	9,553,663	8,903,231	650,432
Excess of revenues over expenditures	1,144,547	1,123,739	1,828,209	704,470
<b>OTHER FINANCING SOURCES (Uses):</b>				
Transfers in	65,314	65,314	65,314	-
Transfers out	(1,479,844)	(1,479,844)	(1,479,844)	-
Total other financing sources (uses)	(1,414,530)	(1,414,530)	(1,414,530)	-
Net changes in fund balances	(269,983)	(290,791)	413,679	704,470
Fund balance at beginning of year	3,770,778	3,770,778	3,770,778	-
Fund balance at end of year	\$ 3,500,795	\$ 3,479,987	\$ 4,184,457	\$ 704,470

**CITY OF DEL MAR**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2007**

*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. Actual expenditures may not exceed budgeted appropriations at the department level. However, the City manager is authorized to transfer budgeted amounts between individual accounts within a department.
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 (for which annual budgets were adopted) are adopted on a basis substantially consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparison schedules were prepared for the Open Space Debt Service Fund, Proposition 42 Fund or Transnet Fund.
5. Under Article XIIB 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.

## **SUPPLEMENTARY INFORMATION**

**CITY OF DEL MAR**

**NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2007**

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

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

The **Open Space Fund** is used to account for revenue received by the City for use in acquiring, preserving, and developing parks and open space areas within the City.

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

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

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

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

The **Proposition 42 Capital Projects Fund** accounts for the financial resources to be used related to Proposition 42.

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

**CITY OF DEL MAR**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS**

**JUNE 30, 2007**

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System
<b>ASSETS</b>				
Cash and investments	\$ 937	\$ 501,410	\$ 869	\$ -
Receivables:				
Accrued interest	-	3,450	-	-
Accounts, net	9,135	127,005	-	-
Restricted assets:				
Cash and investments	-	18,350	-	-
Total Assets	<u>\$ 10,072</u>	<u>\$ 650,215</u>	<u>\$ 869</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accrued liabilities	\$ 10,024	\$ 46,036	\$ 461	\$ -
Deposits payable	-	18,350	-	-
Total Liabilities	<u>10,024</u>	<u>64,386</u>	<u>461</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Encumbrances	-	3,520	-	-
Unreserved:				
Designated	48	582,309	408	-
Total Fund Balances	<u>48</u>	<u>585,829</u>	<u>408</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,072</u>	<u>\$ 650,215</u>	<u>\$ 869</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects Funds			
Open Space	Wildfire	Proposition 42	Transnet	Total	
\$ -	\$ 161,250	\$ -	\$ 207,637	\$ 872,103	
-	1,436	-	1,744	6,630	
-	1,262	-	-	137,402	
-	-	-	-	18,350	
<u>\$ -</u>	<u>\$ 163,948</u>	<u>\$ -</u>	<u>\$ 209,381</u>	<u>\$ 1,034,485</u>	
\$ -	\$ -	\$ -	\$ 210,798	\$ 267,319	
-	-	-	-	18,350	
-	-	-	210,798	285,669	
-	-	-	-	3,520	
-	163,948	-	(1,417)	745,296	
-	163,948	-	(1,417)	748,816	
<u>\$ -</u>	<u>\$ 163,948</u>	<u>\$ -</u>	<u>\$ 209,381</u>	<u>\$ 1,034,485</u>	

**CITY OF DEL MAR**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds			
	Gasoline Tax	Open Space	Supplemental Law Enforcement	Regional Communications System
<b>REVENUES</b>				
Taxes	\$ 122,724	\$ -	\$ -	\$ 44,390
Licenses, fees and permits	-	409,035	-	-
Intergovernmental	-	218,640	100,000	-
Use of money and property	1,308	23,050	718	1,529
Contributions	-	1,200	-	-
Other	1,947	20,294	-	-
Total Revenues	<u>125,979</u>	<u>672,219</u>	<u>100,718</u>	<u>45,919</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	133,145	25,952
Public works	307,618	-	-	-
Parks and recreation	-	580,463	-	-
Capital outlay	-	172,287	-	-
Debt service:				
Principal	-	95,112	-	14,827
Interest	-	13,681	-	11,592
Total Expenditures	<u>307,618</u>	<u>861,543</u>	<u>133,145</u>	<u>52,371</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(181,639)</u>	<u>(189,324)</u>	<u>(32,427)</u>	<u>(6,452)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	120,868	220,000	32,835	1,141
Transfers out	(908)	-	-	(13,972)
Total Other Financing Uses	<u>119,960</u>	<u>220,000</u>	<u>32,835</u>	<u>(12,831)</u>
Net change in fund balances	(61,679)	30,676	408	(19,283)
Fund Balance, Beginning of Year	61,727	555,153	-	19,283
Fund Balance, End of Year	<u>\$ 48</u>	<u>\$ 585,829</u>	<u>\$ 408</u>	<u>\$ -</u>

Debt Service Funds		Capital Projects Funds			
Open Space Debt Service	Wildfire Debt Service	Proposition 42	Transnet	Total	
\$ -	\$ 189,480	\$ -	\$ -	\$ 356,594	
-	-	-	-	409,035	
-	-	32,318	217,408	568,366	
-	4,928	2,317	3,689	37,539	
-	-	-	-	1,200	
-	-	-	-	22,241	
-	194,408	34,635	221,097	1,394,975	
317	631	-	-	948	
-	-	-	-	159,097	
-	-	35,543	298,993	642,154	
-	-	-	-	580,463	
-	-	-	-	172,287	
-	125,000	-	-	234,939	
-	53,915	-	-	79,188	
317	179,546	35,543	298,993	1,869,076	
(317)	14,862	(908)	(77,896)	(474,101)	
-	-	908	76,479	452,231	
-	-	-	-	(14,880)	
-	-	908	76,479	437,351	
(317)	14,862	-	(1,417)	(36,750)	
317	149,086	-	-	785,566	
\$ -	\$ 163,948	\$ -	\$ (1,417)	\$ 748,816	

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual Amount	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 260,000	\$ 532,600	\$ 255,040	\$ (277,560)
Use of money and property	70,000	20,000	44,791	24,791
Contributions	212,000	1,363,558	952,393	(411,165)
Total Revenues	542,000	1,916,158	1,252,224	(252,769)
<b>EXPENDITURES</b>				
Capital outlay	1,016,000	3,010,961	1,561,961	1,449,000
Total Expenditures	1,016,000	3,010,961	1,561,961	1,449,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(474,000)	(1,094,803)	(309,737)	(1,701,769)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	900,000	900,000	900,000	-
Transfers out	(65,314)	(65,314)	(141,793)	76,479
Total Other Financing Sources (Uses)	834,686	834,686	758,207	-
Net changes in Fund Balances	360,686	(260,117)	448,470	-
Fund Balance, Beginning of Year	988,178	988,178	988,178	-
Fund Balance, End of Year	\$ 1,348,864	\$ 728,061	\$ 1,436,648	\$ 356,007

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
GASOLINE TAX FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Original	Budget Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 130,000	\$ 130,000	\$ 122,724	\$ (7,276)
Intergovernmental	19,000	-	-	-
Use of money and property	9,000	4,000	1,308	(2,692)
Other	-	840	1,947	1,107
Total Revenues	<u>158,000</u>	<u>134,840</u>	<u>125,979</u>	<u>(8,861)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>360,528</u>	<u>366,822</u>	<u>307,618</u>	<u>59,204</u>
Total Expenditures	<u>360,528</u>	<u>366,822</u>	<u>307,618</u>	<u>59,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(202,528)</u>	<u>(231,982)</u>	<u>(181,639)</u>	<u>50,343</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	120,868	120,868	120,868	-
Transfers out	-	-	(908)	(908)
Total Other Financing Sources (Uses)	<u>120,868</u>	<u>120,868</u>	<u>119,960</u>	<u>(908)</u>
Net Change in Fund Balance	(81,660)	(111,114)	(61,679)	49,435
Fund Balance, Beginning of Year	<u>61,727</u>	<u>61,727</u>	<u>61,727</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (19,933)</u>	<u>\$ (49,387)</u>	<u>\$ 48</u>	<u>\$ 49,435</u>

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
OPEN SPACE FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 105,500	\$ 201,952	\$ 218,640	\$ 16,688
Licenses, fees and permits	495,000	360,000	409,035	49,035
Use of money and property	20,000	13,000	23,050	10,050
Contributions	-	1,200	1,200	-
Other	-	-	20,294	20,294
Total Revenues	<u>620,500</u>	<u>576,152</u>	<u>672,219</u>	<u>96,067</u>
<b>EXPENDITURES</b>				
Current:				
Parks and recreation	576,770	612,230	580,463	31,767
Capital outlay	-	173,136	172,287	849
Debt service:				
Principal	95,112	95,112	95,112	-
Interest	13,682	13,682	13,681	1
Total Expenditures	<u>685,564</u>	<u>894,160</u>	<u>861,543</u>	<u>32,617</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,064)</u>	<u>(318,008)</u>	<u>(189,324)</u>	<u>128,684</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	220,000	220,000	220,000	-
Total Other Financing Sources (Uses)	<u>220,000</u>	<u>220,000</u>	<u>220,000</u>	<u>-</u>
Net Change in Fund Balance	154,936	(98,008)	30,676	128,684
Fund Balance, Beginning of Year	<u>555,153</u>	<u>555,153</u>	<u>555,153</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 710,089</u>	<u>\$ 457,145</u>	<u>\$ 585,829</u>	<u>\$ 128,684</u>

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Use of money and property	-	-	718	718
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,718</u>	<u>718</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	171,086	174,086	133,145	40,941
Total Expenditures	<u>171,086</u>	<u>174,086</u>	<u>133,145</u>	<u>40,941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,086)</u>	<u>(74,086)</u>	<u>(32,427)</u>	<u>41,659</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	32,835	32,835	32,835	-
Total Other Financing Sources (Uses)	<u>32,835</u>	<u>32,835</u>	<u>32,835</u>	<u>-</u>
Net Change in Fund Balance	<u>(38,251)</u>	<u>(41,251)</u>	<u>408</u>	<u>41,659</u>
Fund Balance, End of Year	<u>\$ (38,251)</u>	<u>\$ (41,251)</u>	<u>\$ 408</u>	<u>\$ 41,659</u>

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
REGIONAL COMMUNICATIONS SYSTEM FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual Amounts	Final Budget -
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 43,875	\$ 45,000	\$ 44,390	\$ (610)
Use of money and property	1,339	-	1,529	1,529
Total Revenues	45,214	45,000	45,919	919
<b>EXPENDITURES</b>				
Current:				
Public safety	59,146	22,816	25,952	(3,136)
Debt Service:				
Principal	14,827	14,827	14,827	-
Interest	11,592	11,592	11,592	-
Total Expenditures	85,565	49,235	52,371	(3,136)
Excess (deficiency) of revenues over (under) expenditures	(40,351)	(4,235)	(6,452)	(2,217)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,141	1,141	1,141	-
Transfers out	(13,972)	(13,972)	(13,972)	-
Total Other Financing Sources (Uses)	(12,831)	(12,831)	(12,831)	-
Net Change in Fund Balance	(53,182)	(17,066)	(19,283)	(2,217)
Fund Balance, Beginning of Year	19,283	19,283	19,283	-
Fund Balance, End of Year	\$ (33,899)	\$ 2,217	\$ -	\$ (2,217)

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
WILDFIRE DEBT SERVICE FUND**

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 165,000	\$ 165,000	\$ 189,480	\$ 24,480
Use of money and property	5,000	5,000	4,928	(72)
Total Revenues	<u>170,000</u>	<u>170,000</u>	<u>194,408</u>	<u>24,408</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,200	1,200	631	569
Debt Service:				
Principal	125,000	125,000	125,000	-
Interest	53,915	53,915	53,915	-
Total Expenditures	<u>180,115</u>	<u>180,115</u>	<u>179,546</u>	<u>569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,115)</u>	<u>(10,115)</u>	<u>14,862</u>	<u>24,977</u>
Fund Balance, Beginning of Year	<u>149,086</u>	<u>149,086</u>	<u>149,086</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 138,971</u>	<u>\$ 138,971</u>	<u>\$ 163,948</u>	<u>\$ 24,977</u>

**CITY OF DEL MAR**

**FIDUCIARY FUNDS**

**JUNE 30, 2007**

The 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. These funds include the Deferred Compensation Pension Trust Fund, Governmental Money Purchase Plan Pension Trust Fund, Assessment District 89-1 Agency Fund, Assessment District 99-1 Agency Fund, Assessment District 2003-1 Agency Fund, North Hills Undergrounding District Agency Fund, and the Sunset Undergrounding District Agency Fund.

**CITY OF DEL MAR**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - PENSION TRUST FUNDS**

**JUNE 30, 2007**

	<u>Deferred Compensation</u>	<u>Governmental Money Purchase Plan</u>	<u>Total</u>
<b>ASSETS</b>			
Restricted Assets:			
Cash and investments	<u>\$ 3,319,694</u>	<u>\$ 188,943</u>	<u>\$ 3,508,637</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes	<u>\$ 3,319,694</u>	<u>\$ 188,943</u>	<u>\$ 3,508,637</u>

**CITY OF DEL MAR**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS - PENSION TRUST FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Deferred Compensation	Governmental Money Purchase Plan	Total
<b>ADDITIONS</b>			
Contributions:			
Plan members	\$ 246,963	\$ 51,439	\$ 298,402
Investment Earnings:			
Interest	461,048	26,433	487,481
Total Additions	<u>708,011</u>	<u>77,872</u>	<u>785,883</u>
<b>DEDUCTIONS</b>			
Administrative expenses	<u>111,569</u>	-	<u>111,569</u>
Change in fund net assets	<u>596,442</u>	<u>77,872</u>	<u>674,314</u>
Fund Net Assets, Beginning of Year	<u>2,723,252</u>	<u>111,071</u>	<u>2,834,323</u>
Fund Net Assets, End of Year	<u><u>\$ 3,319,694</u></u>	<u><u>\$ 188,943</u></u>	<u><u>\$ 3,508,637</u></u>

## **CITY OF DEL MAR**

### **AGENCY FUNDS**

**JUNE 30, 2007**

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:

- Assessment District 89-1
- Assessment District 99-1
- Assessment District 2003-1
- North Hills Undergrounding District
- Sunset Undergrounding District

**CITY OF DEL MAR**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2007**

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<b><u>Assessment District 89-1</u></b>				
ASSETS				
Total Assets	\$ 107,714	\$ 4,717	\$ (26,014)	\$ 86,417
LIABILITIES				
Total Liabilities	\$ 107,714	\$ 4,717	\$ (26,014)	\$ 86,417
<b><u>Assessment District 99-1</u></b>				
ASSETS				
Total Assets	\$ 290,626	\$ 114,935	\$ (112,950)	\$ 292,611
LIABILITIES				
Total Liabilities	\$ 290,626	\$ 114,935	\$ (112,950)	\$ 292,611
<b><u>Assessment District 2003-1</u></b>				
ASSETS				
Total Assets	\$ 571,350	\$ 98,891	\$ (169,946)	\$ 500,295
LIABILITIES				
Total Liabilities	\$ 571,350	\$ 98,891	\$ (169,946)	\$ 500,295
<b><u>North Hills Undergrounding District</u></b>				
ASSETS				
Total Assets	\$ -	\$ 34,125	\$ (9,962)	\$ 24,163
LIABILITIES				
Total Liabilities	\$ -	\$ 34,125	\$ (9,962)	\$ 24,163
<b><u>Sunset Undergrounding District</u></b>				
ASSETS				
Total Assets	\$ -	\$ 64,648	\$ (5,374)	\$ 59,274
LIABILITIES				
Total Liabilities	\$ -	\$ 64,648	\$ (5,374)	\$ 59,274
<b><u>Total Agency Funds</u></b>				
ASSETS				
Total Assets	\$ 969,690	\$ 317,316	\$ (324,246)	\$ 962,760
LIABILITIES				
Total Liabilities	\$ 969,690	\$ 317,316	\$ (324,246)	\$ 962,760

**CITY OF DEL MAR**

**COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS**

**JUNE 30, 2007**

	Assessment District 89-1	Assessment District 99-1	Assessment District 2003-1	North Hills Undergrounding	Sunset Undergrounding	Total
<b>ASSETS</b>						
Accounts and assessments receivable	\$ 784	\$ 2,621	\$ 4,517	\$ 152	\$ 361	\$ 8,435
Restricted assets:						
Cash and investments	<u>85,633</u>	<u>289,990</u>	<u>495,778</u>	<u>24,011</u>	<u>58,913</u>	<u>954,325</u>
Total Assets	<u>\$ 86,417</u>	<u>\$ 292,611</u>	<u>\$ 500,295</u>	<u>\$ 24,163</u>	<u>\$ 59,274</u>	<u>\$ 962,760</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 587	\$ 587	\$ 1,174
Due to bondholders	<u>86,417</u>	<u>292,611</u>	<u>500,295</u>	<u>23,576</u>	<u>58,687</u>	<u>961,586</u>
Total Liabilities	<u>\$ 86,417</u>	<u>\$ 292,611</u>	<u>\$ 500,295</u>	<u>\$ 24,163</u>	<u>\$ 59,274</u>	<u>\$ 962,760</u>

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## **STATISTICAL SECTION**

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**CITY OF DEL MAR**

**DESCRIPTION OF STATISTICAL CONTENTS**

**JUNE 30, 2007**

This part of the City of Del Mar’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government’s overall financial health.

Contents:

Page

Financial Trends - These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 76

Revenue Capacity - These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. 84

Debt Capacity - These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 90

Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 95

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 97

**CITY OF DEL MAR**

**NET ASSETS BY COMPONENTS  
LAST FIVE FISCAL YEARS  
(Accrual Basis of Accounting)**

**JUNE 30, 2007**

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

The City of Del Mar implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.

Source: City of Del Mar

**CITY OF DEL MAR**

**CHANGES IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(Accrual Basis of Accounting)**

**JUNE 30, 2007**

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses:</b>					
Governmental activities:					
General government	\$ 3,203,924	\$ 3,665,960	\$ 3,803,204	\$ 3,800,429	\$ 3,888,011
Public Safety	3,484,350	4,078,281	4,557,872	4,986,741	4,750,724
Public Works	1,316,672	1,049,892	1,171,583	508,283	899,025
Parks and Recreation	626,863	679,069	719,867	694,358	633,010
Interest on long-term debt	137,934	120,901	109,235	43,020	74,368
<b>Total governmental activities expenses</b>	<b>8,769,743</b>	<b>9,594,103</b>	<b>10,361,761</b>	<b>10,032,831</b>	<b>10,245,138</b>
<b>Business-type activities:</b>					
Water	1,809,261	1,989,371	1,879,045	2,035,750	2,064,393
Cleanwater	-	292,554	332,111	342,813	2,038,716
Wastewater	2,129,611	2,330,249	2,062,148	2,024,322	359,082
<b>Total business-type activities expenses</b>	<b>3,938,872</b>	<b>4,612,174</b>	<b>4,273,304</b>	<b>4,402,885</b>	<b>4,462,191</b>
<b>Total primary government expenses</b>	<b>12,708,615</b>	<b>14,206,277</b>	<b>14,635,065</b>	<b>14,435,716</b>	<b>14,707,329</b>
<b>Program Revenues:</b>					
Governmental activities:					
Charges for services:					
General government	494,208	616,384	1,034,235	1,577,472	1,622,284
Public safety	729,178	823,763	1,030,952	267,613	252,613
Parks and recreation	207,695	488,225	699,078	782,070	590,413
Operating grants and contributions	247,462	680,786	391,369	763,816	401,153
Capital grants and contributions	571,582	683,324	1,048,930	490,044	1,557,918
<b>Total governmental activities program revenues</b>	<b>2,250,125</b>	<b>3,292,482</b>	<b>4,204,564</b>	<b>3,881,015</b>	<b>4,424,381</b>
<b>Business-type activities:</b>					
Charges for services:					
Water	2,093,896	2,316,389	2,188,208	2,234,603	2,390,664
Cleanwater	-	102,371	141,695	181,907	2,424,808
Wastewater	1,946,846	2,309,853	2,380,298	2,337,586	131,068
<b>Total business-type activities program revenues</b>	<b>4,040,742</b>	<b>4,728,613</b>	<b>4,710,201</b>	<b>4,754,096</b>	<b>4,946,540</b>
<b>Total primary government program revenues</b>	<b>6,290,867</b>	<b>8,021,095</b>	<b>8,914,765</b>	<b>8,635,111</b>	<b>9,370,921</b>
<b>Net revenues(expenses):</b>					
Governmental activities	(6,519,618)	(6,301,621)	(6,157,197)	(6,151,816)	(5,820,757)
Business-type activities	101,870	116,439	436,897	351,211	484,349
<b>Total net revenues (expenses)</b>	<b>(6,417,748)</b>	<b>(6,185,182)</b>	<b>(5,720,300)</b>	<b>(5,800,605)</b>	<b>(5,336,408)</b>

**CITY OF DEL MAR**

**CHANGES IN NET ASSETS, CONTINUED  
LAST FIVE FISCAL YEARS  
(Accrual Basis of Accounting)**

**JUNE 30, 2007**

	<b>Fiscal Year</b>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General Revenues and Other</b>					
<b>Changes in Net Assets:</b>					
Governmental activities:					
Taxes:					
Property taxes	2,446,848	2,640,411	2,954,897	2,992,161	3,756,024
Sales taxes	1,352,848	1,445,015	1,680,314	1,668,537	1,732,150
Transient occupancy tax	1,409,615	1,440,402	1,488,935	1,564,641	1,682,319
Franchise tax	264,523	272,973	297,079	317,261	356,121
Business license tax	157,326	172,130	185,753	186,756	182,343
Motor vehicle in lieu	258,119	209,146	105,682	336,709	30,291
Intergovernmental unrestricted	-	-	-	315,271	259,110
Use of money and property	513,938	403,479	409,202	557,198	817,285
Other	493,803	542,928	291,766	298,733	113,571
Transfers	(10,679)	(225,230)	(190,864)	(175,105)	(218,972)
<b>Total governmental activities</b>	<b>6,886,341</b>	<b>6,901,254</b>	<b>7,222,764</b>	<b>8,062,162</b>	<b>8,710,242</b>
Business-type activities:					
Use of money and property	114,370	14,434	50,237	72,688	162,536
Transfers	10,679	225,230	190,864	175,105	218,972
<b>Total business-type activities</b>	<b>125,049</b>	<b>239,664</b>	<b>241,101</b>	<b>247,793</b>	<b>381,508</b>
<b>Total primary government</b>	<b>7,011,390</b>	<b>7,140,918</b>	<b>7,463,865</b>	<b>8,309,955</b>	<b>9,091,750</b>
Changes in Net Assets					
Governmental activities	366,723	599,633	1,065,567	1,910,346	2,889,485
Business-type activities	226,919	356,103	677,998	599,004	865,857
<b>Total primary government</b>	<b>\$ 593,642</b>	<b>\$ 955,736</b>	<b>\$ 1,743,565</b>	<b>\$ 2,509,350</b>	<b>\$ 3,755,342</b>

The City of Del Mar implemented GASB 34 for the fiscal year ended June 30, 2003.  
Information prior to the implementation of GASB 34 is not available.

Source: City of Del Mar

**CITY OF DEL MAR**

**FUND BALANCES GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

**JUNE 30, 2007**

	<b>Fiscal Year</b>			
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
General Fund				
Reserved	\$ 766,055	\$ 583,244	\$ 594,698	\$ 631,701
Unreserved	2,641,102	2,894,993	3,209,460	2,909,497
<b>Total general fund</b>	<b>\$ 3,407,157</b>	<b>\$ 3,478,237</b>	<b>\$ 3,804,158</b>	<b>\$ 3,541,198</b>
All other governmental funds				
Reserved	\$ 407,501	\$ 793,840	\$ 126,739	\$ 133,701
Unreserved	940,592	934,349	1,216,084	2,022,655
<b>Total all other governmental funds</b>	<b>\$ 1,348,093</b>	<b>\$ 1,728,189</b>	<b>\$ 1,342,823</b>	<b>\$ 2,156,356</b>

Notes: 1. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City of Del Mar

**Fiscal Year**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 609,137	\$ 680,700	\$ 733,926	\$ 491,491	\$ 700,198	\$ 723,828
<u>3,122,975</u>	<u>2,935,452</u>	<u>2,789,204</u>	<u>2,760,508</u>	<u>3,070,580</u>	<u>3,460,629</u>
<u>\$ 3,732,112</u>	<u>\$ 3,616,152</u>	<u>\$ 3,523,130</u>	<u>\$ 3,251,999</u>	<u>\$ 3,770,778</u>	<u>\$ 4,184,457</u>
\$ 684,239	\$ 307,164	\$ 341,636	\$ 449,334	\$ 522,880	\$ 1,510,792
<u>1,322,942</u>	<u>1,517,185</u>	<u>1,294,384</u>	<u>1,447,753</u>	<u>1,250,864</u>	<u>674,672</u>
<u>\$ 2,007,181</u>	<u>\$ 1,824,349</u>	<u>\$ 1,636,020</u>	<u>\$ 1,897,087</u>	<u>\$ 1,773,744</u>	<u>\$ 2,185,464</u>

**CITY OF DEL MAR**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)**

**JUNE 30, 2007**

	<b>Fiscal Year</b>			
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>Revenues:</b>				
Taxes	\$ 4,061,372	\$ 4,485,712	\$ 5,375,006	\$ 5,558,503
Licenses, fees and permits	99,283	123,718	139,535	145,630
Intergovernmental	1,019,462	890,667	830,306	1,882,484
Charges for services	309,709	280,492	323,713	468,188
Fines and forfeitures	441,133	448,401	459,969	479,070
Used of money and property	456,079	515,976	585,164	613,309
Contributions	-	355,000	97,924	155,805
Other	328,181	191,061	159,386	147,614
<b>Total revenues</b>	<b>6,715,219</b>	<b>7,291,027</b>	<b>7,971,003</b>	<b>9,450,603</b>
<b>Expenditures:</b>				
General government	2,142,167	2,469,900	2,223,900	2,713,901
Public safety	2,604,778	2,709,616	2,775,640	3,133,604
Public works	448,906	532,095	517,180	639,253
Parks and recreation	177,734	173,719	153,511	297,485
Bond issue costs	-	58,555	-	-
Capital outlay	744,271	1,622,843	2,038,732	1,632,033
Debt service:				
Principal	115,193	120,107	211,003	303,454
Interest	66,336	61,571	169,391	172,437
<b>Total expenditures</b>	<b>6,299,385</b>	<b>7,748,406</b>	<b>8,089,357</b>	<b>8,892,167</b>
<b>Excess of revenues over (under) expenditures</b>	<b>415,834</b>	<b>(457,379)</b>	<b>(118,354)</b>	<b>558,436</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	552,387	827,326	1,321,709	1,707,578
Transfers out	(552,387)	(2,718,771)	(1,328,751)	(1,715,441)
Lease financing proceeds	-	850,000	-	-
Bond issuance proceeds	-	1,950,000	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>908,555</b>	<b>(7,042)</b>	<b>(7,863)</b>
<b>Net change in fund balances</b>	<b>\$ 415,834</b>	<b>\$ 451,176</b>	<b>\$ (125,396)</b>	<b>\$ 550,573</b>
Debt service as a percentage of noncapital expenditures	3.4%	3.1%	6.7%	7.0%

Notes: 1. Includes General, Special Revenue, Debt Service and Capital Projects Funds.

Source: City of Del Mar

<b>Fiscal Year</b>					
<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
\$ 5,397,586	\$ 5,585,841	\$ 5,902,221	\$ 6,395,154	\$ 7,144,697	\$ 7,828,037
157,630	167,661	174,571	188,956	356,492	1,218,764
1,209,933	1,365,983	2,033,941	2,024,083	1,154,704	1,158,484
503,815	522,471	836,133	1,328,490	997,570	360,848
529,234	547,438	668,960	874,862	956,378	884,813
618,197	513,939	403,479	560,084	546,707	781,165
37,345	150,000	87,765	1,000	52,995	1,006,653
267,068	339,630	309,094	258,242	682,285	139,875
<u>8,720,808</u>	<u>9,192,963</u>	<u>10,416,164</u>	<u>11,630,871</u>	<u>11,891,828</u>	<u>13,378,639</u>
3,115,651	3,114,605	3,800,009	3,636,886	3,555,998	3,780,975
3,422,997	3,503,659	4,050,058	4,609,225	4,899,846	5,019,669
592,072	1,123,082	673,800	1,136,702	798,030	808,979
324,245	575,734	611,577	646,643	572,092	580,463
-	-	-	-	-	-
721,771	693,409	868,814	957,174	1,085,464	1,734,248
340,180	326,652	340,919	317,078	309,144	316,851
156,282	143,935	127,108	112,363	100,691	93,083
<u>8,673,198</u>	<u>9,481,076</u>	<u>10,472,285</u>	<u>11,416,071</u>	<u>11,321,265</u>	<u>12,334,268</u>
<u>47,610</u>	<u>(288,113)</u>	<u>(56,121)</u>	<u>214,800</u>	<u>570,563</u>	<u>1,044,371</u>
1,706,645	1,365,074	663,756	1,939,651	1,419,408	1,417,545
(1,712,288)	(1,375,753)	(888,986)	(2,164,515)	(1,594,513)	(1,636,517)
-	-	-	-	-	-
-	-	-	-	-	-
<u>(5,643)</u>	<u>(10,679)</u>	<u>(225,230)</u>	<u>(224,864)</u>	<u>(175,105)</u>	<u>(218,972)</u>
<u>\$ 41,967</u>	<u>\$ (298,792)</u>	<u>\$ (281,351)</u>	<u>\$ (10,064)</u>	<u>\$ 395,458</u>	<u>\$ 825,399</u>
6.7%	5.7%	5.1%	4.3%	4.2%	4.0%

**CITY OF DEL MAR**

**GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST FIVE FISCAL YEARS  
(Accrual Basis of Accounting)**

**JUNE 30, 2007**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Transient Occupancy Tax</b>	<b>Motor Vehicle in lieu of Tax</b>	<b>Franchise Tax</b>	<b>Business Licences Tax</b>	<b>Total</b>
2003	\$2,446,848	\$1,352,848	\$1,409,615	\$ 258,119	\$ 264,523	\$ 157,326	\$5,889,279
2004	2,640,411	1,445,015	1,440,402	209,146	272,973	172,130	6,180,077
2005	2,954,897	1,680,314	1,488,935	105,682	297,079	185,753	6,712,660
2006	2,992,161	1,668,537	1,564,641	336,709	317,261	186,756	7,066,065
2007	3,756,024	1,732,150	1,682,319	289,401	356,121	182,343	7,998,358
Change from Based Year	53.5%	28.0%	19.3%	12.1%	34.6%	15.9%	35.8%

Source: City of Del Mar

**CITY OF DEL MAR**

**ASSESSED AND ESTIMATED VALUE OF ALL TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

**JUNE 30, 2007**

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Total Valuations</u>	<u>All Other Exemptions</u>
1997-98	\$ 522,952,205	\$ 318,329,241	\$ 15,097,407	\$ 856,378,853	\$ 1,000,960
1998-99	571,701,245	334,074,505	15,385,111	921,160,861	715,091
1999-00	665,904,651	361,836,101	16,642,697	1,044,383,449	1,062,090
2000-01	756,443,999	381,865,732	17,486,704	1,155,796,435	1,774,656
2001-02	889,553,441	400,603,222	18,688,885	1,308,825,548	1,924,100
2002-03	955,146,980	405,758,795	15,927,728	1,376,833,503	2,598,467
2003-04	1,028,989,637	427,910,574	16,916,861	1,473,817,072	2,746,435
2004-05	1,132,479,503	470,644,462	16,565,589	1,619,689,554	2,792,109
2005-06	1,316,771,917	501,839,920	15,912,217	1,834,524,054	2,881,088
2006-07	1,442,320,077	530,491,889	18,716,178	1,991,528,144	2,942,030

<b>Gross AV Less AO Exemptions</b>	<b>Homeowners Exemptions</b>	<b>Net Assessed Valuation</b>	<b>Percent Change</b>	<b>Total Direct Tax Rate</b>
\$ 855,377,893	\$ 7,389,200	\$ 847,988,693	5.84%	1.00
920,445,770	7,375,200	913,070,570	7.67%	1.00
1,043,321,359	7,511,000	1,035,810,359	13.44%	1.00
1,154,021,779	7,401,800	1,146,619,979	10.70%	1.00
1,306,901,448	7,205,800	1,299,695,648	13.35%	1.00
1,374,235,036	7,165,200	1,367,069,836	5.18%	1.00
1,471,070,637	7,149,800	1,463,920,837	7.08%	1.00
1,616,897,445	7,019,600	1,609,877,845	9.97%	1.00
1,831,642,966	7,032,200	1,824,610,766	13.34%	1.00
1,988,586,114	6,995,800	1,981,590,314	8.60%	1.00

**CITY OF DEL MAR**

**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
(Per \$100 of Assessed Value)**

**JUNE 30, 2007**

<b>Fiscal Year</b>	<b>County Base</b>	<b>City</b>	<b>School District</b>	<b>Community College District</b>	<b>Other Districts</b>	<b>Total</b>
1997-98	1.00000%	0.01293%	0.00000%	0.00000%	0.00908%	1.02201%
1998-99	1.00000%	0.01062%	0.00000%	0.00000%	0.00997%	1.02059%
1999-00	1.00000%	0.03018%	0.00000%	0.00000%	0.00990%	1.04008%
2000-01	1.00000%	0.02165%	0.00000%	0.00000%	0.00971%	1.03136%
2001-02	1.00000%	0.02141%	0.00000%	0.00000%	0.00853%	1.02994%
2002-03	1.00000%	0.01509%	0.00000%	0.00000%	0.00745%	1.02254%
2003-04	1.00000%	0.01054%	0.00000%	0.00000%	0.00677%	1.01731%
2004-05	1.00000%	0.00685%	0.00000%	0.00000%	0.00580%	1.01265%
2005-06	1.00000%	0.00685%	0.00000%	0.00000%	0.00520%	1.01205%
2006-07	1.00000%	0.00913%	0.00000%	0.00000%	0.00470%	1.01383%

Source: County of San Diego, Office of Auditor and Controller, Property Tax Service Division.

**CITY OF DEL MAR**

**DIRECT AND OVERLAPPING DEBT**

**YEAR ENDED JUNE 30, 2007**

	<b>Percent Applicable to City of Del Mar</b>	<b>City of Del Mar Share of Debt</b>
	<u>          </u>	<u>          </u>
San Diego County General Fund Obligations	0.630 %	\$ 2,212,655
San Diego County Pension Obligations	0.630	8,465,612
San Diego County Superintendent of School General Fund Obligations	0.630	113,668
Metropolitan Water District	0.122	438,120
Mira Costa Community College District Certificates of Participation	2.964	133,528
Solana Beach School District Certificates of Participation	0.453	4,145
City of Del Mar	100.000	1,195,000
City of Del Mar 1915 Act Bonds	100.000	1,935,000
		<u><u>\$ 14,497,728</u></u> <sup>(1)</sup>

Total Direct and Overlapping Bonded Debt

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

Ratios to Assessed Valuation:

Direct debt (\$1,195,000)	0.07%
Total Direct and Overlapping Tax and Assessment Debt	0.21%
Combined Total Debt	0.91%

Source: Prepared for the City of Del Mar by California Municipal Statistics, Inc.

**CITY OF DEL MAR**

**PRINCIPAL TAXPAYERS**

**JUNE 30, 2007**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage Of Total Assessed Valuation (1)</u>
G&I III Del Mar LP	Management Company	\$ 28,509,270	1.76%
Del Mar Thoroughbred Club	Professional Organization	20,602,855	1.27%
Starkman Linda D Trust	Trust	18,360,000	1.14%
Jacobs Family Trust	Trust	16,045,620	0.99%
Nicholas Arthur Trust	Trust	15,433,339	0.95%
John and Rebecca Moores	Individuals	13,046,564	0.81%
SKL Trust	Trust	13,608,795	0.84%
L-O Delmar Holding INC.	Management Company	13,053,328	0.81%
Heckmann Mary M	Individual	12,446,983	0.77%
Bella Trust	Trust	<u>11,548,440</u>	0.71%
		<u>\$ 162,655,194</u>	11.84%

2006-2007 total assessed valuation for the City is \$1,981,590,314.

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

**CITY OF DEL MAR**

**PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

**JUNE 30, 2007**

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of Levy</b>		<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections To Tax Levy</b>
		<b>Amount</b>	<b>Percent of Levy</b>			
1997-98	\$ 1,266,333	\$ 1,249,993	98.7%	\$ 33,092	\$ 1,283,085	101.3%
1998-99	1,354,258	1,335,731	98.6%	25,506	1,361,237	100.5%
1999-00	1,736,935	1,708,340	98.4%	22,040	1,730,380	99.6%
2000-01	1,834,568	1,806,324	98.5%	26,994	1,833,318	99.9%
2001-02	2,072,660	2,047,456	98.8%	23,727	2,071,183	99.9%
2002-03	2,096,654	2,072,233	98.8%	10,424	2,082,657	99.3%
2003-04	2,190,076	2,166,476	98.9%	22,541	2,189,017	100.0%
2004-05	2,365,220	2,332,689	98.6%	26,113	2,358,802	99.7%
2005-06	2,691,149	2,641,347	98.1%	32,466	2,673,813	99.4%
2006-07	3,130,032	3,042,761	97.2%	59,804	3,102,565	99.1%

Source: Finance Department, City of Del Mar

**CITY OF DEL MAR**

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
LAST TEN FISCAL YEARS**

**YEAR ENDED JUNE 30, 2007**

<u>Fiscal Year</u>	<u>Population <sup>(1)</sup></u>	<u>Assessed Value <sup>(2)</sup></u>	<u>Gross Bonded Debt <sup>(3)</sup></u>	<u>Less Debt Service Fund <sup>(4)</sup></u>	<u>Net Bonded Debt</u>
1997-98	5,257	\$ 855,377,893	\$ 500,000	\$ 144,132	\$ 355,868
1998-99	5,325	920,445,770	2,360,000	137,521	2,222,479
1999-00	5,365	1,043,321,359	2,260,000	290,391	1,969,609
2000-01	4,455	1,154,021,779	2,080,000	313,895	1,766,105
2001-02	4,455	1,306,901,448	1,870,000	343,516	1,526,484
2002-03	4,503	1,374,235,036	1,715,000	338,444	1,376,556
2003-04	4,555	1,471,070,637	1,555,000	270,001	1,284,999
2004-05	4,543	1,616,897,445	1,440,000	190,020	1,249,980
2005-06	4,524	1,831,642,966	1,320,000	149,403	1,170,597
2006-07	4,548	1,988,586,114	1,195,000	163,948	1,031,052

(1) From San Diego Association of Governments.

(2) From the County of San Diego, Office of Auditor and Controller, Property Tax Service Division.

(3) Amount does not include special assessment bonds and revenue bonds.

(4) Amount available for repayment of general obligation bonds.

Source: Finance Department, City of Del Mar

<b><u>Ratio of Net Bonded Debt to Assessed Value</u></b>	<b><u>Net Bonded Debt per Capita</u></b>
0.04%	68
0.24%	417
0.19%	367
0.15%	396
0.12%	343
0.10%	306
0.09%	282
0.08%	275
0.06%	259
0.05%	227

**CITY OF DEL MAR**

**SCHEDULE OF LEGAL DEBT MARGIN**

**JUNE 30, 2007**

<b>Computation of Legal Debt Margin</b>	
Assessed Valuation	\$ 1,981,590,314
Legal Debt Limit - 3.75 % of Total Assessed Valuation	74,309,637
Amount of Debt Applicable to Limit	1,195,000
Legal Debt Margin	\$ 73,114,637
Percent of Legal Debt Limit	1.63%

Note: The general laws of the State of California or municipalities provide for a legal debt limit of 15% of gross assessed valuation. However, the provision was enacted when assessed valuation was established based on 25% of market value. Effective with FY 81-82, taxable property is assessed as 100% of market value. Although the debt limit provision has not been amended by the State since this change, the percentage has been proportionately modified to debt limit.

**CITY OF DEL MAR**

**REVENUE BOND COVERAGE – WATER AND WASTEWATER BONDS  
LAST TEN FISCAL YEARS**

**YEAR ENDED JUNE 30, 2007**

<b>Fiscal Year</b>	<b>Total Operating Revenue (1)</b>	<b>Direct Operating Expenses (2)</b>	<b>Available for Debt Service</b>	<b>Debt Service Requirements</b>			
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Coverage</b>
1997-98	\$ 3,273,232	\$ 2,843,609	\$ 429,623	\$ 370,000	\$380,754	\$ 750,754	0.57
1998-99	3,681,957	2,883,276	798,681	385,000	362,179	747,179	1.07
1999-00	3,473,163	2,980,178	492,985	400,000	342,985	742,985	0.66
2000-01	3,521,991	3,517,577	4,414	415,000	322,984	737,984	0.01
2001-02	3,711,499	3,498,426	213,073	425,000	302,735	727,735	0.29
2002-03	4,040,742	3,661,623	379,119	445,000	281,410	726,410	0.52
2003-04	4,626,244	4,095,451	530,793	470,000	258,768	728,768	0.73
2004-05	4,568,506	3,747,352	821,154	435,000	236,713	671,713	1.22
2005-06	4,572,189	3,850,680	721,509	455,000	215,413	670,413	1.08
2006-07	4,815,472	3,916,855	898,617	480,000	193,038	673,038	1.34

(1) Total Water Fund and Wastewater Fund operating revenue.

(2) Total Water Fund and Wastewater Fund operating expense.

Source: Finance Department, City of Del Mar

**CITY OF DEL MAR**

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES  
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS**

**YEAR ENDED JUNE 30, 2007**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to Total General Expenditures</b>
1997-98	\$ 85,000	\$ 34,313	\$ 119,313	\$ 6,299,385	1.89%
1998-99	90,000	29,463	119,463	7,774,309	1.54%
1999-00	100,000	82,965	182,965	8,089,357	2.26%
2000-01	180,000	98,463	278,463	8,892,167	3.13%
2001-02	210,000	89,033	299,033	8,673,198	3.45%
2002-03	155,000	78,677	233,677	9,481,076	2.46%
2003-04	160,000	71,115	231,115	10,472,285	2.21%
2004-05	115,000	63,515	178,515	11,416,071	1.56%
2005-06	120,000	58,815	178,815	11,321,265	1.58%
2006-07	125,000	53,915	178,915	12,334,268	1.45%

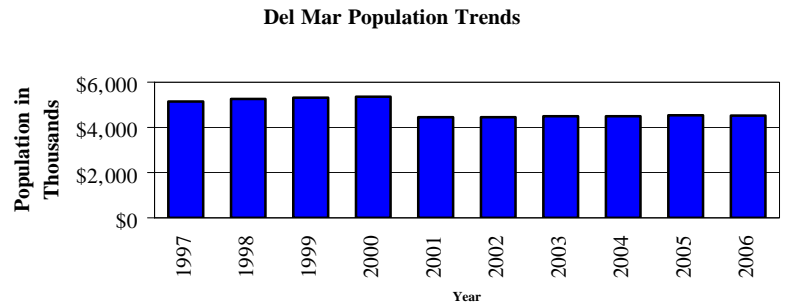
Source: Finance Department, City of Del Mar

**CITY OF DEL MAR**

**DEMOGRAPHICS STATISTICS  
LAST TEN CALENDAR YEARS**

**JUNE 30, 2007**

<u>Fiscal Year</u>	<u>Population</u>
1998	5,257
1999	5,325
2000	5,365
2001	4,455
2002	4,455
2003	4,499
2004	4,503
2005	4,543
2006	4,524
2007	4,548



Median Age: 46.6  
 Median Household Income: \$84,884  
 Median Educational Attainment: Bachelor's Degree

Source: San Diego Association of Governments (SANDAG)

**CITY OF DEL MAR**

**PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

**JUNE 30, 2007**

<u>Employer</u>	<u>2007</u>		<u>1998</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Premier Food Svc	800	39.51%		
J Taylor's Of Del Mar	250	12.35%	Not Available	
L'Auberge Del Mar Resort & Spa	170	8.40%		
Jake's Del Mar	130	6.42%		
Del Mar Thoroughbred Club	115	5.68%		
Brigantine Seafood Restaurant	100	4.94%		
Il Fornaio Cucina Italiana	100	4.94%		
Hospital Marketing Group	90	4.44%		
Johnson & Rountree	85	4.20%		
Pacifica Del Mar	65	3.21%		
Davidson Communities	60	2.96%		
Bully's Corporate Office	60	2.96%		

“Total Employment” as used above represents the total employment of all employers located within City limits.

Source: State Department of Commerce  
City of Del Mar  
InfoUSA

**CITY OF DEL MAR**

**FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**

**JUNE 30, 2007**

<u>Function</u>	<u>Full-Time and Part-time Employees as of June 30</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government										
City Manager	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
City Clerk	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Planning	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Subtotal										
General Government	18.5	18.5	18.5	18.5	19.5	19.5	19.5	19.5	19.5	19.5
Public safety <sup>1</sup>										
Fire Services	11.5	11.5	11.5	11.5	11.5	11.5	10.5	10.5	9.5	9.5
Lifeguard Services	3.0	3.0	3.0	3.0	3.0	2.5	3.0	2.0	2.0	2.0
Parking Enforcement	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Code Enforcement	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Subtotal Public Safety	18.5	18.5	18.5	18.5	18.5	18.0	17.5	16.5	15.5	15.5
Public works	11.5	11.0	11.0	11.5	12.0	12.0	12.0	12.0	12.0	12.0
Parks and recreation	1.5	2.0	1.0	2.5	3.0	4.5	4.0	5.0	5.0	5.0
Total	50.0	50.0	49.0	51.0	53.0	54.0	53.0	53.0	52.0	52.0

1. Police services are provided by San Diego County.

Source: City Budget Office

**CITY OF DEL MAR**

**OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

**JUNE 30, 2007**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Arrests <sup>1</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking citations issued <sup>2</sup>	N/A	N/A	N/A	N/A	17,693	18,634	20,061	22,564	24,277	18,091
Fire:										
Number of emergency calls	950	950	1,004	986	945	840	1,003	877	1,027	1,167
Inspections	180	180	180	180	180	180	180	130	130	130
Public works:										
Street resurfacing (miles)	0.41	0.42	0.02	0.45	1.16	1.25	0.14	0	0.26	0.18
Street Slurry (miles)	1.89	2.33	1.89	1.62	0.57	0.25	0.32	0	0	0
Parks and recreation:										
Number of recreation classes <sup>3</sup>	N/A	N/A	N/A	150	250	450	450	350	350	350
Number of facility rentals <sup>3</sup>	N/A	N/A	N/A	40	80	170	210	260	290	290
Water:										
New connections <sup>4</sup>	N/A	N/A	N/A	3	6	2	6	5	5	7
Average daily consumption (thousands of gallons)	1,286	1,309	1,385	1,264	1,209	1,147	1,248	1,182	1,172	1,309
Sewer:										
New connections <sup>4</sup>	N/A	N/A	N/A	0	6	4	6	5	6	7
Average daily sewage treatment (thousands of gallons)	681	670	697	718	699	697	680	695	675	648

1. Police services are provide by the County of San Diego.
2. Parking citation data is not available prior to 2002.
3. Parks and recreation information not available prior to 2001.
4. New connection data is not available prior to 2001.

Sources: City of Del Mar

**CITY OF DEL MAR**

**CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS**

**JUNE 30, 2007**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Fire:										
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
Streetlights	58	58	58	58	58	58	58	58	58	87
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	3	3	3	3	3	3	3	3	3	3
Community centers	0	0	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	24.32	24.39	26.26	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
Wastewater:										
Sanitary sewers (miles)	24.34	24.34	24.36	24.37	24.37	24.37	24.37	24.37	24.37	24.37
Storm drains (miles)	0	0	0	0	0	0.07	0.03	0	0.07	13.59
Maximum daily treatment capacity (thousands of gallons)	800	800	800	800	800	821	821	877	877	876

Source: City of Del Mar

# CITY OF DEL MAR

## MISCELLANEOUS STATISTICS

JUNE 30, 2007

Date of Incorporation	July 15, 1959
Form of Government	Council/Manager Charter City
Area	2 square miles
Climate:	
Average annual high temperature	70 1/2
Average annual low temperature	57
Annual precipitation	9.3"
Fire protection:	
Stations	1
Firefighters and officers	11
Fire incident responses	332
Emergency medical incident responses	790
Public service calls	45
Fire inspections	130
Culture and leisure:	
Parks	6 acres in 3 parks
Passive/Active Recreation Areas	296.99 acres including 200 acres Fairgrounds/Racetrack
Miles of beaches	2.2
Beach attendance	2,000,000
Tennis Courts	2
Basketball Courts	1
Libraries	1
Library inventory	30,102
Hotels:	
Major hotel rooms	352
Average occupancy	72%
Average persons per stay	2
Average nights per stay	2
Average room rate	\$185
Education:	
Schools:	
Private	1
Miles of streets	22.5
Street lights	87
Water system:	
Service connections	1709
Fire hydrants	300
Miles of sanitary sewers	24.37
Employees:	
Full-time	52