

City of Del Mar, California

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2008

Prepared By the
Finance Department

CITY OF DEL MAR
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2008

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CITY OF DEL MAR



December 22, 2008

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

LETTER OF TRANSMITTAL

FISCAL YEAR 2007-2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT

It is a pleasure to present the Fiscal Year 2007-2008 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 concludes, 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, 2008.

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 4,580 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 22nd District Agricultural Association, commonly referred to as the Fairgrounds, is a significant presence in the City encompassing

approximately one-fifth of the City's area. The 22nd 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 it contracts with the Sheriff for police services.

Budgetary Process

For the last nine years, Del Mar has completed a two-year operating and capital improvement budget with projections for capital projects extended to five years. The budget consists of two single-year appropriations. The budget process begins each year with the City Council setting goals in a public meeting through citizen participation. Departments then develop operational goals in accordance with City Council goals within their own programs. Based on the goals set forth, the proposed 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 financial reports which compare 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 between programs within a fund; 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, specifically property tax revenues, and tourism as major revenue sources. The total assessed value for the City exceeded \$2.12 billion, an increase of 7.05 percent, from the previous fiscal year. The housing market slowed down this fiscal year from the record-setting sales and robust price gains of the last few years, and is expected to stay flat in the next fiscal year. The annual increase in assessed value is attributable to an annual increase in the assessed value of property limited to two percent annually by Proposition 13, and to the increase in assessed valuations of property as a result of home sales. Del Mar voters recently approved the Garden Del Mar project, which is a mixed-use commercial development. This is the first project to be developed in Del Mar in the last 20 years and promises to generate more property taxes as well as other forms of revenue to the City when built.

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 vacationing travelers. Transient Occupancy Tax (TOT) and sales tax decreased approximately 26 percent and 17 percent, respectively, which is a reflection of the recessionary economy and the seven-month closure of the largest hotel in Del Mar, L'Auberge, for a \$25 million renovation. TOT is expected to recover modestly for Fiscal Year 2008-2009 with the re-opening of L'Auberge, but sales tax is anticipated to decline.

The State of California (State) 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 \$14.8 billion, which is expected to grow to \$41.6 billion by Fiscal Year 2009-2010, if corrective action is not taken. The State also faces a cash flow crisis that will necessitate deferring payments to local governments for construction projects, payments to State employees and vendors, and requiring the State to pay with Registered Warrants ("IOUs"). In early January, the Governor vetoed an \$18 billion fiscal package passed by legislators after they had rejected the Governor's budget package. The Governor and State legislators are currently in the midst of negotiations. At this time, Del Mar is not expected to receive any significant cuts from the State.

As a fully built-out city, Del Mar is not as dependent on growth-related revenues as other jurisdictions. The state and nationwide economy have come to a halt and are not expected to recover quickly. Del Mar, however, is positioning itself appropriately and management is prudently planning ahead to overcome these challenges. Our approach for the future is to continue fiscal conservatism by identifying new revenue sources and examining ways to reduce expenditures through alternative approaches. The City is currently undertaking new revenue strategies including an updated cost allocation plan, a planning and development fee study, and new water and sewer rates and charges. It has streamlined operations through some departmental reorganizations.

In the last election in November, the voters of Del Mar approved the Garden Del Mar project by an overwhelming vote of 84.63 percent. This will be the first project built in downtown Del Mar in the last 20 years. It will flank the south end of downtown, and is expected to bring increased revenue in property, sales, and business license taxes. Voters also approved increasing TOT up to thirteen percent, and approved a ratification of existing Clean Water fees, as well as a new five-year rate plan. These measures passed successfully demonstrating the Community's commitment to an adequately funded city government. In the last several months, the City has passed major zoning ordinances designed to stimulate our local economy.

Even with the uncertain economy, Del Mar's future is focused on sustainability of services and is encouraged by the Community's demonstrated commitment. As the City approaches its 50th Anniversary, the City Council's vision for an economically revitalized City, while preserving Del Mar's charming character and environment, is clearly a priority.

Long-term Financial Planning

The City completed a long-range capital financing plan during the Fiscal Year 2006-2007 and 2007-2008 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 both employees and 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.

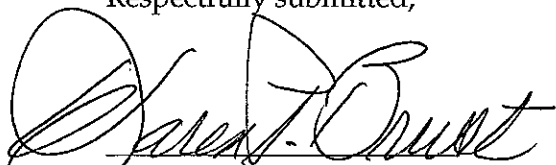
Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This was the twelfth 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 CAFR continues to meet the Certificate of Achievement Program's requirements, and will be submitting it to GFOA to determine its eligibility.

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

Respectfully submitted,


Karen P. Brust
City Manager


Teresa S. McBroom
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, 2007

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.



President

Executive Director

CITY COUNCIL

Dave Druker
Mayor

Crystal Crawford
Deputy Mayor

Carl Hilliard
Councilmember

Richard Earnest
Councilmember

Henry Abarbanel
Councilmember

CITY MANAGER

Karen P. Brust

ASSISTANT CITY MANAGER

Mark Delin

CITY ATTORNEY

*Kimberly Johnson **

**DIRECTOR OF PLANNING AND
COMMUNITY DEVELOPMENT**

*Brian Mooney ***

**CITY CLERK AND
INFORMATION SYSTEMS DIRECTOR**

Mercedes Martin

**ACCOUNTING MANAGER/
CITY TREASURER**

Teresa S. McBroom

PUBLIC WORKS DIRECTOR

David Scherer

SHERIFF CAPTAIN

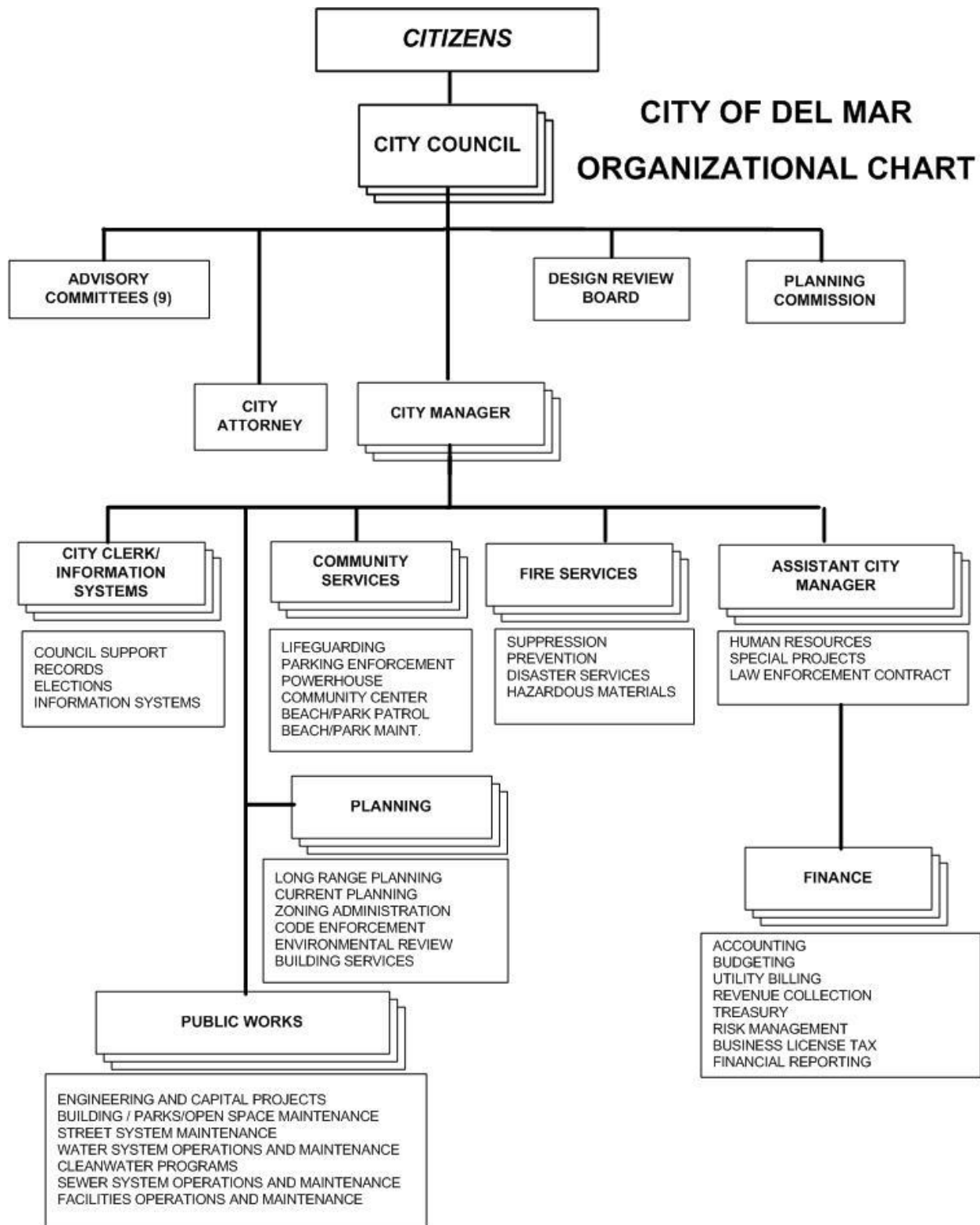
Don Fowler

CITY ENGINEER

Carmen Kasner

* Assumed interim position August 2008

** Assumed interim position July 2008





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, 2008, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2008, 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.

As discussed in Notes 7 and 15 of the financial statements, the City of Del Mar purchased the Shores Property for \$8.5 million. This caused the fund balance of the Open Space Special Revenue fund to end the year with a deficit fund balance of \$3,037,790. As discussed in the footnotes the City on November 3, 2008 obtained long-term financing to restructure the payment terms of the loan.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 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 17 and the required supplementary information on pages 63 through 65, are not a required part of the basic financial statements, but are 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.

Vavunick, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 22, 2008



December 22, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Del Mar (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2008. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standard Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the Introductory Section of this report, and with the City's financial statements, which follow this discussion.

FINANCIAL HIGHLIGHTS

Economic Background

The City of Del Mar has a variety of revenue sources which helps to maintain its financial stability in the face of economic downturns. While its economy is heavily dependent on tourism, its single largest source of revenue is property taxes. Due to its desirable location, its real estate market has not suffered the declines faced by many real estate markets and its assessed valuation continues to climb, leading to continued increases in property tax revenues. The City has also tended to cash fund its Capital Improvement Program, so that it does not have significant long-term fixed cost obligations that need to be met. The cash-funded capital program has allowed the City to adjust its capital expenditures to the revenues available, providing the City with tremendous flexibility. The City is currently updating a variety of revenue sources, including its cost allocation plan, planning and development fees, and water and sewer rates. In addition, recent ballot measures for a transient occupancy tax increase, and new Clean Water Service Fees also passed by a wide margin, providing the City with the ability to increase its revenues in these areas as well.

The discussion and analysis below compares Fiscal Year 2007-2008 to Fiscal Year 2006-2007. All variances are expressed relative to Fiscal Year 2006-2007 results. Fiscal Year 2007-2008 financial highlights include the following:

Financial Highlights

- The City's total assets exceeded its liabilities as of June 30, 2008 by \$56.16 million (*net assets*).

- Citywide total net assets increased by \$8.95 million, or 18.95 percent, during the current fiscal year, indicating an improved financial condition, due primarily to an increase in total assets of \$11.69 million, or 20.82 percent, and an increase in liabilities of \$2.74 million, or 30.68 percent.
- As of June 30, 2008, the City's governmental funds reported combined fund balances of \$1.81 million, a decrease of \$4.56 million, or 71.52 percent, from Fiscal Year 2006-2007. Of the \$1.81 million in fund balance, \$2.71 million, is reserved for specific activities and (\$0.89) million, is unreserved. The decrease of \$4.56 million in governmental funds is attributable to the decrease in the Open Space Special Revenue Fund, which has a deficit fund balance of \$3.04 million at the end of the fiscal year. The deficit is due to the acquisition of the Shores Property of \$8.5 million, which is recovered in Fiscal Year 2008-2009 by a loan issuance of \$3.8 million.
- At the end of the current fiscal year, the fund balance for the General Fund is \$2.27 million, or 125.41 percent, of the total fund balance in governmental funds. This balance is available for spending at City management's discretion, and is equal to 25.08 percent of the total fiscal year expenditures of \$9.07 million, and 22.58 percent of total revenues of \$10.07 million, before other financing sources (uses). The Capital Improvement Program Fund and other non-major governmental funds account for a surplus of \$1.52 million and \$1.05 million, respectively, at June 30, 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

and recreation, and community services. The business-type activities (proprietary fund type) of the City include the Water, Wastewater and Clean Water Funds.

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

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

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

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

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

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

Fiduciary Funds. The City maintains one type of fiduciary fund, the *Agency Funds*. The fiduciary fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The *Agency Funds*

account for five Assessment District (A.D.) bond issues, Stratford & Luneta Underground A.D. 1989-1, Seawall Refinance A.D. 1999-1, Ocean View/Pines A.D. 2005-1, North Hills A.D. 2007-1, and Sunset A.D. 2007-2.

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found from pages 30 to 63 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the City's progress in funding its obligation. The *Required Supplementary Information* section can be found on pages 64 to 66 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

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

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Del Mar, combined net assets (governmental and business-type activities) totaled \$56.16 million as of June 30, 2008. This is an increase of \$8.95 million, or 18.95 percent, compared to June 30, 2007.

TABLE 1
CITY OF DEL MAR
NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current assets	\$9,184,305	\$9,695,039	\$3,785,377	\$3,910,399	\$12,969,682	\$13,605,438
Non-current assets	-	-	777,142	784,781	777,142	784,781
Capital assets	32,141,682	20,275,580	21,946,740	21,482,199	54,088,422	41,757,779
Total Assets	41,325,987	29,970,619	26,509,259	26,177,379	67,835,246	56,147,998
Current liabilities	5,920,761	2,427,778	771,579	662,529	6,692,340	3,090,307
Non-current liabilities	1,746,108	2,100,527	3,231,835	3,739,588	4,977,943	5,840,115
Total Liabilities	7,666,869	4,528,305	4,003,414	4,402,117	11,670,283	8,930,422
Investments in capital assets, net of related debt	32,141,682	18,622,695	18,768,065	17,781,176	50,909,747	36,403,871
Restricted	1,035,026	750,233	700,635	689,363	1,735,661	1,439,596
Unrestricted	482,410	6,069,386	3,037,145	3,304,723	3,519,555	9,374,109
Total Net Assets	\$33,659,118	\$25,442,314	\$22,505,845	\$21,775,262	\$56,164,963	\$47,217,576

The largest component of the City's net assets, \$50.90 million, is investment in capital assets (e.g., land, buildings, improvements, equipment, construction in progress, and infrastructure), less any related debt, used to acquire those assets, that are outstanding. This increased \$14.51 million, or 39.85 percent, from the prior fiscal year. This increase was largely due to new property acquisition in the Open Space Special Revenue Fund of \$8.5 million, in the Capital Improvement Program Fund of \$3.5 million, in other governmental funds of \$1.52 million, and in business-type activities of \$0.99 million. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's total net assets is \$1.74 million, and represents resources subject to external restrictions on how they may be used by the City. The \$1.74 million is an increase of \$0.30 million from the prior fiscal year's amount of \$1.44 million, and is due to an increase in restricted amounts for Public Works projects, as well as an increase in Debt Service requirements. The remaining unrestricted net assets of \$3.52 million are used to meet the City's ongoing obligations for the following fiscal year. This unrestricted amount decreased by \$5.8 million from last fiscal year's amount of \$9.37 million.

As of June 30, 2008, the City is able to report positive balances in both categories of governmental and business-type net assets. The total net assets in the governmental activities increased by \$8.22 million, or 32.30 percent. The increase in total net assets also accounted for a minor increase in business-type activities of \$0.73 million, or 3.36 percent.

Changes in Net Assets

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

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

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
<i>Program Revenues:</i>						
Charges for services	\$2,345,431	\$2,465,310	\$5,032,666	\$4,946,540	\$7,378,097	\$7,411,850
Operating grants and contributions	611,539	401,153	-	-	611,539	401,153
Capital grants and contributions	7,677,470	1,557,918	-	-	7,677,470	1,557,918
<i>General Revenues:</i>						
Property taxes	4,032,639	3,756,024	-	-	4,032,639	3,756,024
Sales and other taxes	3,488,762	5,059,619	-	-	3,488,762	5,059,619
Others	360,982	-	-	-	360,982	-
Unrestricted investment earnings and others	884,169	113,571	167,396	162,536	1,051,565	276,107
Total Revenues	19,400,992	13,353,595	5,200,062	5,109,076	24,601,054	18,462,671
Expenses:						
General government	4,359,318	3,888,011	-	-	4,359,318	3,888,011
Public safety	4,807,256	4,750,724	-	-	4,807,256	4,750,724
Public works	972,444	899,025	-	-	972,444	899,025
Parks and Recreation	662,959	633,010	-	-	662,959	633,010
Community services	1,079	-	-	-	1,079	-
Interest and fiscal charges	139,679	74,368	-	-	139,679	74,368
Enterprise operations	-	-	4,710,932	4,462,191	4,710,932	4,462,191
Total Expenses	10,942,735	10,245,138	4,710,932	4,462,191	15,653,667	14,707,329
Increase (decrease) in Net Assets						
before other revenues and transfers	8,458,257	3,108,457	489,130	646,885	8,947,387	3,755,342
Transfers	(241,453)	(218,972)	241,453	218,972	-	-
Change in Net Assets	8,216,804	2,889,485	730,583	865,857	8,947,387	3,755,342
Net assets - beginning of year	25,442,314	22,552,829	21,775,262	20,909,405	47,217,576	43,462,234
Net assets - end of year	\$33,659,118	\$25,442,314	\$22,505,845	\$21,775,262	\$56,164,963	\$47,217,576

Governmental Activities:

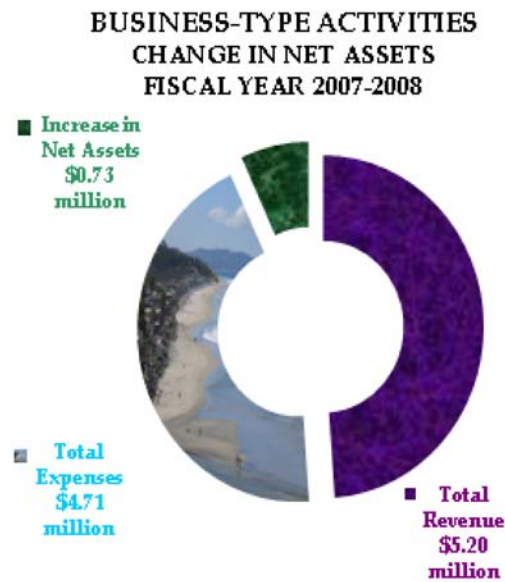
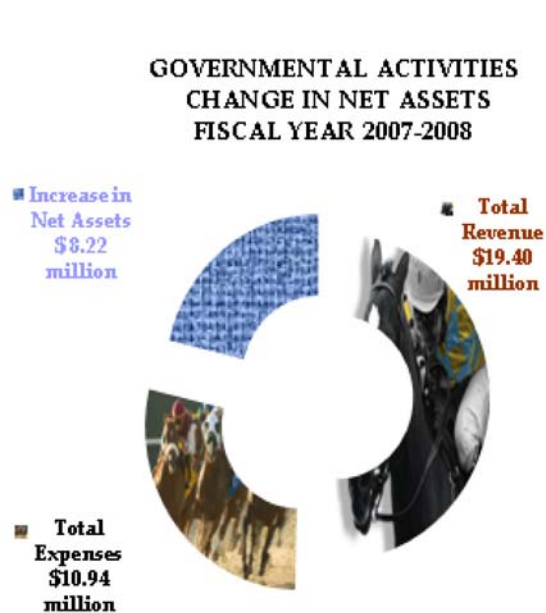
The City's net assets from governmental activities increased \$8.22 million, or 32.30 percent, in the current fiscal year, accounting for 91.83 percent of the total \$8.95 million growth, in the City's total net assets. Total Revenues from governmental activities increased 45.29 percent to \$19.40 million. The cost of all governmental activities in Fiscal Year 2007-2008 was \$10.94 million, an increase of \$0.70 million, or 6.81 percent, over the prior fiscal year. As

shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$2.35 million, which were generated by service revenues received from the performance of these activities, and decreased by \$0.12 million, or 4.86 percent, compared to Fiscal Year 2006-2007. Another \$0.61 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. This revenue category increased by \$0.21 million, or 52.45 percent, which was due to an increased fund subsidy from other governments. In addition, another \$7.68 million in revenues came from capital grants and contributions, which increased by \$6.12 million, or 392.80 percent, compared to the prior fiscal year. This increase is attributable to Del Mar residents' contribution of \$5.0 million for the acquisition of the Shores Property. Overall, the City's governmental program revenues amounted to \$10.63 million, an increase of \$6.21 million, or 140.36 percent, compared to the prior fiscal year, which was enough to fund activities before including non-program governmental revenues of \$8.77 million. These general revenues decreased by \$0.16 million, or 1.82 percent, in comparison to the prior fiscal year. This decrease is attributable to the decrease in Sales and Other Taxes of \$1.57 million, or 31.05 percent, while Property Taxes increased \$0.28 million, or 7.36 percent, compared to the prior fiscal year. In total, City Governmental Activities reported an increase of \$8.22 million in net assets. In comparison to the prior fiscal year, the key elements contributing to the \$6.05 million increase in revenues from governmental activities are as follows:

- The City recognized \$6.12 million more in Operating Grants and Contributions compared to the prior fiscal year, in which \$5.0 million was contributed by the Del Mar community.
- An increase of \$0.28 million in Property Taxes compared to the prior fiscal year, which is primarily attributable to the increase in property tax penalties and interest.
- An increase in investment income providing an additional \$0.77 million in investment earnings compared to the prior fiscal year.

Business-type Activities:

The City's business-type activities increased its net assets by \$0.73 million, or 3.36 percent, for the fiscal year ended June 30, 2008, accounting for 8.17 percent of the total \$8.95 million growth, in the City's net assets. Business-type activities' total revenue increased by \$0.91 million, or 1.78 percent, during the current fiscal year to a total of \$5.20 million in revenues. In comparison to the prior fiscal year, charges for services increased by \$0.08 million, or 1.74 percent. Related business-type activity costs also increased during the fiscal year by \$0.25 million, or 5.57 percent, compared to the prior fiscal year. The increase in revenues, expenditures, and transfers resulted in a change in net assets of (\$0.14) million, or a 15.62 percent decrease, from the prior fiscal year.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds:

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

As of June 30, 2008, the City's governmental funds reported a combined ending fund balance of \$1.81 million, which is a \$4.56 million, or 71.52 percent decrease, in comparison to the prior fiscal year of \$6.37 million. The \$1.81 million governmental fund balance is composed of \$2.70 million in *reserves* to indicate that it is not available for new spending because it has been committed to 1) liquidate contracts and debt service requirements for the following fiscal years and 2) continue the City's special activities and capital improvement projects; \$1.45 million in *unreserved, designated*, and (\$2.34) million in *unreserved, undesignated*.

Table 3 below shows the governmental fund balances for the two fiscal years ended June 30, 2008 and June 30, 2007.

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

	General	Open Space	Capital Improvement Program	Non-Major Governmental Funds	Total
Fiscal Year 2007-2008					
Total revenues	\$10,074,858	\$5,590,336	\$1,992,568	\$1,018,777	\$18,676,539
Total expenditures	9,069,919	9,475,955	3,326,460	1,118,778	22,991,112
Excess (deficiency) of revenues over expenditures	1,004,939	(3,885,619)	(1,333,892)	(100,001)	(4,314,573)
Total other financing sources (uses)	(2,914,540)	262,000	1,419,921	991,166	(241,453)
Net change in fund balance	(1,909,601)	(3,623,619)	86,029	891,165	(4,556,026)
Fund balance - beginning	4,184,457	585,829	1,436,648	162,987	6,369,921
Fund balance - ending	\$2,274,856	(\$3,037,790)	\$1,522,677	\$1,054,152	\$1,813,895
Fiscal Year 2006-2007					
Total revenues	\$10,731,440	\$672,219	\$1,252,224	\$722,756	\$13,378,639
Total expenditures	8,903,231	861,543	1,561,961	1,007,533	12,334,268
Excess (deficiency) of revenues over expenditures	1,828,209	(189,324)	(309,737)	(284,777)	1,044,371
Total other financing sources (uses)	(1,414,530)	220,000	758,207	217,351	(218,972)
Net change in fund balance	413,679	30,676	448,470	(67,426)	825,399
Fund balance - beginning	3,770,778	555,153	988,178	230,413	5,544,522
Fund balance - ending	\$4,184,457	\$585,829	\$1,436,648	\$162,987	\$6,369,921

General Fund:

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$2.27 million as of June 30, 2008. This is a decrease of \$1.91 million, or 45.64 percent, in comparison to the prior fiscal year. This decrease is due to the decline in total revenues of \$0.66 million, or 6.12 percent, and the increase in operating costs of \$0.17 million, or 1.87 percent. Revenues decreased due to less TOT collected as a result of the largest hotel in Del Mar being closed for renovation and due to a decrease in sales tax collected due to the declining economy. The ending fund balance is comprised of \$0.84 million reserved for prepaid items and encumbrances, \$1.45 million unreserved and designated for special activities and projects, and the remaining unreserved amount of \$0.74 million, which is available for spending at the City's discretion.

Almost all revenue categories decreased in comparison to the prior year except for the Charges for Services and Contributions categories, which increased by \$0.42 million, or 115.57 percent, and by \$0.19 million, or 366.12 percent, respectively. Total expenditures

increased by \$0.17 million, or 1.87 percent, as compared to the prior fiscal year in which the largest increase was in General Government of \$0.45 million, or 11.90 percent. The costs of operation, particularly in employee benefits, and insurance costs, are the main reasons for the increase.

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

Major Funds:

As of June 30, 2008, the fund balance in the Open Space Special Revenue Fund decreased by \$3.62 million from the prior fiscal year, and has a deficit of \$3.04 million. Total revenues of this fund increased by \$4.92 million, or 731.62 percent, compared to the prior fiscal year due to contributions of \$5.00 million from the Del Mar community for the purchase of the Shores Property. Total expenditures increased by almost 100 percent compared to the prior fiscal year due to the acquisition of the Shores Property of \$8.5 million. The reduction in fund balance will be recovered by a loan issuance of \$3.8 million in the next fiscal year.

As of June 30, 2008, the Capital Improvement Program's fund balance of \$1.52 million, increased by \$0.09 million, or 5.99 percent, from the prior fiscal year. This fund balance will be utilized for on-going projects and street projects in the following fiscal year.

Non-major Funds:

The fund balances for other governmental funds or non-major governmental funds increased \$0.89 million, or 546.77 percent, from the Fiscal Year 2006-2007 balance of \$0.16 million to \$1.05 million at the end of the current fiscal year. The other non-major funds are composed of the remaining special revenue funds including Gas Tax, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, Transnet, and Wildfire Debt Service. The increase in the current fiscal year is primarily attributable to the increase in other financing sources, which increased by \$0.77 million, or 40.78 percent, and is reflected in the transfer-in from the General Fund to the Housing Fund of \$0.66 million. The fund balance of \$1.05 million is comprised of \$0.24 million, which is reserved for repayment of debts, and the remaining amount of \$0.81 million, which is available for special projects.

Proprietary Funds:

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

Enterprise Funds: The total net assets in the enterprise funds increased over the prior fiscal year by \$0.73 million, or 3.36 percent. The City's Water Fund increased \$0.46 million, the Wastewater Fund increased \$0.30 million, while the Clean Water Fund decreased by \$0.03 million. The increase in the Water and Wastewater funds are due to the operating surplus during the fiscal year. The Clean Water Fund's decrease in net assets was due to the increase in operation costs of \$0.17 million, or 47.64 percent, compared to the prior fiscal year.

At the end of Fiscal Year 2007-2008, the Internal Service fund reported a surplus in net assets of \$0.91 million, which is a \$0.18 million, or 24.41 percent, increase from last fiscal year. This increase contributed to the positive change in net assets and was attributable to the decrease in operation costs of \$0.30 million, or 74.03 percent.

General Fund Budgetary Highlights

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

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

The general fund reflected a net total favorable budget variance of \$0.47 million when comparing actual amounts of \$1.00 million to the final budget of \$0.53 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$0.31 million due to higher contribution revenues of \$0.24 million, higher use of money and property revenues of \$0.09 million, and higher charges for services revenue of \$0.07 million. The actual expenses were less than the fiscal year's final appropriation of \$0.17 million primarily due to less than anticipated expenditures in public safety of \$0.09 million.

CAPITAL ASSET and DEBT ADMINISTRATION

Capital Assets:

The City of Del Mar's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$54.09 million, net of accumulated depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, bridges, roadway networks, water lines, and sewer and storm drainage systems. The total increase in the City's investment in capital assets, net of depreciation, for the current fiscal year was \$12.33 million, or 29.53 percent, compared to the prior fiscal year, in which \$11.87 million, or 96.23 percent, of the increase is related to governmental activities, and a \$0.46 million, or 3.77 percent, increase is related to business-type activities. For governmental activities refer to Table 4.

- For governmental activities, the increase in capital assets during the fiscal year is primarily due to the purchase of land of \$8.49 million, buildings and building improvements of \$0.22 million, and infrastructure of \$2.95 million, before depreciation. In addition, the City purchased machinery and equipment for \$0.16 million and disposed of obsolete equipment for \$0.08 million during the fiscal year. Overall, total capital assets increased \$11.87 million, or 58.52 percent, in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets increased by \$0.46 million, or 2.16 percent, during the fiscal year. This increase was attributable to the completion of ongoing projects, and increases in Work in Progress in the Water and Wastewater Funds.

Additional information on the City of Del Mar's capital assets can be located in Note 4 of the financial statements in this report.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Non-depreciable assets:						
Land	\$18,512,104	\$10,024,325	\$1,419,960	\$1,419,961	\$19,932,064	\$11,444,286
Construction in progress	3,165,435	2,620,302	1,134,517	317,057	4,299,952	2,937,359
Total non-depreciable assets	21,677,539	12,644,627	2,554,477	1,737,018	24,232,016	14,381,645
Capital assets, being depreciated:						
Buildings/structures and improvement	3,978,248	5,279,778	2,654,442	367,640	6,632,690	5,647,418
Machinery and equipment	361,260	244,159	405,510	70,435	766,770	314,594
Streets	2,950,786	1,794,647	-	-	2,950,786	1,794,647
Traffic signals	44,460	-	-	-	44,460	-
Roadway network	235,931	185,992	-	-	235,931	185,992
Bridge	808,045	-	-	-	808,045	-
Storm drainage system	2,085,413	126,377.00	-	-	2,085,413	126,377
Water line system	-	-	7,890,940	10,222,674	7,890,940	10,222,674
Sewer line system	-	-	8,441,371	9,084,432	8,441,371	9,084,432
Total depreciable assets, net	10,464,143	7,630,953	19,392,263	19,745,181	29,856,406	27,376,134
Total capital assets	\$32,141,682	\$20,275,580	\$21,946,740	\$21,482,199	\$54,088,422	\$41,757,779

Debt Service Administration:

A complete detail of outstanding debt is shown in Note 6 of the financial statements in this report. As of June 30, 2008, the City had total long-term debt outstanding of \$4.98 million in bonds, notes payable, leases, claims payable, and compensated absences, as shown in Table 5.

For governmental activities, long-term debt accounts for \$1.75 million, or 35.08 percent, of the City's total long-term debt, as of June 30, 2008. Total long-term debt is comprised of Certificates of Participation (COPs) of \$1.07 million for Wildfire Protection Debt issued in 1999, a note payable of \$0.03 million, issued in 1995 to the County of San Diego and Imperial Counties for a regional communications system, three leases for various capital projects of \$0.22 million, claims payable, which represents open workers' compensation claims, of \$0.16 million, and compensated absences of \$0.27 million. All long-term debt in governmental activities is secured solely by specified revenue sources.

TABLE 5
CITY OF DEL MAR'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Certificates of Participation	\$1,065,000	\$1,195,000	\$3,170,000	\$3,675,000	\$4,235,000	\$4,870,000
Note payable	32,512	42,210	8,675	11,262	41,187	53,472
Capital leases	215,625	415,675	-	3,638	215,625	419,313
Claims payable	165,921	198,034	-	-	165,921	198,034
Compensated absences	267,050	249,608	53,160	49,688	320,210	299,296
	\$ 1,746,108	\$ 2,100,527	\$ 3,231,835	\$ 3,739,588	\$ 4,977,943	\$ 5,840,115

For business-type activities, long-term debt accounts for \$3.23 million, or 64.92 percent, of the City's total long-term debt, as of June 30, 2008. There are two COPs that were issued in 1993 for water and sewer line improvement projects. The remaining outstanding principal is \$0.23 million in the Water Fund, and \$2.94 million in the Sewer Fund totaling \$3.17 million. The Water and Sewer funds have a note payable outstanding with the County of San Diego and Imperial County for a regional communications system, which has an outstanding balance of \$0.01 million at the end of the current fiscal year. Compensated absences in business-type activities accounts for \$0.05 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues.

The City's long-term debt decreased by \$0.86 million, or 14.76 percent, compared to the prior fiscal year, in which \$0.64 million resulted in the retirement of bonds, \$0.01 million in principal payments towards the note, \$0.20 million in lease repayments, \$0.03 million in a reduction of claims payable, and a \$0.02 increase in compensated absences.

Economic Factors and Next Year's Budget

Local governments throughout the State of California have to continually find new ways to survive economically in order to meet their obligation of serving their communities. The economy at both national and state levels is expected to continue on its recessionary path. The City maintains a conservative approach to budgeting revenues and expenditures. Management takes an active role in monitoring the application of the budget during the fiscal year to apply any necessary changes to projected revenues as well as appropriated expenditures.

Facing the predicted economic adversities nationwide and statewide in the year ahead, management looked at the following key economic factors while preparing the budget for Fiscal Year 2008-2009:

Revenues:

- The City's projected revenues for Fiscal Year 2008-2009 is \$21.4 million, which is \$3.16 million, or 17.28 percent, higher than Fiscal Year 2007-2008's original projected revenues of \$18.29 million. During the course of Fiscal Year 2007-2008, however, revenues were adjusted to \$18.70 million, an increase of \$0.41 million, or 2.23 percent. Actual revenues realized for Fiscal Year 2007-2008 are \$24.12 million, which is \$5.43 million, or 29.06

percent, higher than the final projected revenues, in which the general governmental fund received \$0.03 million, or 0.30 percent, more than the final projected revenues, the other governmental funds received \$5.02 million, or 128.05 percent, more than the final projected revenues, and the business-type funds received \$0.39 million, or 8.12 percent, more than the final projected revenues.

- The Fiscal Year 2008-2009 revenue projections focus on the following factors:
 - The three primary supporting revenues in the General Fund are property taxes, sales tax, and transient occupancy taxes, which make-up 65 percent of the overall General Fund revenue.
 - Revenues in the business-type funds are projected to increase by \$2.73 million, or 50.85 percent, due primarily to the issuance of revenue bonds of \$2.50 million for the replacement of a wastewater pump station.

Expenditures:

The City's Adopted Fiscal Year 2008-2009 Operating and Capital Improvement Budget expenditures is \$21.81 million, which is an increase of \$3.00 million, or 15.91 percent, higher than the prior fiscal year's original adopted budget.

The Adopted Fiscal Year 2008-2009 budget is comprised of the General Fund for \$9.65 million, or 44.24 percent, other governmental funds of \$1.71 million, or 7.84 percent, Capital Improvement Program Fund of \$2.28 million, or 10.43 percent, and the Workers' Compensation Fund of \$0.25 million, or 1.16 percent. The business-type funds account for \$7.93 million, or 36.33 percent.

The Fiscal Year 2008-2009 Adopted Budget increased by \$3.0 million, in comparison to the Fiscal Year 2007-2008 original adopted budget. The increase is primarily due to increases in the General Fund for \$0.73 million, in the Capital Improvement Program Fund for \$0.67 million, and in the business-type funds for \$1.68 million.

Increases in the Fiscal Year 2008-2009 adopted budget are focused on the following objectives:

- Increasing public safety expenditures due to increases in the Sheriff's contract for patrol and traffic enforcement while maintaining the same level of service.
- Completing on-going capital improvement projects and continuing new projects for infrastructure improvements.

The Fiscal Year 2008-2009 Operating and Capital Improvement Budget is a reflection of the City's commitment to the residents of Del Mar. A copy of the budget can be obtained by contacting the City's Finance Department.

Request for Information

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



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BASIC FINANCIAL STATEMENTS

CITY OF DEL MAR

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 7,232,597	\$ 2,724,375	\$ 9,956,972
Receivables:			
Accounts, net	114,124	921,572	1,035,696
Taxes	311,832	-	311,832
Accrued interest	36,745	12,403	49,148
Internal balances	5,562	(5,562)	-
Inventory	-	75,965	75,965
Due from other agency	738,970	-	738,970
Prepaid expenses	2,906	16,744	19,650
Restricted cash and investments	741,569	39,880	781,449
Total Current Assets	<u>9,184,305</u>	<u>3,785,377</u>	<u>12,969,682</u>
Non-current assets:			
Restricted assets:			
Cash and investments with fiscal agent	-	700,635	700,635
Total Restricted Assets	<u>-</u>	<u>700,635</u>	<u>700,635</u>
Deferred charges	-	76,507	76,507
Capital assets:			
Land	18,512,104	1,419,960	19,932,064
Water and wastewater systems	-	23,647,796	23,647,796
Buildings and improvements	6,038,854	3,304,056	9,342,910
Machinery and equipment	2,046,182	1,030,030	3,076,212
Construction in progress	3,165,435	1,134,517	4,299,952
Infrastructure	6,497,298	-	6,497,298
Less: accumulated depreciation	(4,118,191)	(8,589,619)	(12,707,810)
Total Capital Assets, net of depreciation	<u>32,141,682</u>	<u>21,946,740</u>	<u>54,088,422</u>
Total Non-Current Assets	<u>32,141,682</u>	<u>22,723,882</u>	<u>54,865,564</u>
Total Assets	<u>41,325,987</u>	<u>26,509,259</u>	<u>67,835,246</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	5,155,117	620,556	5,775,673
Accrued interest payable	24,075	52,786	76,861
Deposits payable	741,569	39,880	781,449
Retentions payable	-	58,357	58,357
Total Current Liabilities	<u>5,920,761</u>	<u>771,579</u>	<u>6,692,340</u>
Non-current liabilities:			
Long-term liabilities due within one year	408,318	546,023	954,341
Long-term liabilities due more than one year	1,337,790	2,685,812	4,023,602
Total Non-Current Liabilities	<u>1,746,108</u>	<u>3,231,835</u>	<u>4,977,943</u>
Total Liabilities	<u>7,666,869</u>	<u>4,003,414</u>	<u>11,670,283</u>
NET ASSETS			
Invested in capital assets, net of related debt	32,141,682	18,768,065	50,909,747
Restricted for			
Public works	792,800	-	792,800
Debt service	242,226	700,635	942,861
Unrestricted	482,410	3,037,145	3,519,555
Total Net Assets	<u>\$ 33,659,118</u>	<u>\$ 22,505,845</u>	<u>\$ 56,164,963</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 4,359,318	\$ 1,614,329	\$ 247,323	\$ -
Public safety	4,807,256	233,027	100,000	-
Public works	972,444	-	261,705	7,666,013
Parks and recreation	662,959	498,075	2,511	11,457
Community services	1,079	-	-	-
Interest on long-term debt	139,679	-	-	-
Total Governmental Activities	10,942,735	2,345,431	611,539	7,677,470
Business-type activities:				
Water	2,007,296	2,357,075	-	-
Wastewater	2,173,470	2,417,053	-	-
Cleanwater	530,166	258,538	-	-
Total Business-type Activities	4,710,932	5,032,666	-	-
Total	\$ 15,653,667	\$ 7,378,097	\$ 611,539	\$ 7,677,470

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 the financial statements.

Net Revenue (Expense) and Change in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,497,666)	\$ -	\$ (2,497,666)
(4,474,229)	-	(4,474,229)
6,955,274	-	6,955,274
(150,916)	-	(150,916)
(1,079)	-	(1,079)
(139,679)	-	(139,679)
(308,295)	-	(308,295)
-	349,779	349,779
-	243,583	243,583
-	(271,628)	(271,628)
-	321,734	321,734
(308,295)	321,734	13,439
4,032,639	-	4,032,639
1,408,551	-	1,408,551
1,247,227	-	1,247,227
362,404	-	362,404
193,839	-	193,839
276,741	-	276,741
884,169	167,396	1,051,565
360,982	-	360,982
(241,453)	241,453	-
8,525,099	408,849	8,933,948
8,216,804	730,583	8,947,387
25,442,314	21,775,262	47,217,576
\$ 33,659,118	\$ 22,505,845	\$ 56,164,963

See accompanying notes to the financial statements.

CITY OF DEL MAR

BALANCE SHEET - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Open Space Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Total
ASSETS					
Cash and investments	\$ 2,818,830	\$ 624,588	\$ 1,628,583	\$ 1,091,429	\$ 6,163,430
Receivables:					
Taxes	287,376	-	-	24,456	311,832
Accrued interest	28,275	1,975	767	1,171	32,188
Accounts, net	84,354	5,363		8,839	98,556
Due from other agency	14,997	6,457	717,516	-	738,970
Due from other funds	25,905	-	-	-	25,905
Prepaid expenses	2,906	-	-	-	2,906
Restricted assets					
Cash and investments	720,769	20,800	-	-	741,569
Total Assets	<u>\$ 3,983,412</u>	<u>\$ 659,183</u>	<u>\$ 2,346,866</u>	<u>\$ 1,125,895</u>	<u>\$ 8,115,356</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accrued liabilities	\$ 983,012	\$ 3,676,173	\$ 424,189	\$ 71,743	\$ 5,155,117
Deposits payable	720,769	20,800	-	-	741,569
Deferred revenue	-	-	400,000	-	400,000
Due to other agency	4,775	-	-	-	4,775
Total Liabilities	<u>1,708,556</u>	<u>3,696,973</u>	<u>824,189</u>	<u>71,743</u>	<u>6,301,461</u>
FUND BALANCES					
Reserved	84,451	43,120	1,522,677	1,057,752	2,708,000
Unreserved, designated for, reported in					
General fund	1,448,496	-	-	-	1,448,496
Unreserved, undesignated reported in:					
General fund	741,909	-	-	-	741,909
Special revenue funds	-	(3,080,910)	-	(3,600)	(3,084,510)
Total Fund Balances	<u>2,274,856</u>	<u>(3,037,790)</u>	<u>1,522,677</u>	<u>1,054,152</u>	<u>1,813,895</u>
Total Liabilities and Fund Balances	<u>\$ 3,983,412</u>	<u>\$ 659,183</u>	<u>\$ 2,346,866</u>	<u>\$ 1,125,895</u>	<u>\$ 8,115,356</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

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

JUNE 30, 2008

Fund Balances of Governmental Funds	\$ 1,813,895
Amount 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.	32,141,682
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(24,075)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	(1,580,187)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	400,000
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.	907,803
Net Assets of Governmental Activities	<u>\$ 33,659,118</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

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

FOR THE YEAR ENDED JUNE 30, 2008

	General Fund	Special Revenue Open Space Fund	Capital Improvement Project Fund	Non-Major Governmental Funds	Total
REVENUES					
Taxes	\$ 6,935,750	\$ -	\$ -	\$ 414,966	\$ 7,350,716
Licenses, fees and permits	695,999	416,869	-	175,844	1,288,712
Intergovernmental	168,306	102,208	1,547,079	359,287	2,176,880
Charges for services	777,891	-	-	-	777,891
Fines and forfeitures	860,395	-	-	-	860,395
Use of money and property	331,513	21,704	26,787	46,803	426,807
Contributions	247,323	5,037,445	418,702	-	5,703,470
Other	57,681	12,110	-	21,877	91,668
Total Revenues	10,074,858	5,590,336	1,992,568	1,018,777	18,676,539
EXPENDITURES					
Current:					
General government	4,229,672	-	-	133,636	4,363,308
Public safety	4,643,744	-	-	202,712	4,846,456
Public works	100,696	-	57,539	369,851	528,086
Parks and recreation	-	654,005	-	-	654,005
Capital outlay	-	8,654,664	3,268,921	207,409	12,130,994
Debt service:					
Principal	86,535	99,878	-	153,336	339,749
Interest	9,272	67,408	-	51,834	128,514
Total Expenditures	9,069,919	9,475,955	3,326,460	1,118,778	22,991,112
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,004,939	(3,885,619)	(1,333,892)	(100,001)	(4,314,573)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	262,000	1,449,921	994,766	2,706,687
Transfers out	(2,914,540)	-	(30,000)	(3,600)	(2,948,140)
Total Other Financing Sources (Uses)	(2,914,540)	262,000	1,419,921	991,166	(241,453)
Net Change in Fund Balances	(1,909,601)	(3,623,619)	86,029	891,165	(4,556,026)
Fund Balances, Beginning of Year	4,184,457	585,829	1,436,648	162,987	6,369,921
Fund Balances, End of Year	\$ 2,274,856	\$ (3,037,790)	\$ 1,522,677	\$ 1,054,152	\$ 1,813,895

See accompanying notes to the 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, 2008

Net Change in Fund Balances - Total Governmental Funds \$ (4,556,026)

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 expense. This is the amount by which capital outlay exceeded depreciation in the current period. 11,866,102

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. 322,306

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. 400,000

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. 6,278

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 fund is reported with governmental activities. 178,144

Change in Net Assets of Governmental Activities \$ 8,216,804

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

JUNE 30, 2008

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major Enterprise Fund Clean Water	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 2,043,463	\$ 680,912	\$ -	\$ 2,724,375	\$ 1,069,167
Receivables:					
Accounts	528,509	373,224	19,839	921,572	-
Interest	9,474	2,929	-	12,403	4,557
Inventory	63,255	12,710	-	75,965	-
Prepaid expenses		16,744	-	16,744	-
Restricted cash and investments	39,880	-	-	39,880	-
Total Current Assets	2,684,581	1,086,519	19,839	3,790,939	1,073,724
Non-Current Assets:					
Restricted assets					
Cash and investments	236,225	464,410	-	700,635	-
Deferred charges	829	75,678	-	76,507	-
Capital assets:					
Land	983,060	436,900	-	1,419,960	-
Water and wastewater system	11,631,313	12,016,483	-	23,647,796	-
Buildings and improvements	3,021,790	282,266	-	3,304,056	-
Machinery and equipment	270,970	748,859	10,201	1,030,030	-
Construction in progress	650,712	483,805	-	1,134,517	-
Less: Accumulated depreciation	(4,534,745)	(4,048,379)	(6,495)	(8,589,619)	-
Total Capital Assets (Net of Accumulated Depreciation)	12,023,100	9,919,934	3,706	21,946,740	-
Total Non-Current Assets	12,260,154	10,460,022	3,706	22,723,882	-
Total Assets	14,944,735	11,546,541	23,545	26,514,821	1,073,724
LIABILITIES					
Current liabilities:					
Accounts payable	493,613	86,161	40,782	620,556	-
Due to other funds	-	-	5,562	5,562	-
Retentions payable	58,357	-	-	58,357	-
Current portion of long-term liabilities	232,561	312,037	1,425	546,023	-
Accrued interest	3,539	49,247	-	52,786	-
Payable from restricted assets:					
Customer deposits	39,880	-	-	39,880	-
Total Current Liabilities	827,950	447,445	47,769	1,323,164	-
Non-current liabilities:					
Claims payable	-	-	-	-	165,921
Certificates of participation		2,640,000	-	2,640,000	-
Compensated absences	18,586	17,010	4,275	39,871	-
Notes payable	2,971	2,970	-	5,941	-
Total Non-Current Liabilities	21,557	2,659,980	4,275	2,685,812	165,921
Total Liabilities	849,507	3,107,425	52,044	4,008,976	165,921
Net Assets:					
Invested in capital assets, net of related debt	11,793,762	6,970,597	3,706	18,768,065	-
Restricted for debt service	236,225	464,410	-	700,635	-
Unrestricted	2,065,241	1,004,109	(32,205)	3,037,145	907,803
Total Net Assets	\$ 14,095,228	\$ 8,439,116	\$ (28,499)	\$ 22,505,845	\$ 907,803

See accompanying notes to the financial statements.

CITY OF DEL MAR

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

FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities- Enterprise Fund				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major	Total	
			Enterprise Fund Clean Water		
OPERATING REVENUES					
Water sales	\$ 2,309,484	\$ -	\$ -	\$ 2,309,484	\$ -
Clean water services	-	-	256,338	256,338	-
Sewer service	-	2,346,571	-	2,346,571	-
Charges for services	-	-	-	-	236,070
Customer penalties	7,350	7,909	2,200	17,459	-
Other	40,241	62,573	-	102,814	3,603
Total Operating Revenues	2,357,075	2,417,053	258,538	5,032,666	239,673
OPERATING EXPENSES					
Source of supply	725,866	-	-	725,866	-
Transmission and distribution	332,757	-	-	332,757	-
Water treatment	170,862	-	-	170,862	-
Sewer collection	-	165,118	-	165,118	-
Plant maintenance and operation	-	1,028,827	-	1,028,827	-
General and administrative	503,192	466,261	528,535	1,497,988	106,673
Depreciation and amortization	256,117	309,517	1,631	567,265	-
Total Operating Expenses	1,988,794	1,969,723	530,166	4,488,683	106,673
Operating Income (Loss)	368,281	447,330	(271,628)	543,983	133,000
NON-OPERATING REVENUES (EXPENSES)					
Interest income	109,798	57,598	-	167,396	45,144
Interest expense	(18,502)	(203,747)	-	(222,249)	-
Total Non-operating Revenues (Expenses)	91,296	(146,149)	-	(54,853)	45,144
Income (Loss) Before Transfers	459,577	301,181	(271,628)	489,130	178,144
Transfers in	-	-	241,453	241,453	-
Change In Net Assets	459,577	301,181	(30,175)	730,583	178,144
Net Assets, Beginning of Year	13,635,651	8,137,935	1,676	21,775,262	729,659
Net Assets, End of Year	\$ 14,095,228	\$ 8,439,116	\$ (28,499)	\$ 22,505,845	\$ 907,803

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund
	Water	Wastewater	Non-Major Enterprise Fund		
			Clean Water	Total	
Cash Flows from Operating Activities:					
Cash received from water, sewer & clean water customers	\$ 2,275,048	\$ 2,404,280	\$ 279,422	\$ 4,958,750	\$ -
Cash received from other operating receipts	40,241	62,573	5,562	108,376	247,790
Cash payments for water purchases	(705,162)	-	-	(705,162)	-
Cash payments for sewer collection & maintenance	-	(1,341,695)	-	(1,341,695)	-
Cash payments for services & supplies	(277,922)	-	-	(277,922)	-
Cash payment to employees for services	(501,589)	(465,636)	(526,467)	(1,493,692)	(138,786)
Net Cash Provided By (used for) Operating Activities	830,616	659,522	(241,483)	1,248,655	109,004
Cash Flows from Non-Capital Financing Activities:					
Transfers received	-	-	241,453	241,453	-
Net Cash Provided By Non-Capital Financing Activities	-	-	241,453	241,453	-
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(628,277)	(384,618)	-	(1,012,895)	-
Interest payments on long-term debt	(20,302)	(210,172)	-	(230,474)	-
Principal payments on long-term debt	(217,579)	(292,905)	-	(510,484)	-
Net Cash (used for) Capital and Related Financing Activities	(866,158)	(887,695)	-	(1,753,853)	-
Cash Flows from Investing Activities					
Interest received	121,111	72,170	-	193,281	40,587
Net Cash Provided By Investing Activities	121,111	72,170	-	193,281	40,587
Net Increase (decrease) in Cash and Cash Equivalents	85,569	(156,003)	(30)	(70,464)	149,591
Cash and cash equivalents, beginning of year	2,233,999	1,301,325	30	3,535,354	919,576
Cash and cash equivalents, end of year	\$ 2,319,568	\$ 1,145,322	\$ -	\$ 3,464,890	\$ 1,069,167
Reconciliation of Operating Income (loss) to Net Cash Provided By (used for) Operating Activities:					
Operating income (loss):	\$ 368,281	\$ 447,330	\$ (271,628)	\$ 543,983	\$ 133,000
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:					
Depreciation and amortization	256,117	309,517	1,631	567,265	-
Changes in operating assets and liabilities:					
(Increase) decrease in accounts receivable	(38,579)	50,493	20,884	32,798	8,117
(Increase) decrease in inventory	(3,522)	(693)	-	(4,215)	-
(Increase) decrease in prepaid	-	(16,744)	-	(16,744)	-
Increase (decrease) in claims payable	-	-	-	-	(32,113)
Increase (decrease) in accounts payable	191,566	(131,006)	1,565	62,125	-
Increase (decrease) in due to other funds	-	-	5,562	5,562	-
Increase (decrease) in retentions payable	58,357	-	-	58,357	-
Increase (decrease) in customer deposits	(3,207)	-	-	(3,207)	-
Increase (decrease) in compensated absences	1,603	625	503	2,731	-
Total Adjustments	462,335	212,192	30,145	704,672	(23,996)
Net Cash Provided By (used for) Operating Activities	\$ 830,616	\$ 659,522	\$ (241,483)	\$ 1,248,655	\$ 109,004

See accompanying notes to the financial statements.

CITY OF DEL MAR

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS	
Accounts and assessments receivable	\$ 3,361
Restricted assets	
Cash and investments	<u>759,423</u>
Total Assets	<u><u>\$ 762,784</u></u>
LIABILITIES	
Accounts payable	\$ 23,219
Due to bondholders	<u>739,565</u>
Total Liabilities	<u><u>\$ 762,784</u></u>

See accompanying notes to the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

A. Reporting Entity, (Continued)

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

B. Fund Accounting

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

C. Measurement Focus and Basis of Accounting

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

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

Property taxes, sales 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 **Open Space Fund** accounts for park and beach maintenance and Powerhouse Community Center maintenance and operations. It is partially funded by facility use permits for the community center.
- The **Capital Improvement Project Fund** is used to account for the financial resources used for the acquisition or construction of major property, equipment, or facilities (other than those financed by the proprietary funds).

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

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

The City reports the following major proprietary funds:

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

The City reports the following non-major proprietary fund:

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

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.
- Debt Service Funds are used to account for bond proceeds required to be set aside for future debt service and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City.
- Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The Internal Service Fund is used to account for the workers' compensation services provided to other departments of the City.
- Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. These funds include the Agency Funds.
- The Agency Funds are used to account for taxes received for special assessment debt for which the City is not obligated.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

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

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, 2008

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 Number 31, "*Accounting and Financial Reporting for Certain Investments and External Pools*", which require governmental entities to report certain investments in the year in which the change occurred. In accordance with GASB Statement Number 31, the City has adjusted 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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

G. Capital Assets, (Continued)

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.

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 \$2,949,108 during the year ended June 30, 2008. 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.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

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.

K. Property Taxes

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

M. Use of Estimates

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

N. Claims and Judgments

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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 \$2,485,442 were made during the year ended June 30, 2008.
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 Grants Fund, Housing Fund or Transnet Fund.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2008, are classified in the accompanying financial statements as follows:

Statement of Net Assets

Current assets:

Cash and investments	\$ 9,956,972
Restricted cash and investments	781,449

Noncurrent assets:

Cash and investments with fiscal agent	700,635
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Statement of Fiduciary Net Assets

Restricted cash and investments	759,423
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Total Cash and Investments	<u>\$ 12,198,479</u>
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Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 2,188
Deposits with financial institutions	108,828
Investment in County Pool	18,954
Investments	12,068,509
Total Cash and Investments	<u>\$ 12,198,479</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None
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	92 days	None	None
Interest Bearing Demand or Time Deposits	366 days	None	None
Money Market Funds	None	None	None

Disclosures Relating to Interest Rate Risk

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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	Fair Value	Remaining Maturing (In Months)		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Federal agency securities	\$ 2,773,018	\$ 251,327	\$ -	\$ 2,521,691
Medium-term corporate notes	755,002	-	501,682	253,320
State investment pool	7,839,854	7,839,854	-	-
Investment in County Pool	18,954	18,954	-	-
Held by fiscal agent:	-	-	-	-
Federal agency securities	700,635	-	-	700,635
Total	<u>\$ 12,087,463</u>	<u>\$ 8,110,135</u>	<u>\$ 501,682</u>	<u>\$ 3,475,646</u>

Disclosures Relating to Credit Risk

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

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End			
			AAA	AA	A	Not Rated
Federal agency securities	\$ 2,773,018	N/A	\$ 2,773,018	\$ -	\$ -	\$ -
Medium-term corporate notes	755,002	A	-	502,725	252,277	-
State investment pool	7,839,854	N/A	-	-	-	7,839,854
Investment in County Pool	18,954	N/A	-	-	-	-
Held by fiscal agent:						
Federal agency securities	700,635	N/A	700,635	-	-	-
Total	<u>\$ 12,087,463</u>		<u>\$ 3,473,653</u>	<u>\$ 502,725</u>	<u>\$ 252,277</u>	<u>\$ 7,839,854</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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 five percent or more of the City's investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount Reported</u>
Federal Home Loan Bank	Federal Agency Securities	\$ 2,016,797

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party in the event of the failure of the counterparty (e.g., broker-dealer). The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. As of June 30, 2008, \$264,863 of the City's deposits with financial institutions in excess of federal depository insurance limits were 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, 2008

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.

Investment in County Pool

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance at July 1, 2007	Reclass	Additions	Deletions	Balance at June 30, 2008
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 10,024,325	\$ -	\$ 8,487,779	\$ -	\$ 18,512,104
Construction in progress	2,620,302	-	3,521,656	(2,976,523)	3,165,435
Total Capital Assets Not Being Depreciated	12,644,627	-	12,009,435	(2,976,523)	21,677,539
Capital assets being depreciated:					
Buildings and improvements	7,395,505	(1,396,287)	39,636	-	6,038,854
Machinery and equipment	1,969,255	-	161,812	(84,885)	2,046,182
Infrastructure	2,151,903	1,396,287	2,949,108	-	6,497,298
Total Capital Assets Being Depreciated	11,516,663	-	3,150,556	(84,885)	14,582,334
Less accumulated depreciation for:					
Buildings and improvements	(2,115,727)	221,233	(166,112)	-	(2,060,606)
Machinery and equipment	(1,725,096)	-	(41,850)	82,023	(1,684,923)
Infrastructure	(44,887)	(221,233)	(106,542)	-	(372,662)
Total Accumulated Depreciation	(3,885,710)	-	(314,504)	82,023	(4,118,191)
Total Capital Assets Being Depreciated, Net	7,630,953	-	2,836,052	(2,862)	10,464,143
Governmental Activities Capital Assets, Net	\$ 20,275,580	\$ -	\$ 14,845,487	\$ (2,979,385)	\$ 32,141,682

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 4 – CAPITAL ASSETS, (Continued)

	Balance at July 1, 2007	Reclass	Additions	Deletions	Balance at June 30, 2008
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 1,419,960	\$ -	\$ -	\$ -	\$ 1,419,960
Construction in progress	317,057	(164,912)	1,005,806	(23,434)	1,134,517
Total Capital Assets Not Being Depreciated	1,737,017	(164,912)	1,005,806	(23,434)	2,554,477
Capital assets, being depreciated:					
Buildings	-	85,016	-	(2,575)	82,441
Improvements	390,601	2,831,014	-	-	3,221,615
Machinery and equipment	610,121	401,270	30,529	(11,890)	1,030,030
Water system	14,319,408	(2,688,095)	-	-	11,631,313
Wastewater system	12,480,776	(464,293)	-	-	12,016,483
Total Capital Assets Being Depreciated	27,800,906	164,912	30,529	(14,465)	27,981,882
Less accumulated depreciation for:					
Buildings	-	(22,961)	(2,189)	2,575	(22,575)
Improvements	(22,961)	(533,736)	(70,345)	-	(627,042)
Machinery and equipment	(539,686)	(52,275)	(44,449)	11,890	(624,520)
Water system	(4,084,781)	534,699	(190,288)	-	(3,740,370)
Wastewater system	(3,408,296)	74,273	(241,089)	-	(3,575,112)
Total Accumulated Depreciation	(8,055,724)	-	(548,360)	14,465	(8,589,619)
Total Capital Assets Being Depreciated, Net	19,745,182	164,912	(517,831)	-	19,392,263
Business-type Activities Capital Assets, Net	\$ 21,482,199	\$ -	\$ 487,975	\$ (23,434)	\$ 21,946,740

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 4 – CAPITAL ASSETS, (Continued)

Depreciation expense was charged to functions for the year ended June 30, 2008 as follows:

Governmental Activities:

General government	\$ 23,828
Public safety	33,592
Public works	112,646
Parks and recreation	15,166
Community development	129,272
Total Depreciation Expense - Governmental Activities	<u>\$ 314,504</u>

Business-type Activities:

Water	\$ 259,717
Clean Water	1,631
Wastewater	287,012
Total Depreciation Expense - Business-Type Activities	<u>\$ 548,360</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2008 are as follows:

Transfer In	Transfer Out			Total
	General Fund	Capital Improvement Fund	Non-Major Governmental Funds	
Open Space Fund	\$ 228,400	\$ 30,000	\$ 3,600	\$ 262,000
Capital Improvement Project Fund	1,449,921	-	-	1,449,921
Non-major Governmental Funds	994,766	-	-	994,766
Non-major Enterprise Fund	241,453	-	-	241,453
Total	<u>\$ 2,914,540</u>	<u>\$ 30,000</u>	<u>\$ 3,600</u>	<u>\$ 2,948,140</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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 and maintain operations.
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 from the General Fund to establish the new Housing Fund.
5. Transfer funding from the Capital Improvement Project Fund to the Open Space Fund for the repair of a water line at the Powerhouse Community Center.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 6 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2008 is as follows:

	Balance at July 1, 2007	Additions	Deductions	Balance at June 30, 2008	Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,195,000	\$ -	\$ 130,000	\$ 1,065,000	\$ 135,000
Notes payable	42,210	-	9,698	32,512	10,246
Obligations under capital leases	415,675	-	200,050	215,625	196,309
Claims payable	198,034	-	32,113	165,921	-
Compensated absences	249,608	245,786	228,344	267,050	66,763
Total Governmental Activity	<u>\$ 2,100,527</u>	<u>\$ 245,786</u>	<u>\$ 600,205</u>	<u>\$ 1,746,108</u>	<u>\$ 408,318</u>
Business-type activities:					
Certification of participation	\$ 3,675,000	\$ -	\$ 505,000	\$ 3,170,000	\$ 530,000
Obligations under capital leases	3,638	-	3,638	-	-
Note payable	11,262	-	2,587	8,675	2,733
Compensated absences	49,688	48,662	45,190	53,160	13,290
Total Business-type Activity	<u>\$ 3,739,588</u>	<u>\$ 48,662</u>	<u>\$ 556,415</u>	<u>\$ 3,231,835</u>	<u>\$ 546,023</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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. The interest rate ranges from 4.00% to 4.60%. \$ 1,065,000

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. 32,512

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 semi-annually through February 2009. 59,416

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. 51,325

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 semi-annually through January 2009. 104,884

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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 COPS's consisting of \$2,500,00 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%. \$ 225,000

1993 Certificates of Participation (COPS) - The Del Mar Public Facilities

Corporation issued COPS'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%. 2,945,000

Notes Payable:

Note - The City entered into an agreement in 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. 8,675

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

Governmental Long Term Debt

Fiscal Year Ending	1999 Wildfire Protection Project General Obligation Bonds, Series 1999			Regional Communications Systems Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
	2009	\$ 135,000	\$ 43,318	\$ 178,318	\$ 10,246	\$ 1,837
2010	145,000	37,578	182,578	10,826	1,258	12,084
2011	145,000	31,560	176,560	11,440	646	12,087
2012	150,000	25,290	175,290	-	-	-
2013	155,000	18,655	173,655	-	-	-
2014-2015	335,000	15,443	350,443	-	-	-
Total	\$ 1,065,000	\$ 171,844	\$ 1,236,844	\$ 32,512	\$ 3,741	\$ 36,254

Fiscal Year Ending	Capital Leases					
	Library			VOIP		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 59,416	\$ 2,800	\$ 62,216	\$ 32,009	\$ 1,581	\$ 33,590
2010	-	-	-	19,316	278	19,594
Total	\$ 59,416	\$ 2,800	\$ 62,216	\$ 51,325	\$ 1,859	\$ 53,184

Fiscal Year Ending	Power House		
	Principal	Interest	Total
2009	\$ 104,884	\$ 3,910	\$ 108,794
Total	\$ 104,884	\$ 3,910	\$ 108,794

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

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
	2009	\$ 305,000	\$ 139,625	\$ 444,625	\$ 225,000	\$ 5,063
2010	320,000	124,000	444,000	-	-	-
2011	340,000	107,500	447,500	-	-	-
2012	355,000	90,125	445,125	-	-	-
2013	375,000	71,875	446,875	-	-	-
2014-2016	1,250,000	96,000	1,346,000	-	-	-
Total	\$ 2,945,000	\$ 629,125	\$ 3,574,125	\$ 225,000	\$ 5,063	\$ 230,063

(*) Sinking fund installments

Fiscal Year Ending	Regional Communication Systems Note Payable		
	Principal	Interest	Total
2009	\$ 2,733	\$ 490	\$ 3,223
2010	2,888	336	3,224
2011	3,054	172	3,226
Total	\$ 8,675	\$ 998	\$ 9,673

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008 are tabulated below, followed by explanations as to the nature and purpose of each reserve or designation.

	Governmental Fund Balances				Total
	General	Open Space	Capital Improvement Projects	Other Non-Major	
Reserved for:					
Prepaid expenses	\$ 2,906	\$ -	\$ -	\$ -	\$ 2,906
Encumbrances	81,545	43,120	-	2,222	126,887
Debt service	-	-	-	242,226	242,226
Special projects	-	-	1,522,677	813,304	2,335,981
Total Reserved	<u>84,451</u>	<u>43,120</u>	<u>1,522,677</u>	<u>1,057,752</u>	<u>2,708,000</u>
Unreserved - designated for:					
Compensated absences	105,041	-	-	-	105,041
Equipment replacement	657,455	-	-	-	657,455
Revenue loss	500,000	-	-	-	500,000
Self-insurance	100,000	-	-	-	100,000
Software licensing	36,000	-	-	-	36,000
Undergrounding reserve	50,000	-	-	-	50,000
Total Unreserved-Designated	<u>1,448,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,448,496</u>
Unreserved - Undesignated	<u>741,909</u>	<u>(3,080,910)</u>	<u>-</u>	<u>(3,600)</u>	<u>(2,342,601)</u>
Total Fund Balances	<u>\$ 2,274,856</u>	<u>\$ (3,037,790)</u>	<u>\$ 1,522,677</u>	<u>\$ 1,054,152</u>	<u>1,813,895</u>
Net Assets of Business-type Funds					
Net assets:					
Invested in capital assets, net of related debt					\$ 18,768,065
Restricted for debt service					700,635
Unrestricted					<u>3,037,145</u>
Total					<u>\$ 22,505,845</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

Reserve for Prepaids represents costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

Reserve for Encumbrances represents the portion of purchase orders and contracts for goods and services that had not been received at June 30, 2008.

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 6.

Reserve for Special Projects 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 6.

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

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

The Undergrounding Reserve was established to help pay City costs associated with the establishment of underground districts within the City.

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, 2008

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

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

Open Space Special Revenue Fund	\$	3,037,790
Gasoline Tax Special Revenue Fund	\$	1,378
Clean Water Non-Major Enterprise Fund	\$	28,499

Open Space Special Revenue Fund Deficit

On June 30, 2007, the City Council entered into an agreement with the Del Mar Union School District to purchase 5.3 acres of mostly open space containing the private, nonprofit Winston School, the Del Mar Union School District headquarters buildings and a baseball field (the “Shores Property”) for \$8.5 million. City of Del Mar residents raised \$5 million towards this purchase. When it was determined that additional fundraising would not meet the timelines in the agreement, the City Council authorized a Promissory Note with the School District to allow the City to secure the Shores Property until the City could secure other financing, and to give the Shores fundraisers, now known as the Friends of the Del Mar Parks, additional time. Under the terms of the Promissory note, the City paid an interest rate of five percent with equal principal payments of \$500,000 on the 15th of each month starting in November 2008 and continuing until May 2009. Under the terms of the agreement, accrued interest from February 29, 2008 through November 15, 2008 was due and payable with the first principal payment on November 15, 2008. The Promissory Note was pre-payable without penalty.

The City sought and successfully obtained long-term financing to pre-pay the Promissory Note in full prior to the first payment being due. It secured a three-year financing agreement based on the one-year London Interbank Offered Rate (LIBOR) from Union Bank of California, with an interest rate of 3.0665 percent fixed for the first year. The agreement is structured as a lease-out/lease-back agreement and has a 20-year principal payment schedule, in equal quarterly payments. It can be prepaid without penalty after the first year, or on any future LIBOR reset date. The agreement allows for the selection of a one-month, three-month or one-year LIBOR index upon any reset date. The \$3,673,000 amount of the loan includes principal, accrued interest, and closing costs. Between existing cash balances in the Open Space Fund, and new contributions from the Friends of the Del Mar Parks which have been received to date, the City does not anticipate needing funds from its General Fund to pay Shores Property debt service during the three-year financing agreement.

Gasoline Tax and Clean Water Fund Deficits

The City is considering General Fund support for the Gasoline Tax Fund and the Clean Water Fund to reduce the deficit in Fiscal Year 2008-2009.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

Fund Disclosures

Expenditures in Excess of Budget:

The Wildfire Debt Service Fund expenditures exceeded budget by \$153. This Fund had adequate resources to cover the excess expenditures.

The Open Space Fund expenditures exceeded the budget amount by \$8,128,855 due to the purchase of the Shores Property authorized by the City Council. This Fund did not have 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, California 95814.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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

Funding Policy:

Participants are required to contribute 8 percent (9 percent 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, 2008 the required employer contribution for the miscellaneous employees was \$729,861, which was 20.674 percent of their annual covered payroll; for safety (non-fire) the required employer contribution was \$45,305, which was 11.366 percent of their annual covered payroll; and for the fire safety plan the required employer contribution was \$450,837, which was 43.397 percent 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.

Annual Pension Costs:

For Fiscal Year 2007-2008, the City of Del Mar’s annual pension cost was \$496,143 for safety employees and \$729,861 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:			
June 30, 2006	\$ 274,154	100%	\$ -
June 30, 2007	467,549	100%	-
June 30, 2008	729,861	100%	-
Safety Employees:			
June 30, 2006	\$ 233,343	100%	\$ -
June 30, 2007	316,244	100%	-
June 30, 2008	496,143	100%	-

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 9 – DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, organized as a trust for the exclusive benefit of the participants and available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 10 – GOVERNMENTAL MONEY PURCHASE PLAN

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

NOTE 11 – LITIGATION AND COMMITMENTS

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

Construction Contracts and Commitments:

As of June 30, 2008 construction contracts and commitments totaled \$353,227.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 12 – POST EMPLOYMENT HEALTH CARE BENEFITS

The City has no obligation to provide post employment health care benefits for retirees. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a two percent administration fee is paid in full by the insured on or before the tenth (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.

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 fiscal year ended June 30, 2008.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2008

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, 2008, 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 2006-2007.
- 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, 2008 were \$980,000.
- 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, 2008 were \$870,000.

NOTE 15 – SUBSEQUENT EVENTS

Shores Property Purchase

As disclosed within Note 7, the City obtained long-term financing in regards to the Shores Property purchase. The Union Bank of California loan was closed on November 13, 2008, and proceeds were delivered to the Del Mar Union School District also on November 13, 2008. The City now owns the Shores Property unencumbered.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 5,989,400	\$ 6,958,495	\$ 6,935,750	\$ (22,745)
Licenses, fees and permits	663,545	697,027	695,999	(1,028)
Intergovernmental	221,100	214,109	168,306	(45,803)
Charges for services	791,700	706,487	777,891	71,404
Fines and forfeitures	904,000	865,176	860,395	(4,781)
Use of money and property	237,600	239,547	331,513	91,966
Contributions	316,350	10,909	247,323	236,414
Other	60,000	74,808	57,681	(17,127)
Total Revenues	<u>9,183,695</u>	<u>9,766,558</u>	<u>10,074,858</u>	<u>308,300</u>
EXPENDITURES				
Current:				
General government	4,041,273	4,304,953	4,229,672	75,281
Public safety	3,546,518	4,732,629	4,643,744	88,885
Public works	101,559	102,916	100,696	2,220
Debt service:				
Principal	86,535	86,535	86,535	-
Interest	9,272	9,272	9,272	-
Total Expenditures	<u>7,785,157</u>	<u>9,236,305</u>	<u>9,069,919</u>	<u>166,386</u>
Excess of Revenues Over Expenditures	<u>1,398,538</u>	<u>530,253</u>	<u>1,004,939</u>	<u>474,686</u>
OTHER FINANCING SOURCES (Uses):				
Transfers in	-	-	-	-
Transfers out	(1,711,939)	(1,762,969)	(2,914,540)	(1,151,571)
Total Other Financing Sources (Uses)	<u>(1,711,939)</u>	<u>(1,762,969)</u>	<u>(2,914,540)</u>	<u>(1,151,571)</u>
Net Changes in Fund Balances	(313,401)	(1,232,716)	(1,909,601)	(676,885)
Fund Balance at Beginning of Year	4,184,457	4,184,457	4,184,457	-
Fund Balance at End of Year	<u>\$ 3,871,056</u>	<u>\$ 2,951,741</u>	<u>\$ 2,274,856</u>	<u>\$ (676,885)</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
OPEN SPACE FUND**

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 20,000	\$ -	\$ -	\$ -
Intergovernmental	137,300	107,866	102,208	(5,658)
Licenses, fees and permits	410,000	424,576	416,869	(7,707)
Use of money and property	13,000	16,666	21,704	5,038
Contributions	343,700	45,000	5,037,445	4,992,445
Other	-	11,673	12,110	437
Total Revenues	924,000	605,781	5,590,336	4,984,555
EXPENDITURES				
Current:				
Parks and recreation	638,287	650,287	654,005	(3,718)
Capital outlay	96,000	588,020	8,654,664	(8,066,644)
Debt service:				
Principal	99,878	99,878	99,878	-
Interest	4,500	8,915	67,408	(58,493)
Total Expenditures	838,665	1,347,100	9,475,955	(8,128,855)
Excess (Deficiency) of Revenues Over (Under) Expenditures	85,335	(741,319)	(3,885,619)	(3,144,300)
OTHER FINANCING SOURCES (USES)				
Transfers in	310,000	232,000	262,000	30,000
Total Other Financing Sources (Uses)	310,000	232,000	262,000	30,000
Net Change in Fund Balance	395,335	(509,319)	(3,623,619)	(3,114,300)
Fund Balance, Beginning of Year	585,829	585,829	585,829	-
Fund Balance, End of Year	\$ 981,164	\$ 76,510	\$ (3,037,790)	\$ (3,114,300)

CITY OF DEL MAR

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2008

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 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.

SUPPLEMENTARY INFORMATION

CITY OF DEL MAR

NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

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

The **Supplemental Law Enforcement Funds** are used to account for grant revenue received by the City from the State of California for supplemental law enforcement 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 **Grants Fund** accounts for federal, state and local grants received by the City and the expenditure of those funds.

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

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

The **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, 2008

	Special Revenue Funds			
	Gasoline	Supplemental	Regional	
	Tax	Law Enforcement	Communications System	Grants
ASSETS				
Cash and investments	\$ 926	\$ 2,712	\$ 18,954	\$ -
Receivables:				
Taxes	21,954	-	-	-
Accrued interest	-	-	-	-
Accounts, net	8,839	-	-	-
Total Assets	<u>\$ 31,719</u>	<u>\$ 2,712</u>	<u>\$ 18,954</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 33,097	\$ 2,712	\$ -	\$ -
Total Liabilities	<u>33,097</u>	<u>2,712</u>	<u>-</u>	<u>-</u>
Fund Balances				
Reserved for:				
Special Projects	-	-	18,954	-
Encumbrances	2,222	-	-	-
Debt service	-	-	-	-
Unreserved	(3,600)	-	-	-
Total Fund Balances	<u>(1,378)</u>	<u>-</u>	<u>18,954</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 31,719</u>	<u>\$ 2,712</u>	<u>\$ 18,954</u>	<u>\$ -</u>

Special Revenue Fund	Debt Service Fund	Capital Projects Fund	
Housing	Wildfire	Transnet	Total
\$ 794,178	\$ 238,703	\$ 35,956	\$ 1,091,429
-	2,502	-	24,456
-	1,021	150	1,171
-	-	-	8,839
<u>\$ 794,178</u>	<u>\$ 242,226</u>	<u>\$ 36,106</u>	<u>\$ 1,125,895</u>
\$ -	\$ -	\$ 35,934	\$ 71,743
-	-	35,934	71,743
794,178	-	172	813,304
-	-	-	2,222
-	242,226	-	242,226
-	-	-	(3,600)
<u>794,178</u>	<u>242,226</u>	<u>172</u>	<u>1,054,152</u>
<u>\$ 794,178</u>	<u>\$ 242,226</u>	<u>\$ 36,106</u>	<u>\$ 1,125,895</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, 2008

	Special Revenue Funds			
	Gasoline	Supplemental	Regional	Grants
	Tax	Law Enforcement	Communications System	
REVENUES				
Taxes	\$ 120,690	\$ -	\$ 44,385	\$ -
Licenses, fees and permits	-	-	-	-
Intergovernmental	-	100,000	-	33,000
Use of money and property	1,838	-	899	-
Other	2,822	-	19,035	-
Total Revenues	125,350	100,000	64,319	33,000
EXPENDITURES				
Current:				
General government	-	-	-	33,000
Public safety	-	183,767	18,945	-
Public works	369,851	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	23,336	-
Interest	-	-	3,084	-
Total Expenditures	369,851	183,767	45,365	33,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	(244,501)	(83,767)	18,954	-
OTHER FINANCING SOURCES (USES)				
Transfers in	246,675	83,359	-	-
Transfers out	(3,600)	-	-	-
Total Other Financing Uses	243,075	83,359	-	-
Net change in fund balances	(1,426)	(408)	18,954	-
Fund Balance, Beginning of Year	48	408	-	-
Fund Balance, End of Year	\$ (1,378)	\$ -	\$ 18,954	\$ -

Special Revenue Funds	Debt Service Fund	Capital Projects Fund	
Housing	Wildfire	Transnet	Total
\$ -	\$ 249,891	\$ -	\$ 414,966
175,844	-	-	175,844
18,879	-	207,408	359,287
34,506	7,970	1,590	46,803
-	20	-	21,877
229,229	257,881	208,998	1,018,777
99,783	853	-	133,636
-	-	-	202,712
-	-	-	369,851
-	-	207,409	207,409
-	130,000	-	153,336
-	48,750	-	51,834
99,783	179,603	207,409	1,118,778
129,446	78,278	1,589	(100,001)
664,732	-	-	994,766
-	-	-	(3,600)
664,732	-	-	991,166
794,178	78,278	1,589	891,165
-	163,948	(1,417)	162,987
\$ 794,178	\$ 242,226	\$ 172	\$ 1,054,152

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND**

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amount	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 532,600	\$ 1,757,539	\$ 1,547,079	\$ (210,460)
Use of money and property	20,000	27,462	26,787	(675)
Contributions	1,363,558	385,000	418,702	33,702
Total Revenues	1,916,158	2,170,001	1,992,568	(177,433)
EXPENDITURES				
Public Works				
Street maintenance	-	-	57,539	(57,539)
Capital outlay	3,010,961	4,328,621	3,268,921	1,059,700
Total Expenditures	3,010,961	4,328,621	3,326,460	1,002,161
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,094,803)	(2,158,620)	(1,333,892)	824,728
OTHER FINANCING SOURCES (USES)				
Transfers in	776,939	1,449,921	1,449,921	-
Transfers out	-	(432,982)	(30,000)	402,982
Total Other Financing Sources (Uses)	776,939	1,016,939	1,419,921	402,982
Net changes in Fund Balances	(317,864)	(1,141,681)	86,029	1,227,710
Fund Balance, Beginning of Year	988,178	1,436,648	1,436,648	-
Fund Balance, End of Year	\$ 670,314	\$ 294,967	\$ 1,522,677	\$ 1,227,710

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
GASOLINE TAX FUND**

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 130,000	\$ 94,231	\$ 120,690	\$ 26,459
Use of money and property	4,000	-	1,838	1,838
Other	-	1,953	2,822	869
Total Revenues	<u>134,000</u>	<u>96,184</u>	<u>125,350</u>	<u>29,166</u>
EXPENDITURES				
Current				
Public works	412,250	409,330	369,851	39,479
Total Expenditures	<u>412,250</u>	<u>409,330</u>	<u>369,851</u>	<u>39,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(278,250)</u>	<u>(313,146)</u>	<u>(244,501)</u>	<u>68,645</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	275,000	300,000	246,675	(53,325)
Transfers out	-	(3,600)	(3,600)	-
Total Other Financing Sources (Uses)	<u>275,000</u>	<u>296,400</u>	<u>243,075</u>	<u>(53,325)</u>
Net Change in Fund Balance	(3,250)	(16,746)	(1,426)	15,320
Fund Balance, Beginning of Year	48	48	48	-
Fund Balance, End of Year	<u>\$ (3,202)</u>	<u>\$ (16,698)</u>	<u>\$ (1,378)</u>	<u>\$ 15,320</u>

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT FUND

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
EXPENDITURES				
Current				
Public safety	214,719	214,719	183,767	30,952
Total Expenditures	<u>214,719</u>	<u>214,719</u>	<u>183,767</u>	<u>30,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(114,719)</u>	<u>(114,719)</u>	<u>(83,767)</u>	<u>30,952</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	115,000	75,000	83,359	8,359
Total Other Financing Sources (Uses)	<u>115,000</u>	<u>75,000</u>	<u>83,359</u>	<u>8,359</u>
Net Change in Fund Balance	<u>281</u>	<u>(39,719)</u>	<u>(408)</u>	<u>39,311</u>
Fund Balance, Beginning of Year	<u>408</u>	<u>408</u>	<u>408</u>	
Fund Balance, End of Year	<u>\$ 689</u>	<u>\$ (39,311)</u>	<u>\$ -</u>	<u>\$ 39,311</u>

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
REGIONAL COMMUNICATIONS SYSTEM FUND**

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 45,000	\$ 45,000	\$ 44,385	\$ (615)
Use of money and property	-	-	899	899
Miscellaneous	-	-	19,035	19,035
Total Revenues	45,000	45,000	64,319	19,319
EXPENDITURES				
Current				
Public safety	23,540	23,540	18,945	4,595
Debt service:				
Principal	23,336	23,336	23,336	-
Interest	3,084	3,084	3,084	-
Total Expenditures	49,960	49,960	45,365	4,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,960)	(4,960)	18,954	23,914
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	\$ (4,960)	\$ (4,960)	\$ 18,954	\$ 23,914

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE
WILDFIRE DEBT SERVICE FUND**

FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 165,000	\$ 244,440	\$ 249,891	\$ 5,451
Use of money and property	5,000	7,860	7,970	110
Miscellaneous	-	-	20	20
Total Revenues	<u>170,000</u>	<u>252,300</u>	<u>257,881</u>	<u>5,581</u>
EXPENDITURES				
Current				
General government	700	700	853	(153)
Debt service:				
Principal	130,000	130,000	130,000	-
Interest	48,750	48,750	48,750	-
Total Expenditures	<u>179,450</u>	<u>179,450</u>	<u>179,603</u>	<u>(153)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,450)</u>	<u>72,850</u>	<u>78,278</u>	<u>5,428</u>
Fund Balance, Beginning of Year	<u>163,948</u>	<u>163,948</u>	<u>163,948</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 154,498</u>	<u>\$ 236,798</u>	<u>\$ 242,226</u>	<u>\$ 5,428</u>

CITY OF DEL MAR

FIDUCIARY FUNDS

JUNE 30, 2008

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 Assessment District 89-1 Agency Fund, Assessment District 99-1 Agency Fund, Assessment District 2005-1 Agency Fund, North Hills Undergrounding District Agency Fund, and the Sunset Undergrounding District Agency Fund.

CITY OF DEL MAR

AGENCY FUNDS

JUNE 30, 2008

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 2005-1
- North Hills Undergrounding District
- Sunset Undergrounding District

CITY OF DEL MAR

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

JUNE 30, 2008

	Assessment District 89-1	Assessment District 99-1	Assessment District 2005-1	North Hills Undergrounding	Sunset Undergrounding	Total
ASSETS						
Accounts and assessments receivable	\$ 384	\$ 1,229	\$ 1,592	\$ -	\$ 156	\$ 3,361
Restricted assets						
Cash and investments	90,074	288,425	344,303	-	36,621	759,423
Total Assets	<u>\$ 90,458</u>	<u>\$ 289,654</u>	<u>\$ 345,895</u>	<u>\$ -</u>	<u>\$ 36,777</u>	<u>\$ 762,784</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 20,533	\$ 2,686	\$ 23,219
Due to bondholders	90,458	289,654	345,895	(20,533)	34,091	739,565
Total Liabilities	<u>\$ 90,458</u>	<u>\$ 289,654</u>	<u>\$ 345,895</u>	<u>\$ -</u>	<u>\$ 36,777</u>	<u>\$ 762,784</u>

CITY OF DEL MAR

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Assessment District 89-1</u>				
ASSETS				
Total Assets	\$ 86,417	\$ 4,040	\$ -	\$ 90,458
LIABILITIES				
Total Liabilities	\$ 86,417	\$ 4,040	\$ -	\$ 90,458
<u>Assessment District 99-1</u>				
ASSETS				
Total Assets	\$ 292,611	\$ 107,084	\$ (110,041)	\$ 289,654
LIABILITIES				
Total Liabilities	\$ 292,611	\$ 107,084	\$ (110,041)	\$ 289,654
<u>Assessment District 2005-1</u>				
ASSETS				
Total Assets	\$ 500,295	\$ 95,240	\$ (249,640)	\$ 345,895
LIABILITIES				
Total Liabilities	\$ 500,295	\$ 95,240	\$ (249,640)	\$ 345,895

CITY OF DEL MAR

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

FOR THE YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>North Hills Undergrounding District</u>				
ASSETS				
Total Assets	\$ 24,163	\$ 21,886	\$ (46,049)	\$ -
LIABILITIES				
Total Liabilities	\$ 24,163	\$ 21,886	\$ (46,049)	\$ -
<u>Sunset Undergrounding District</u>				
ASSETS				
Total Assets	\$ 59,274	\$ 4,202	\$ (26,502)	\$ 36,777
LIABILITIES				
Total Liabilities	\$ 59,274	\$ 4,202	\$ (26,502)	\$ 36,777
<u>Total Agency Funds</u>				
ASSETS				
Total Assets	\$ 962,760	\$ 232,452	\$ (432,232)	\$ 762,784
LIABILITIES				
Total Liabilities	\$ 962,760	\$ 232,452	\$ (432,232)	\$ 762,784

CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2007-2008



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

Contents	Page
Financial Trends	
These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	83
Revenue Capacity	
These tables contain information that may help in assessing the viability of the City's most significant revenue sources - property taxes, transient occupancy tax (TOT), and sales tax.	94
Debt Capacity	
These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	108
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	114
Operating Information	
These tables contain service and infrastructure indicators that may inform one's understanding on how the information in the City's financial statements relate to the services that the City provides and the activities it performs.	117

STATISTICAL SECTION

Fiscal Year 2007-2008



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City of Del Mar

Net Assets by Component ⁽¹⁾

Last Six Fiscal Years Ended June 30, 2008 ⁽²⁾

(Accrual basis of accounting)

	Fiscal Year					
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Governmental Activities						
Investment in capital assets, net of related debt	\$32,141,682	\$18,622,695	\$16,592,553	\$14,984,944	\$14,216,403	\$13,508,526
Restricted	1,035,026	750,233	-	-	-	367,615
Unrestricted	482,410	6,069,386	5,960,276	5,578,002	5,280,976	5,021,605
Total governmental activities net assets	\$33,659,118	\$25,442,314	\$22,552,829	\$20,562,946	\$19,497,379	\$18,897,746
Business-type Activities						
Investment in capital assets, net of related debt	\$18,768,065	\$17,781,176	\$16,908,644	\$16,681,291	\$16,507,382	\$16,535,059
Restricted	700,635	689,363	679,588	695,027	765,827	840,869
Unrestricted	3,037,145	3,304,723	3,321,173	3,013,620	2,438,731	1,979,909
Total business-type activities net assets	\$22,505,845	\$21,775,262	\$20,909,405	\$20,389,938	\$19,711,940	\$19,355,837
Primary Government						
Investment in capital assets, net of related debt	\$50,909,747	\$36,403,871	\$33,501,197	\$31,666,235	\$30,723,785	\$30,043,585
Restricted	1,735,661	1,439,596	679,588	695,027	765,827	1,208,484
Unrestricted	3,519,555	9,374,109	9,281,449	8,591,622	7,719,707	7,001,514
Total primary government net assets	\$56,164,963	\$47,217,576	\$43,462,234	\$40,952,884	\$39,209,319	\$38,253,583

Notes:

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

Net assets are considered restricted only when -

(a) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or

(b) enabling legislation is enacted by the City.

(2) The City of Del Mar implemented GASB 34 reporting module in Fiscal Year 2002-2003.

Information prior to implementation of GASB 34 is not available.

Source: City of Del Mar, Finance Department

City of Del Mar
Changes in Net Assets
Last Six Fiscal Years ⁽¹⁾
(Accrual basis of accounting)

	Fiscal Year					
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Expenses						
Governmental Activities						
General government	\$4,359,318	\$3,888,011	\$3,800,429	\$3,803,204	\$3,665,960	\$3,203,924
Public safety	4,807,256	4,750,724	4,986,741	4,557,872	4,078,281	3,484,350
Public works	972,444	899,025	508,283	1,171,583	1,049,892	1,316,672
Parks and recreation	662,959	633,010	694,358	719,867	679,069	626,863
Community services	1,079	-	-	-	-	-
Interest on long-term debt	139,679	74,368	43,020	109,235	120,901	137,934
Total governmental activities expenses	10,942,735	10,245,138	10,032,831	10,361,761	9,594,103	8,769,743
Business-type Activities						
Water	2,007,296	2,064,393	2,035,750	1,879,045	1,989,371	1,809,261
Wastewater	2,173,470	2,038,716	2,024,322	2,062,148	2,330,249	2,129,611
Clean water	530,166	359,082	342,813	332,111	292,554	-
Total business-type activities expenses	4,710,932	4,462,191	4,402,885	4,273,304	4,612,174	3,938,872
Total primary government expenses	\$15,653,667	\$14,707,329	\$14,435,716	\$14,635,065	\$14,206,277	\$12,708,615
Program Revenues						
Governmental Activities						
Charges for services:						
General government	\$1,614,329	\$1,622,284	\$1,577,472	\$1,034,235	\$616,384	\$494,208
Public safety	233,027	252,613	267,613	1,030,952	823,763	729,178
Parks and recreation	498,075	590,413	782,070	699,078	488,225	207,695
Operating grants and contributions	611,539	401,153	763,816	391,369	680,786	247,462
Capital grants and contributions	7,677,470	1,557,918	490,044	1,048,930	683,324	571,582
Total governmental activities program revenues	10,634,440	4,424,381	3,881,015	4,204,564	3,292,482	2,250,125
Business-type Activities						
Charges for services:						
Water	2,357,075	2,390,664	2,234,603	2,188,208	2,316,389	2,093,896
Wastewater	2,417,053	2,424,808	2,337,586	2,380,298	2,309,853	1,946,846
Clean water	258,538	131,068	181,907	141,695	102,371	-
Total business-type activities program revenues	5,032,666	4,946,540	4,754,096	4,710,201	4,728,613	4,040,742
Total primary government revenues	\$15,667,106	\$9,370,921	\$8,635,111	\$8,914,765	\$8,021,095	\$6,290,867

Notes:

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

Source: City of Del Mar, Finance Department

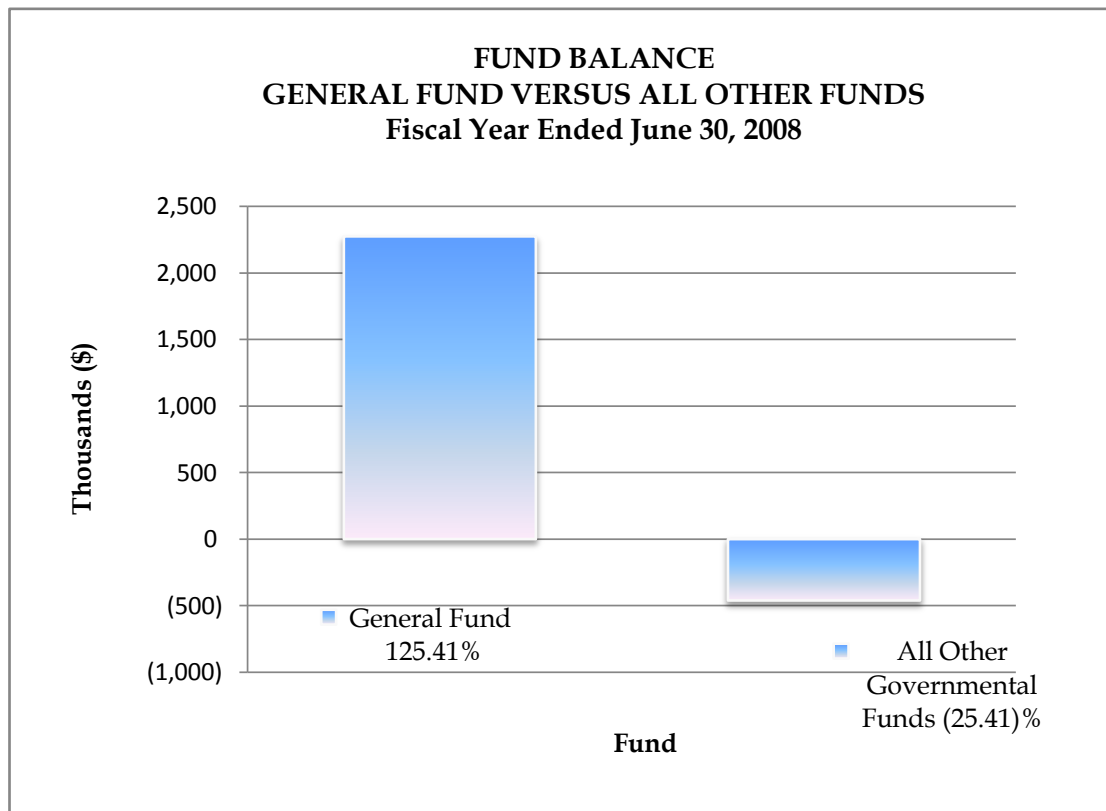
City of Del Mar
Changes in Net Assets, Continued
Last Six Fiscal Years ⁽¹⁾
(Accrual basis of accounting)

(Concluded)

	Fiscal Year					
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Net revenues/(expenses): ⁽²⁾						
Governmental activities	(\$308,295)	(\$5,820,757)	(\$6,151,816)	(\$6,157,197)	(\$6,301,621)	(\$6,519,618)
Business-type activities	321,734	484,349	351,211	436,897	116,439	101,870
Total net revenues/(expenses)	\$13,439	(\$5,336,408)	(\$5,800,605)	(\$5,720,300)	(\$6,185,182)	(\$6,417,748)
General Revenue and Other Changes in Net Assets						
Governmental activities						
Taxes:						
Property taxes	\$4,032,639	\$3,756,024	\$2,992,161	\$2,954,897	\$2,640,411	\$2,446,848
Sales tax	1,408,551	1,732,150	1,668,537	1,680,314	1,445,015	1,352,848
Transient occupancy tax	1,247,227	1,682,319	1,564,641	1,488,935	1,440,402	1,409,615
Franchise tax	362,404	356,121	317,261	297,079	272,973	264,523
Business license tax	193,839	182,343	186,756	185,753	172,130	157,326
Motor vehicle in-lieu tax	-	30,291	336,709	105,682	209,146	258,119
Intergovernmental, unrestricted	276,741	259,110	315,271	-	-	-
Use of money and property	884,169	817,285	557,198	409,202	403,479	513,938
Other	360,982	113,571	298,733	291,766	542,928	493,803
Transfers	(241,453)	(218,972)	(175,105)	(190,864)	(225,230)	(10,679)
Total governmental activities	8,525,099	8,710,242	8,062,162	7,222,764	6,901,254	6,886,341
Business-type activities						
Unrestricted investment earnings	167,396	162,536	72,688	50,237	14,434	114,370
Transfers	241,453	218,972	175,105	190,864	225,230	10,679
Total business-type activities	408,849	381,508	247,793	241,101	239,664	125,049
Total primary government	\$8,933,948	\$9,091,750	\$8,309,955	\$7,463,865	\$7,140,918	\$7,011,390
Change in Net Assets						
Governmental activities	8,216,804	2,889,485	1,910,346	1,065,567	599,633	366,723
Business-type activities	730,583	865,857	599,004	677,998	356,103	226,919
Total primary government	\$8,947,387	\$3,755,342	\$2,509,350	\$1,743,565	\$955,736	\$593,642

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

	Fiscal Year				
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
General Fund					
Reserved	\$84,451	\$723,828	\$700,198	\$491,491	\$733,926
Unreserved	2,190,405	3,460,629	3,070,580	2,760,508	2,789,204
Total general fund	\$2,274,856	\$4,184,457	\$3,770,778	\$3,251,999	\$3,523,130
All Other Governmental Funds					
Reserved	\$2,623,549	\$1,510,792	\$522,880	\$449,334	\$341,636
Unreserved, reported in:					
Special revenue funds	-	582,765	631,829	620,694	618,357
Debt service funds	-	163,948	149,403	190,020	270,001
Capital projects fund	(3,084,510)	(72,041)	469,632	637,039	406,026
Total all other governmental funds	(\$460,961)	\$2,185,464	\$1,773,744	\$1,897,087	\$1,636,020

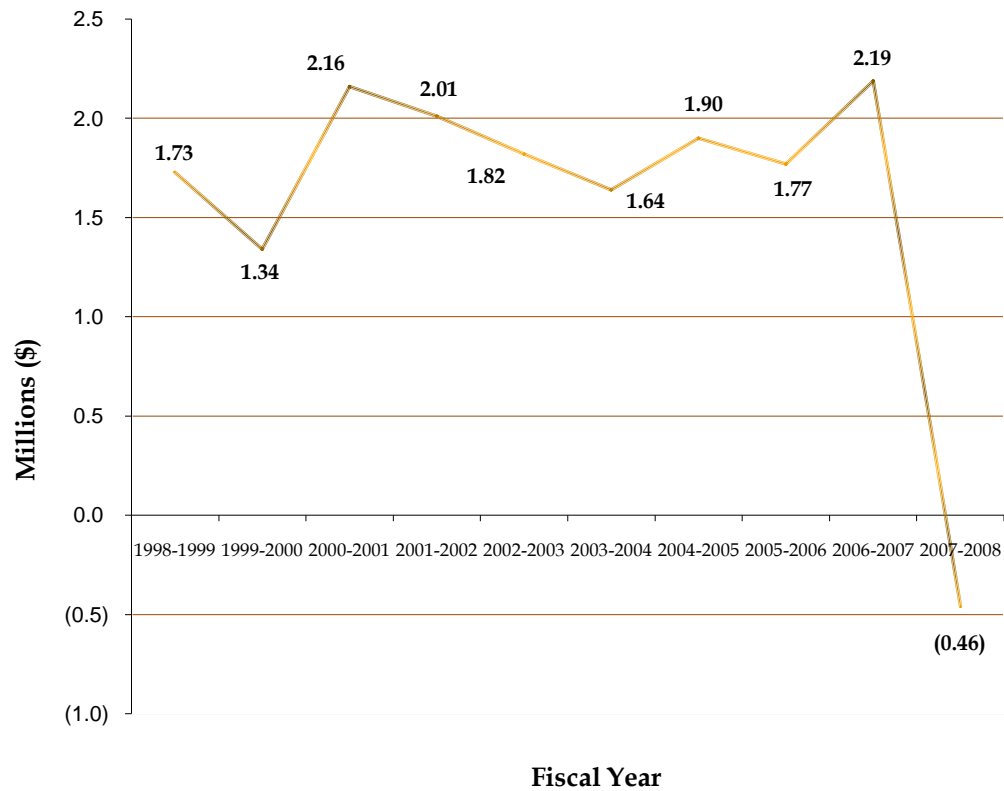


Source: City of Del Mar, Finance Department

(Concluded)

Fiscal Year				
2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
\$680,700	\$609,137	\$631,701	\$594,698	\$583,244
2,935,452	3,122,975	2,909,497	3,209,460	2,894,993
<u>\$3,616,152</u>	<u>\$3,732,112</u>	<u>\$3,541,198</u>	<u>\$3,804,158</u>	<u>\$3,478,237</u>
307,164	684,239	133,701	126,739	793,840
887,217	758,390	895,500	728,018	566,361
84,706	336,438	313,895	290,391	137,521
545,262	228,114	813,260	197,675	230,467
<u>\$1,824,349</u>	<u>\$2,007,181</u>	<u>\$2,156,356</u>	<u>\$1,342,823</u>	<u>\$1,728,189</u>

**FUND BALANCES
ALL OTHER GOVERNMENTAL FUNDS
Last Ten Fiscal Years**



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

	Fiscal Year				
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Revenues:					
Taxes	\$7,350,716	\$7,828,037	\$7,144,697	\$6,395,154	\$5,902,221
Licenses and permits	1,288,712	1,218,764	356,492	188,956	174,571
Intergovernmental	2,176,880	1,158,484	1,154,704	2,024,083	2,033,941
Charges for services	777,891	360,848	997,570	1,328,490	836,133
Fines and forfeitures	860,395	884,813	956,378	874,862	668,960
Use of money and property	426,807	781,165	546,707	560,084	403,479
Contributions	5,703,470	1,006,653	52,995	1,000	87,765
Other revenues	91,668	139,875	682,285	258,242	309,094
Total revenues	18,676,539	13,378,639	11,891,828	11,630,871	10,416,164
Expenditures:					
General government	4,363,308	3,780,975	3,555,998	3,636,886	3,800,009
Public safety	4,846,456	5,019,669	4,899,846	4,609,225	4,050,058
Public works	528,086	808,979	798,030	1,136,702	673,800
Parks and recreation	654,005	580,463	572,092	646,643	611,577
Capital outlays	12,130,994	1,734,248	1,085,464	957,174	868,814
Debt service:					
Principal	339,749	316,851	309,144	317,078	340,919
Interest and fiscal charges	128,514	93,083	100,691	112,363	127,108
Total expenditures	22,991,112	12,334,268	11,321,265	11,416,071	10,472,285
Excess of revenues over (under) expenditures	(4,314,573)	1,044,371	570,563	214,800	(56,121)
Other Financing Sources (Uses)					
Proceeds of long-term debt	-	-	-	-	-
Transfers-in	2,706,687	1,417,545	1,419,408	1,939,651	663,756
Transfers-out	(2,948,140)	(1,636,517)	(1,594,513)	(2,164,515)	(888,986)
Total other financing sources (uses)	(241,453)	(218,972)	(175,105)	(224,864)	(225,230)
Net change in fund balances	(\$4,556,026)	\$825,399	\$395,458	(\$10,064)	(\$281,351)
Debt service as a percentage of noncapital expenditures	4.31%	3.87%	4.00%	4.11%	4.87%

Source: City of Del Mar, Finance Department

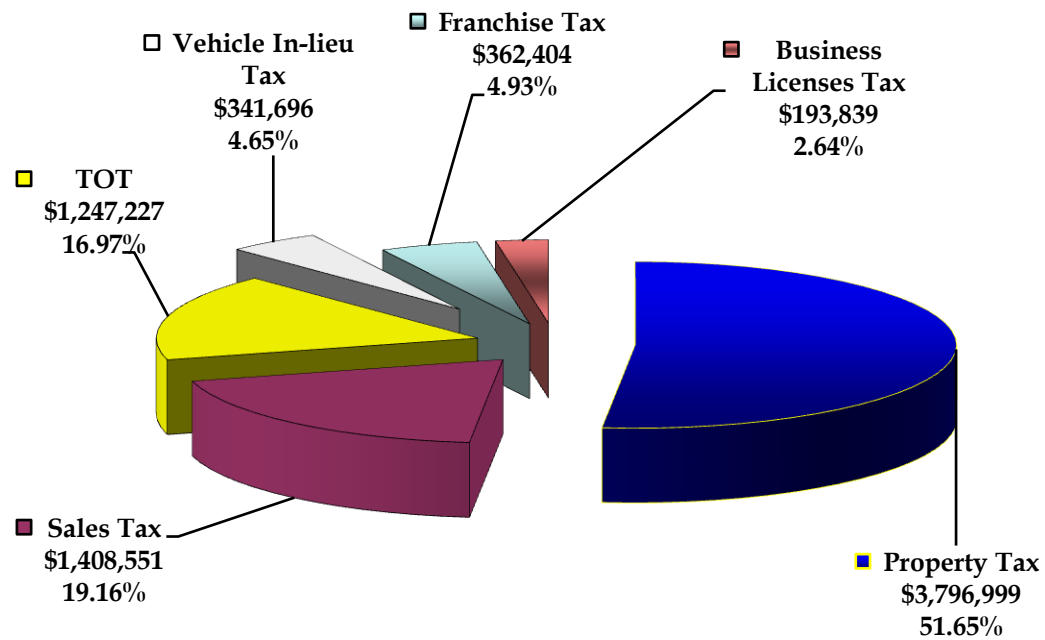
(Concluded)

Fiscal Year				
2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
\$5,585,841	\$5,397,586	\$5,558,503	\$5,375,006	\$4,485,712
167,661	157,630	145,630	139,535	123,718
1,365,983	1,209,933	1,882,484	830,306	890,667
522,471	503,815	468,188	323,713	280,492
547,438	529,234	479,070	459,969	448,401
513,939	618,197	613,309	585,164	515,976
150,000	37,345	155,805	97,924	355,000
339,630	267,068	147,614	159,386	191,061
9,192,963	8,720,808	9,450,603	7,971,003	7,291,027
3,114,605	3,115,651	2,713,901	2,223,900	2,469,900
3,503,659	3,422,997	3,133,604	2,775,640	2,709,616
1,123,082	592,072	639,253	517,180	532,095
575,734	324,245	297,485	153,511	173,719
693,409	721,771	1,632,033	2,038,732	1,622,843
326,652	340,180	303,454	211,003	120,107
143,935	156,282	172,437	169,391	120,126
9,481,076	8,673,198	8,892,167	8,089,357	7,748,406
(288,113)	47,610	558,436	(118,354)	(457,379)
-	-	-	-	2,800,000
1,365,074	1,706,645	1,707,578	1,321,709	827,326
(1,375,753)	(1,712,288)	(1,715,441)	(1,328,751)	(2,718,771)
(10,679)	(5,643)	(7,863)	(7,042)	908,555
(\$298,792)	\$41,967	\$550,573	(\$125,396)	\$451,176
5.36%	6.24%	6.55%	6.29%	3.92%

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

Fiscal Year	Property Taxes	Sales Tax	Transient Occupancy Tax	Motor Vehicle In-Lieu Tax	Franchise Tax	Business License Tax	Total
2007-2008	\$ 3,796,999	\$ 1,408,551	\$ 1,247,227	\$ 341,696	\$ 362,404	\$ 193,839	\$ 7,350,716
2006-2007	3,756,024	1,732,150	1,682,319	289,401	356,121	182,343	7,998,358
2005-2006	2,992,161	1,668,537	1,564,641	336,709	317,261	186,756	7,066,065
2004-2005	2,954,897	1,680,314	1,488,935	105,682	297,079	185,753	6,712,660
2003-2004	2,640,411	1,445,015	1,440,402	209,146	272,973	172,130	6,180,077
2002-2003	2,446,848	1,352,848	1,409,615	258,119	264,523	157,326	5,889,279
Change from Base Year 2003	55.18%	4.12%	(11.52)%	32.38%	37.00%	23.21%	24.82%

GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE
Fiscal Year Ended June 30, 2008



Source: City of Del Mar, Finance Department

STATISTICAL SECTION

Fiscal Year 2007-2008

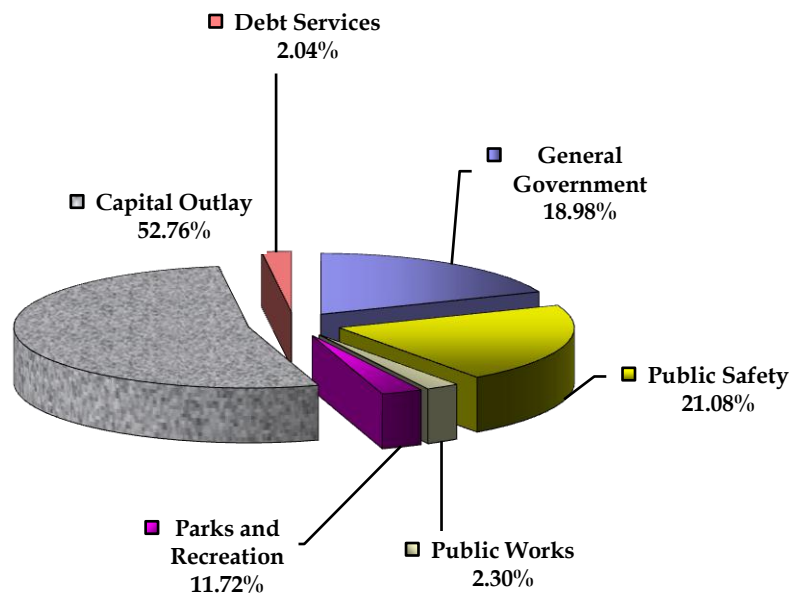


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City of Del Mar
General Governmental Expenditures By Function ⁽¹⁾
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works
2007-2008	\$ 4,363,308	\$ 4,846,456	\$ 528,086
2006-2007	3,780,975	5,019,669	808,979
2005-2006	3,555,998	4,899,846	798,030
2004-2005	3,636,886	4,609,225	1,136,702
2003-2004	3,800,009	4,050,058	673,800
2002-2003	3,114,605	3,503,659	1,123,082
2001-2002	3,115,651	3,422,997	592,072
2000-2001	2,713,901	3,133,604	639,253
1999-2000	2,223,900	2,775,640	517,180
1998-1999	2,555,422	2,709,616	532,095

**GENERAL GOVERNMENTAL EXPENDITURES
BY FUNCTION
Fiscal Year Ended June 30, 2008**



Notes:

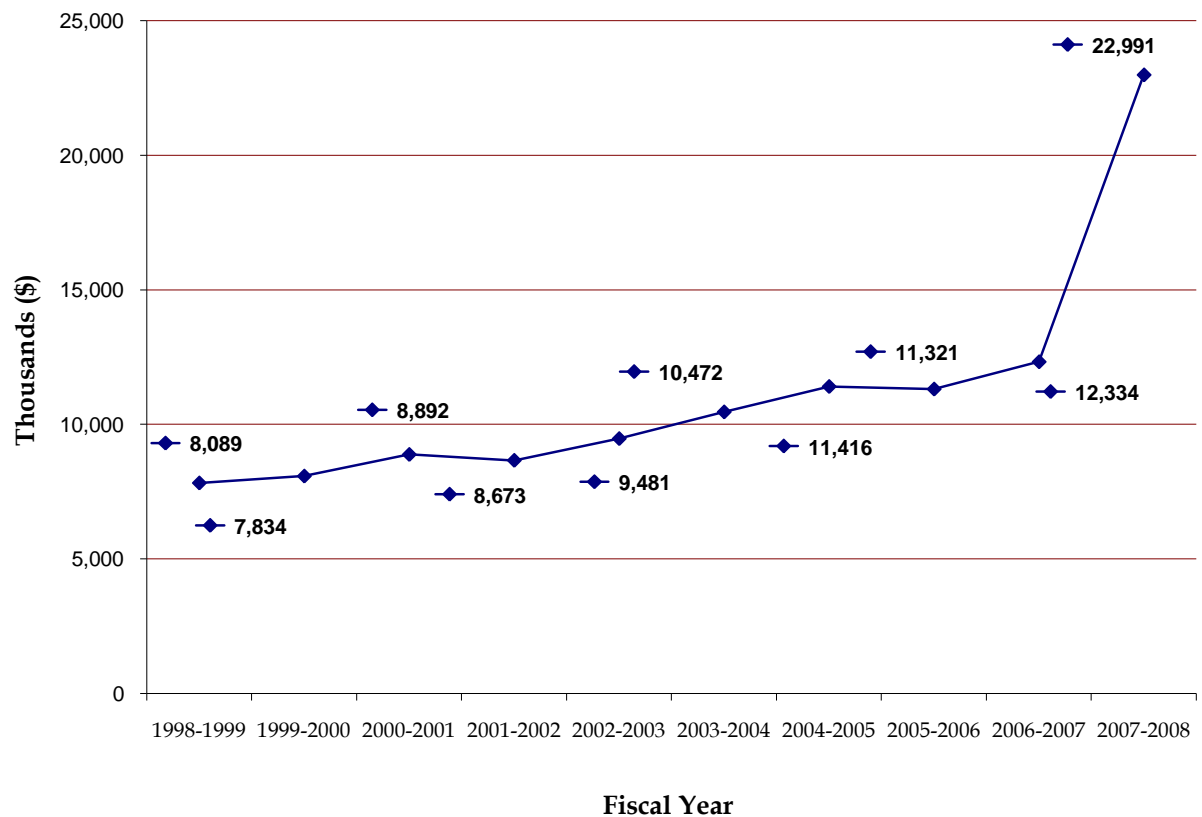
- (1) These amounts include all governmental fund types and exclude other financing sources/ (uses).
- (2) These amounts include lease and bond payments toward debt service.

Source: City of Del Mar, Finance Department

(Concluded)

	Parks and Recreation	Capital Outlay	Debt Service ⁽²⁾	Total
	\$ 654,005	\$ 12,130,994	\$ 468,263	\$ 22,991,112
	580,463	1,734,248	409,934	12,334,268
	572,092	1,085,464	409,835	11,321,265
	646,643	957,174	429,441	11,416,071
	611,577	868,814	468,027	10,472,285
	575,734	693,409	470,587	9,481,076
	324,245	721,771	496,462	8,673,198
	297,485	1,632,033	475,891	8,892,167
	153,511	2,038,732	380,394	8,089,357
	173,719	1,622,843	240,233	7,833,928

TOTAL GENERAL GOVERNMENTAL EXPENDITURES
Last Ten Fiscal Years

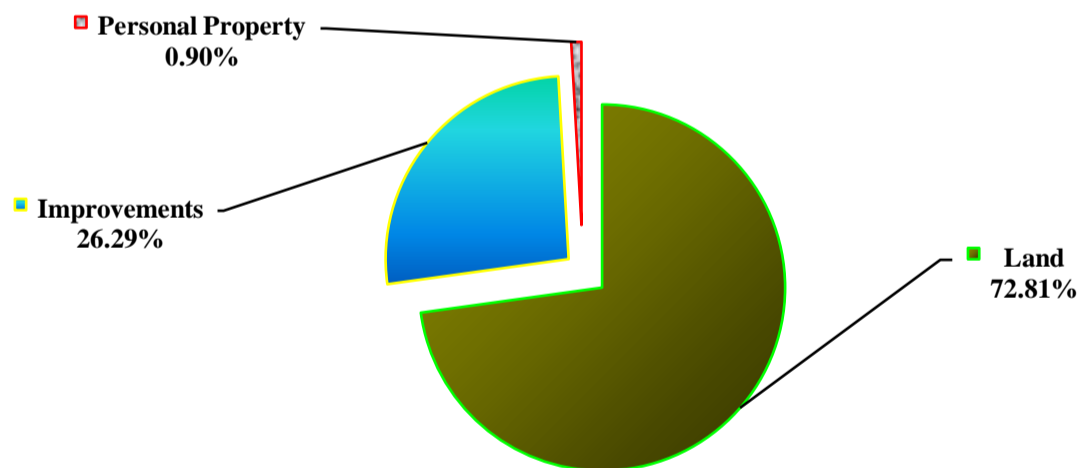


City of Del Mar

Assessed Valuation ⁽¹⁾ and Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	State Assessed				Locally Assessed			
	Secured - Utility				Secured			
	Land	Improvements	Personal Property	Total	Land	Improvements	Personal Property	Total Before Exemptions
2007-2008	\$ -	\$ -	\$ -	\$ -	\$1,551,754,556	\$555,166,814	\$281,693	\$2,107,203,063
2006-2007	736,901	611,805	319,246	1,667,952	1,441,583,176	524,514,445	295,192	1,966,392,813
2005-2006	786,754	653,194	340,844	1,780,792	1,315,985,163	494,970,298	294,506	1,811,249,967
2004-2005	771,610	640,621	334,282	1,746,513	1,131,707,893	464,687,998	311,267	1,596,707,158
2003-2004	810,715	673,088	351,224	1,835,027	1,028,178,922	421,875,841	355,789	1,450,410,552
2002-2003	938,198	778,929	406,453	2,123,580	954,208,782	399,971,397	205,625	1,354,385,804
2001-2002	1,041,494	864,690	451,205	2,357,389	888,511,947	395,771,504	407,393	1,284,690,844
2000-2001	1,021,033	847,702	442,340	2,311,075	755,422,966	376,017,691	443,617	1,131,884,274
1999-2000	999,691	829,983	433,093	2,262,767	664,904,960	356,244,420	524,391	1,021,673,771
1998-1999	917,598	761,826	397,528	2,076,952	570,783,647	329,003,671	504,380	900,291,698

ASSESSED VALUATION BY CATEGORIES
(Total Locally Assessed - Secured, Before Exemptions)
Fiscal Year Ended June 30, 2008



Note:

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

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

(Continued)

Locally Assessed							
Secured			Unsecured				
Exemptions		Total	Improvements	Personal Property	Total	Other Exemptions	Total
All Others	Home Owners	After Exemptions			Before Exemptions		After Exemptions
(\$3,008,202)	(\$6,958,000)	\$2,097,236,861	\$5,096,765	\$18,871,651	\$23,968,416	\$ -	\$23,968,416
(2,942,030)	(6,995,800)	1,956,454,983	5,365,639	18,101,740	23,467,379	-	23,467,379
(2,881,088)	(7,032,200)	1,801,336,679	6,216,428	15,276,867	21,493,295	-	21,493,295
(2,782,109)	(7,019,600)	1,586,905,449	5,305,843	15,920,040	21,225,883	-	21,225,883
(2,746,435)	(7,149,800)	1,440,514,317	5,361,645	16,209,848	21,571,493	-	21,571,493
(2,598,467)	(7,165,200)	1,344,622,137	5,008,469	15,315,650	20,324,119	-	20,324,119
(1,909,282)	(7,205,800)	1,275,575,762	3,967,028	17,810,287	21,777,315	(14,818)	21,762,497
(1,535,768)	(7,401,800)	1,122,946,706	5,000,339	16,600,747	21,601,086	(238,888)	21,362,198
(817,390)	(7,511,000)	1,013,345,381	4,761,698	15,685,213	20,446,911	(244,700)	20,202,211
(706,185)	(7,375,200)	892,210,313	4,309,008	14,483,203	18,792,211	(8,906)	18,783,305

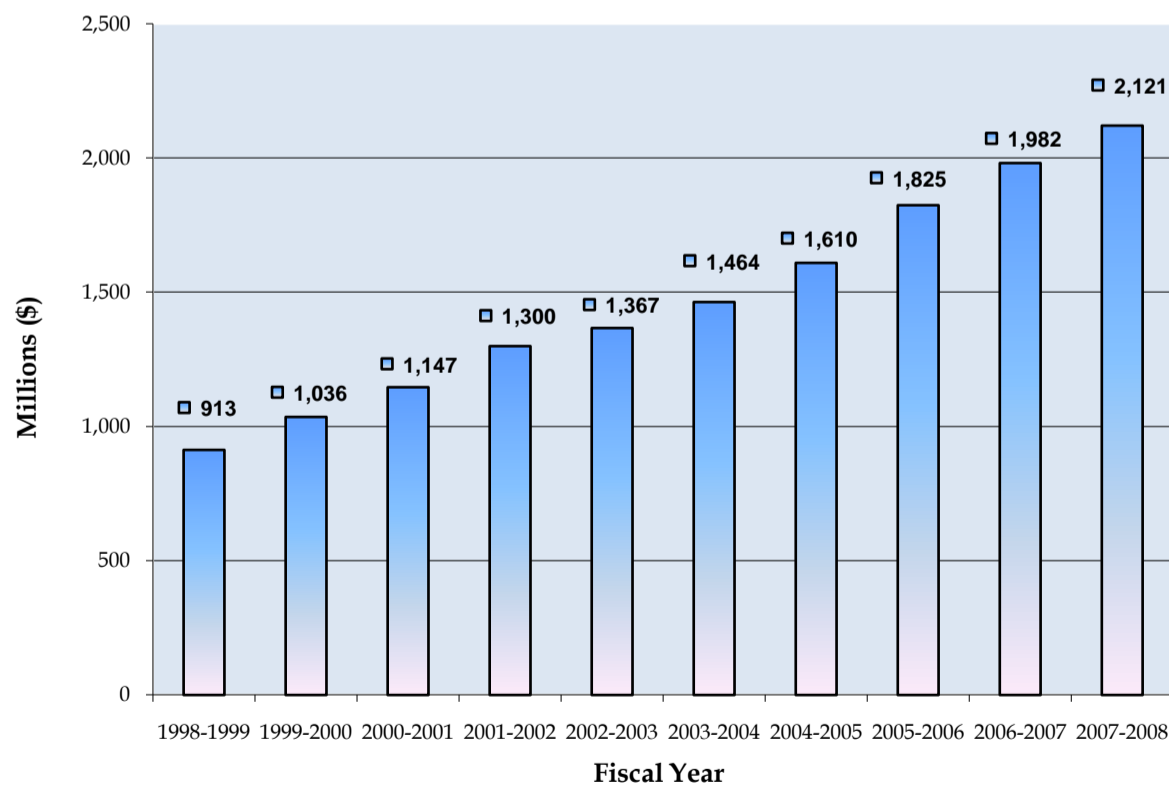
City of Del Mar

Assessed Valuation ⁽¹⁾ and Actual Value of Taxable Property Last Ten Fiscal Years

(Concluded)

Totals				
Fiscal Year	Totals Before Exemptions	Net Taxable Valuation	Percent Increase/ (Decrease)	Total Direct Rate (2)
2007-2008	\$2,131,171,479	\$2,121,205,277	7.05%	1.01497%
2006-2007	1,991,528,144	1,981,590,314	8.60%	1.01383%
2005-2006	1,834,524,054	1,824,610,766	13.34%	1.01205%
2004-2005	1,619,679,554	1,609,877,845	9.97%	1.01265%
2003-2004	1,473,817,072	1,463,920,837	7.08%	1.01731%
2002-2003	1,376,833,503	1,367,069,836	5.18%	1.02254%
2001-2002	1,308,825,548	1,299,695,648	13.35%	1.02994%
2000-2001	1,155,796,435	1,146,619,979	10.70%	1.03136%
1999-2000	1,044,383,449	1,035,810,359	13.44%	1.04008%
1998-1999	921,160,861	913,070,570	-%	1.02059%

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



Source: California Municipal Statistics, Inc.

STATISTICAL SECTION

Fiscal Year 2007-2008



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City of Del Mar

Assessed Value of Property by User Code ⁽¹⁾

Last Ten Fiscal Years

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

Note:

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

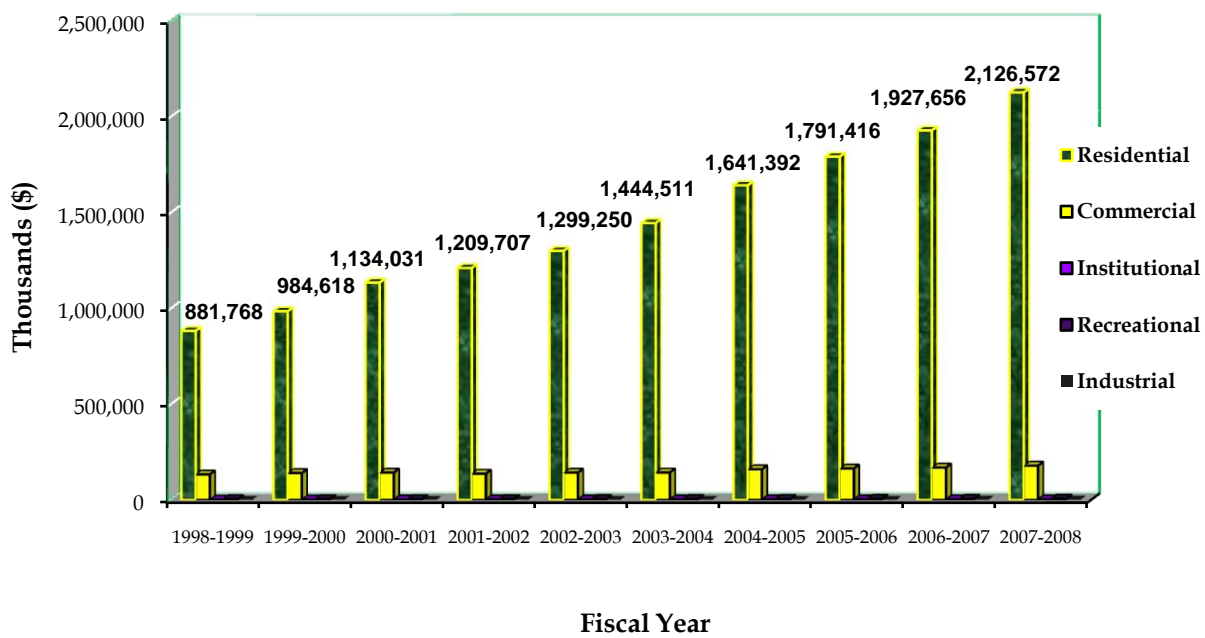
- The amounts represent total assessed value of real property, excluding personal property and fixtures, prior to exemptions.

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

(Concluded)

Fiscal Year					
2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
\$1,444,510,983	\$1,299,249,555	\$1,209,706,635	\$1,134,030,927	\$984,617,841	\$881,768,284
143,159,660	142,655,770	136,834,972	142,981,859	139,921,680	132,889,305
1,473,871	1,446,867	1,418,505	1,593,732	1,562,487	1,520,206
-	-	-	-	-	-
-	-	-	-	-	-
2,445,201	2,400,387	2,353,321	1,665,021	1,392,375	720,075
4,743,002	4,211,200	3,806,570	3,949,570	3,873,479	4,159,482
-	-	-	-	-	-
\$1,596,332,717	\$1,449,963,779	\$1,354,120,003	\$1,284,221,109	\$1,131,367,862	\$1,021,057,352

ASSESSED VALUE - TAXABLE PROPERTY
Last Ten Fiscal Years



City of Del Mar

Estimated Value of Taxable Property ⁽¹⁾

Last Ten Fiscal Years

Fiscal Year	Residential		Commercial		Industrial		Institutional	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2007-2008	\$2,126,571,875	4,193	\$178,609,919	100	\$2,406,337	9	\$2,646,759	1
2006-2007	1,927,655,893	4,191	168,728,531	100	2,368,947	10	2,594,863	1
2005-2006	1,791,415,501	4,185	164,367,851	101	2,048,291	11	2,543,985	1
2004-2005	1,641,392,319	4,182	159,747,464	102	1,986,030	11	2,494,104	1
2003-2004	1,444,510,983	4,158	143,159,660	102	1,473,871	13	2,445,201	1
2002-2003	1,299,249,555	4,152	142,655,770	104	1,446,867	13	2,400,387	1
2001-2002	1,209,706,635	4,159	136,834,972	104	1,418,505	13	2,353,321	1
2000-2001	1,134,030,927	4,165	142,981,859	104	1,593,732	14	1,665,021	1
1999-2000	984,617,841	4,162	139,921,680	104	1,562,487	14	1,392,375	1
1998-1999	881,768,284	4,161	132,889,305	104	1,520,206	15	720,075	1

Notes:

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

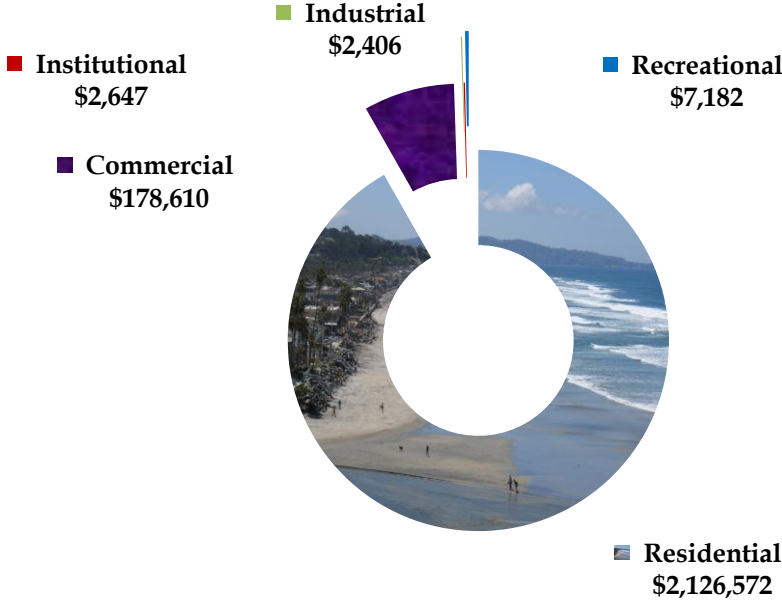
Source:

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

(Concluded)

Recreational		Total		Total
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Direct Tax Rate (%) (2)
\$7,181,758	234	\$2,317,416,648	4,537	0.15688
5,507,582	215	2,106,855,816	4,517	0.14775
5,650,759	217	1,966,026,387	4,515	0.14775
5,260,510	206	1,810,880,427	4,502	0.14775
4,743,002	207	1,596,332,717	4,481	0.14775
4,211,200	191	1,449,963,779	4,461	0.14775
3,806,570	163	1,354,120,003	4,440	0.14774
3,949,570	158	1,284,221,109	4,442	0.14778
3,873,479	166	1,131,367,862	4,447	0.14778
4,159,482	176	1,021,057,352	4,457	0.14478

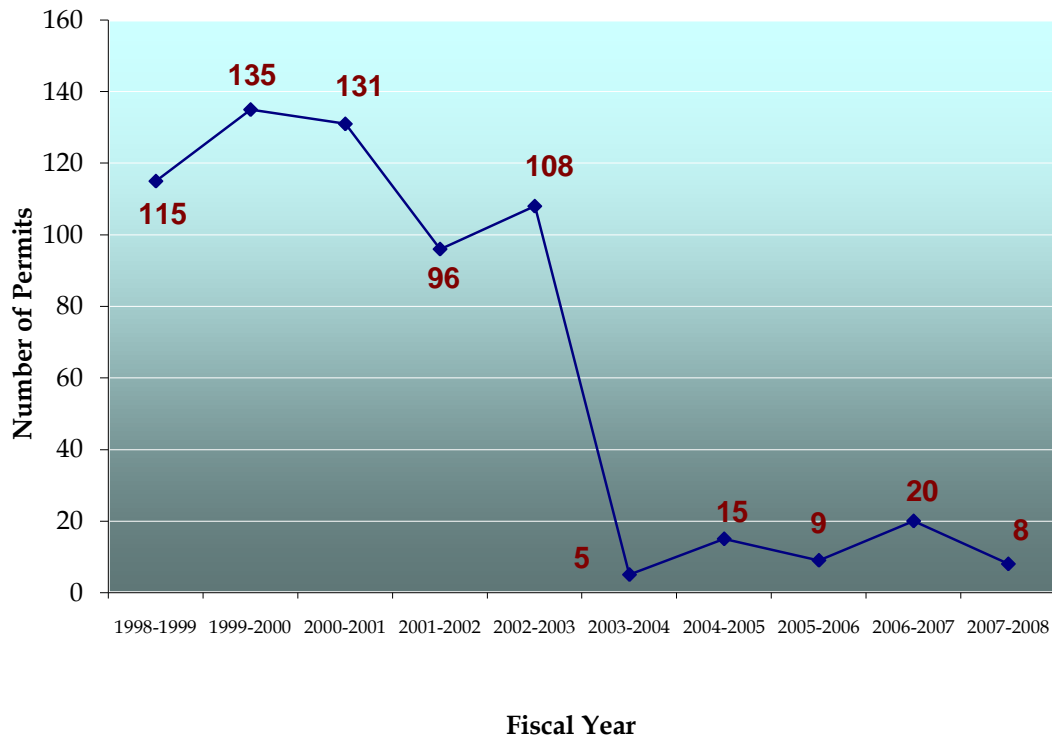
**ASSESSED VALUE BY CATEGORY
JUNE 30, 2008
(in millions)**



City of Del Mar
Construction and Bank Deposits
(Miscellaneous Information)
Last Ten Fiscal Years

Fiscal Year	Construction ⁽¹⁾			
	Residential		Commercial	
	Number of Permits	Valuation	Number of Permits	Valuation
2007-2008	2	\$1,227,925	-	\$ -
2006-2007	3	1,286,080	-	-
2005-2006	2	1,792,871	-	-
2004-2005	2	1,616,488	-	-
2003-2004	1	797,287	-	-
2002-2003	17	3,590,284	1	13,000
2001-2002	16	4,028,210	-	-
2000-2001	20	3,750,117	-	-
1999-2000	11	2,658,405	2	-
1998-1999	8	1,979,864	10	316,042

NUMBER OF PERMITS
Last Ten Fiscal Years



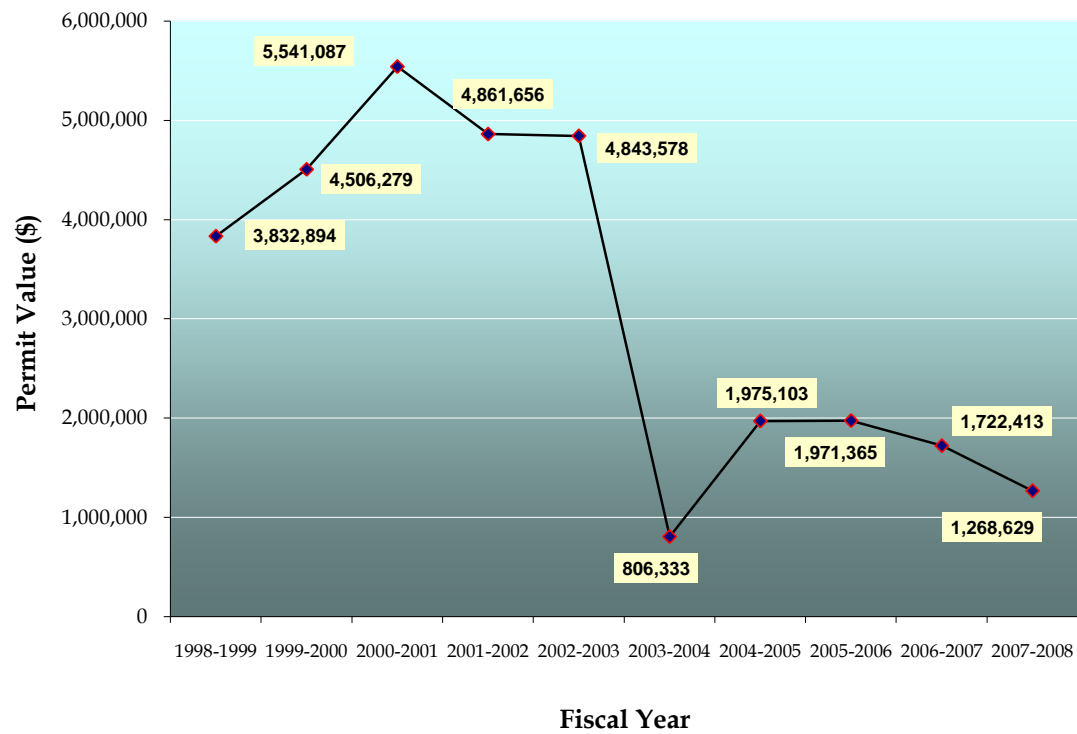
Source:

- (1) City of Del Mar, Public Works Department
- (2) Federal Deposit Insurance Corporation (FDIC)

(Concluded)

Construction ⁽¹⁾		Total		Bank Deposits ⁽²⁾
Number of Permits	Valuation	Number of Permits	Valuation	(in Thousands)
6	\$40,704	8	\$1,268,629	\$659,835
17	436,333	20	1,722,413	778,739
7	182,232	9	1,975,103	831,692
13	354,877	15	1,971,365	676,652
4	9,046	5	806,333	574,393
90	1,240,294	108	4,843,578	499,349
80	833,446	96	4,861,656	427,240
111	1,790,970	131	5,541,087	451,546
122	1,847,874	135	4,506,279	398,024
97	1,536,988	115	3,832,894	497,336

**PERMIT VALUATION
Last Ten Fiscal Years**

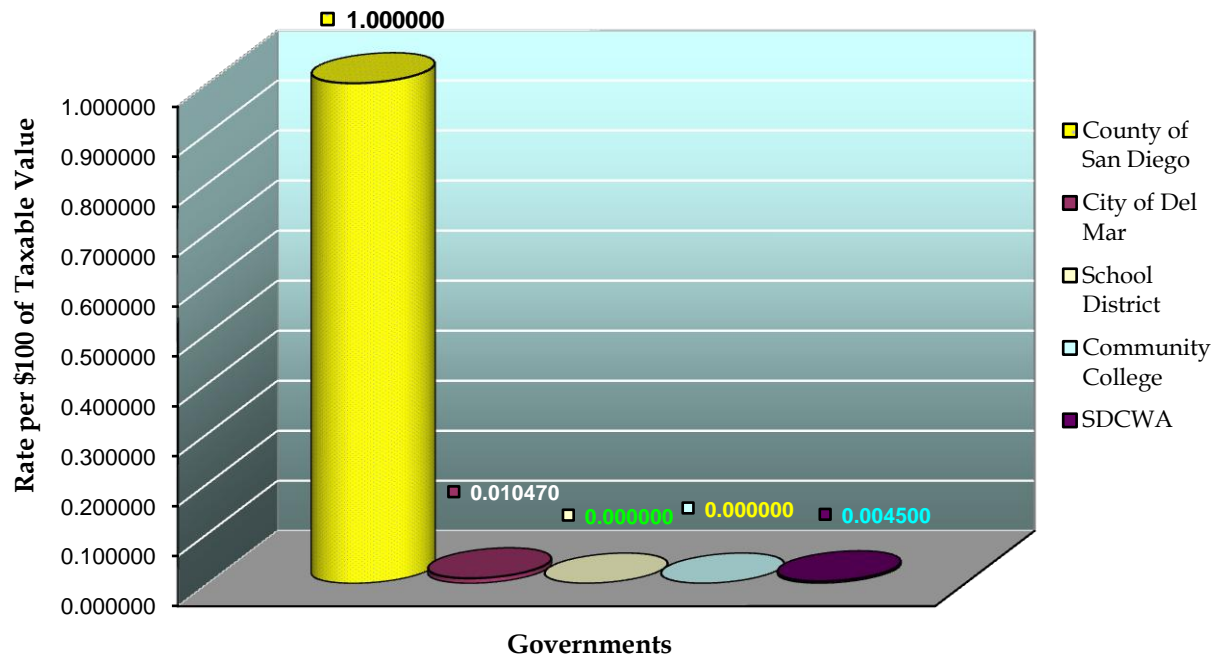


City of Del Mar

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

Fiscal Year	County Base	City Of Del Mar	School District	Community College District	San Diego County Water Authority (SDCWA)	Total
2007-2008	1.00000	0.01047	-	-	0.00450	1.01497
2006-2007	1.00000	0.00913	-	-	0.00470	1.01383
2005-2006	1.00000	0.00685	-	-	0.00520	1.01205
2004-2005	1.00000	0.00685	-	-	0.00580	1.01265
2003-2004	1.00000	0.01054	-	-	0.00677	1.01731
2002-2003	1.00000	0.01509	-	-	0.00745	1.02254
2001-2002	1.00000	0.02141	-	-	0.00853	1.02994
2000-2001	1.00000	0.02165	-	-	0.00971	1.03136
1999-2000	1.00000	0.03018	-	-	0.00990	1.04008
1998-1999	1.00000	0.01062	-	-	0.00997	1.02059

**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
Fiscal Year Ended June 30, 2008**



Note:

(1) Tax Rate Area: TRA 11-001

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

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

Owner/Taxpayer	Business Type	Fiscal Year 2007-2008		Fiscal Year 1998-1999	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
G&I III Del Mar, LP	Property management	\$29,114,454	1.37 %	\$ -	- %
Jacobs Family Trust	Property ownership - trust	22,289,171	1.05	-	-
Del Mar Thoroughbred Club	Horse racing club	21,014,911	0.99	-	-
Marsha Naify	Property ownership	20,710,000	0.97	-	-
Linda D. Starkman Trust	Property ownership - trust	18,727,200	0.88	-	-
John J. and Rebecca A. Moores Trust	Property ownership - trust	16,617,409	0.78	-	-
Sara T. Blakely	Property ownership	18,233,898	0.86	-	-
S K L Trust	Property ownership - trust	13,880,970	0.65	-	-
L-O Delmar Holding, Inc.	Management company	13,314,392	0.63	-	-
Mary M Heckmann	Property ownership	12,695,921	0.60	-	-
HERS Del Mar Corporation	Property management	-	-	38,700,000	4.20
Shared Ventures	Property ownership	-	-	27,693,442	3.01
Nicholas Family Trust	Property ownership - trust	-	-	17,910,395	1.95
Del Mar Thoroughbred Club	Horse racing club	-	-	17,642,450	1.92
Robert F. Gray	Property ownership	-	-	14,149,932	1.54
L-O Delmar Holding, Inc.	Management company	-	-	11,287,249	1.23
La Atalaya, LLC	Property ownership	-	-	8,160,749	0.89
Brandes Family Trust	Property ownership - trust	-	-	6,885,716	0.75
Border Del Mar Partners	Property ownership	-	-	6,256,000	0.68
Pacifica Stratford, LLC	Hotel	-	-	5,735,496	0.62
Top Ten Totals (secured and unsecured)		186,598,326	8.78 %	154,421,429	16.79 %
All Others (secured)		1,941,564,951	91.22	766,024,341	83.21
Total Assessed Valuation		\$2,128,163,277	100.00 %	\$920,445,770	100.00 %

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

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

Fiscal Year 2007-2008		Fiscal Year 1998-1999	
Taxpayers	Business Type	Taxpayers	Business Type
1 Americana Restaurant	Restaurant	Banana Republic	Retail clothing
2 Banana Republic	Retail clothing	Bob Baker Toyota	Used car dealer
3 Brigantine Restaurant	Restaurant	Brigantine Restaurant	Restaurant
4 Bully's Restaurant	Restaurant	Bully's Restaurant	Restaurant
5 Chico's	Retail clothing	Café Del Mar	Coffee shop
6 Del Mar Blue Print	Commercial printing	California Thoroughbred Sales	Horse sales
7 Del Mar Thoroughbred Club	Horse racing club	Del Mar Blue Print	Printing
8 Dexter's Deli	Retail pet supply	Del Mar Thoroughbred Club	Horse racing club
9 Dulce Design	Interior design	En Fuego Cantina & Grill	Restaurant
10 Epazote A Baja Bar & Grill	Restaurant	Epazote A Baja Bar & Grill	Restaurant
11 Finley Design	Interior design	Gary's Studios	Retail clothing
12 Gary's Studios	Retail clothing	Goss Keller Martinez	Graphic design
13 Greatcall	Cell phone service	Il Fornaio	Restaurant
14 Il Fornaio	Restaurant	Jakes	Restaurant
15 Jakes	Restaurant	JR Resources	Marketing service
16 Jimmy O's	Restaurant	Lambesis Communications	Marketing service
17 JR Resources	Marketing services	L'Auberge Hotel	Hotel
18 L'Auberge Hotel	Hotel	Pacifica Del Mar	Restaurant
19 La Mesa R.V. Center	Used R.V. sales	Peaches En Regalia	Retail clothing
20 Pacifica Del Mar	Restaurant	Poseidon Restaurant	Restaurant
21 Parisi Gallery	Art sales	Premier Food Services	Food service
22 Poseidon Restaurant	Restaurant	Renny Peterson Chevron Station	Gas station
23 Premier Food Services	Food service	Sbicca An American Bistro	Restaurant
24 Sbicca An American Bistro	Restaurant	State of California	Government
25 White House/Black Market	Retail clothing	White House/Black Market	Retail clothing

Percentage of total sales tax collected 67.79%

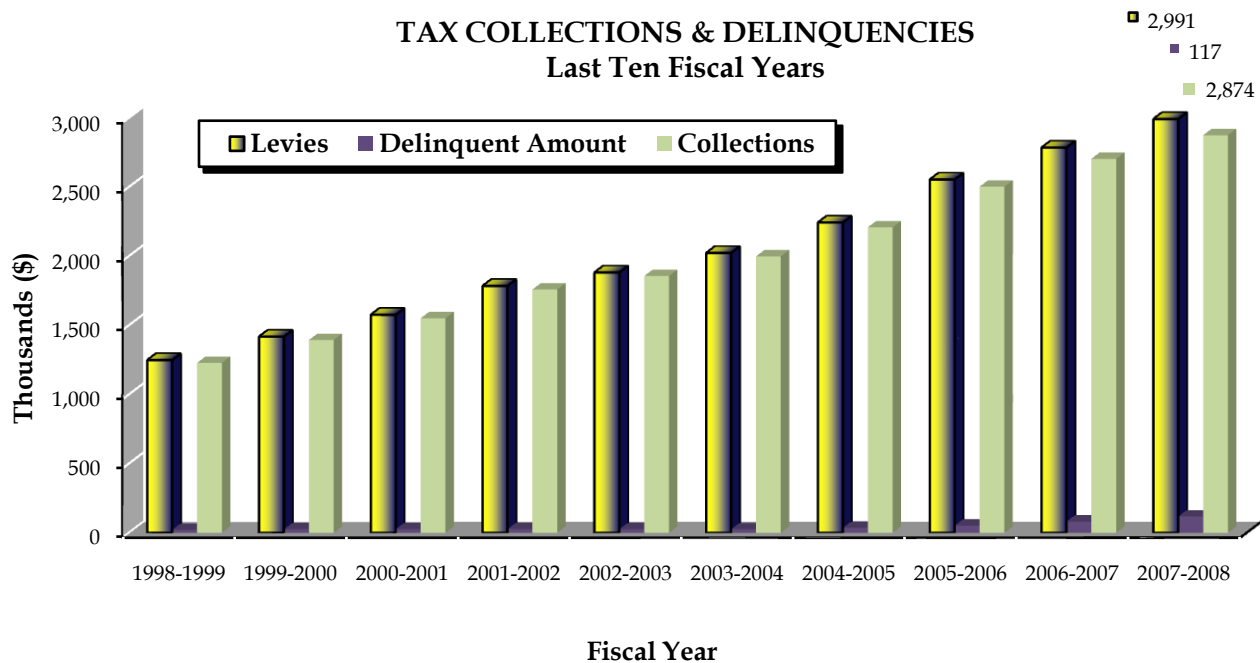
66.91%

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

Source: Muniservices, LLC

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

Fiscal Year	Secured Taxes Charge (1)	Collections	Delinquent Amount	Delinquency Percent
2007-2008	\$2,990,990	\$2,873,725	\$117,265	3.92%
2006-2007	2,784,194	2,703,222	80,972	2.91%
2005-2006	2,553,356	2,501,683	51,673	2.02%
2004-2005	2,243,021	2,207,491	35,530	1.58%
2003-2004	2,022,660	1,997,766	24,894	1.23%
2002-2003	1,881,382	1,855,886	25,496	1.36%
2001-2002	1,784,627	1,758,372	26,255	1.47%
2000-2001	1,576,066	1,550,578	25,488	1.62%
1999-2000	1,418,025	1,392,859	25,166	1.77%
1998-1999	1,248,225	1,227,479	20,746	1.66%



Note:

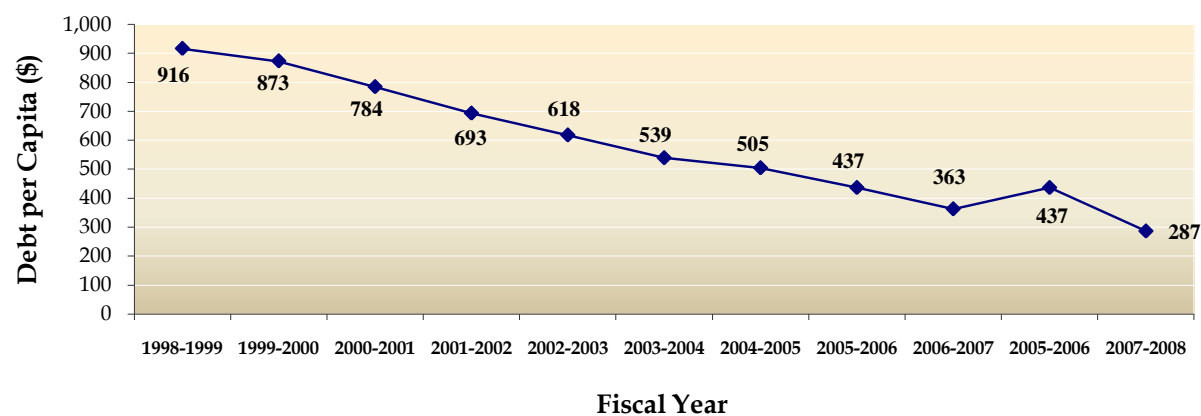
- (1) Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1978, precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Population (1)	Governmental Activities				Total	Taxable Assessed Value (2)	Percent of Taxable Assessed Value	Debt Per Capita	Percent of Personal Income (3)	Percent of Personal Income
		Certificates of Participation	Capital Leases	Notes							
2007-2008	4,580	\$1,065,000	\$215,626	\$32,512	\$1,313,138	\$2,104,194,861	0.06%	\$287	\$467,200	35.58%	
2006-2007	4,553	1,195,000	415,675	42,210	1,652,885	1,981,590,314	0.08%	363	457,100	27.65%	
2005-2006	4,528	1,320,000	605,690	51,390	1,977,080	1,824,610,766	0.11%	437	449,100	22.72%	
2004-2005	4,530	1,440,000	786,144	60,079	2,286,223	1,609,877,845	0.14%	505	448,700	19.63%	
2003-2004	4,548	1,555,000	829,077	68,307	2,452,384	1,463,920,837	0.17%	539	433,600	17.68%	
2002-2003	4,521	1,715,000	1,002,211	76,088	2,793,299	1,367,069,836	0.20%	618	438,500	15.70%	
2001-2002	4,501	1,870,000	1,166,498	83,456	3,119,954	1,299,695,648	0.24%	693	441,200	14.14%	
2000-2001	4,453	2,080,000	1,322,404	90,439	3,492,843	1,146,619,979	0.30%	784	442,200	12.66%	
1999-2000	4,389	2,260,000	1,475,778	97,040	3,832,818	1,035,810,359	0.37%	873	438,600	11.44%	
1998-1999	4,464	2,360,000	1,627,485	103,289	4,090,774	913,070,570	0.45%	916	430,200	10.52%	

OUTSTANDING DEBT per CAPITA
Last Ten Fiscal Years



Notes:

- (1) State of California, Finance Department
- (2) Amounts are assessed value as the value of taxable property is not available from the State of California.
- (3) San Diego Association of Government (SANDAG)

Source:

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

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

Business-type Activities									
Fiscal Year	Revenue (1)	Operating Expenses (1)	Net Available Revenue	Debt Service (2)				Total Debt Service	Percent Coverage
				Revenue Bonds		Certificates of Participation			
				Principal	Interest	Principal	Interest		
2007-2008	\$ 4,941,524	\$ 3,958,517	\$ 983,007	\$ -	\$ -	\$ 505,000	\$ 169,463	\$ 674,463	145.75%
2006-2007	5,240,144	3,916,855	1,323,289	-	-	480,000	193,038	673,038	196.61%
2005-2006	4,637,436	3,850,680	786,756	-	-	455,000	215,413	670,413	117.35%
2004-2005	4,615,536	3,747,352	868,184	-	-	435,000	236,713	671,713	129.25%
2003-2004	4,728,613	4,391,914	336,699	55,000	3,438	415,000	257,063	730,501	46.09%
2002-2003	4,155,112	3,661,623	493,489	50,000	6,563	395,000	276,450	728,013	67.79%
2001-2002	3,942,796	3,498,426	444,370	50,000	9,688	375,000	294,675	729,363	60.93%
2000-2001	3,750,874	3,517,577	233,297	50,000	12,813	365,000	311,994	739,807	31.53%
1999-2000	3,737,274	2,999,087	738,187	50,000	15,938	350,000	328,725	744,663	99.13%
1998-1999	3,868,702	2,881,852	986,850	50,000	19,063	335,000	344,744	748,807	131.79%

Notes:

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

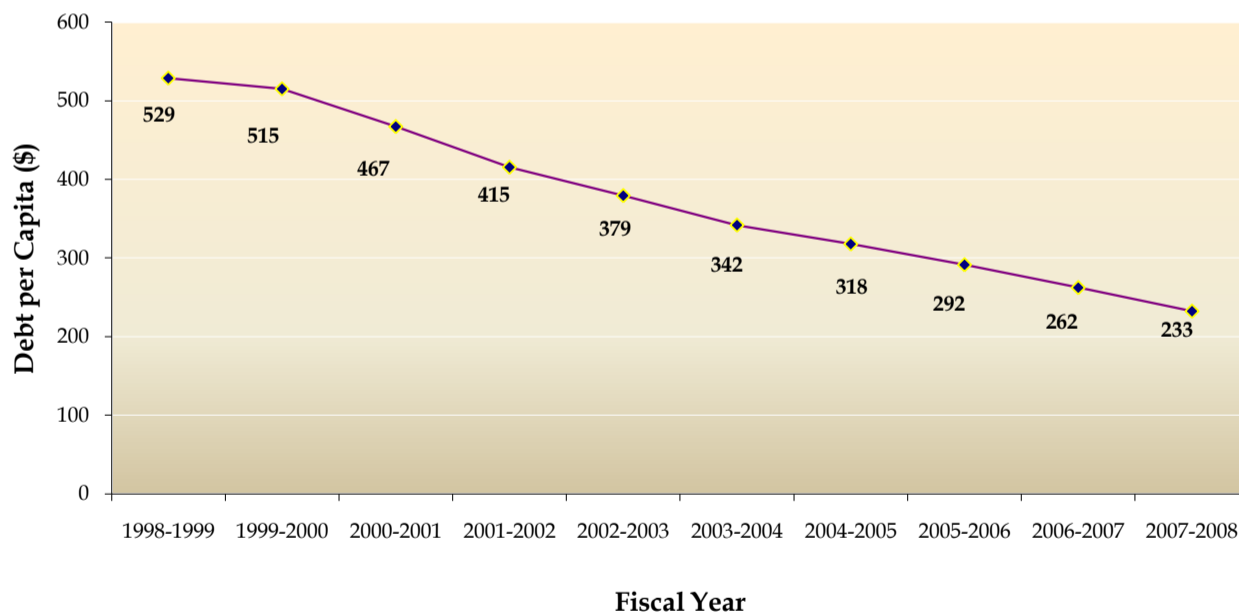
(2) Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

Source: City of Del Mar, Finance Department

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

Outstanding General Bonded Debt							
Fiscal Year	Population ⁽¹⁾	Certificates of Participation	Taxable Assessed Value	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income ⁽²⁾	Percent of Personal Income
2007-2008	4,580	\$1,065,000	\$2,104,194,861	0.05%	\$233	\$467,200	43.87%
2006-2007	4,553	1,195,000	1,981,590,314	0.06%	262	457,100	38.25%
2005-2006	4,528	1,320,000	1,824,610,766	0.07%	292	449,100	34.02%
2004-2005	4,530	1,440,000	1,609,877,845	0.09%	318	448,700	31.16%
2003-2004	4,548	1,555,000	1,463,920,837	0.11%	342	433,600	27.88%
2002-2003	4,521	1,715,000	1,367,069,836	0.13%	379	438,500	25.57%
2001-2002	4,501	1,870,000	1,299,695,648	0.14%	415	441,200	23.59%
2000-2001	4,453	2,080,000	1,146,619,979	0.18%	467	442,200	21.26%
1999-2000	4,389	2,260,000	1,035,810,359	0.22%	515	438,600	19.41%
1998-1999	4,464	2,360,000	913,070,570	0.26%	529	430,200	18.23%

GENERAL BONDED DEBT OUTSTANDING per CAPITA
Last Ten Fiscal Years



Source:

(1) State of California, Finance Department

(2) SANDAG

City of Del Mar
Direct and Overlapping Bonded Debt
June 30, 2008

Fiscal Year 2006-2007 Assessed Valuation	\$2,128,163,277		
Fiscal Year 2007-2008 Population	4,580		
	Total Debt	Percent	City's Share
	June 30, 2008	Applicable	of Debt
		to City ⁽¹⁾	June 30, 2008
Overlapping Tax and Assessment Debt:			
San Diego County General Obligations	\$357,645,000	0.620 %	\$2,217,399
San Diego County Pension Obligations	1,153,187,916	0.620 %	7,149,765
San Diego County Superintendent of Schools			
- General Fund Obligations	17,267,500	0.620 %	107,059
Mira Costa Community College District			
- Certificates of Participation	4,240,000	2.906 %	123,214
Solana Beach School District - Certificates of Participation	775,000	0.422 %	3,271
Total Overlapping General Fund Debt			\$9,600,708
Direct and Overlapping Tax and Assessment Debt:			
Metropolitan Water District	\$327,215,000	0.121 %	\$395,930
City of Del Mar	1,065,000	100.000	1,065,000
City of Del Mar 1915 Act Bonds	1,850,000	100.000	1,850,000
Total Direct and Overlapping Tax and Assessment Debt			\$3,310,930
Combined Total Debt			\$12,911,638 ⁽²⁾

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

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

<u>Ratios to Fiscal Year 2007-2008 Assessed Valuation</u>		<u>Per Capita</u>
City Direct Debt (\$1,065,000).....	0.05%	\$232.53
Total Overlapping Tax and Assessment Debt.....	0.16%	722.91
Combined Total Debt.....	0.61%	2,819.13

State School Building Aid Repayable as of June 30, 2008: \$ -

Source: California Municipal Statistics, Inc.

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

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

Note:

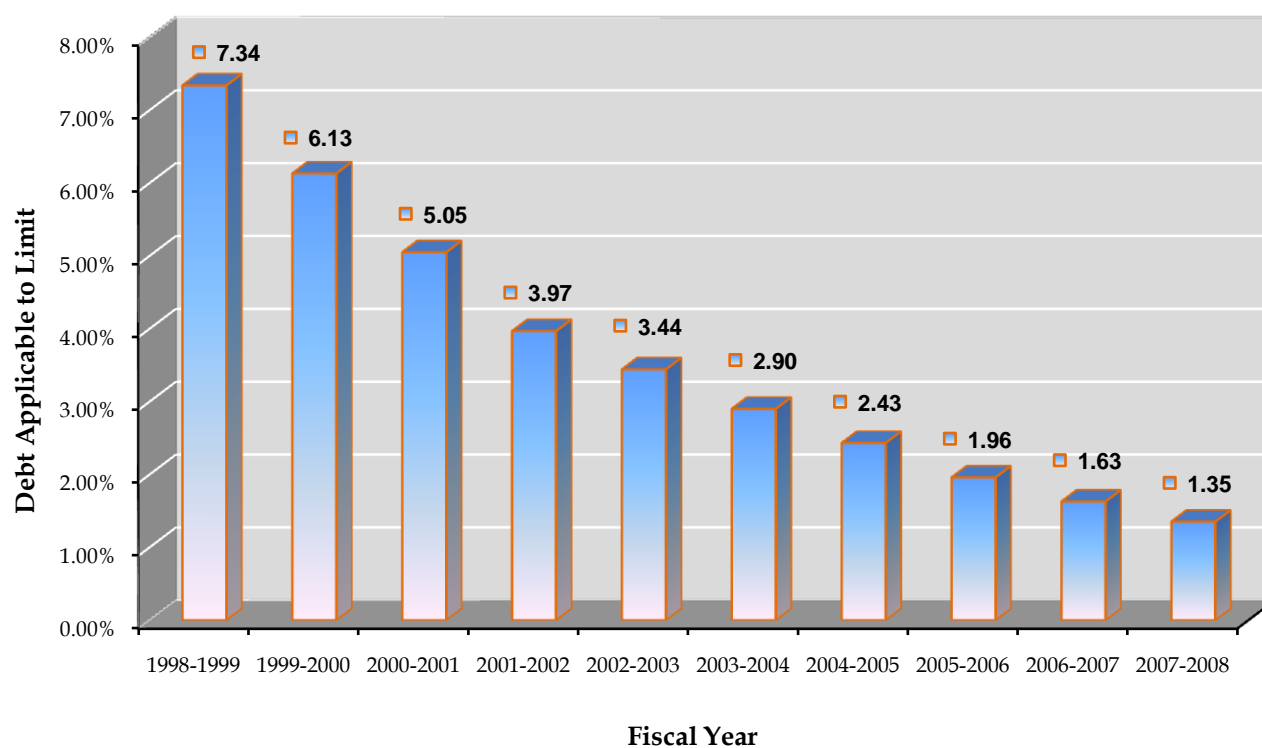
(1) Section 43605 of the Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25 percent of market value. Effective with Fiscal Year 1981-1982, each parcel is now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

Source: City of Del Mar

(Concluded)

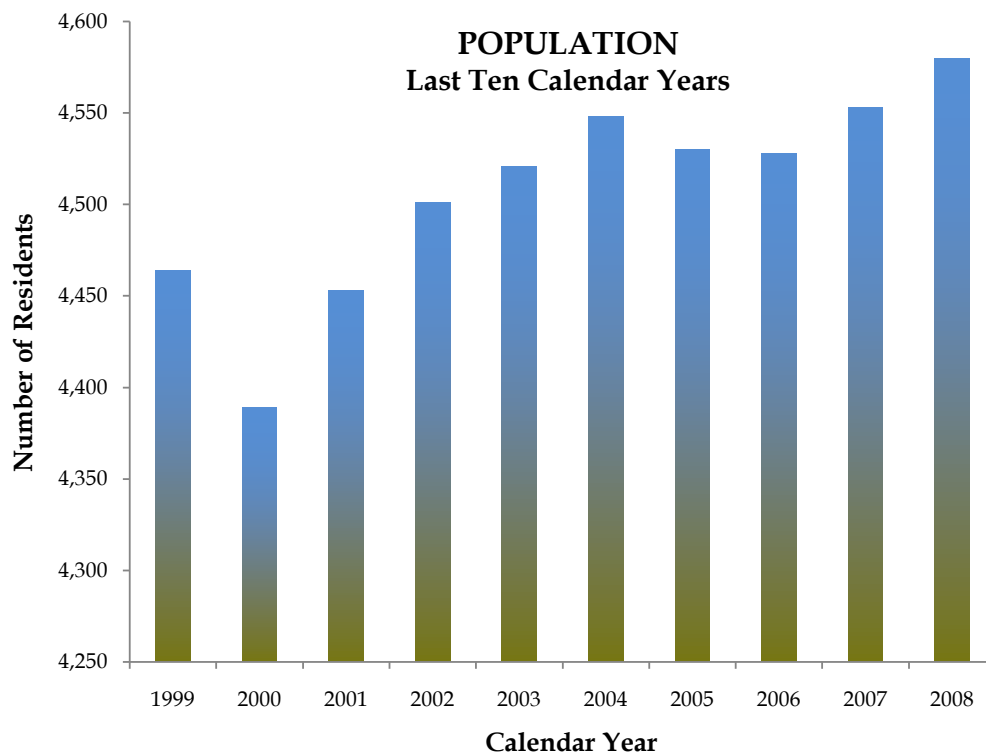
Fiscal Year					
2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
\$1,471,070,637	\$1,374,235,036	\$1,306,901,448	\$1,154,021,779	\$1,043,321,359	\$920,445,770
25%	25%	25%	25%	25%	25%
367,767,659	343,558,759	326,725,362	288,505,445	260,830,340	230,111,443
15%	15%	15%	15%	15%	15%
\$55,165,149	\$51,533,814	\$49,008,804	\$43,275,817	\$39,124,551	\$34,516,716
1,555,000	1,715,000	1,870,000	2,080,000	2,260,000	2,360,000
\$53,610,149	\$49,818,814	\$47,138,804	\$41,195,817	\$36,864,551	\$32,156,716
2.90%	3.44%	3.97%	5.05%	6.13%	7.34%

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



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

Year	City of Del Mar Housing Units (1)	Population ⁽²⁾				Personal Income ⁽³⁾			
		City of Del Mar	Average Annual		County of San Diego	City of Del Mar		County of San Diego	
			Percent Change	County of San Diego		Personal Income	Per Capita	Personal Income	Per Capita
2008	2,519	4,580	0.59%	3,146,274	1.49%	N/A	N/A	N/A	N/A
2007	2,511	4,553	0.55%	3,100,132	1.14%	467,200	102,610	133,368,896	44,832
2006	2,499	4,528	-0.04%	3,065,077	0.89%	457,100	100,950	126,193,721	42,801
2005	2,510	4,530	-0.40%	3,038,074	0.87%	449,100	99,140	118,792,540	40,383
2004	2,511	4,548	0.60%	3,011,770	1.23%	448,700	98,680	113,003,044	38,452
2003	2,522	4,521	0.44%	2,975,082	1.79%	433,600	95,920	104,630,453	35,676
2002	2,533	4,501	1.08%	2,922,758	2.01%	438,500	97,420	100,655,726	34,612
2001	2,547	4,453	1.46%	2,865,208	1.83%	441,200	99,100	97,009,480	33,801
2000	2,557	4,389	-1.68%	2,813,833	2.28%	442,200	100,750	92,654,006	32,786
1999	N/A	4,464	- %	2,751,011	- %	430,200	96,670	84,346,910	30,236

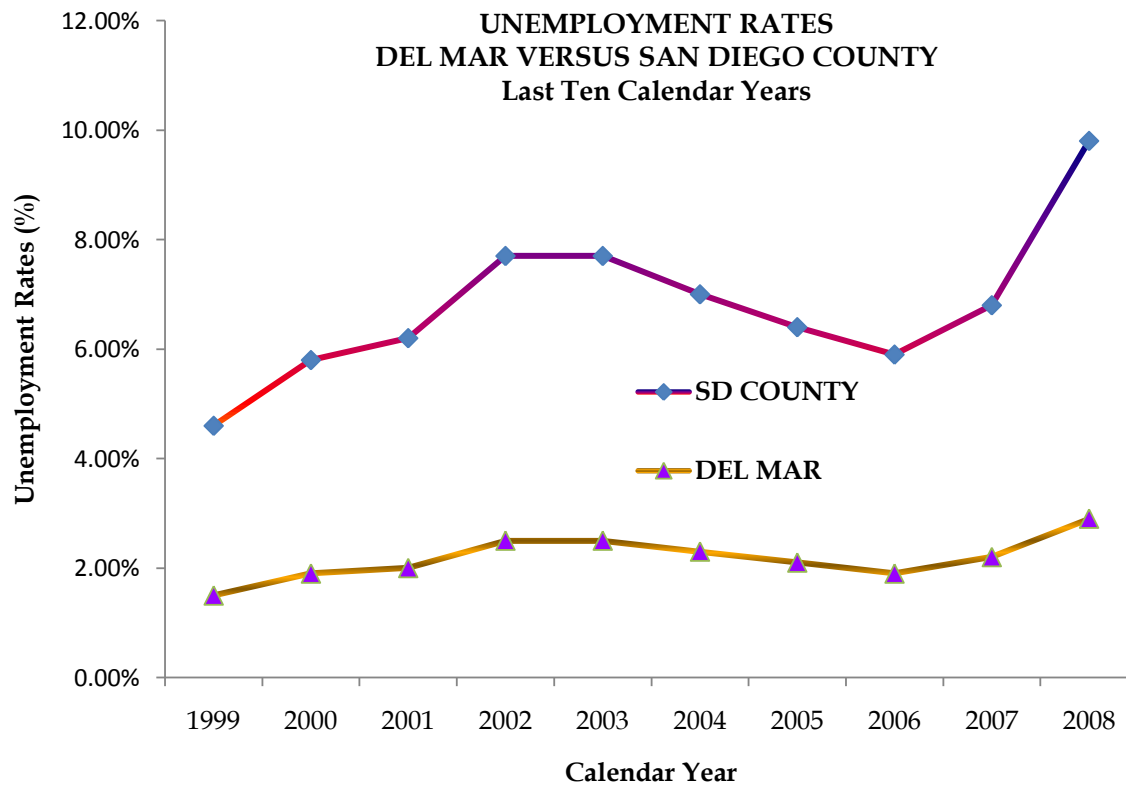


Source:

- (1) SANDAG
- (2) State of California, Finance Department
- (3) United States Bureau of Economic Analysis

(Concluded)

Employment ⁽⁴⁾						Enrollment Del Mar Union Elementary ⁽⁵⁾
City of Del Mar			County of San Diego			
Labor Force	Employed	Unemployment Rate	Labor Force	Employed	Unemployment Rate	
3,000	2,900	2.90%	1,577,200	1,468,700	6.90%	2,106
3,000	2,900	2.20%	1,542,400	1,471,600	4.60%	2,305
3,000	2,900	1.90%	1,520,500	1,459,900	4.00%	2,707
2,900	2,900	2.10%	1,505,900	1,440,500	4.30%	3,019
2,900	2,800	2.30%	1,490,800	1,420,100	4.70%	3,324
2,800	2,800	2.50%	1,468,200	1,391,700	5.20%	3,506
2,800	2,700	2.50%	1,450,500	1,375,800	5.20%	3,675
2,700	2,700	2.00%	1,409,700	1,350,700	4.20%	3,734
2,700	2,600	1.90%	1,375,400	1,321,600	3.90%	3,845
2,700	2,600	1.50%	1,351,900	1,309,800	3.10%	4,057



Source:

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

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

City of Del Mar
Top Ten Principal Employers
Current Year and Two Years Ago

Employer ⁽¹⁾	Business Type	2008		2006	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Premier Food Services	Food service	800	27.59%	800	27.59%
J Taylor's of Del Mar	Restaurant	250	8.62%	250	8.62%
Del Mar Fairground	Fairgrounds	170	5.86%	170	5.86%
L'Auberge Del Mar Resort Spa	Health club	170	5.86%	170	5.86%
Jake's Del Mar	Restaurant	130	4.48%	130	4.48%
Del Mar Thoroughbred Club	Horse racing club	115	3.97%	115	3.97%
Brigantine Seafood	Restaurant	100	3.45%	100	3.45%
Il Fornaio Cucina Italiana	Restaurant	100	3.45%	100	3.45%
Hospital Marketing Group	Marketing	90	3.10%	90	3.10%
Johnson & Rountree	Insurance collection	85	2.93%	85	2.93%
Total Top Ten Employers		2,010		2,010	
Total City Employment ⁽²⁾		2,900		2,900	

Notes:

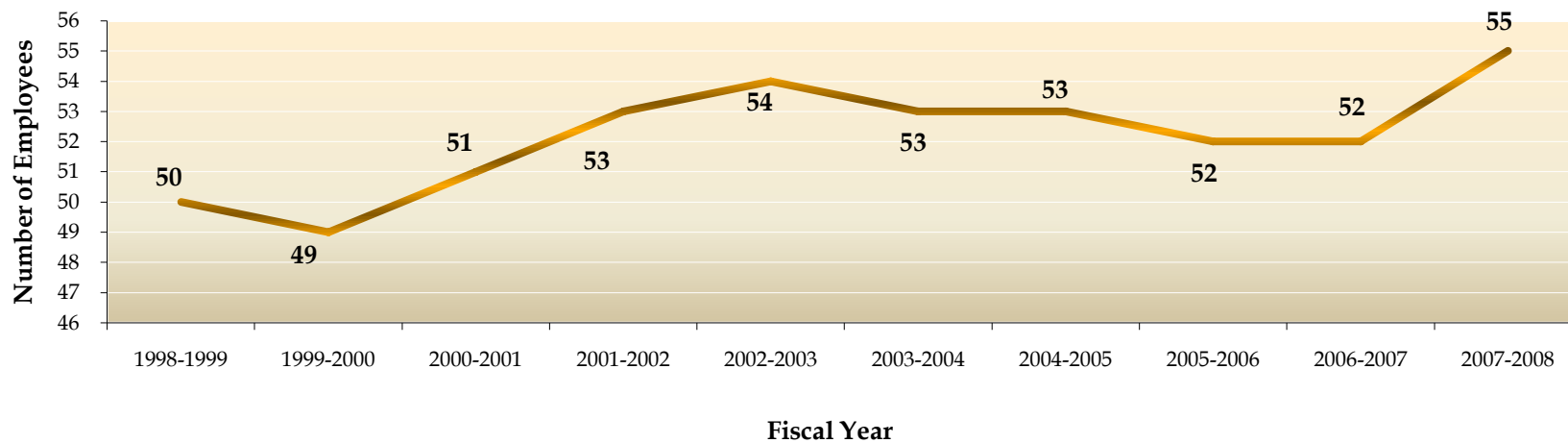
- (1) Represents non-governmental employers. Information prior to 2006 is not available.
- (2) Total City employment provided by EDD - Labor Market Information Division.

Source: infoUSA

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

Function	Fiscal Year									
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
General government	20.5	19.5	19.5	19.5	19.5	19.5	19.5	18.5	18.5	18.5
Public safety ⁽¹⁾	16.5	15.5	15.5	16.5	17.5	18.0	18.5	18.5	18.5	18.5
Public works	13.0	12.0	12.0	12.0	12.0	12.0	12.0	11.5	11.0	11.0
Parks and recreation	5.0	5.0	5.0	5.0	4.0	4.5	3.0	2.5	1.0	2.0
Total	55.0	52.0	52.0	53.0	53.0	54.0	53.0	51.0	49.0	50.0

CITY OF DEL MAR
EMPLOYMENT
Last Ten Fiscal Years



Note:

(1) Police services are provided by the County of San Diego.

Source: City of Del Mar, Finance Department

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

Function	Fiscal Year									
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
Police:										
Arrests ⁽¹⁾	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking citations issued ⁽²⁾	19,032	18,091	24,277	22,564	20,061	18,634	17,693	N/A	N/A	N/A
Fire:										
Emergency calls	1,205	1,167	1,027	877	1,003	840	945	986	1,004	950
Inspections	490	130	130	130	180	180	180	180	180	180
Public works:										
Street resurfacing (miles)	0.69	0.18	0.26	0.00	0.14	1.25	1.16	0.45	0.02	0.42
Street slurry (miles)	0.00	0.00	0.00	0.00	0.32	0.25	0.57	1.62	1.89	2.33
Parks and recreation:										
Number of recreational classes ⁽³⁾	364	350	350	350	450	450	250	150	N/A	N/A
Number of facility rentals ⁽³⁾	256	290	290	260	210	170	80	40	N/A	N/A
Water:										
New construction ⁽⁴⁾										
Average daily consumption (in thousands of gallons)	8	7	5	5	6	2	6	3	N/A	N/A
	1,103	1,309	1,172	1,182	1,248	1,147	1,209	1,264	1,385	1,309
Sewer:										
New construction ⁽⁴⁾	5	7	6	5	6	4	6	0	N/A	N/A
Average daily sewage treatment (in thousands of gallons)	614	648	675	695	680	697	699	718	697	670

Notes:

- (1) Police services are provided by the County of San Diego, Sheriff's Department.
- (2) Parking citation data is not available prior to Fiscal Year 2001-2002.
- (3) Parks and recreation information is not available prior to Fiscal Year 2000-2001.
- (4) New construction data is not available prior to Fiscal Year 2000-2001.

Source: City of Del Mar

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

Function	Fiscal Year									
	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Street lights	87	87	58	58	58	58	58	58	58	58
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	4	3	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	0
Water:										
Water mains (miles)	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	24.39
Maximum daily capacity (thousands of gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains										
Sanitary sewers (miles)	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.36	24.34
Storm drainage (miles)	13.59	13.59	0.07	0.00	0.03	0.07	0.00	0.00	0.00	0.00
Maximum daily treatment capacity (thousands of gallons)	877	877	877	877	821	821	800	800	800	800

Source: City of Del Mar

