



# *City of Del Mar, California*

Comprehensive Annual Financial Report  
Fiscal Year 2008 – 2009



# City of Del Mar, California

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009



Prepared By the  
Finance Department

**CITY OF DEL MAR**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2009

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December 17, 2009

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

## **LETTER OF TRANSMITTAL**

### **FISCAL YEAR 2008-2009 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

It is a pleasure to present the Fiscal Year 2008-2009 Comprehensive Annual Financial Report (CAFR) for the City of Del Mar. These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Responsibility for the accuracy of the data, the completeness and reliability of the presentation, including all disclosures, rests with City management.

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

The City's financial statements have been audited by Mayer Hoffman McCann, P.C., certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2009.

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

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

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

Del Mar is a small coastal city of 4,591 residents and is primarily a residential community with substantial tourist appeal covering approximately two square miles and noted for its beautiful, well-guarded beaches. The City is predominantly built out; however, redevelopment opportunities exist in both commercial revitalization areas and other resident neighborhoods.

The 22<sup>nd</sup> District Agricultural Association, commonly referred to as the Fairgrounds, is a significant presence in the City encompassing approximately one-fifth of the City's area. The 22<sup>nd</sup> District Agricultural Association is owned by the State of California and managed by a board of directors appointed by the Governor.

This report includes financial statements for the City and the financial activity related to the Del Mar Public Facilities Corporation. As a full service City, Del Mar provides its citizens and customers with fire, lifeguarding, parks, planning, public works and Sheriff services.

### **Budgetary Process**

For the last nine years, Del Mar has completed a two-year operating and capital budget with projections for capital projects extended to five years which consisted of two single year appropriations. With the adoption of the Fiscal Years 2010 and 2011 Budget, the City implemented a true two-year document. The budget process began with the City Council developing "Must-Do's, Strategic Initiatives, and Operational Initiatives." This provided the framework around which staff resourced and proposed a budget for Council consideration. The proposed budget was presented to the Council and discussed at public workshops. The final budget was adopted by the City Council 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. Quarterly financial reports are presented to the Council at regularly scheduled meetings. In addition, a mid-term review of the budget takes place at a Council Meeting during the first year of the two-year period.

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

### **Factors Affecting Financial Condition**

Del Mar is a small fully built-out coastal City, which relies heavily on the local real estate market, specifically property tax revenues and tourism, as major revenue sources. For Fiscal Years 2007-2008 and 2008-2009, Del Mar led the county in increased assessed valuations with increases of ten and nine percent, respectively, compared to prior year values. Del Mar was one of the few cities in the region with increased valuations compared to the majority of the cities in San Diego County which saw no growth or had reduced valuations. The annual increase in assessed value is primarily attributable to home sales at a higher than previously assessed value, as well as the two percent annual increases permitted under Proposition 13. Assessed valuation is projected to continue to increase as demand for coastal property remains fairly strong, even in the current real estate market. In addition, since Del Mar has been largely built out for many years, with properties occupied by long-time residents, many of Del Mar's residential properties carry very low assessed values compared to current market value and as these properties turn over they are reassessed at higher values.

Tourism is a significant industry and a major source of revenue for the City. With its beautiful beaches and moderate climate, Del Mar has become a popular destination for both local visitors and vacationing travelers. Transient Occupancy Tax (TOT) appears to have increased 14

percent from the prior year; however, Del Mar's largest hotel, L'Auberge, was closed seven months for a \$25 million renovation during Fiscal Year 2007-2008. Sales tax decreased approximately four percent compared to the prior year which reflects the decline in the state and national economies. In order to stimulate local business, the City Council approved a number of planning actions to revitalize downtown. These included a new sidewalk café ordinance, revamped parking requirements, and are preparing a Form-based code for the downtown.

The State of California (State) is facing a fiscal crisis that is directly impacting local governments and the communities they serve. Declaring a fiscal emergency, the State suspended Proposition 1A which enabled them to borrow eight percent of the amount of property tax revenue apportioned to cities, counties, and special districts. The Proposition 1A Securitization Program was passed by State legislators to allow local agencies to sell their respective Proposition 1A receivable to California Communities who then purchased the receivable and issued bonds simultaneously to provide each agency with the cash proceeds in two equal installments on January 15, 2010 and May 3, 2010. As a participant in this program, the City of Del Mar will experience no net reduction in revenues from the property tax reduction borrowing by 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 has come to a halt and is not expected to recover as quickly as in previous recessions. In the past fiscal year, however, Del Mar has positioned itself to successfully overcome these challenges. The City's strategic approach has been to continue fiscal conservatism by identifying new revenue sources and examining ways to reduce expenditures through alternative approaches. We believe that the projects undertaken this fiscal year and the accomplishments highlighted below assist in building a solid foundation towards keeping the City fiscally sound and healthy.

### **Accomplishments**

With a management team eager to streamline operations and maximize efficiency, current practices and procedures were reviewed to determine effective improvements to better serve the City Council, the residents, and businesses. As serving the interests of the community remains a top priority, the City management has successfully met the following initiatives to ensure the highest level of service is provided to residents, businesses, and visitors:

- Re-engineer City service delivery models ;
- Consider and implement new ways to ensure that equity is achieved in providing services through cost recovery options; and
- Ensure that what we are paying for in terms of contractual services is competitive and appropriate.

Highlighted below are the City's accomplishments this fiscal year:

Despite the fallout of the mortgage industry and the tightening of the credit market, the City obtained a three-year bank note at a very favorable rate to pre-pay the promissory note to the Del Mar Union School District related to the purchase of the Shores property, a 5.3 acre coastal property to allow the fundraisers, the Friends of Del Mar Parks, more time to raise the remaining balance owed of \$3.7 million.

Credit rating agencies evaluated the City's finances favorably. In April 2009, Moody's affirmed the Aa3 rating on the City's general obligation debt citing the City's affluent tax base, low debt burden, management, and strong fiscal oversight. In June 2009, Standard and Poor's upgraded the City's rating on its general obligation debt two levels from AA to AAA, and affirming a stable outlook. In their opinion, the City's financial strength is in its tax base, unreserved fund balance, and good management.

As part of re-engineering the City's service delivery model, Council approved the addition of a Deputy Public Works Director to bring construction management in-house. This new position has been paid for by significant savings in construction management projects, and is anticipated to be fully chargeable to CIP projects. Additionally, this position will take over certain development review responsibilities that were traditionally outsourced to the City Engineering consultant, resulting in a net savings to the City.

The City achieved cost recovery options by completing a cost allocation plan to ensure that indirect costs are appropriately allocated and recovered in our fees and charges for services provided to the Water and Wastewater funds. In the November 2008 election, the voters of Del Mar approved increasing the TOT rate up to 13 percent, and approved a ratification of existing Clean Water fees, as well as a new five-year rate plan. Additionally, the water and wastewater rates for the next five years, effective July 1, 2009, were passed. These measures successfully passed, demonstrating the community's commitment to an adequately funded city government. Other fees that were reviewed and updated are the planning and land use fees, along with the engineering review fees. Council recently approved the new rates and the increases will take effect in February 2010.

A comprehensive review of existing contracts was performed and request of proposals (RFPs) were sent out. The City hired new financial auditors, a new City Engineer with a team of engineering firms available under contract, and procured a new City Attorney under contract on a true fixed fee retainer. In October 2009, a cooperative agreement was struck with the Rancho Santa Fe Fire Protection District and the Cities of Encinitas and Solana Beach for fire management services. As such, the City of Encinitas provides Fire Chief Services and Rancho Santa Fe is providing Battalion Chief Services.

In collaboration with its residents, fundraisers, and regional agencies, the City completed much needed projects such as the rehabilitation of the Tot Lot playground and the repair of the library and 11th Street reservoir roofs.

## **Major Initiatives**

### ***Shores Property***

The Friends of the Del Mar Parks continue to raise funds towards the balance due on November 13, 2011 for the debt that the City assumed to acquire this open space. It is critical that this debt be retired so as not to burden the General Fund and possibly affect the City's level of services. The City is considering options including issuing a general obligation bond, creating an assessment district, or selling unused City land.

### *North Torrey Pines Bridge*

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

Since then, engineering analysis and environmental investigations have been prepared and during Fiscal Year 2008-2009, the environmental documents were completed for this project. Fiscal Year 2009-2010 will be the first of three fiscal years of construction which will be 100 percent funded by the Federal Highway Administration (FHWA) and the State. The total project is estimated to be \$34.4 million of which the City has paid \$928,180 towards the design costs. This is the largest capital project the City has ever constructed.

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

The 21<sup>st</sup> Street Pump Station is approximately 30 years old and is the central facility for conveying Del Mar's sewage to the City of San Diego's Metropolitan Sewage System. Because of its age, condition, and current operating constraints, replacement of the facility is in order. Project financing will be provided through a State Revolving Loan Fund, the repayment of which has been included in the Fiscal Years 2010-2014 sewer rates. The total project cost is estimated to be \$5.5 million and will be completed during Fiscal Year 2010-2011.

### *Beach Safety Center*

Planning for the 17th Street Beach Safety Center began several years ago, but cost estimates for the earlier conceptual plans came in higher than expected. Thanks to volunteers and their contributions, changes were made to the original design and costs for the new facility were reduced significantly. The project cost for the project now stands at \$2.8 million.

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

The new facility will include a two-story Lifeguard Headquarters with offices, first aid room, public restrooms and a handicapped accessibility pathway to the new facility and the beach. It will also have a sea wall, and provide an appropriate landscape buffer to connect to and coordinate with the Coast Boulevard Streetscape Plan. The Friends of the Powerhouse, Coastal Conservancy, and other funding sources such as issuing a government obligation bond are being considered in support of completing this project.

## **Looking Forward**

### ***Downtown Revitalization***

The Council has embarked on an exciting new program to assist in the revitalization of its downtown area. The Council's primary goal is to create a vibrant and successful commercial district for its residents and businesses as envisioned in the Community Plan. This includes designing a walkable village, preserving important view corridors, and providing incentives to land owners.

### ***Form-Based Code***

Form-based codes, in contrast to traditional zoning codes, allow for the setting of parameters lot by lot and are planning methods that regulate development in order to achieve a specific building form within an established community's core. Form-based codes create a predictable public appearance by primarily controlling the physical form of buildings, streets, sidewalks or other public structures with a lesser focus on land use.

Planning on the form-based code began in early May 2009, and will conclude with public hearings at the Planning Commission and Council in June and July 2010. Community meetings which will include design workshops, Community Conversation meetings, a three-day design Charrette, and Open House will be held in February of 2010. After the City Council adopts a Form Based Code strategy in July, voters will have an opportunity to decide this issue through a ballot measure.

### ***Camino del Mar Pilot Program***

The pilot program includes transitioning southbound Camino del Mar to one travel lane and the establishment of angle parking spaces in order to provide greater pedestrian walkability of the village center and to increase parking availability. This program is anticipated to be in place for two to three years and elements such as economic benefits to local business, pedestrian and bicycle mobility, cut through traffic, and the reduction in pass-through trips will be monitored for positive and negative impacts.

## **Long-Term Financial Planning**

The City completed a long-range capital financing plan during the preparation of the Fiscal Year 2008-2009 budget process. The plan included 10-year projections for the General Fund's operating revenues and expenditures, in addition to projecting 10 years of capital projects that are funded with general government dollars. The City will continue to revise this plan and use it for future financial forecasting and capital planning.

## **Financial Policies**

### ***General Fund Contingency Reserve***

It is the City's policy and practice to complete a budget that is balanced and has a minimum 10 percent contingency reserve in the General Fund in order to ensure the City's continuing financial health. The contingency reserve calculation is the percent the ending unreserved

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

### ***Finnell Plan***

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

### **Awards**


The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Del Mar for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the thirteenth consecutive year the City has achieved this prestigious award. In order to receive an award, the City must publish an easily readable and comprehensive report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


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

### **Acknowledgments**

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

Respectfully submitted,

  
Karen P. Brust  
City Manager

  
Teresa S. McBroome  
Accounting Manager/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Del Mar  
California

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

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.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

## **CITY COUNCIL**

*Crystal Crawford*  
**Mayor**

*Richard Earnest*  
**Deputy Mayor**

*Carl Hilliard*  
**Councilmember**

*Mark E. Filanc*  
**Councilmember**

*Donald Mosier*  
**Councilmember**

## **CITY MANAGER**

*Karen P. Brust*

### **ASSISTANT CITY MANAGER**

*Mark Delin*

### **CITY ATTORNEY**

*Leslie Devaney*

### **INTERIM DIRECTOR OF PLANNING AND COMMUNITY DEVELOPMENT**

*Brian Mooney*

### **CITY CLERK AND INFORMATION SYSTEMS DIRECTOR**

*Mercedes Martin*

### **ACCOUNTING MANAGER/ CITY TREASURER**

*Teresa S. McBroom*

### **DIRECTOR OF COMMUNITY SERVICES AND LIFEGUARD CHIEF**

*Pat Vergne*

### **CITY ENGINEER**

*Tim Thiele*

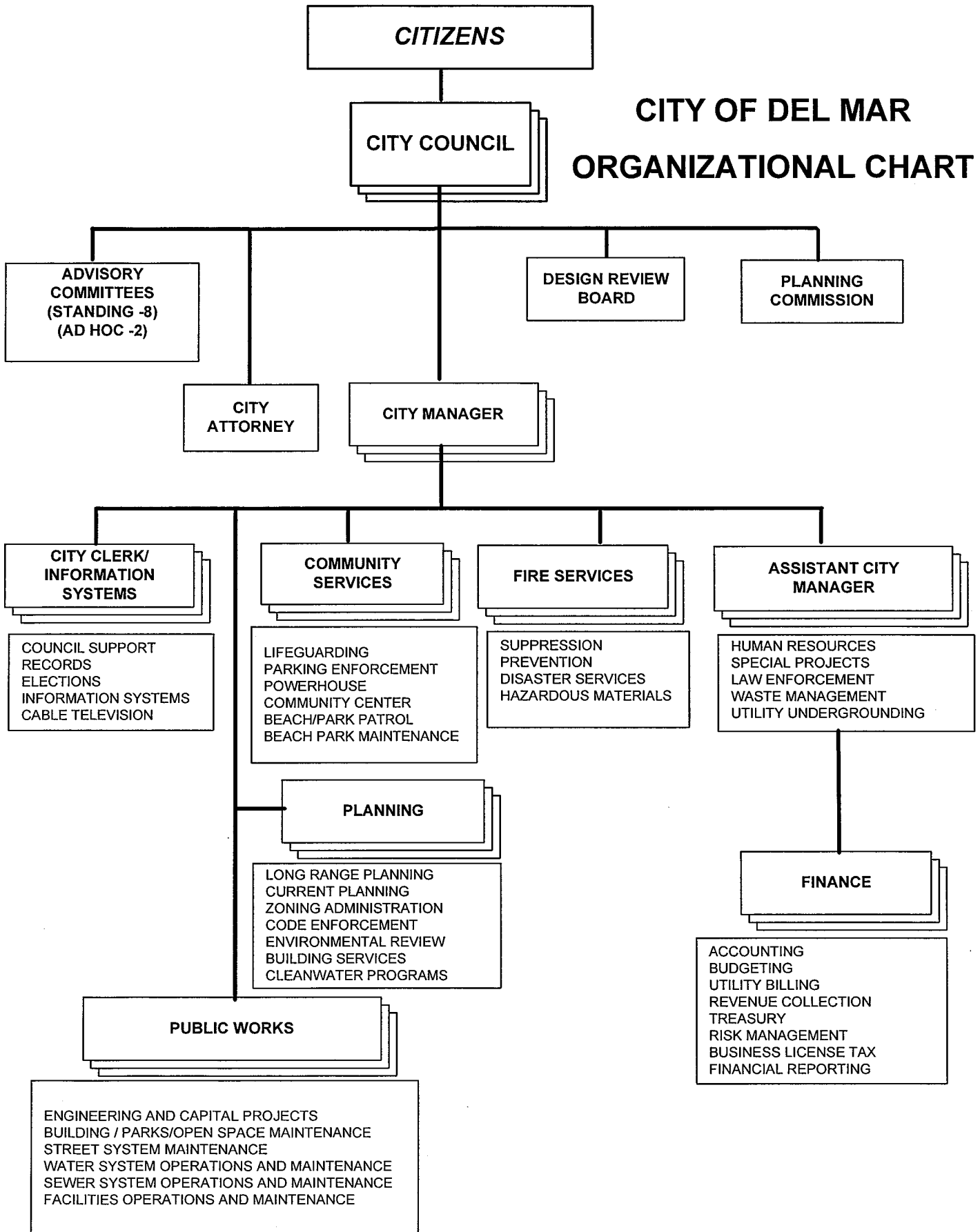
### **PUBLIC WORKS DIRECTOR**

*David Scherer*

### **SHERIFF CAPTAIN**

*Don Fowler*

# CITY OF DEL MAR ORGANIZATIONAL CHART





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

### **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Del Mar, California, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Del Mar. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year partial comparative information has been derived from the basic financial statements of the City of Del Mar for the year ended June 30, 2008 which were audited by other auditors and whose report dated December 22, 2008 expressed unqualified opinions on the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic 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, 2009, and the respective changes in financial position and cash flows, where applicable, of the City of Del Mar, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Honorable Mayor and City Council  
City of Del Mar  
Page Two

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

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

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 17, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

*Mayor Hoffman McCann P.C.*

Irvine, California  
December 17, 2009



December 17, 2009

## 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, 2009. 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 updated a variety of revenue sources including its cost allocation plan. In addition, ballot measures for a transient occupancy tax increase, water and wastewater rates, 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 2008-2009 to Fiscal Year 2007-2008. All variances are expressed relative to Fiscal Year 2007-2008 results. Fiscal Year 2008-2009 financial highlights include the following:

#### Financial Highlights

- The City's total assets exceeded its liabilities as of June 30, 2009 leaving \$58.38 million in net assets.

- Citywide total net assets increased by \$2.21 million, or 3.94 percent, during the current fiscal year, indicating an improved financial condition. The positive change in net assets is largely due to the strict monitoring of expenses.
- An increase in total assets of \$1.46 million, or 2.16 percent, is primarily due to additions in capital assets of \$2.65 million. Liabilities decreased by \$.75 million, or 6.41 percent. Current liabilities decreased by \$3.6 million and long-term liabilities increased by \$2.85 million primarily due to a new loan payable of \$3.76 for the prepayment of the prior year's short-term promissory note for the Shores Property.
- As of June 30, 2009, the City's governmental funds reported combined fund balances of \$4.84 million, an increase of \$3.02 million, or 166.62 percent, from Fiscal Year 2007-2008. Of the \$4.84 million in fund balance, \$1.51 million, is reserved for specific activities and \$3.33 million, is unreserved. The increase of \$3.02 million in governmental funds is attributable to the increase in the Open Space Special Revenue Fund from loan proceeds of \$3.76 million.
- At the end of the current fiscal year, the fund balance for the General Fund is \$2.60 million, or 53.82 percent, of the total fund balance in governmental funds. This balance is available for spending at City management's discretion, and is equal to 27.96 percent of the total fiscal year expenditures of \$9.31 million, and 25.55 percent of total revenues of \$10.19 million, before other financing sources (uses). The Open Space Fund, Capital Improvement Program Fund and other non-major governmental funds account for a surplus of \$0.53 million, \$0.68 million and \$1.02 million, respectively, at June 30, 2009.

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

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

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

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

***Fiduciary Funds.*** The City maintains one type of fiduciary fund, the *Agency Funds*. The fiduciary fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The *Agency Funds* account for five Assessment District (A.D.) bond issues, Stratford & Luneta Undergrounding A.D. 1989-1, Seawall Refinance A.D. 1999-1, Ocean View/Pines A.D. 2005-1, North Hills Undergrounding A.D. 2007-1, and Sunset Undergrounding 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 in this report.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### *Net Assets*

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

The City's net assets are made up of three components: 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 \$58.38 million as of June 30, 2009. This is an increase of \$2.21 million, or 3.94 percent, compared to June 30, 2008.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current assets	\$8,452,170	\$9,184,305	\$3,584,666	\$3,785,377	\$12,036,836	\$12,969,682
Non-current assets	-	-	525,352	777,142	525,352	777,142
Capital assets	34,491,345	32,141,682	22,246,479	21,946,740	56,737,824	54,088,422
Total Assets	42,943,515	41,325,987	26,356,497	26,509,259	69,300,012	67,835,246
Current liabilities	3,165,876	5,920,761	880,833	771,579	4,046,709	7,646,681
Non-current liabilities	4,502,177	1,746,108	2,373,320	3,231,835	6,875,497	4,023,602
Total Liabilities	7,668,053	7,666,869	3,254,153	4,003,414	10,922,206	11,670,283
Investments in capital assets, net of related debt	29,850,840	32,141,682	20,125,891	18,768,065	49,976,731	50,909,747
Restricted	-	1,035,026	-	700,635	-	1,735,661
Unrestricted	5,424,622	482,410	2,976,453	3,037,145	8,401,075	3,519,555
Total Net Assets	\$35,275,462	\$33,659,118	\$23,102,344	\$22,505,845	\$58,377,806	\$56,164,963

The largest component of the City's net assets, \$49.98 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 decreased \$0.93 million, or 1.83 percent, from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the City's total net assets which represents resources subject to external restrictions on how they may be used by the City, is zero. This is a decrease of \$1.74 million from the prior fiscal year's amount of \$1.74 million. The remaining unrestricted net assets of \$8.40 million are used to meet the City's ongoing obligations for the following fiscal year. This unrestricted amount increased by \$4.88 million from last fiscal year's amount of \$3.52 million.

As of June 30, 2009, 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 \$1.62 million, or 4.80 percent. The increase in total net assets also accounted for a minor increase in business-type activities of \$0.60 million, or 2.65 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	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for services	\$2,513,220	\$2,345,431	\$4,996,355	\$5,032,666	\$7,509,575	\$7,378,097
Operating grants and contributions	323,436	611,539	-	-	323,436	611,539
Capital grants and contributions	1,762,742	7,677,470	-	-	1,762,742	7,677,470
<i>General Revenues:</i>						
Property taxes	4,215,519	4,032,639	-	-	4,215,519	4,032,639
Sales and other taxes	3,565,002	3,488,762	-	-	3,565,002	3,488,762
Others	341,428	360,982	127,207	-	468,635	360,982
Unrestricted investment earnings and others	260,440	884,169	90,967	167,396	351,407	1,051,565
<b>Total Revenues</b>	<b>12,981,787</b>	<b>19,400,992</b>	<b>5,214,529</b>	<b>5,200,062</b>	<b>18,196,316</b>	<b>24,601,054</b>
<b>Expenses:</b>						
General government	4,386,669	4,359,318	-	-	4,386,669	4,359,318
Public safety	5,080,611	4,807,256	-	-	5,080,611	4,807,256
Public works	934,974	972,444	-	-	934,974	972,444
Parks and Recreation	672,742	662,959	-	-	672,742	662,959
Community services	-	1,079	-	-	-	1,079
Interest and fiscal charges	119,312	139,679	-	-	119,312	139,679
Enterprise operations	-	-	4,789,284	4,710,932	4,789,284	4,710,932
<b>Total Expenses</b>	<b>11,194,308</b>	<b>10,942,735</b>	<b>4,789,284</b>	<b>4,710,932</b>	<b>15,983,592</b>	<b>15,653,667</b>
Increase (decrease) in Net Assets						
before other revenues and transfers	1,787,479	8,458,257	425,245	489,130	2,212,724	8,947,387
Transfers	(171,135)	(241,453)	171,254	241,453	119	-
<b>Change in Net Assets</b>	<b>1,616,344</b>	<b>8,216,804</b>	<b>596,499</b>	<b>730,583</b>	<b>2,212,843</b>	<b>8,947,387</b>
Net assets - beginning of year	33,659,118	25,442,314	22,505,845	21,775,262	56,164,963	47,217,576
<b>Net assets - end of year</b>	<b>\$35,275,462</b>	<b>\$33,659,118</b>	<b>\$23,102,344</b>	<b>\$22,505,845</b>	<b>\$58,377,806</b>	<b>\$56,164,963</b>

**Governmental Activities:**

The City's net assets from governmental activities increased \$1.62 million, or 4.80 percent, in the current fiscal year, accounting for 73.04 percent of the total \$2.21 million growth, in the City's total net assets. Total revenues from governmental activities decreased 33.09 percent to \$12.98 million. The cost of all governmental activities in Fiscal Year 2008-2009 was \$11.19 million, an increase of \$0.25 million, or 2.30 percent, compared to the prior fiscal year. As shown in the Statement of Activities, governmental activities were financed in part by taxpayers at \$2.51 million, which were generated by service revenues received from the performance of these activities, and increased by \$0.17 million, or 7.15 percent, compared to Fiscal Year 2007-2008. Another \$0.32 million was received from other government agencies and other organizations that subsidized certain programs with operating grants and contributions. This revenue category decreased by \$0.29 million, or 47.11 percent, which was due to a decreased fund subsidy from other governments. In addition, another \$1.76

million in revenues came from capital grants and contributions, which decreased by \$5.91 million, or 77.04 percent, compared to the prior fiscal year. This decrease is primarily attributable to the community's contribution of \$5.0 million for the acquisition of the Shores Property during Fiscal Year 2007-2008. Overall, the City's governmental program revenues amounted to \$4.60 million, a decrease of \$6.04 million, or 56.75 percent, compared to the prior fiscal year, which was enough to fund activities before including non-program governmental revenues of \$8.38 million. These general revenues decreased by \$0.38 million, or 4.38 percent, in comparison to the prior fiscal year. This decrease is attributable to the decrease in Unrestricted Investment Earnings and Others of \$0.62 million, or 70.54 percent, while Property Taxes increased \$0.18 million, or 4.53 percent, compared to the prior fiscal year. In total, City governmental activities reported an increase of \$1.6 million in net assets. In comparison to the prior fiscal year, the key elements contributing to the \$6.42 million decrease in revenues from governmental activities are as follows:

- The City recognized \$5.92 million less in Capital Grants and Contributions compared to the prior fiscal year, of which \$5.0 million was contributed by the Del Mar community in the prior fiscal year.
- An increase of \$0.18 million in Property Taxes compared to the prior fiscal year, which is primarily attributable to the increase in property tax penalties and interest.
- A decrease in investment income providing \$0.62 million less in investment earnings compared to the prior fiscal year.

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

The City's business-type activities increased its net assets by \$0.60 million, or 2.65 percent, for the fiscal year ended June 30, 2009, accounting for 26.96 percent of the total \$2.21 million growth, in the City's net assets. Business-type activities' total revenue increased by \$0.01 million, or 0.003 percent, during the current fiscal year to a total of \$5.21 million in revenues. In comparison to the prior fiscal year, charges for services decreased by \$0.04 million, or 0.72 percent. Related business-type activity costs also increased during the fiscal year by \$0.08 million, or 1.66 percent, compared to the prior fiscal year. The decrease in revenues, expenditures, and transfers resulted in a change in net assets of \$0.13 million, or a 18.35 percent increase, from the prior fiscal year.

#### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

#### ***Governmental Funds:***

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

As of June 30, 2009, the City's governmental funds reported a combined ending fund balance of \$4.84 million, which is a \$3.02 million, or 166.62 percent increase, in comparison to the prior fiscal year of \$1.81 million. The \$4.84 million governmental fund balance is composed of \$1.51 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; \$2.32 million in *unreserved, designated*, and \$1.01 million in *unreserved, undesignated*.

Table 3 shows the governmental fund balances for the two fiscal years ended June 30, 2009 and June 30, 2008.

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

	General	Open Space Debt Service	Capital Improvement	Non-Major Governmental Funds	Totals
<b>FISCAL YEAR 2008-2009</b>					
Total revenues:	\$10,186,128	\$656,002	\$1,819,685	\$716,103	\$13,377,918
Total expenditures:	9,309,113	1,232,315	2,291,421	1,114,482	13,947,331
Excess (deficiency) of revenues over expenditures	877,015	(576,313)	(471,736)	(398,379)	(569,413)
Total other financing sources (uses)	(549,138)	4,140,257	(367,391)	368,019	3,591,747
Net change in fund balance	327,877	3,563,944	(839,127)	(30,360)	3,022,334
Fund balance - beginning	2,274,856	(3,037,790)	1,522,677	1,054,152	1,813,895
Fund balance - ending	<b>\$2,602,733</b>	<b>\$526,154</b>	<b>\$683,550</b>	<b>\$1,023,792</b>	<b>\$4,836,229</b>
<b>FISCAL YEAR 2007-2008</b>					
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, as restated	4,184,457	585,829	1,436,648	162,987	6,369,921
Fund balance - ending	<b>\$2,274,856</b>	<b>(\$3,037,790)</b>	<b>\$1,522,677</b>	<b>\$1,054,152</b>	<b>\$1,813,895</b>

### ***General Fund:***

Total governmental funds include the General Fund, the chief operating fund of the City, which has a fund balance of \$2.60 million as of June 30, 2009. An increase of \$0.33 million, or 14.41 percent, in fund balance as compared to the prior fiscal year, is due to the increases in total revenues of \$0.11 million, or 1.09 percent, and operating costs of \$0.24 million, or 2.64 percent. Revenues increased due to less TOT collected as a result of the largest hotel in Del Mar being closed for renovation in the prior fiscal year.

Total expenditures increased by \$0.24 million, or 2.64 percent, as compared to the prior fiscal year in which the largest increase was in Public Safety of \$0.21 million, or 4.50 percent. The costs of operation, particularly in employee services is the main reason for the increase. The ending fund balance is comprised of \$0.03 million reserved for prepaid items and encumbrances, \$1.58 million unreserved and designated for special activities and projects, and the remaining unreserved amount of \$0.99 million, which is available for spending at the City's discretion.

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

### ***Major Funds:***

As of June 30, 2009, the fund balance in the Open Space Special Revenue Fund decreased by \$3.57 million from the prior fiscal year, and has an ending fund balance of \$0.53 million. Total revenues of this fund decreased by \$4.93 million, or 88.27 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 in the prior fiscal year. Total expenditures decreased by \$8.24 million from the prior fiscal year due to the acquisition of the Shores Property of \$8.5 million in the prior fiscal year.

As of June 30, 2009, the Capital Improvement Program's fund balance of \$0.68 million, decreased by \$0.84 million, or 55.11 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 decreased \$0.03 million, or 2.88 percent, from the Fiscal Year 2007-2008 balance of \$1.05 million to \$1.02 million at the end of the current fiscal year. The other non-major funds are composed of the remaining special revenue funds including Gas Tax, Supplemental Law Enforcement, Regional Communications System, Grants, Housing, Proposition 42, Regional Transportation, Transnet, and Wildfire Debt Service. The decrease in the current fiscal year is primarily attributable to the decrease in other financing sources of \$0.63 million, or 62.87 percent. This is due to a transfer from the General Fund to the Housing Fund of \$0.66 million in the prior fiscal year. The fund balance of \$1.02 million is comprised of \$0.23 million, which is reserved for repayment of debts, and the remaining amount of \$0.80 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 \$0.60 million, or 2.65 percent. The City's Water Fund increased \$0.32 million, the Wastewater Fund increased \$0.24 million, and the Clean Water Fund increased by \$0.04 million. The increase in the Water and Wastewater funds are due to the operating surplus during the fiscal year. The Clean Water Fund's increase in net assets was due to a transfer of \$0.16 million from the General Fund to supplement operating costs.

At the end of Fiscal Year 2008-2009, the Internal Service fund reported a surplus in net assets of \$0.92 million, which is a \$0.01 million, or 1.40 percent, increase from the prior year's net assets. Operating expenses increased \$0.16 million, or 146 percent, compared to the prior fiscal year, which is due to an increase in claims paid in the current year. Revenues remained the same resulting in a decreased change in net assets of \$0.17 million, or 92.82 percent, from the prior fiscal year's change in net assets.

### **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 \$0.63 million when comparing actual amounts of \$0.88 million to the final budget of \$0.24 million for the current fiscal year. This positive budget variance primarily reflects revenue realization greater than estimates of \$0.36 million primarily due to \$0.20 million in taxes and \$0.10 in other revenues received. The actual expenses were less than the fiscal year's final appropriation of \$0.27 million primarily due to less than anticipated expenditures in general government and public safety of \$0.15 and \$0.11 million, respectively.

### **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, 2009, amounts to \$56.73 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 \$2.65 million, or 4.90 percent, compared to the prior fiscal year, in which \$2.35 million, or 88.67 percent, of the increase is related to governmental activities, and a \$0.30 million, or 11.33

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 \$0.18 million, construction in progress of \$2.81 million, buildings and building improvements of \$0.18 million, and infrastructure of \$0.30 million, before depreciation. In addition, the City purchased machinery and equipment for \$0.10 million and disposed of obsolete equipment for \$0.18 million during the fiscal year. Overall, total capital assets increased \$2.35 million, or 7.31 percent, in governmental activities compared to the prior fiscal year.
- For business-type activities, total capital assets increased by \$0.30 million, or 1.37 percent, during the fiscal year. This increase was largely attributable to the 11<sup>th</sup> Street Reservoir Roof Replacement of \$1.01 million in the Water Fund and improvements to the water and wastewater systems of \$0.18 and \$0.075 million, respectively.

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

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Non-depreciable assets:						
Land	\$18,687,991	\$18,512,104	\$1,419,960	\$1,419,960	\$20,107,951	\$19,932,064
Construction in progress	5,250,721	3,165,435	786,827	1,134,517	6,037,548	4,299,952
Total non-depreciable assets	23,938,712	21,677,539	2,206,787	2,554,477	26,145,499	24,232,016
Capital assets, being depreciated:						
Buildings/structures and improvement	3,986,136	3,978,248	3,584,301	2,654,442	7,570,437	6,632,690
Machinery and equipment	340,780	361,260	401,008	405,510	741,788	766,770
Streets	3,095,543	2,950,786	-	-	3,095,543	2,950,786
Traffic signals	43,125	44,460	-	-	43,125	44,460
Roadway network	288,488	235,931	-	-	288,488	235,931
Bridge	779,492	808,045	-	-	779,492	808,045
Storm drainage system	2,019,069	2,085,413	-	-	2,019,069	2,085,413
Water line system	-	-	7,838,293	7,890,940	7,838,293	7,890,940
Sewer line system	-	-	8,216,090	8,441,371	8,216,090	8,441,371
Total depreciable assets, net	10,552,633	10,464,143	20,039,692	19,392,263	30,592,325	29,856,406
Total capital assets	<b>\$34,491,345</b>	<b>\$32,141,682</b>	<b>\$22,246,479</b>	<b>\$21,946,740</b>	<b>\$56,737,824</b>	<b>\$54,088,422</b>

#### ***Debt Service Administration:***

A complete detail of outstanding debt is shown in Note 7 of the financial statements in this report. As of June 30, 2009, the City had total long-term debt outstanding of \$7.65 million in bonds, notes payable, leases, and compensated absences, as shown in Table 5.

For governmental activities, long-term debt accounts for \$4.94 million, or 64.57 percent, of the City's total long-term debt, as of June 30, 2009. Total long-term debt is comprised of a bond

payable of \$0.93 million for Wildfire Protection Debt issued in 1999, a loan payable of \$3.67 million, entered into during Fiscal Year 2008-2009 to pre-pay the Shores Property promissory note, a note payable of \$0.02 million, issued in 1995 to the County of San Diego and Imperial Counties for a regional communications system, a capital lease for \$0.02 million for the phone system, and compensated absences of \$0.30 million. All long-term debt in governmental activities is secured solely by specified revenue sources.

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Certificates of Participation	\$ -	\$ -	\$2,640,000	\$3,170,000	\$2,640,000	\$3,170,000
Bond payable	\$930,000	\$1,065,000	-	-	930,000	1,065,000
Note payable	22,266	32,512	5,940	8,675	28,206	41,187
Loan payable	3,668,924	-	-	-	3,668,924	-
Capital leases	19,316	215,625	-	-	19,316	215,625
Claims payable	-	165,921	-	-	-	165,921
Compensated absences	299,949	267,050	67,024	53,160	366,973	320,210
	<b>\$ 4,940,455</b>	<b>\$ 1,746,108</b>	<b>\$ 2,712,964</b>	<b>\$3,231,835</b>	<b>\$ 7,653,419</b>	<b>\$ 4,977,943</b>

For business-type activities, long-term debt accounts for \$2.71 million, or 35.43 percent, of the City's total long-term debt, as of June 30, 2009. There is a Certificate of Participation (COP) that was issued for construction and repair of wastewater lines. The \$2.64 million COP is in the Wastewater Fund. The Water and Wastewater 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 \$0.07 million of the total business-type long-term debt. All long-term debt in business-type activities is pledged solely by operating revenues.

The City's long-term debt increased by \$2.68 million, or 53.75 percent, compared to the prior fiscal year, in which \$0.14 million resulted in the retirement of bonds, \$0.01 million in principal payments towards the note, \$0.20 million in lease repayments, \$0.17 million in a reduction of claims payable, \$3.67 million in a new loan payable, and a \$0.05 increase in compensated absences, and \$3.8 million in a new loan payable.

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

Local governments throughout the State of California have to continually find new ways to survive economically in order to meet their obligation of serving their communities. The economy at both national and state levels is not expected to recover quickly. 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 2009-2010:

### *Revenues:*

- The City's projected revenues for Fiscal Year 2009-2010 is \$24.10 million, which is \$2.64 million, or 12.30 percent, higher than Fiscal Year 2008-2009's original projected revenues of \$21.46 million. During the course of Fiscal Year 2008-2009, however, revenues were adjusted to \$22.61 million, a decrease of \$1.49 million, or 6.18 percent. Actual revenues realized for Fiscal Year 2008-2009 are \$22.63 million, which is \$0.02 million, or 0.01 percent, higher than the final projected revenues, in which the general governmental fund received \$0.38 million, or 3.89 percent, more than the final projected revenues, the other governmental funds received \$0.21 million, or 5.27 percent, less than the final projected revenues, and the business-type funds received \$0.16 million, or 3.07 percent, less than the final projected revenues.
- The Fiscal Year 2009-2010 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 68 percent of the overall General Fund revenue.
  - Revenues in the business-type funds are projected to increase by \$0.43 million, or 5.40 percent, due primarily to an increase in water, clean water, and wastewater rate charges.

### *Expenditures:*

The City's Adopted Fiscal Year 2009-2010 Operating and Capital Budget expenditures is \$24.19 million, which is an increase of \$2.38 million, or 10.90 percent, higher than the prior fiscal year's original adopted budget.

The Adopted Fiscal Year 2009-2010 budget is comprised of the General Fund for \$9.11 million, or 37.67 percent, other governmental funds of \$1.96 million, or 8.10 percent, Capital Improvement Program Fund of \$4.63 million, or 19.14 percent, and the Workers' Compensation Fund of \$0.18 million, or 0.74 percent. The business-type funds account for \$8.31 million, or 34.35 percent.

The Fiscal Year 2009-2010 Adopted Budget increased by \$2.38 million, in comparison to the Fiscal Year 2008-2009 original adopted budget. The decrease is primarily due to decreases in the General Fund for \$0.54 million, off set by an increase in the Capital Improvement Program Fund for \$2.35 million, and in the business-type funds for \$0.38 million.

Decreases in the Fiscal Year 2009-2010 adopted budget are focused on the following objectives:

- Decreasing general fund expenditures while maintaining the same level of service.
- Completing on-going capital improvement projects and continuing new projects for infrastructure improvements using grant funding.

The Fiscal Year 2009-2010 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](http://www.delmar.ca.us).

CITY OF DEL MAR

STATEMENTS OF NET ASSETS

JUNE 30, 2009

(With comparative totals for 2008)

	Governmental Activities	Business-type Activities	Total	
			2009	2008
<b>ASSETS</b>				
Current assets:				
Cash and investments (note 3)	\$ 7,226,942	\$ 2,583,212	\$ 9,810,154	\$ 9,996,852
Receivables:				
Accounts, net	102,973	917,679	1,020,652	1,035,696
Taxes	324,946	-	324,946	311,832
Accrued interest	20,898	7,959	28,857	49,148
Inventory	-	75,816	75,816	75,965
Due from other funds	34,458	-	34,458	-
Due from other agency	739,154	-	739,154	738,970
Prepaid expenses	2,799	-	2,799	19,650
Restricted cash and investments	-	-	-	741,569
Total current assets	8,452,170	3,584,666	12,036,836	12,969,682
Non-current assets:				
Restricted assets:				
Cash and investments with fiscal agent (note 3)	-	460,233	460,233	700,635
Deferred charges	-	65,119	65,119	76,507
Capital assets (note 4):				
Land	18,687,991	1,419,960	20,107,951	19,932,064
Construction in progress	5,250,721	786,827	6,037,548	4,299,952
Water and wastewater systems	-	23,901,688	23,901,688	23,647,796
Buildings and improvements	6,214,043	4,306,447	10,520,490	9,342,910
Machinery and equipment	1,962,533	1,097,377	3,059,910	3,076,212
Infrastructure	6,793,484	-	6,793,484	6,497,298
Less: accumulated depreciation	(4,417,427)	(9,265,820)	(13,683,247)	(12,707,810)
Total capital assets, net of depreciation	34,491,345	22,246,479	56,737,824	54,088,422
Total non-current assets	34,491,345	22,771,831	57,263,176	54,865,564
Total assets	42,943,515	26,356,497	69,300,012	67,835,246
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,915,103	447,337	2,362,440	5,775,673
Deferred revenue	230,747	-	230,747	-
Accrued interest payable	32,244	44,112	76,356	76,861
Deposits payable	549,504	49,740	599,244	781,449
Retentions payable	-	-	-	58,357
Long-term liabilities, current portion	438,278	339,644	777,922	954,341
Total current liabilities	3,165,876	880,833	4,046,709	7,646,681
Non-current liabilities:				
Long-term liabilities (note 7)	4,502,177	2,373,320	6,875,497	4,023,602
Total liabilities	7,668,053	3,254,153	10,922,206	11,670,283
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	29,850,840	20,125,891	49,976,731	51,610,382
Restricted for				
Public works	-	-	-	792,800
Unrestricted	5,424,622	2,976,453	8,401,075	3,761,781
Total net assets	\$ 35,275,462	\$ 23,102,344	\$ 58,377,806	\$ 56,164,963

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENTS OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(With comparative totals for 2008)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,386,669	\$ 920,795	\$ 128,765	\$ -
Public safety	5,080,611	1,172,189	115,444	-
Public works	934,974	14,000	79,227	1,594,742
Parks and recreation	672,742	406,236	-	168,000
Interest on long-term debt	119,312	-	-	-
Total governmental activities	11,194,308	2,513,220	323,436	1,762,742
Business-type activities:				
Water	2,113,510	2,344,156	-	-
Wastewater	2,236,764	2,345,933	-	-
Cleanwater	439,010	306,266	-	-
Total business-type activities	4,789,284	4,996,355	-	-
Total	\$ 15,983,592	\$ 7,509,575	\$ 323,436	\$ 1,762,742

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		
		2009	2008	
\$ (3,337,109)	\$ -	\$ (3,337,109)	(2,497,666)	
(3,792,978)	-	(3,792,978)	(4,474,229)	
752,995	-	752,995	6,955,274	
(98,506)	-	(98,506)	(151,995)	
(119,312)	-	(119,312)	(139,679)	
<u>(6,594,910)</u>	<u>-</u>	<u>(6,594,910)</u>	<u>(308,295)</u>	
-	230,646	230,646	349,779	
-	109,169	109,169	243,583	
-	(132,744)	(132,744)	(271,628)	
<u>-</u>	<u>207,071</u>	<u>207,071</u>	<u>321,734</u>	
<u>(6,594,910)</u>	<u>207,071</u>	<u>(6,387,839)</u>	<u>13,439</u>	
4,215,519	-	4,215,519	4,032,639	
1,362,060	-	1,362,060	1,408,551	
1,418,345	-	1,418,345	1,247,227	
375,033	-	375,033	362,404	
197,696	-	197,696	193,839	
211,868	-	211,868	276,741	
260,440	90,967	351,407	1,051,565	
341,428	127,207	468,635	360,982	
(171,135)	171,254	119	-	
<u>8,211,254</u>	<u>389,428</u>	<u>8,600,682</u>	<u>8,933,948</u>	
1,616,344	596,499	2,212,843	8,947,387	
<u>33,659,118</u>	<u>22,505,845</u>	<u>56,164,963</u>	<u>47,217,576</u>	
<u>\$ 35,275,462</u>	<u>\$ 23,102,344</u>	<u>\$ 58,377,806</u>	<u>\$ 56,164,963</u>	

See accompanying notes to the financial statements.

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CITY OF DEL MAR

BALANCE SHEETS - GOVERNMENTAL FUNDS

JUNE 30, 2009

(With comparative totals for 2008)

	General Fund	Special Revenue Open Space Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Total	
					2009	2008
<b>ASSETS</b>						
Cash and investments	\$ 3,581,395	\$ 597,999	\$ 795,207	\$ 1,034,558	\$ 6,009,159	\$ 6,904,999
Receivables:						
Taxes	324,946	-	-	-	324,946	311,832
Accrued interest	10,624	1,438	1,046	4,280	17,388	32,188
Accounts, net	98,690	3,998	285	-	102,973	98,556
Due from other agency	46,909	-	494,724	197,521	739,154	738,970
Due from other funds (note 5)	76,612	-	-	-	76,612	25,905
Prepaid items	2,799	-	-	-	2,799	2,906
<b>Total assets</b>	<u>\$ 4,141,975</u>	<u>\$ 603,435</u>	<u>\$ 1,291,262</u>	<u>\$ 1,236,359</u>	<u>\$ 7,273,031</u>	<u>\$ 8,115,356</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,015,658	\$ 51,361	\$ 529,740	\$ 17,638	\$ 1,614,397	\$ 5,155,117
Deposits payable	523,584	25,920	-	-	549,504	741,569
Deferred revenue	-	-	77,972	152,775	230,747	400,000
Due to other funds (note 5)	-	-	-	42,154	42,154	-
Due to other agency	-	-	-	-	-	4,775
<b>Total liabilities</b>	<u>1,539,242</u>	<u>77,281</u>	<u>607,712</u>	<u>212,567</u>	<u>2,436,802</u>	<u>6,301,461</u>
<b>FUND BALANCES (NOTE 8)</b>						
Reserved	30,334	3,693	683,550	795,645	1,513,222	2,465,774
Unreserved, designated for, reported in:						
General fund	1,583,456	-	-	-	1,583,456	1,448,496
Special revenue funds	-	510,371	-	-	510,371	-
Debt service	-	-	-	228,147	228,147	242,226
Unreserved, undesignated reported in:						
General fund	988,943	-	-	-	988,943	741,909
Special revenue funds	-	12,090	-	-	12,090	(3,084,510)
<b>Total fund balances</b>	<u>2,602,733</u>	<u>526,154</u>	<u>683,550</u>	<u>1,023,792</u>	<u>4,836,229</u>	<u>1,813,895</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,141,975</u>	<u>\$ 603,435</u>	<u>\$ 1,291,262</u>	<u>\$ 1,236,359</u>	<u>\$ 7,273,031</u>	<u>\$ 8,115,356</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2009

Fund Balances of Governmental Funds	\$ 4,836,229
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not included in the funds.	34,491,345
Interest expenditures are recognized when due, and therefore, interest payable is not recorded in the governmental funds.	(32,244)
Long-term liabilities applicable to governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities.	(4,940,454)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	<u>920,586</u>
Net Assets of Governmental Activities	<u><u>\$ 35,275,462</u></u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENTS OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(With comparative totals for 2008)	General Fund	Special Revenue Open Space Fund	Capital Improvement Projects Fund	Non-Major Governmental Funds	Totals	
					2009	2008
<b>REVENUES</b>						
Taxes	\$ 7,379,253	\$ 13,376	\$ -	\$ 284,200	\$ 7,676,829	\$ 7,350,716
Licenses, fees and permits	581,805	362,399	-	61,016	1,005,220	1,288,712
Intergovernmental	126,946	69,350	1,703,041	331,504	2,230,841	2,176,880
Charges for services	794,002	-	-	-	794,002	777,891
Fines and forfeitures	761,014	-	-	-	761,014	860,395
Use of money and property	135,294	17,628	34,504	38,321	225,747	426,807
Contributions	56,500	193,249	75,640	-	325,389	5,703,470
Other	351,314	-	6,500	1,062	358,876	91,668
Total revenues	10,186,128	656,002	1,819,685	716,103	13,377,918	18,676,539
<b>EXPENDITURES</b>						
Current:						
General government	4,267,532	-	-	109,132	4,376,664	4,363,308
Public safety	4,852,446	-	-	216,546	5,068,992	4,846,456
Public works	93,329	-	-	382,341	475,670	528,086
Parks and recreation	-	671,207	-	-	671,207	654,005
Capital outlay	-	300,395	2,291,421	216,060	2,807,876	12,130,994
Debt service:						
Principal	91,426	198,959	-	145,393	435,778	339,749
Interest	4,380	61,754	-	45,010	111,144	128,514
Total expenditures	9,309,113	1,232,315	2,291,421	1,114,482	13,947,331	22,991,112
Excess (deficiency) of revenues over (under) expenditures	877,015	(576,313)	(471,736)	(398,379)	(569,413)	(4,314,573)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from loan payable	-	3,763,000	-	-	3,763,000	-
Transfers in (note 6)	450,000	377,257	82,609	377,937	1,287,803	2,706,687
Transfers out (note 6)	(999,138)	-	(450,000)	(9,918)	(1,459,056)	(2,948,140)
Total other financing sources (uses)	(549,138)	4,140,257	(367,391)	368,019	3,591,747	(241,453)
Net change in fund balances	327,877	3,563,944	(839,127)	(30,360)	3,022,334	(4,556,026)
Fund balance, beginning of year	2,274,856	(3,037,790)	1,522,677	1,054,152	1,813,895	6,369,921
Fund balance, end of year	\$ 2,602,733	\$ 526,154	\$ 683,550	\$ 1,023,792	\$ 4,836,229	\$ 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 FISCAL YEAR ENDED JUNE 30, 2009

Net Change in Fund Balances of Governmental Funds	\$ 3,022,334
Amount reported for governmental activities in the Statement of Activities that are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital outlay expense	2,807,876
Depreciation expense	(468,068)
Repayment of debt service principal is an expenditure in governmental funds, but the repayment reduces long term liabilities in the statement of net assets	435,662
Bond issuance costs are treated as an expenditure at the time of issuance in the governmental funds but are capitalized and amortized over the life of the debt in the statement of net assets.	(23,074)
Debt proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balances. In the statement of net assets, however, issuing debt increases long term liabilities and does not affect the statement of activities.	(3,763,000)
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 revenue recorded in fund statements that was already recorded in the prior year government-wide statements.	(400,000)
Accrued interest on debt service is recorded as expense in the government-wide statements. Interest expense is not accrued in the fund statements but recorded when paid. This is the net change in accrued interest for the current period.	(8,169)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenues (expenses) of internal service funds are reported with governmental activities. The net revenue or expense of certain activities of the internal service fund is reported with governmental activities.	12,783
	<hr/>
Change in Net Assets of Governmental Activities	\$ 1,616,344
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See accompanying notes to the financial statements.

CITY OF DEL MAR

PROPRIETARY FUNDS  
STATEMENTS OF NET ASSETS

JUNE 30, 2009

(With comparative totals for 2008)

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major Enterprise Fund	Total		2009	2008
<b>ASSETS</b>							
Current Assets:							
Cash and investments	\$ 1,832,040	\$ 747,858	\$ 3,314	\$ 2,583,212	\$ 1,217,788	\$ 3,801,000	\$ 3,793,542
Receivables:							
Accounts	521,291	369,733	26,655	917,679	-	917,679	921,572
Interest	5,192	2,143	624	7,959	3,509	11,468	16,960
Prepaid items	-	-	-	-	-	-	16,744
Inventory	63,106	12,710	-	75,816	-	75,816	75,965
Total Current Assets	<u>2,421,629</u>	<u>1,132,444</u>	<u>30,593</u>	<u>3,584,666</u>	<u>1,221,297</u>	<u>4,805,963</u>	<u>4,824,783</u>
Non-Current Assets:							
Restricted assets:							
Cash and investments	-	460,233	-	460,233	-	460,233	740,515
Deferred charges	-	65,119	-	65,119	-	65,119	76,507
Capital Assets:							
Land	983,060	436,900	-	1,419,960	-	1,419,960	1,419,960
Construction in progress	53,439	733,388	-	786,827	-	786,827	1,134,517
Water and wastewater system	11,810,074	12,091,614	-	23,901,688	-	23,901,688	23,647,796
Buildings and improvements	4,024,183	282,264	-	4,306,447	-	4,306,447	3,304,056
Machinery and equipment	301,586	781,288	14,503	1,097,377	-	1,097,377	1,030,030
Less: Accumulated depreciation	<u>(4,844,237)</u>	<u>(4,413,456)</u>	<u>(8,127)</u>	<u>(9,265,820)</u>	<u>-</u>	<u>(9,265,820)</u>	<u>(8,589,619)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>12,328,105</u>	<u>9,911,998</u>	<u>6,376</u>	<u>22,246,479</u>	<u>-</u>	<u>22,246,479</u>	<u>21,946,740</u>
Total Non-Current Assets	<u>12,328,105</u>	<u>10,437,350</u>	<u>6,376</u>	<u>22,771,831</u>	<u>-</u>	<u>22,771,831</u>	<u>22,763,762</u>
Total Assets	<u>14,749,734</u>	<u>11,569,794</u>	<u>36,969</u>	<u>26,356,497</u>	<u>1,221,297</u>	<u>27,577,794</u>	<u>27,588,545</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	252,664	177,414	17,259	447,337	-	447,337	620,556
Due to other funds	-	-	-	-	-	-	5,562
Retentions payable	-	-	-	-	-	-	58,357
Current portion of long-term liabilities	8,411	328,419	2,814	339,644	-	339,644	546,023
Accrued interest	-	44,112	-	44,112	-	44,112	52,786
Customer deposits	49,740	-	-	49,740	-	49,740	39,880
Total Current Liabilities	<u>310,815</u>	<u>549,945</u>	<u>20,073</u>	<u>880,833</u>	<u>-</u>	<u>880,833</u>	<u>1,323,164</u>
Non-current liabilities:							
Claims payable	-	-	-	-	300,711	300,711	165,921
Certificates of participation	-	2,320,000	-	2,320,000	-	2,320,000	2,640,000
Compensated absences	20,900	20,926	8,442	50,268	-	50,268	39,871
Notes payable	1,526	1,526	-	3,052	-	3,052	5,941
Total Non-Current Liabilities	<u>22,426</u>	<u>2,342,452</u>	<u>8,442</u>	<u>2,373,320</u>	<u>300,711</u>	<u>2,674,031</u>	<u>2,851,733</u>
Total Liabilities	<u>333,241</u>	<u>2,892,397</u>	<u>28,515</u>	<u>3,254,153</u>	<u>300,711</u>	<u>3,554,864</u>	<u>4,174,897</u>
Net Assets:							
Invested in capital assets, net of related debt	12,325,133	7,794,382	6,376	20,125,891	-	20,125,891	19,468,700
Unrestricted	2,091,360	883,015	2,078	2,976,453	920,586	3,897,039	3,944,948
Total Net Assets	<u>\$ 14,416,493</u>	<u>\$ 8,677,397</u>	<u>\$ 8,454</u>	<u>\$ 23,102,344</u>	<u>\$ 920,586</u>	<u>\$ 24,022,930</u>	<u>\$ 23,413,648</u>

See accompanying notes to the financial statements.

CITY OF DEL MAR

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

(With comparative totals for 2008)

	Business-type Activities- Enterprise Fund				Governmental Activities - Internal Service Fund	Total	
	Water	Wastewater	Non-Major Enterprise Fund	Total		2009	2008
<b>OPERATING REVENUES</b>							
Water sales	\$ 2,336,493	\$ -	\$ -	\$ 2,336,493	\$ -	\$ 2,336,493	\$ 2,309,484
Clean water services	-	-	303,195	303,195	-	303,195	256,338
Sewer service	-	2,338,100	-	2,338,100	-	2,338,100	2,346,571
Charges for services	-	-	-	-	237,934	237,934	236,070
Customer penalties	7,663	7,832	3,071	18,566	-	18,566	17,459
Other	28,341	93,867	5,000	127,208	2,337	129,545	106,417
<b>Total Operating Revenues</b>	<b>2,372,497</b>	<b>2,439,799</b>	<b>311,266</b>	<b>5,123,562</b>	<b>240,271</b>	<b>5,363,833</b>	<b>5,272,339</b>
<b>OPERATING EXPENSES</b>							
Source of supply	794,611	-	-	794,611	-	794,611	725,866
Transmission and distribution	308,309	-	-	308,309	-	308,309	332,757
Water treatment	140,857	-	-	140,857	-	140,857	170,862
Sewer collection	-	186,881	-	186,881	-	186,881	165,118
Facility maintenance	-	-	-	-	-	-	-
Plant maintenance and operation	-	942,790	-	942,790	-	942,790	1,028,827
General and administrative	557,457	596,645	437,379	1,591,481	262,183	1,853,664	1,604,661
Depreciation and amortization	310,322	375,638	1,632	687,592	-	687,592	567,265
<b>Total Operating Expenses</b>	<b>2,111,556</b>	<b>2,101,954</b>	<b>439,011</b>	<b>4,652,521</b>	<b>262,183</b>	<b>4,914,704</b>	<b>4,595,356</b>
<b>Operating Income</b>	<b>260,941</b>	<b>337,845</b>	<b>(127,745)</b>	<b>471,041</b>	<b>(21,912)</b>	<b>449,129</b>	<b>676,983</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>							
Interest income	57,482	30,448	3,037	90,967	34,695	125,662	212,540
Interest expense	(1,954)	(134,808)	-	(136,762)	-	(136,762)	(222,249)
<b>Total Non-operating Revenues</b>	<b>55,528</b>	<b>(104,360)</b>	<b>3,037</b>	<b>(45,795)</b>	<b>34,695</b>	<b>(11,100)</b>	<b>(9,709)</b>
<b>Income Before Transfers</b>	<b>316,469</b>	<b>233,485</b>	<b>(124,708)</b>	<b>425,246</b>	<b>12,783</b>	<b>438,029</b>	<b>667,274</b>
Transfers in	4,796	4,796	161,661	171,253	-	171,253	241,453
<b>Change In Net Assets</b>	<b>321,265</b>	<b>238,281</b>	<b>36,953</b>	<b>596,499</b>	<b>12,783</b>	<b>609,282</b>	<b>908,727</b>
Net Assets, Beginning of Year	14,095,228	8,439,116	(28,499)	22,505,845	907,803	23,413,648	22,504,921
<b>Net Assets, End of Year</b>	<b>\$ 14,416,493</b>	<b>\$ 8,677,397</b>	<b>\$ 8,454</b>	<b>\$ 23,102,344</b>	<b>\$ 920,586</b>	<b>\$ 24,022,930</b>	<b>\$ 23,413,648</b>

See accompanying notes to the financial statements.

CITY OF DEL MAR

STATEMENTS OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(With comparative totals for 2008)

	Business-type Activities Enterprise Fund				Governmental Activities - Internal Service Fund	2008 Total
	Water	Wastewater	Non-Major Enterprise Fund Clean Water	Total		
<b>Cash Flows from Operating Activities:</b>						
Cash received from water, sewer & clean water customers	\$ 2,361,385	\$ 2,349,427	\$ 299,451	\$ 5,010,263	\$ -	\$ 4,958,750
Cash received from other operating receipts	28,341	93,866	5,000	127,207	240,271	356,166
Cash payments for water purchases, distribution and treatment	(1,243,777)	-	-	(1,243,777)	-	(705,162)
Cash payments for sewer collection & maintenance	-	(1,129,672)	-	(1,129,672)	-	(1,341,695)
Cash payments for services & supplies	(665,844)	(282,021)	(203,760)	(1,151,625)	(73,826)	(277,922)
Cash payment to employees for services	(188,608)	(202,710)	(254,262)	(645,580)	(53,567)	(1,632,478)
Net Cash Provided By (used for) Operating Activities	<u>291,497</u>	<u>828,890</u>	<u>(153,571)</u>	<u>966,816</u>	<u>112,878</u>	<u>1,357,659</u>
<b>Cash Flows from Non-Capital Financing Activities</b>						
Transfers received	<u>4,796</u>	<u>4,796</u>	<u>161,661</u>	<u>171,253</u>	<u>-</u>	<u>241,453</u>
Net Cash Provided By Non-Capital Financing Activities	<u>4,796</u>	<u>4,796</u>	<u>161,661</u>	<u>171,253</u>	<u>-</u>	<u>241,453</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Acquisition and construction of capital assets	(614,497)	(357,145)	(4,302)	(975,944)	-	(1,012,895)
Interest payments on long-term debt	(5,494)	(139,943)	-	(145,437)	-	(230,474)
Principal payments on long-term debt	(225,595)	(305,062)	(2,886)	(533,543)	-	(510,484)
Net Cash (used for) Capital and Related Financing Activities	<u>(845,586)</u>	<u>(802,150)</u>	<u>(7,188)</u>	<u>(1,654,924)</u>	<u>-</u>	<u>(1,753,853)</u>
<b>Cash Flows from Investing Activities</b>						
Interest received	<u>61,765</u>	<u>31,233</u>	<u>2,412</u>	<u>95,410</u>	<u>35,743</u>	<u>233,868</u>
Net Cash Provided By Investing Activities	<u>61,765</u>	<u>31,233</u>	<u>2,412</u>	<u>95,410</u>	<u>35,743</u>	<u>233,868</u>
Net Increase (decrease) in Cash and Cash Equivalents	(487,528)	62,769	3,314	(421,445)	148,621	79,127
Cash and cash equivalents, beginning of year (including restricted cash of \$700,635)	<u>2,319,568</u>	<u>1,145,322</u>	<u>-</u>	<u>3,464,890</u>	<u>1,069,167</u>	<u>4,454,930</u>
Cash and cash equivalents, end of year (including restricted cash of \$460,233)	<u>\$ 1,832,040</u>	<u>\$ 1,208,091</u>	<u>\$ 3,314</u>	<u>\$ 3,043,445</u>	<u>\$ 1,217,788</u>	<u>\$ 4,534,057</u>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided By (used for) Operating Activities:</b>						
Operating income (loss):	\$ 260,941	\$ 337,845	\$ (127,745)	\$ 471,041	\$ (21,912)	\$ 676,983
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:						
Depreciation and amortization	310,322	375,638	1,632	687,592	-	567,265
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	7,220	3,490	(6,814)	3,896	-	40,915
(Increase) decrease in inventory	148	-	-	148	-	(4,215)
(Increase) decrease in prepaid items	-	16,744	-	16,744	-	(16,744)
Increase (decrease) in claims payable	-	-	-	-	134,790	(32,113)
Increase (decrease) in accounts payable	(253,733)	91,257	(23,524)	(186,000)	-	62,125
Increase (decrease) in due to other funds	-	-	(5,562)	(5,562)	-	5,562
Increase (decrease) in retentions payable	(45,575)	-	-	(45,575)	-	58,357
Increase (decrease) in customer deposits	9,860	-	-	9,860	-	(3,207)
Increase (decrease) in compensated absences	2,314	3,916	8,442	14,672	-	2,731
Total Adjustments	<u>30,556</u>	<u>491,045</u>	<u>(25,826)</u>	<u>495,775</u>	<u>134,790</u>	<u>680,676</u>
Net Cash Provided By (used for) Operating Activities	<u>\$ 291,497</u>	<u>\$ 828,890</u>	<u>\$ (153,571)</u>	<u>\$ 966,816</u>	<u>\$ 112,878</u>	<u>\$ 1,357,659</u>
<b>Non-cash investing, capital and financing related activity</b>						
Non-cash changes in fair value of investments	\$ 7,107	\$ 2,930	\$ 860	\$ 10,897	\$ 4,813	\$ -

See accompanying notes to the financial statements.

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

**JUNE 30, 2009**  
 (With comparative totals for 2008)

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Accounts and assessments receivable	\$ 41,558	\$ 3,361
Restricted assets		
Cash and investments (note 3)	<u>520,701</u>	<u>759,423</u>
Total Assets	<u>\$ 562,259</u>	<u>\$ 762,784</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 11,916	\$ 23,219
Due to other funds (note 5)	34,458	-
Due to bondholders	<u>515,885</u>	<u>739,565</u>
Total Liabilities	<u>\$ 562,259</u>	<u>\$ 762,784</u>

See accompanying notes to the financial statements.

# CITY OF DEL MAR

## NOTES TO BASIC FINANCIAL STATEMENTS

### FISCAL YEAR ENDED JUNE 30, 2009

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

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

#### A. Reporting Entity

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

##### B. Fund Accounting

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

The City reports the following non-major proprietary fund:

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

Additionally, the City reports the following fund types:

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

- Debt Service Funds are used to account for bond proceeds required to be set aside for future debt service and related interest income. The funds are used to repay principal and interest on long-term indebtedness of the City.
- Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.
- The Internal Service Fund is used to account for the workers' compensation services provided to other departments of the City.
- Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The only activity of the City is included in the Agency Funds.

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.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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.

##### 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.

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

##### E. Cash and Cash Equivalents

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

F. Receivables and Payables

All accounts, taxes, and service receivables are shown net of an allowance for uncollectible. The City's fiscal year end falls in the middle of a billing cycle for water, sewer, trash, and recycling 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 and improvements, machinery, equipment and infrastructure are depreciated and are reported in the applicable governmental or business-type activity columns in the government-wide financial statements.

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

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

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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

H. Compensated Absences

Vacation pay is payable to employees at the time used or upon termination of employment. In the Statement of Net Assets, compensated absences are recorded as a liability. On the Statement of Activities, the cost of vacation is recorded when earned for both governmental and business-type activities. The City expects 25 percent of the compensated absence balance to be paid 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.

I. Inventory

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

J. Restricted Assets

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

K. Property Taxes

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

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

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### L. Long-term Obligations

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

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

##### M. Use of Estimates

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

##### N. Claims and Judgments

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

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

O. Fund Equity

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

*NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING*

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

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers City expenditures in the General, Special Revenue, Debt Service and Capital Projects Funds. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between individual accounts within a fund. Supplemental budgetary increases in appropriations for the General, Special Revenue, Debt Service and Capital Project Funds in the amount of \$2,626,036 were made during the year ended June 30, 2009.
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.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING, (Continued)

4. Budgets for the General, Special Revenue, Debt Service and Capital Projects Funds (for which annual budgets were adopted) are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. No budgetary comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.
6. The General Fund exceeded the budget amount in Transfers Out by \$53,244. This Fund had adequate resources to cover the excess transfers.

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statements of Net Assets

Current assets:

Cash and investments	\$ 9,810,154
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Noncurrent assets:

Cash and investments with fiscal agent	460,233
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Statements of Fiduciary Net Assets

Restricted cash and investments	<u>520,701</u>
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Total Cash and Investments	<u>\$10,791,088</u>
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Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 2,000
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Deposits with financial institutions	368,394
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Deposits with fiscal agents	216,481
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Investments (including those with fiscal agents)	<u>10,204,213</u>
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Total Cash and Investments	<u>\$10,791,088</u>
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CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

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
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

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:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
Federal agency securities	\$ 1,270,235	\$ -	\$ 507,655	\$ 762,580
Medium-term corporate notes	758,375	502,240	256,135	-
State investment pool	7,913,751	7,913,751	-	-
Investment in County Pool	18,102	18,102	-	-
Held by Fiscal Agent:				
Federal agency securities	<u>243,750</u>	<u>243,750</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,204,213</u>	<u>\$8,677,843</u>	<u>\$763,790</u>	<u>\$762,580</u>

Disclosures Relating to Credit Risk

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>			
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Federal agency securities	\$ 1,270,235	N/A	\$ 1,270,235	\$ -	\$ -	\$ -
Medium-term corporate notes	758,375	A	-	506,610	251,765	-
State investment pool	7,913,751	N/A	-	-	-	7,913,751
Investment in County Pool	18,102	N/A	-	-	-	18,102
Held by fiscal agent:						
Federal agency securities	<u>243,750</u>	N/A	<u>243,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$10,204,213</u>		<u>\$1,513,985</u>	<u>\$506,610</u>	<u>\$251,765</u>	<u>\$7,931,853</u>

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### 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	\$762,188
Federal National Mortgage Association	Federal Agency Securities	508,048

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, 2009, \$118,394 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

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

##### Custodial Credit Risk, (Continued)

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

##### Investment in State Investment Pool

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

##### Investment in County Pool

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the Fiscal Year ended June 30, 2009 was as follows:

	<u>Balance at</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>June 30, 2009</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$18,512,104	\$ 175,887	\$ -	\$18,687,991
Construction in progress	<u>3,165,435</u>	<u>2,807,876</u>	<u>(722,590)</u>	<u>5,250,721</u>
Total capital assets not being depreciated	<u>21,677,539</u>	<u>2,983,763</u>	<u>(722,590)</u>	<u>23,938,712</u>
Capital assets being depreciated:				
Buildings and improvements	6,038,854	175,189	-	6,214,043
Machinery and equipment	2,046,182	100,582	(184,231)	1,962,533
Infrastructure	<u>6,497,298</u>	<u>296,186</u>	<u>-</u>	<u>6,793,484</u>
Total capital assets being depreciated	<u>14,582,334</u>	<u>571,957</u>	<u>(184,231)</u>	<u>14,970,060</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,060,606)	(167,301)	-	(2,227,907)
Machinery and equipment	(1,684,923)	(105,662)	168,832	(1,621,753)
Infrastructure	<u>(372,662)</u>	<u>(195,105)</u>	<u>-</u>	<u>(567,767)</u>
Total accumulated depreciation	<u>(4,118,191)</u>	<u>(468,068)</u>	<u>168,832</u>	<u>(4,417,427)</u>
Total capital assets being depreciated, net	<u>10,464,143</u>	<u>103,889</u>	<u>(15,399)</u>	<u>10,552,633</u>
Governmental activities capital assets, net	<u>\$32,141,682</u>	<u>\$3,087,652</u>	<u>\$(737,989)</u>	<u>\$34,491,345</u>

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS, (Continued)

	Balance at <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2009</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,419,960	\$ -	\$ -	\$1,419,960
Construction in progress	<u>1,134,517</u>	<u>673,670</u>	<u>(1,021,360)</u>	<u>786,827</u>
Total capital assets not being depreciated	<u>2,554,477</u>	<u>673,670</u>	<u>(1,021,360)</u>	<u>2,206,787</u>
Capital assets, being depreciated:				
Buildings	82,441	-	-	82,441
Improvements	3,221,615	1,002,391	-	4,224,006
Machinery and equipment	1,030,030	67,347	-	1,097,377
Water system	11,631,313	178,761	-	11,810,074
Wastewater system	<u>12,016,483</u>	<u>75,131</u>	<u>-</u>	<u>12,091,614</u>
Total capital assets being depreciated	<u>27,981,882</u>	<u>1,323,630</u>	<u>-</u>	<u>29,305,512</u>
Less accumulated depreciation for:				
Buildings	(22,575)	(2,188)	-	(24,763)
Improvements	(627,042)	(70,341)	-	(697,383)
Machinery and equipment	(624,520)	(71,849)	-	(696,369)
Water system	(3,740,370)	(231,411)	-	(3,971,781)
Wastewater system	<u>(3,575,112)</u>	<u>(300,412)</u>	<u>-</u>	<u>(3,875,524)</u>
Total accumulated depreciation	<u>(8,589,619)</u>	<u>(676,201)</u>	<u>-</u>	<u>(9,265,820)</u>
Total capital assets being depreciated, net	<u>19,392,263</u>	<u>647,429</u>	<u>-</u>	<u>20,039,692</u>
Business-type activities capital assets, net	<u>\$21,946,740</u>	<u>\$1,321,099</u>	<u>\$(1,021,360)</u>	<u>\$22,246,479</u>

NOTE 4 – CAPITAL ASSETS, (Continued)

Depreciation expense was charged to functions for the Fiscal Year ended June 30, 2009 as follows:

Governmental activities:	
General government	\$ 29,080
Public safety	67,849
Public works	129,639
Parks and recreation	43,000
Community development	<u>198,500</u>
Total depreciation expense – governmental activities	<u>\$468,068</u>
Business-type activities:	
Water	\$309,491
Wastewater	365,078
Clean Water	<u>1,632</u>
Total depreciation expense – business-type activities	<u>\$676,201</u>

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2009, interfund receivables and payables are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$76,612	\$ -
Non-Major Governmental Funds	-	42,154
Fiduciary Funds	<u>-</u>	<u>34,458</u>
	<u>\$76,612</u>	<u>\$76,612</u>

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

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the Fiscal Year ended June 30, 2009 are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	\$ -	\$450,000 (D)	\$ -	\$450,000
Open Space Fund	377,257 (A)	-	-	377,257
Capital Improvement Project Fund	82,609	-	-	82,609
Non-Major Governmental Funds	377,611 (B)	-	326	377,937
Water Fund	-	-	4,796	4,796
Sewer Fund	-	-	4,796	4,796
Non-Major Enterprise Fund	<u>161,661 (C)</u>	<u>-</u>	<u>-</u>	<u>161,661</u>
Total	<u>\$999,138</u>	<u>\$450,000</u>	<u>\$9,918</u>	<u>\$1,459,056</u>

Purpose of Interfund Transfers

Transfers were used to:

- A) The transfer to the Open Space from the General Fund of \$377,257 is due to revenues collected from facility use permits from Seagrove Park and the Powerhouse Community Center not covering the entire costs of maintaining open space and recreational areas.
- B) The transfers to the Gas Tax Fund of \$300,382 from the General Fund is a result of gas tax revenues not covering all the current year costs of street and road projects. The transfer to the Supplemental Law Enforcement Fund of \$77,229 from the General Fund is the General Fund's support of Supplemental Law Enforcement not paid for from State funding.
- C) The transfer of \$161,661 to the Cleanwater Fund from the General Fund is the portion of costs based on current rates that are currently being supplemented from the General Fund.
- D) The transfer of \$450,000 from the Capital Improvement Fund to the General Fund represents amounts transferred in prior years in anticipation of projects that the City decided to hold off on based on the current economic climate.

NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the Fiscal Year ended June 30, 2009 is as follows:

	Balance at July 1, 2008	Additions	Deductions	Balance at June 30, 2009	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$1,065,000	\$ -	\$(135,000)	\$930,000	\$145,000
Notes payable	32,512	-	(10,246)	22,266	10,825
Capital leases	215,625	-	(196,309)	19,316	19,316
Loans payable	-	3,763,000	(94,076)	3,668,924	188,150
Compensated absences	<u>267,050</u>	<u>266,480</u>	<u>(233,581)</u>	<u>299,949</u>	<u>74,987</u>
Total Governmental Activity	<u>1,580,187</u>	<u>4,029,480</u>	<u>(669,212)</u>	<u>4,940,455</u>	<u>438,278</u>
<b>Business-type activities:</b>					
Certification of participation	3,170,000	-	(530,000)	2,640,000	320,000
Note payable	8,675	-	(2,735)	5,940	2,888
Compensated absences	<u>53,160</u>	<u>71,852</u>	<u>(57,988)</u>	<u>67,024</u>	<u>16,756</u>
Total Business-type Activities	<u>\$3,231,835</u>	<u>\$ 71,852</u>	<u>\$(590,723)</u>	<u>\$2,712,964</u>	<u>\$339,644</u>

Governmental long-term debt

Bonds Payable:

1999 Wildfire Protection Bonds – Del Mar voters approved the issuance of bonds for the purpose of completing capital improvements to enhance water flows and complete necessary water upgrades for firefighting at the City’s urban/wildland boundaries. Annual principal payments of \$145,000 to \$170,000 are due through 2014. Interest rates ranges from 4.00 percent to 4.60 percent.

\$ 930,000

Notes Payable:

Regional Communications System Note Payable – The City entered into an agreement in April of 1995 to join the Regional Communications Systems of Imperial and San Diego Counties. This agreement is for use of the 800MHz communication system used primarily by public safety personnel. 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 percent is \$12,083 annually through December 2010.

\$ 22,266

Capital Lease:

VOIP Capital Lease – The City entered into a lease purchase agreement in 2005 to acquire a voice over IP phone system to be used at all City facilities. The lease payment including interest at 4.3 percent is \$2,799 monthly through January 2010.

\$ 19,316

Loans Payable:

Shores Property Loans Payable – The City entered into a three-year loan agreement with Union Bank of California for \$3,763,000 for the purpose of refinancing the City’s purchase of the Shores property. The City plans to use this property for open space. This loan is secured by lease payments to be made by the City under an intraentity lease out/lease back arrangement associated with the City’s Public Works Yard. Quarterly principal payments of \$47,038 are made based upon a 20-year straight-line amortization of principal. The final principal balance of \$3,245,588 is due and payable on November 13, 2011. The interest rate for the first year of the loan is 3.06 percent.

\$3,668,924

Business-Type Long-Term Debt

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

\$2,640,000

Notes Payable:

Regional Communications System Note Payable – The City entered into an agreement in April of 1995 to join the Regional Communications Systems of Imperial and San Diego Counties. This agreement is for use of the 800MHz communication system used primarily by public safety personnel. 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 percent is \$3,224 annually through December 2010.

\$ 5,940

NOTE 7 - CHANGES IN LONG-TERM LIABILITIES, (Continued)

Governmental Long-Term Debt

<u>Fiscal Year</u> <u>Ending</u>	1999			Regional Communications		
	<u>Wildfire Protection Project General Obligation Bonds, Series 1999</u>			<u>System Note Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$145,000	\$37,578	\$182,578	\$10,825	\$1,258	\$12,083
2011	145,000	31,560	176,560	11,441	646	12,087
2012	150,000	25,290	175,290	-	-	-
2013	155,000	18,655	173,655	-	-	-
2014-2015	<u>335,000</u>	<u>15,443</u>	<u>350,443</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$930,000</u>	<u>\$128,526</u>	<u>\$1,058,526</u>	<u>\$22,266</u>	<u>\$1,904</u>	<u>\$24,170</u>

<u>Fiscal Year</u> <u>Ending</u>	<u>VOIP Capital Lease</u>			<u>Fiscal Year</u> <u>Ending</u>	<u>Loans Payable</u>		
	<u>Principal</u>	<u>Principal</u>	<u>Principal</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	<u>\$19,316</u>	<u>\$278</u>	<u>\$19,594</u>	2010	\$ 188,150	\$112,656	\$300,806
				2011	188,150	106,806	294,956
Total	<u>\$19,316</u>	<u>\$278</u>	<u>\$19,594</u>	2012	<u>3,292,624</u>	<u>51,622</u>	<u>3,344,246</u>
					<u>\$3,668,924</u>	<u>\$271,084</u>	<u>\$3,940,008</u>

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 7 – CHANGES IN LONG-TERM LIABILITIES, (Continued)*

Business-Type Long-Term Debt

Fiscal Year	1993 Sewer System Improvement Project Certificates of Participation			Fiscal Year	Regional Communication Systems Note Payable			
	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>	<u>Ending</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 320,000	\$124,000	\$444,000	2010	\$2,888	\$334	\$3,222	
2011	340,000	107,500	447,500	2011	<u>3,052</u>	<u>172</u>	<u>3,224</u>	
2012	355,000	90,125	445,125	Total	<u>\$5,940</u>	<u>\$506</u>	<u>\$6,446</u>	
2013	375,000	71,875	446,875					
2014-2016	<u>1,250,000</u>	<u>96,000</u>	<u>1,346,000</u>					
	<u>\$2,640,000</u>	<u>\$489,500</u>	<u>\$3,129,500</u>					

*NOTE 8 – 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, 2009 are tabulated as follows, including explanations as to the nature and purpose of each reserve or designation.

CITY OF DEL MAR

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – FUND BALANCES / NET ASSETS, (Continued)

	Fund Balances Governmental Funds				Total
	General	Open Space	Capital Improvement Projects	Other Non-Major	
Reserved for:					
Prepaid items	\$ 2,799	\$ -	\$ -	\$ -	\$ 2,799
Encumbrances	27,535	3,693	192,818	4,151	228,197
Special projects	<u>-</u>	<u>-</u>	<u>490,732</u>	<u>791,494</u>	<u>1,282,226</u>
Total Reserved	<u>30,334</u>	<u>3,693</u>	<u>683,550</u>	<u>795,645</u>	<u>1,513,222</u>
Unreserved – designated for:					
Compensated absences	105,041	-	-	-	105,041
Equipment replacement	621,455	-	-	-	621,455
Revenue loss	500,000	-	-	-	500,000
Self-insurance	250,000	-	-	-	250,000
Software licensing	6,960	-	-	-	6,960
Undergrounding reserve	50,000	-	-	-	50,000
Deposits	50,000	-	-	-	50,000
Open space acquisition	-	458,915	-	-	458,915
Special revenue purposes	-	51,456	-	-	51,456
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,147</u>	<u>228,147</u>
Total Unreserved-Designated	<u>1,583,456</u>	<u>510,371</u>	<u>-</u>	<u>228,147</u>	<u>2,321,974</u>
Unreserved - Undesignated	<u>988,943</u>	<u>12,090</u>	<u>-</u>	<u>-</u>	<u>1,001,035</u>
Total Fund Balances	<u>\$2,602,733</u>	<u>\$526,154</u>	<u>\$683,550</u>	<u>\$1,023,792</u>	<u>\$4,836,229</u>

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 8 – FUND BALANCES / NET ASSETS, (Continued)*

**Reserve for Prepaids** represents costs applicable to future accounting periods and are recorded as prepaid items.

**Reserve for Encumbrances** represents the portion of purchase orders and contracts for goods and services that had not been received at June 30, 2009.

**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 unpaid vacation time due to employees. See note 7.

**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 of claims not 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.

**Designated for Deposits** are funds set aside for unclaimed building deposits.

**Designated for Open Space Acquisition** are funds set aside for acquisition and development of open space.

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

**Designated for Debt Service** was establish to set aside the required annual debt service payment as required by the bond indenture.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 9 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN)*

##### Plan Description

The City of Del Mar contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to the plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities with the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained by writing 400 P Street, Sacramento, California 95814.

##### Contributions

Miscellaneous and safety (fire and other) are required to contribute 8 percent and 9 percent, respectively, of their annual covered salary. Benefit provisions and all other requirements are established by state statute and city contract with employee bargaining groups. In addition to the annual required employer contributions, as shown in the table below, member contributions paid by the City were 4 percent for fire safety in the amount of \$27,034 and 5 percent for other safety in the amount of \$22,166. The City made no contributions on behalf of miscellaneous employees.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation plan as of June 30, 2006. The City's covered payroll for PERS was \$3,991,991 for the year ended June 30, 2009, while the City's total payroll for all employees was \$4,526,044. In order to calculate the dollar value of the ARC for inclusion in the financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 9 – PUBLIC EMPLOYEES RETIREMENT SYSTEM (DEFINED BENEFIT PENSION PLAN, (Continued))*

Three-Year Trend Information for Miscellaneous and Safety Plans:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
Miscellaneous Employees:				
June 30, 2007	20.197%	461,565	100%	-
June 30, 2008	20.612%	484,906	100%	-
June 30, 2009	20.674%	529,065	100%	-
Fire Safety Employees:				
June 30, 2007	43.318%	274,045	100%	-
June 30, 2008	44.035%	291,411	100%	-
June 30, 2009	43.397%	293,433	100%	-
Other Safety Employees:				
June 30, 2007	10.904%	40,029	100%	-
June 30, 2008	11.257%	44,092	100%	-
June 30, 2009	11.366%	50,370	100%	-

*NOTE 10 – 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.

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 11 – 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 12 – LITIGATION AND COMMITMENTS*

The City is presently involved in other matters of litigation that have arisen in the normal course of the City's business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to have a material adverse financial impact on the City. Additionally, City management believes that sufficient reserves are available to the City to cover any potential losses, should an unfavorable outcome materialize. See note 6.

#### Construction Contracts and Commitments:

As of June 30, 2009, construction contracts and commitments totaled \$33,465.

#### State Issuance of Debt to Remit Borrowed Local Government Revenues:

On July 28, 2009, legislation was signed into law that enabled the State of California to borrow a portion of the property tax revenue due to be remitted to local governments in fiscal year 2009-10. This action was taken to replace a portion of the shortfall in state revenues associated with current economic conditions. The amount to be borrowed in 2009-10 from each local government represents approximately 8 percent of the general levy property taxes received by that local government in fiscal year 2008-09.

On November 10, 2009, the California Statewide Communities Development Authority (CSCDA) issued debt to provide to participating local governments all of the revenues that had been authorized to be borrowed by the State in its 2009-10 budget. The bonds provide for the borrowed funds to be remitted to the participating local governments in two installments (on January 15, 2010 and on May 3, 2010).

## CITY OF DEL MAR

### NOTES TO BASIC FINANCIAL STATEMENTS

#### *NOTE 13 – POST EMPLOYMENT HEALTH CARE BENEFITS*

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

#### *NOTE 14 – 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.

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

##### Workers' Compensation:

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

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 14 – RISK MANAGEMENT, (CONTINUED)*

General liability and workers’ compensation claims were as follows for June 30, 2008 and 2009:

	<u>General Liability</u>		<u>Workers’ Compensation</u>	
	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2009</u>	<u>June 30,</u> <u>2008</u>	<u>June 30,</u> <u>2009</u>
Unpaid claims, beginning of fiscal year	\$ -	\$ -	\$198,034	\$165,921
Incurred claims (including IBNR)	8,784	20,355	25,564	188,358
Claims payments	<u>(8,784)</u>	<u>(1,355)</u>	<u>(57,677)</u>	<u>(53,568)</u>
Unpaid claims, end of fiscal year	<u>\$ -</u>	<u>\$19,000</u>	<u>\$165,921</u>	<u>\$300,711</u>

Settled claims have not exceeded any of the City's coverage amounts in any of the last three years and there were no reductions in the City's insurance coverage during the Fiscal Year ended June 30, 2009.

Other Insurance Policies:

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

*NOTE 15 – 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, 2009, the outstanding special assessment district bonds are as follows:

- Assessment District No. 99-1 Bonds of \$1,350,000 were issued June 17, 1999 to finance seawall improvements. These bonds outstanding at June 30, 2009 were \$920,000.

**CITY OF DEL MAR**

**NOTES TO BASIC FINANCIAL STATEMENTS**

*NOTE 15 – ASSESSMENT DISTRICT BOND ISSUES, (CONTINUED)*

- 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, 2009 were \$835,000.

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 7,541,579	\$ 7,173,845	\$ 7,379,253	\$ 205,408	\$ 6,935,750
Licenses, fees and permits	615,718	539,768	581,805	42,037	695,999
Intergovernmental	213,873	127,773	126,946	(827)	168,306
Charges for Services	850,745	770,745	794,002	23,257	777,891
Fines and forfeitures	929,280	767,339	761,014	(6,325)	860,395
Use of money and property	202,180	142,180	135,294	(6,886)	331,513
Contributions	52,750	52,750	56,500	3,750	247,323
Other	166,273	250,200	351,314	101,114	57,681
Total revenues	10,572,398	9,824,600	10,186,128	361,528	10,074,858
<b>EXPENDITURES</b>					
Current:					
General government	4,153,084	4,412,320	4,267,532	144,788	4,229,672
Public safety	5,304,925	4,966,349	4,852,446	113,903	4,643,744
Public works	106,345	107,533	93,329	14,204	100,696
Debt service:					
Principal	62,216	91,427	91,426	1	86,535
Interest	-	4,381	4,380	1	9,272
Total expenditures	9,626,570	9,582,010	9,309,113	272,897	9,069,919
Excess (deficiency) of revenues over (under) expenditures	945,828	242,590	877,015	634,425	1,004,939
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	450,000	450,000	-	-
Transfers out	-	(945,894)	(999,138)	(53,244)	(2,914,540)
Total other financing (uses)	-	(495,894)	(549,138)	(53,244)	(2,914,540)
Net change in fund balances	945,828	(253,304)	327,877	581,181	(1,909,601)
Fund balance, beginning of year	2,274,856	2,274,856	2,274,856	-	4,184,457
Fund balance, end of year	\$ 3,220,684	\$ 2,021,552	\$ 2,602,733	\$ 581,181	\$ 2,274,856

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
OPEN SPACE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with	Prior Year
	Original	Final		Final Budget - Positive (Negative)	
<b>REVENUES</b>					
Taxes	\$ 19,119	\$ 19,119	\$ 13,376	\$ (5,743)	\$ -
Licenses, fees and permits	425,413	385,413	362,399	(23,014)	416,869
Intergovernmental	97,978	69,597	69,350	(247)	102,208
Use of money and property	14,000	14,000	17,628	3,628	21,704
Contributions	20,000	160,399	193,249	32,850	5,037,445
Other	3,000	3,000	-	(3,000)	12,110
Total revenues	<u>579,510</u>	<u>651,528</u>	<u>656,002</u>	<u>4,474</u>	<u>5,590,336</u>
<b>EXPENDITURES</b>					
Current:					
Parks and recreation	690,224	711,046	671,207	39,839	654,005
Capital outlay	301,000	332,149	300,395	31,754	8,654,664
Debt service:					
Principal	104,883	198,959	198,959	-	99,878
Interest	3,910	61,754	61,754	-	67,408
Total expenditures	<u>1,100,017</u>	<u>1,303,908</u>	<u>1,232,315</u>	<u>71,593</u>	<u>9,475,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(520,507)</u>	<u>(652,380)</u>	<u>(576,313)</u>	<u>76,067</u>	<u>(3,885,619)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from loans payable	-	3,763,000	3,763,000	-	-
Transfers in	-	167,020	377,257	210,237	262,000
Total other financing sources	<u>-</u>	<u>3,930,020</u>	<u>4,140,257</u>	<u>210,237</u>	<u>262,000</u>
Net change in fund balances	(520,507)	3,277,640	3,563,944	286,304	(3,623,619)
Fund balance, beginning of year	<u>(3,037,790)</u>	<u>(3,037,790)</u>	<u>(3,037,790)</u>	<u>-</u>	<u>585,829</u>
Fund balance, end of year	<u>\$ (3,558,297)</u>	<u>\$ 239,850</u>	<u>\$ 526,154</u>	<u>\$ 286,304</u>	<u>\$ (3,037,790)</u>

*NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING*

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

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" covers City expenditures in the General, Special Revenue, Debt Service and Capital Projects Funds. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between individual accounts within a fund.
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 comparisons are presented for proprietary funds as the City is not legally required to adopt a budget for these types of funds.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from certain proceeds of taxes. If proceeds of taxes exceed allowed appropriations, the excess must be either refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

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## CITY OF DEL MAR

### NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

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

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

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

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

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

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

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

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

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

The **Transnet II Capital Project 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, 2009

(With comparative totals for 2008)

	Special Revenue Funds				
	Gasoline Tax	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing
<b>ASSETS</b>					
Cash and investments	\$ 15,007	\$ 368	\$ 18,101	\$ 2,420	\$ 756,338
Receivables:					
Taxes	-	-	-	-	-
Accrued interest	1,218	180	-	5	2,182
Accounts, net	-	-	-	-	-
Due from other agencies	-	39,269	-	-	-
Total assets	<u>\$ 16,225</u>	<u>\$ 39,817</u>	<u>\$ 18,101</u>	<u>\$ 2,425</u>	<u>\$ 758,520</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,073	\$ 1,390	\$ -	\$ 2,425	\$ -
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	38,427	-	-	-
Due to ther agencies	-	-	-	-	-
Total Liabilities	<u>12,073</u>	<u>39,817</u>	<u>-</u>	<u>2,425</u>	<u>-</u>
Fund balances					
Reserved for:					
Special projects	-	-	18,101	-	758,520
Encumbrances	4,152	-	-	-	-
Debt service	-	-	-	-	-
Unreserved	-	-	-	-	-
Total Fund Balances	<u>4,152</u>	<u>-</u>	<u>18,101</u>	<u>-</u>	<u>758,520</u>
Total Liabilities and Fund Balances	<u>\$ 16,225</u>	<u>\$ 39,817</u>	<u>\$ 18,101</u>	<u>\$ 2,425</u>	<u>\$ 758,520</u>

Debt Service Fund	Capital Projects Fund				Total	
	Wildfire	Prop 42	Regional Transportation (RTCIP)	Transnet	Transnet II	2009
\$ 227,494	\$ -	\$ 14,110	\$ -	\$ 720	\$ 1,034,558	\$ 1,091,429
-	-	-	-	-	-	24,456
653	-	40	-	2	4,280	1,171
-	-	-	-	-	-	8,839
-	9,252	-	-	149,000	197,521	-
<u>\$ 228,147</u>	<u>\$ 9,252</u>	<u>\$ 14,150</u>	<u>\$ -</u>	<u>\$ 149,722</u>	<u>\$ 1,236,359</u>	<u>\$ 1,125,895</u>
\$ -	\$ 1,750	\$ -	\$ -	\$ -	\$ 17,638	\$ 71,743
-	-	-	-	-	-	-
-	3,775	-	-	149,000	152,775	-
-	3,727	-	-	-	42,154	-
-	-	-	-	-	-	-
-	9,252	-	-	149,000	212,567	71,743
-	-	14,150	-	722	791,493	813,304
-	-	-	-	-	4,152	2,222
-	-	-	-	-	-	-
228,147	-	-	-	-	228,147	238,626
<u>228,147</u>	<u>-</u>	<u>14,150</u>	<u>-</u>	<u>722</u>	<u>1,023,792</u>	<u>1,054,152</u>
<u>\$ 228,147</u>	<u>\$ 9,252</u>	<u>\$ 14,150</u>	<u>\$ -</u>	<u>\$ 149,722</u>	<u>\$ 1,236,359</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 FISCAL YEAR ENDED JUNE 30, 2009

(With comparative totals for 2008)

	Special Revenue Funds				
	Gasoline Tax	Supplemental Law Enforcement	Regional Communi- cations System	Grants	Housing
<b>REVENUES</b>					
Taxes	\$ 79,227	\$ -	\$ 44,697	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	47,016
Intergovernmental	-	100,000	-	15,444	-
Use of money and property	7,200	-	-	-	25,515
Other	1,062	-	-	-	-
<b>Total revenues</b>	<b>87,489</b>	<b>100,000</b>	<b>44,697</b>	<b>15,444</b>	<b>72,531</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	-	108,189
Public safety	-	177,229	23,873	15,444	-
Public works	382,341	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	10,393	-	-
Interest	-	-	1,692	-	-
<b>Total expenditures</b>	<b>382,341</b>	<b>177,229</b>	<b>35,958</b>	<b>15,444</b>	<b>108,189</b>
Excess (deficiency) of revenues over (under) expenditures	(294,852)	(77,229)	8,739	-	(35,658)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	300,382	77,229	-	-	-
Transfers out	-	-	(9,592)	-	-
<b>Total other financing uses</b>	<b>300,382</b>	<b>77,229</b>	<b>(9,592)</b>	<b>-</b>	<b>-</b>
Net change in fund balances	5,530	-	(853)	-	(35,658)
Fund balance, beginning of year	(1,378)	-	18,954	-	794,178
<b>Fund balance, end of year</b>	<b>\$ 4,152</b>	<b>\$ -</b>	<b>\$ 18,101</b>	<b>\$ -</b>	<b>\$ 758,520</b>

Debt Service Fund	Capital Projects Fund				Total	
	Wildfire	Prop 42	Regional Transportation (RTCIP)	Transnet	Transnet II	2009
\$ 160,276	\$ -	\$ -	\$ -	\$ -	\$ 284,200	\$ 414,966
-	-	14,000	-	-	61,016	175,844
-	35,000	-	-	181,060	331,504	359,287
4,906	-	150	154	396	38,321	46,803
-	-	-	-	-	1,062	21,877
<u>165,182</u>	<u>35,000</u>	<u>14,150</u>	<u>154</u>	<u>181,456</u>	<u>716,103</u>	<u>1,018,777</u>
943	-	-	-	-	109,132	133,636
-	-	-	-	-	216,546	202,712
-	-	-	-	-	382,341	369,851
-	35,000	-	-	181,060	216,060	207,409
135,000	-	-	-	-	145,393	153,336
43,318	-	-	-	-	45,010	51,834
<u>179,261</u>	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>181,060</u>	<u>1,114,482</u>	<u>1,118,778</u>
<u>(14,079)</u>	<u>-</u>	<u>14,150</u>	<u>154</u>	<u>396</u>	<u>(398,379)</u>	<u>(100,001)</u>
-	-	-	-	326	377,937	994,766
-	-	-	(326)	-	(9,918)	(3,600)
-	-	-	(326)	326	368,019	991,166
(14,079)	-	14,150	(172)	722	(30,360)	891,165
242,226	-	-	172	-	1,054,152	162,987
<u>\$ 228,147</u>	<u>\$ -</u>	<u>\$ 14,150</u>	<u>\$ -</u>	<u>\$ 722</u>	<u>\$ 1,023,792</u>	<u>\$ 1,054,152</u>

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
GASOLINE TAX FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 82,860	\$ 82,860	\$ 79,227	\$ (3,633)	\$ 120,690
Use of money and property	7,000	7,000	7,200	200	1,838
Other	-	-	1,062	1,062	2,822
Total revenues	<u>89,860</u>	<u>89,860</u>	<u>87,489</u>	<u>(2,371)</u>	<u>125,350</u>
<b>EXPENDITURES</b>					
Current					
Public works	<u>435,016</u>	<u>467,742</u>	<u>382,341</u>	<u>85,401</u>	<u>369,851</u>
Total expenditures	<u>435,016</u>	<u>467,742</u>	<u>382,341</u>	<u>85,401</u>	<u>369,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(345,156)</u>	<u>(377,882)</u>	<u>(294,852)</u>	<u>83,030</u>	<u>(244,501)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	380,000	300,382	(79,618)	246,675
Transfers out	-	-	-	-	(3,600)
Total other financing uses	<u>-</u>	<u>380,000</u>	<u>300,382</u>	<u>(79,618)</u>	<u>243,075</u>
Net change in fund balances	(345,156)	2,118	5,530	3,412	(1,426)
Fund balance, beginning of year	(1,378)	(1,378)	(1,378)	-	48
Fund balance, end of year	<u>\$ (346,534)</u>	<u>\$ 740</u>	<u>\$ 4,152</u>	<u>\$ 3,412</u>	<u>\$ (1,378)</u>

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Total revenues	100,000	100,000	100,000	-	100,000
<b>EXPENDITURES</b>					
Current					
Public Safety	216,874	216,874	177,229	39,645	183,767
Total expenditures	216,874	216,874	177,229	39,645	183,767
Excess (deficiency) of revenues over (under) expenditures	(116,874)	(116,874)	(77,229)	39,645	(83,767)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	116,874	77,229	(39,645)	83,359
Total other financing uses	-	116,874	77,229	(39,645)	83,359
Net change in fund balances	(116,874)	-	-	-	(408)
Fund balance, beginning of year	-	-	-	-	408
Fund balance, end of year	\$ (116,874)	\$ -	\$ -	\$ -	\$ -

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
REGIONAL COMMUNICATIONS SYSTEM FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 45,000	\$ 45,000	\$ 44,697	\$ (303)	\$ 44,385
Use of money and property	-	-	-	-	899
Other	-	-	-	-	19,035
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>44,697</u>	<u>(303)</u>	<u>64,319</u>
<b>EXPENDITURES</b>					
Current					
Public safety	-	30,242	23,873	6,369	18,945
Debt service:					
Principal	-	12,980	10,393	2,587	23,336
Interest	-	2,327	1,692	635	3,084
Total expenditures	<u>-</u>	<u>45,549</u>	<u>35,958</u>	<u>9,591</u>	<u>45,365</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,000</u>	<u>(549)</u>	<u>8,739</u>	<u>9,288</u>	<u>18,954</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	(9,593)	(9,592)	1	-
Total other financing uses	<u>-</u>	<u>(9,593)</u>	<u>(9,592)</u>	<u>1</u>	<u>-</u>
Net change in fund balances	45,000	(10,142)	(853)	9,289	18,954
Fund balance, beginning of year	18,954	18,954	18,954	-	-
Fund balance, end of year	<u>\$ 63,954</u>	<u>\$ 8,812</u>	<u>\$ 18,101</u>	<u>\$ 9,289</u>	<u>\$ 18,954</u>

**CITY OF DEL MAR**

**BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 15,444	\$ 15,444	\$ -	\$ 33,000
Total revenues	-	15,444	15,444	-	33,000
<b>EXPENDITURES</b>					
Current					
Public safety	-	15,444	15,444	-	33,000
Total expenditures	-	15,444	15,444	-	33,000
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
HOUSING FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 19,000	\$ 19,000	\$ -	\$ (19,000)	\$ 18,879
Licenses, fees and permits	120,000	120,000	47,016	(72,984)	175,844
Use of money and property	24,442	24,442	25,515	1,073	34,506
Total revenues	163,442	163,442	72,531	(90,911)	229,229
<b>EXPENDITURES</b>					
Current					
General government	103,250	108,493	108,189	304	99,783
Total expenditures	103,250	108,493	108,189	304	99,783
Excess (deficiency) of revenues over (under) expenditures	60,192	54,949	(35,658)	(90,607)	129,446
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	664,732
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	664,732
Fund balance, beginning of year	794,178	794,178	794,178	-	-
Fund balance, end of year	\$ 854,370	\$ 849,127	\$ 758,520	\$ (90,607)	\$ 794,178

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
WILDFIRE DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	Prior Year Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 165,000	\$ 165,000	\$ 160,276	\$ (4,724)	\$ 249,891
Use of money and property	5,000	5,000	4,906	(94)	7,970
Other	-	-	-	-	20
Total revenues	<u>170,000</u>	<u>170,000</u>	<u>165,182</u>	<u>(4,818)</u>	<u>257,881</u>
<b>EXPENDITURES</b>					
Current					
General government	-	1,011	943	68	853
Debt service:					
Principal	135,000	135,000	135,000	-	130,000
Interest	<u>44,018</u>	<u>43,318</u>	<u>43,318</u>	<u>-</u>	<u>48,750</u>
Total expenditures	<u>179,018</u>	<u>179,329</u>	<u>179,261</u>	<u>68</u>	<u>179,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,018)</u>	<u>(9,329)</u>	<u>(14,079)</u>	<u>(4,750)</u>	<u>78,278</u>
Fund balance, beginning of year	<u>242,226</u>	<u>242,226</u>	<u>242,226</u>	<u>-</u>	<u>163,948</u>
Fund balance, end of year	<u>\$ 233,208</u>	<u>\$ 232,897</u>	<u>\$ 228,147</u>	<u>\$ (4,750)</u>	<u>\$ 242,226</u>

CITY OF DEL MAR

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,191,702	1,867,642	1,703,041	(164,601)	1,547,079
Use of money and property	40,893	40,893	34,504	(6,389)	26,787
Contributions	-	30,750	75,640	44,890	418,702
Other	-	-	6,500	6,500	-
<b>Total revenues</b>	<b>1,232,595</b>	<b>1,939,285</b>	<b>1,819,685</b>	<b>(119,600)</b>	<b>1,992,568</b>
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	57,539
Capital outlay	1,741,702	2,802,305	2,291,421	510,884	3,268,921
<b>Total expenditures</b>	<b>1,741,702</b>	<b>2,802,305</b>	<b>2,291,421</b>	<b>510,884</b>	<b>3,326,460</b>
Excess (deficiency) of revenues over (under) expenditures	(509,107)	(863,020)	(471,736)	391,284	(1,333,892)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	55,000	82,609	27,609	1,449,921
Transfers out	-	(450,000)	(450,000)	-	(30,000)
<b>Total other financing uses</b>	<b>-</b>	<b>(395,000)</b>	<b>(367,391)</b>	<b>27,609</b>	<b>1,419,921</b>
Net change in fund balances	(509,107)	(1,258,020)	(839,127)	418,893	86,029
Fund balance, beginning of year	1,522,677	1,522,677	1,522,677	-	1,436,648
Fund balance, end of year	\$ 1,013,570	\$ 264,657	\$ 683,550	\$ 418,893	\$ 1,522,677

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 PROPOSTION 42  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
 (With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	46,461	35,700	35,000	(700)	-
Use of money and property	-	-	-	-	-
Contributions	-	-	-	-	-
Total revenues	46,461	35,700	35,000	(700)	-
<b>EXPENDITURES</b>					
Public works					
Street mainitenance	-	-	-	-	-
Capital outlay	46,461	35,700	35,000	700	-
Total expenditures	46,461	35,700	35,000	700	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balances	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL IMPROVEMENT FUND  
 REGIONAL TRANSPORTATION CONGESTION IMPROVEMENT PROGRAM  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ 14,000	\$ 14,000	\$ -
Intergovernmental	-	-	-	-	-
Use of money and property	-	-	150	150	-
Contributions	-	-	-	-	-
Total revenues	-	-	14,150	14,150	-
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	14,150	14,150	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	-	-	-
Net change in fund balances	-	-	14,150	14,150	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 14,150	\$ 14,150	\$ -

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
TRANSNET I  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	207,408
Use of money and property	-	-	154	154	1,590
Contributions	-	-	-	-	-
Total revenues	-	-	154	154	208,998
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	-
Capital outlay	-	-	-	-	207,409
Total expenditures	-	-	-	-	207,409
Excess (deficiency) of revenues over (under) expenditures	-	-	154	154	1,589
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(326)	(326)	0	-
Total other financing uses	-	(326)	(326)	0	-
Net change in fund balances	-	(326)	(172)	154	1,589
Fund balance, beginning of year	172	172	172	-	(1,417)
Fund balance, end of year	\$ 172	\$ (154)	\$ -	\$ 154	\$ 172

CITY OF DEL MAR

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT FUND  
TRANSNET II  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**  
(With comparative totals for 2008)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -	Prior Year Actual Amounts
	Original	Final		Positive (Negative)	
<b>REVENUES</b>					
Licenses, fees and permits	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	186,000	182,060	181,060	(1,000)	-
Use of money and property	-	-	396	396	-
Contributions	-	-	-	-	-
Total revenues	186,000	182,060	181,456	(604)	-
<b>EXPENDITURES</b>					
Public works					
Street maintenance	-	-	-	-	-
Capital outlay	186,000	182,060	181,060	1,000	-
Total expenditures	186,000	182,060	181,060	1,000	-
Excess (deficiency) of revenues over (under) expenditures	-	-	396	396	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	326	326	-
Transfers out	-	-	-	-	-
Total other financing uses	-	-	326	326	-
Net change in fund balances	-	-	722	722	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 722	\$ 722	\$ -

## **CITY OF DEL MAR**

### **AGENCY FUNDS**

**JUNE 30, 2009**

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  
 AGENCY FUNDS  
 COMBINING STATEMENT OF ASSETS AND LIABILITIES**

**JUNE 30, 2009**

(With comparative totals for 2008)

	Assessment District 89-1	Assessment District 99-1	Assessment District 2005-1
<b>ASSETS</b>			
Accounts and assessments receivable	\$ 268	\$ 808	\$ 378
Restricted assets			
Cash and investments	<u>92,961</u>	<u>280,742</u>	<u>131,428</u>
Total Assets	<u><u>\$ 93,229</u></u>	<u><u>\$ 281,550</u></u>	<u><u>\$ 131,806</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other funds	-	-	-
Due to bondholders	<u>93,229</u>	<u>281,550</u>	<u>131,806</u>
Total Liabilities and Fund Balances	<u><u>\$ 93,229</u></u>	<u><u>\$ 281,550</u></u>	<u><u>\$ 131,806</u></u>

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

**JUNE 30, 2009**

		Total	
North Hills Undergrounding	Sunset Undergrounding	2009	2008
\$ 40,058	\$ 46	\$ 41,558	\$ 3,361
<u>-</u>	<u>15,570</u>	<u>520,701</u>	<u>759,423</u>
<u>\$ 40,058</u>	<u>\$ 15,616</u>	<u>\$ 562,259</u>	<u>\$ 762,784</u>
\$ 5,600	\$ 6,316	\$ 11,916	\$ 23,219
34,458	-	34,458	-
<u>-</u>	<u>9,300</u>	<u>515,885</u>	<u>739,565</u>
<u>\$ 40,058</u>	<u>\$ 15,616</u>	<u>\$ 562,259</u>	<u>\$ 762,784</u>

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

**JUNE 30, 2009**  
 (With comparative totals for 2008)

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>Assessment District 89-1</u></b>				
ASSETS				
Total Assets	\$ 90,458	\$ 18,010	\$ 15,239	\$ 93,229
LIABILITIES				
Total Liabilities	\$ 90,458	\$ 2,811	\$ 40	\$ 93,229
 <b><u>Assessment District 99-1</u></b>				
ASSETS				
Total Assets	\$ 289,654	\$ 141,900	\$ 150,004	\$ 281,550
LIABILITIES				
Total Liabilities	\$ 289,654	\$ 103,950	\$ 112,054	\$ 281,550
 <b><u>Assessment District 2005-1</u></b>				
ASSETS				
Total Assets	\$ 345,895	\$ 95,554	\$ 309,643	\$ 131,806
LIABILITIES				
Total Liabilities	\$ 345,895	\$ 62,486	\$ 276,575	\$ 131,806

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

**JUNE 30, 2009**

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<b><u>North Hills Undergrounding District</u></b>				
<b>ASSETS</b>				
Total Assets	\$ -	\$ 124,543	\$ 84,485	\$ 40,058
<b>LIABILITIES</b>				
Total Liabilities	\$ -	\$ 80,117	\$ 40,059	\$ 40,058
<b><u>Sunset Undergrounding District</u></b>				
<b>ASSETS</b>				
Total Assets	\$ 36,777	\$ 6,180	\$ 27,341	\$ 15,616
<b>LIABILITIES</b>				
Total Liabilities	\$ 36,777	\$ 4,434	\$ 25,595	\$ 15,616
<b><u>Total Agency Funds</u></b>				
<b>ASSETS</b>				
Total Assets	\$ 762,784	\$ 386,187	\$ 586,712	\$ 562,259
<b>LIABILITIES</b>				
Total Liabilities	\$ 762,784	\$ 253,798	\$ 454,323	\$ 562,259

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# CITY OF DEL MAR STATISTICAL SECTION

Fiscal Year 2008-2009



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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These tables contain trend information that may assist the reader in the City's current financial performance by placing it in historical perspective.	89
<b>Revenue Capacity</b>	
These tables contain information that may help in assessing the viability of the City's most significant revenue sources - property taxes, transient occupancy tax (TOT), and sales tax.	98
<b>Debt Capacity</b>	
These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	114
<b>Demographic and Economic Information</b>	
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	120
<b>Operating Information</b>	
These tables contain service and infrastructure indicators that may inform one's understanding on how the information in the City's financial statements relate to the services that the City provides and the activities it performs.	123

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**City of Del Mar**

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

**Last Seven Fiscal Years Ended June 30, 2009 <sup>(2)</sup>**

**(Accrual basis of accounting)**

	Fiscal Year						
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
<b>Governmental Activities</b>							
Investment in capital assets, net of related debt	\$29,850,840	\$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	5,424,622	482,410	6,069,386	5,960,276	5,578,002	5,280,976	5,021,605
<b>Total governmental activities net assets</b>	<b>\$35,275,462</b>	<b>\$33,659,118</b>	<b>\$25,442,314</b>	<b>\$22,552,829</b>	<b>\$20,562,946</b>	<b>\$19,497,379</b>	<b>\$18,897,746</b>
<b>Business-type Activities</b>							
Investment in capital assets, net of related debt	\$20,125,891	\$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	2,976,453	3,037,145	3,304,723	3,321,173	3,013,620	2,438,731	1,979,909
<b>Total business-type activities net assets</b>	<b>\$23,102,344</b>	<b>\$22,505,845</b>	<b>\$21,775,262</b>	<b>\$20,909,405</b>	<b>\$20,389,938</b>	<b>\$19,711,940</b>	<b>\$19,355,837</b>
<b>Primary Government</b>							
Investment in capital assets, net of related debt	\$49,976,731	\$51,610,382	\$36,403,871	\$33,501,197	\$31,666,235	\$30,723,785	\$30,043,585
Restricted	-	792,800	1,439,596	679,588	695,027	765,827	1,208,484
Unrestricted	8,401,075	3,761,781	9,374,109	9,281,449	8,591,622	7,719,707	7,001,514
<b>Total primary government net assets</b>	<b>\$58,377,806</b>	<b>\$56,164,963</b>	<b>\$47,217,576</b>	<b>\$43,462,234</b>	<b>\$40,952,884</b>	<b>\$39,209,319</b>	<b>\$38,253,583</b>

Notes:

- (1) Accounting standards require that net assets be reported in three components in the financial statements: investment in capital assets, net of related debt, restricted, and unrestricted. Net assets are considered restricted only when -
  - (a) an external party, such as the State of California or the federal government, places a restriction on how the revenues may be used, or
  - (b) enabling legislation is enacted by the City.
- (2) The City of Del Mar implemented the GASB Number 34 reporting module in Fiscal Year 2002-2003. Information prior to implementation of GASB 34 is not available.

Source: City of Del Mar, Finance Department

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

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

Notes:

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

Source: City of Del Mar, Finance Department

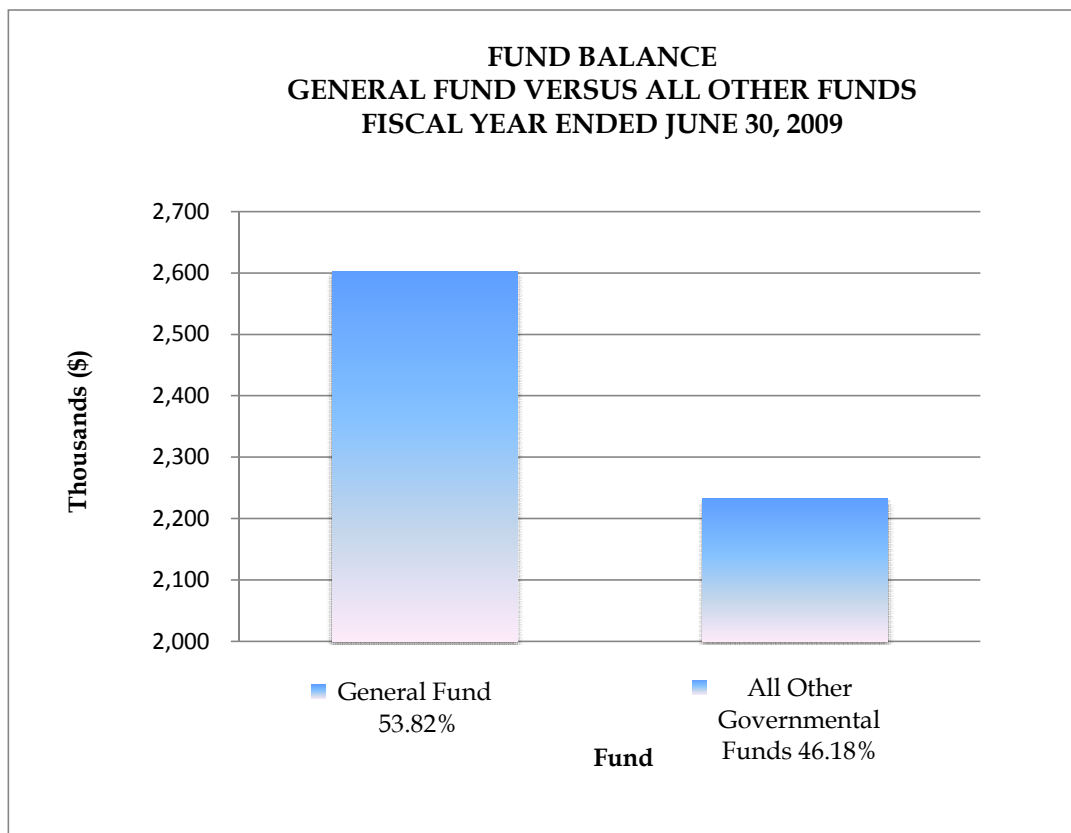
**City of Del Mar**  
**Changes in Net Assets**  
**Last Seven Fiscal Years <sup>(1)</sup>**  
**(Accrual basis of accounting)**

**(Concluded)**

	Fiscal Year						
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
<b>Net revenues/(expenses): <sup>(2)</sup></b>							
Governmental activities	(\$6,594,910)	(\$308,295)	(\$5,820,757)	(\$6,151,816)	(\$6,157,197)	(\$6,301,621)	(\$6,519,618)
Business-type activities	207,071	321,734	484,349	351,211	436,897	116,439	101,870
Total net revenues/(expenses)	(\$6,387,839)	\$13,439	(\$5,336,408)	(\$5,800,605)	(\$5,720,300)	(\$6,185,182)	(\$6,417,748)
<b>General Revenue and Other Changes in Net Assets</b>							
Governmental activities							
Taxes:							
Property taxes	\$4,215,519	\$4,032,639	\$3,756,024	\$2,992,161	\$2,954,897	\$2,640,411	\$2,446,848
Sales and use tax	1,362,060	1,408,551	1,732,150	1,668,537	1,680,314	1,445,015	1,352,848
Transient occupancy tax	1,418,345	1,247,227	1,682,319	1,564,641	1,488,935	1,440,402	1,409,615
Franchise tax	375,033	362,404	356,121	317,261	297,079	272,973	264,523
Business license tax	197,696	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	211,868	276,741	259,110	315,271	-	-	-
Use of money and property	260,440	884,169	817,285	557,198	409,202	403,479	513,938
Other	341,428	360,982	113,571	298,733	291,766	542,928	493,803
Transfers	(171,135)	(241,453)	(218,972)	(175,105)	(190,864)	(225,230)	(10,679)
Total governmental activities	8,211,254	8,525,099	8,710,242	8,062,162	7,222,764	6,901,254	6,886,341
Business-type activities							
Unrestricted investment earnings	90,967	167,396	162,536	72,688	50,237	14,434	114,370
Other	127,207	-	-	-	-	-	-
Transfers	171,254	241,453	218,972	175,105	190,864	225,230	10,679
Total business-type activities	389,428	408,849	381,508	247,793	241,101	239,664	125,049
Total primary government	\$8,600,682	\$8,933,948	\$9,091,750	\$8,309,955	\$7,463,865	\$7,140,918	\$7,011,390
<b>Change in Net Assets</b>							
Governmental activities	1,616,344	8,216,804	2,889,485	1,910,346	1,065,567	599,633	366,723
Business-type activities	596,499	730,583	865,857	599,004	677,998	356,103	226,919
Total primary government	\$2,212,843	\$8,947,387	\$3,755,342	\$2,509,350	\$1,743,565	\$955,736	\$593,642

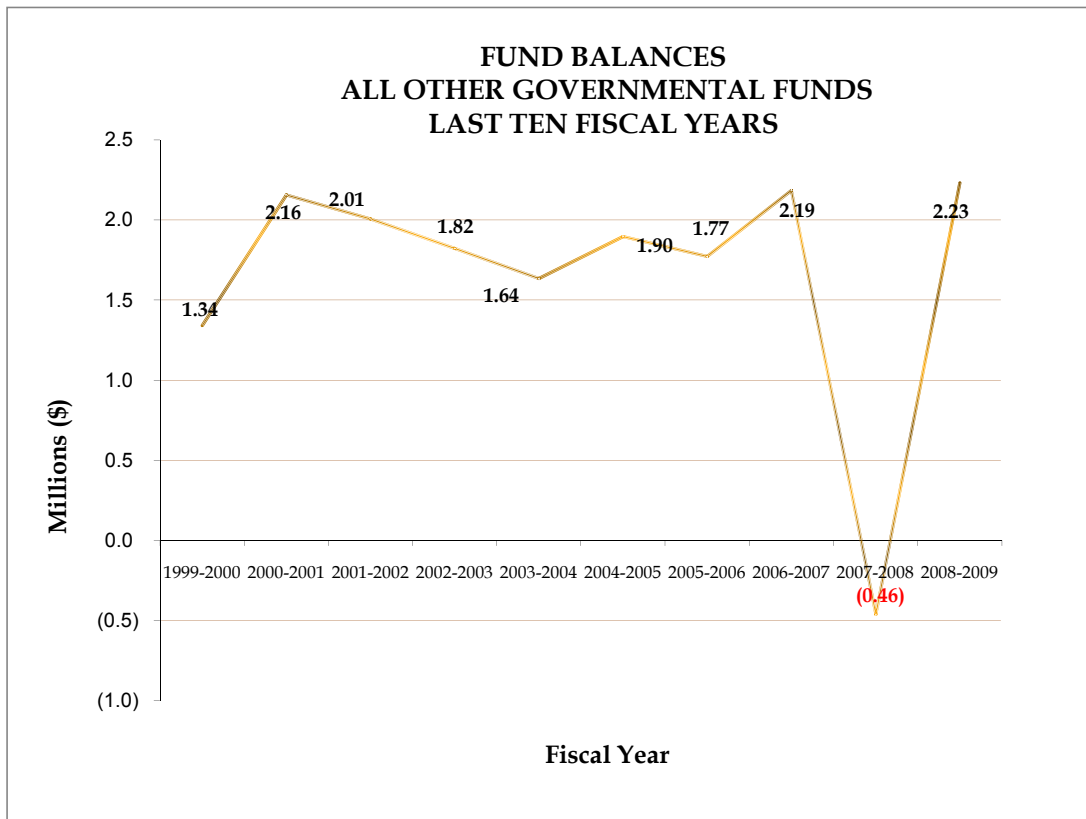
**City of Del Mar**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

	Fiscal Year				
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
General Fund					
Reserved	\$30,334	\$84,451	\$723,828	\$700,198	\$491,491
Unreserved	2,572,399	2,190,405	3,460,629	3,070,580	2,760,508
Total general fund	<u>\$2,602,733</u>	<u>\$2,274,856</u>	<u>\$4,184,457</u>	<u>\$3,770,778</u>	<u>\$3,251,999</u>
All Other Governmental Funds					
Reserved	\$1,482,888	\$2,623,549	\$1,510,792	\$522,880	\$449,334
Unreserved, reported in:					
Special revenue funds	522,461	-	582,765	631,829	620,694
Debt service funds	228,147	-	163,948	149,403	190,020
Capital projects fund	-	(3,084,510)	(72,041)	469,632	637,039
Total all other governmental funds	<u>\$2,233,496</u>	<u>(\$460,961)</u>	<u>\$2,185,464</u>	<u>\$1,773,744</u>	<u>\$1,897,087</u>



(Concluded)

Fiscal Year				
2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
\$733,926	\$680,700	\$609,137	\$631,701	\$594,698
2,789,204	2,935,452	3,122,975	2,909,497	3,209,460
<u>\$3,523,130</u>	<u>\$3,616,152</u>	<u>\$3,732,112</u>	<u>\$3,541,198</u>	<u>\$3,804,158</u>
\$341,636	307,164	684,239	133,701	126,739
618,357	887,217	758,390	895,500	728,018
270,001	84,706	336,438	313,895	290,391
406,026	545,262	228,114	813,260	197,675
<u>\$1,636,020</u>	<u>\$1,824,349</u>	<u>\$2,007,181</u>	<u>\$2,156,356</u>	<u>\$1,342,823</u>



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

	Fiscal Year				
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
<b>Revenues:</b>					
Taxes	\$7,676,829	\$7,350,716	\$7,828,037	\$7,144,697	\$6,395,154
Licenses and permits	1,005,220	1,288,712	1,218,764	356,492	188,956
Intergovernmental	2,230,841	2,176,880	1,158,484	1,154,704	2,024,083
Charges for services	794,002	777,891	360,848	997,570	1,328,490
Fines and forfeitures	761,014	860,395	884,813	956,378	874,862
Use of money and property	225,747	426,807	781,165	546,707	560,084
Contributions	325,389	5,703,470	1,006,653	52,995	1,000
Other revenues	358,876	91,668	139,875	682,285	258,242
<b>Total revenues</b>	<b>13,377,918</b>	<b>18,676,539</b>	<b>13,378,639</b>	<b>11,891,828</b>	<b>11,630,871</b>
<b>Expenditures:</b>					
General government	4,376,664	4,363,308	3,780,975	3,555,998	3,636,886
Public safety	5,068,992	4,846,456	5,019,669	4,899,846	4,609,225
Public works	475,670	528,086	808,979	798,030	1,136,702
Parks and recreation	671,207	654,005	580,463	572,092	646,643
Capital outlays	2,807,876	12,130,994	1,734,248	1,085,464	957,174
Debt service:					
Principal	435,778	339,749	316,851	309,144	317,078
Interest and fiscal charges	111,144	128,514	93,083	100,691	112,363
<b>Total expenditures</b>	<b>13,947,331</b>	<b>22,991,112</b>	<b>12,334,268</b>	<b>11,321,265</b>	<b>11,416,071</b>
Excess of revenues over (under) expenditures	(569,413)	(4,314,573)	1,044,371	570,563	214,800
<b>Other Financing Sources (Uses)</b>					
Proceeds from loan payable	3,763,000	-	-	-	-
Transfers-in	1,287,803	2,706,687	1,417,545	1,419,408	1,939,651
Transfers-out	(1,459,056)	(2,948,140)	(1,636,517)	(1,594,513)	(2,164,515)
<b>Total other financing sources (uses)</b>	<b>3,591,747</b>	<b>(241,453)</b>	<b>(218,972)</b>	<b>(175,105)</b>	<b>(224,864)</b>
<b>Net change in fund balances</b>	<b>\$3,022,334</b>	<b>(\$4,556,026)</b>	<b>\$825,399</b>	<b>\$395,458</b>	<b>(\$10,064)</b>
Debt service as a percentage of noncapital expenditures	4.91%	4.31%	3.87%	4.00%	4.11%

Source: City of Del Mar, Finance Department

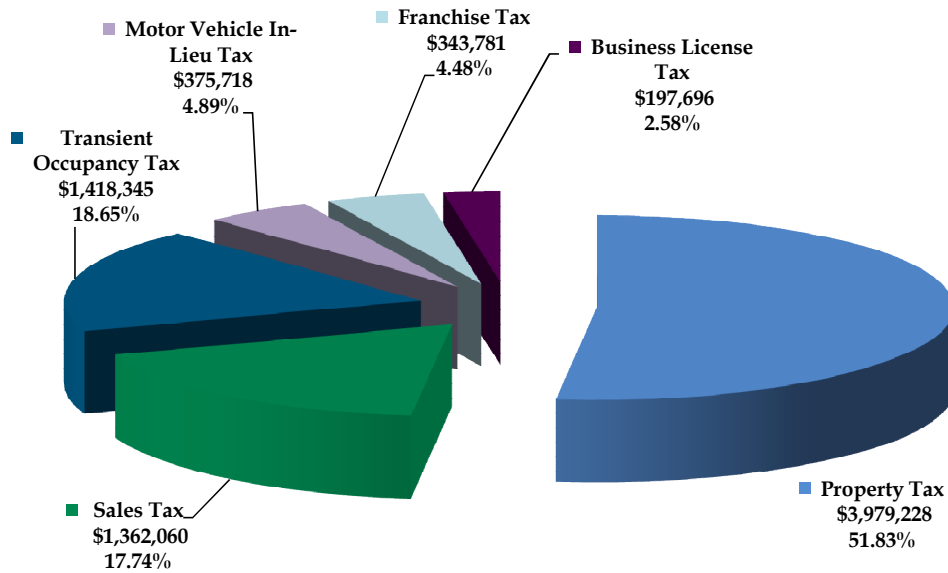
(Concluded)

Fiscal Year				
2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
\$5,902,221	\$5,585,841	\$5,397,586	\$5,558,503	\$5,375,006
174,571	167,661	157,630	145,630	139,535
2,033,941	1,365,983	1,209,933	1,882,484	830,306
836,133	522,471	503,815	468,188	323,713
668,960	547,438	529,234	479,070	459,969
403,479	513,939	618,197	613,309	585,164
87,765	150,000	37,345	155,805	97,924
309,094	339,630	267,068	147,614	159,386
<u>10,416,164</u>	<u>9,192,963</u>	<u>8,720,808</u>	<u>9,450,603</u>	<u>7,971,003</u>
3,800,009	3,114,605	3,115,651	2,713,901	2,223,900
4,050,058	3,503,659	3,422,997	3,133,604	2,775,640
673,800	1,123,082	592,072	639,253	517,180
611,577	575,734	324,245	297,485	153,511
868,814	693,409	721,771	1,632,033	2,038,732
340,919	326,652	340,180	303,454	211,003
127,108	143,935	156,282	172,437	169,391
<u>10,472,285</u>	<u>9,481,076</u>	<u>8,673,198</u>	<u>8,892,167</u>	<u>8,089,357</u>
<u>(56,121)</u>	<u>(288,113)</u>	<u>47,610</u>	<u>558,436</u>	<u>(118,354)</u>
-	-	-	-	-
663,756	1,365,074	1,706,645	1,707,578	1,321,709
(888,986)	(1,375,753)	(1,712,288)	(1,715,441)	(1,328,751)
<u>(225,230)</u>	<u>(10,679)</u>	<u>(5,643)</u>	<u>(7,863)</u>	<u>(7,042)</u>
<u>(\$281,351)</u>	<u>(\$298,792)</u>	<u>\$41,967</u>	<u>\$550,573</u>	<u>(\$125,396)</u>
<u>4.87%</u>	<u>5.36%</u>	<u>6.24%</u>	<u>6.55%</u>	<u>6.29%</u>

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

Fiscal Year	Property Taxes	Sales Tax	Transient Occupancy Tax	Motor Vehicle In-Lieu Tax	Franchise Tax	Business License Tax	Total
2008-2009	\$ 3,979,228	\$ 1,362,060	\$ 1,418,345	\$ 375,718	\$ 343,781	\$ 197,696	\$ 7,676,829
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	62.63%	0.68%	0.62%	45.56%	29.96%	25.66%	30.35%

**GOVERNMENTAL ACTIVITIES - TAX REVENUES BY SOURCE**  
**Fiscal Year Ended June 30, 2009**

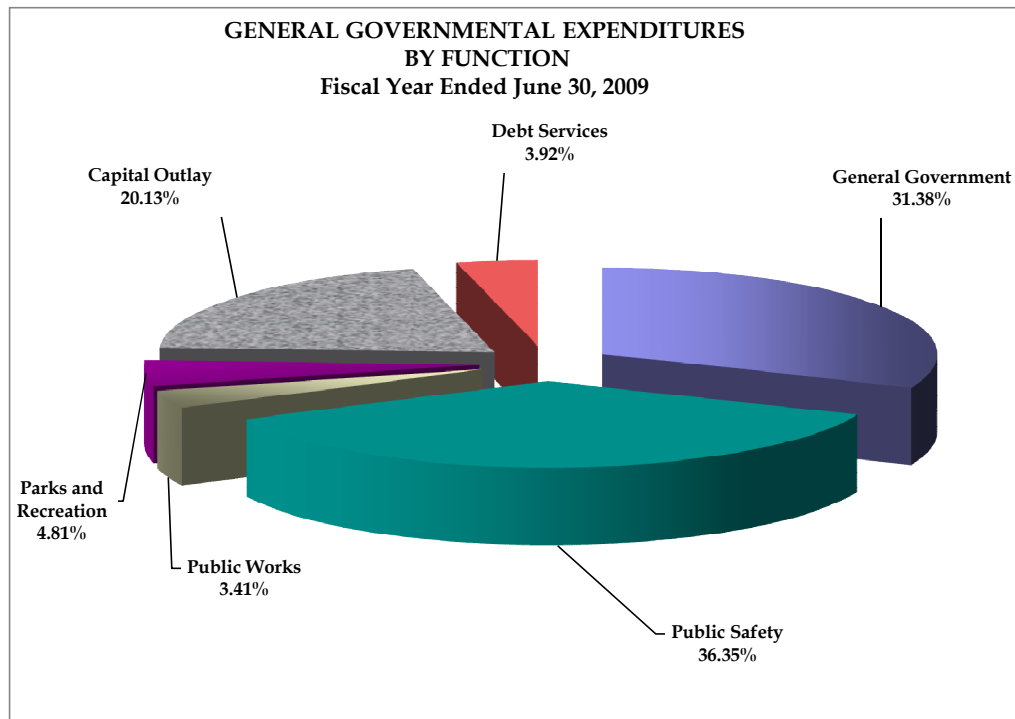


Source: City of Del Mar, Finance Department

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**City of Del Mar**  
**General Governmental Expenditures By Function <sup>(1)</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>
2008-2009	\$ 4,376,664	\$ 5,068,992	\$ 475,670
2007-2008	4,363,308	4,846,456	528,086
2006-2007	3,780,975	5,019,669	808,979
2005-2006	3,555,998	4,899,846	798,030
2004-2005	3,636,886	4,609,225	1,136,702
2003-2004	3,800,009	4,050,058	673,800
2002-2003	3,114,605	3,503,659	1,123,082
2001-2002	3,115,651	3,422,997	592,072
2000-2001	2,713,901	3,133,604	639,253
1999-2000	2,223,900	2,775,640	517,180



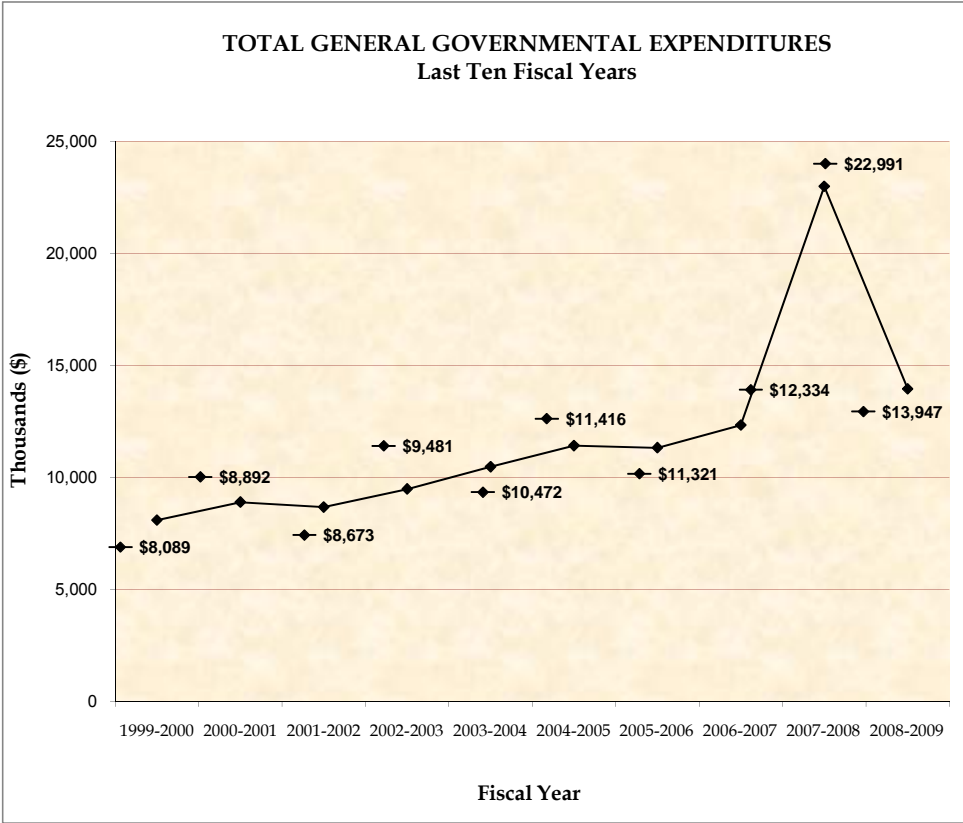
Notes:

- (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 <sup>(2)</sup>	Total
	\$ 671,207	\$ 2,807,876	\$ 546,922	\$ 13,947,331
	654,005	12,130,994	468,263	22,991,112
	580,463	1,734,248	409,934	12,334,268
	572,092	1,085,464	409,835	11,321,265
	646,643	957,174	429,441	11,416,071
	611,577	868,814	468,027	10,472,285
	575,734	693,409	470,587	9,481,076
	324,245	721,771	496,462	8,673,198
	297,485	1,632,033	475,891	8,892,167
	153,511	2,038,732	380,394	8,089,357



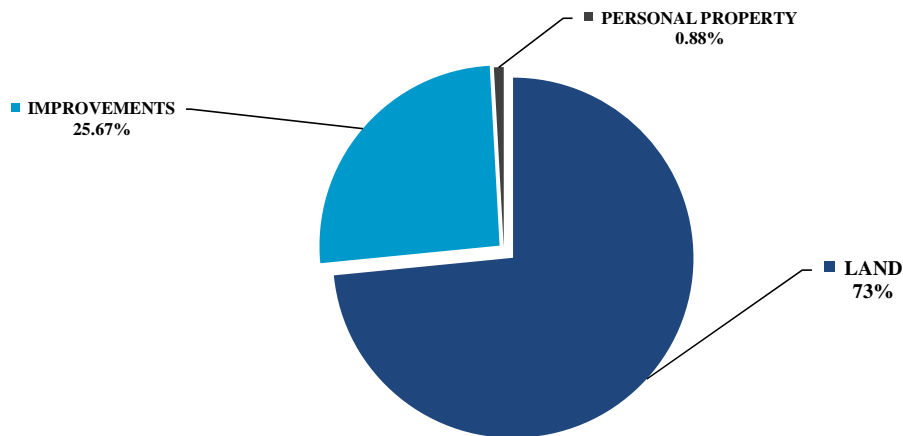
**City of Del Mar**

**Assessed Valuation <sup>(1)</sup> and Actual Value of Taxable Property**

**Last Ten Fiscal Years**

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

**ASSESSED VALUATION BY CATEGORIES**  
**(Total Locally Assessed - Secured, Before Exemptions)**  
**Fiscal Year Ended June 30, 2009**



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.

(Continued)

## Locally Assessed

Secured		Unsecured					
Exemptions		Total		Personal	Total	Other	Total
All	Home	After	Improvements	Property	Before	Exemptions	After
Others	Owners	Exemptions			Exemptions		Exemptions
(\$3,332,473)	(\$6,944,000)	\$2,307,508,871	\$5,304,498	\$20,310,207	\$25,614,705	\$ -	\$25,614,705
(3,008,202)	(6,958,000)	2,097,236,861	5,096,765	18,871,651	23,968,416	-	23,968,416
(2,942,030)	(6,995,800)	1,956,454,983	5,365,639	18,101,740	23,467,379	-	23,467,379
(2,881,088)	(7,032,200)	1,801,336,679	6,216,428	15,276,867	21,493,295	-	21,493,295
(2,782,109)	(7,019,600)	1,586,905,449	5,305,843	15,920,040	21,225,883	-	21,225,883
(2,746,435)	(7,149,800)	1,440,514,317	5,361,645	16,209,848	21,571,493	-	21,571,493
(2,598,467)	(7,165,200)	1,344,622,137	5,008,469	15,315,650	20,324,119	-	20,324,119
(1,909,282)	(7,205,800)	1,275,575,762	3,967,028	17,810,287	21,777,315	(14,818)	21,762,497
(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

**City of Del Mar**

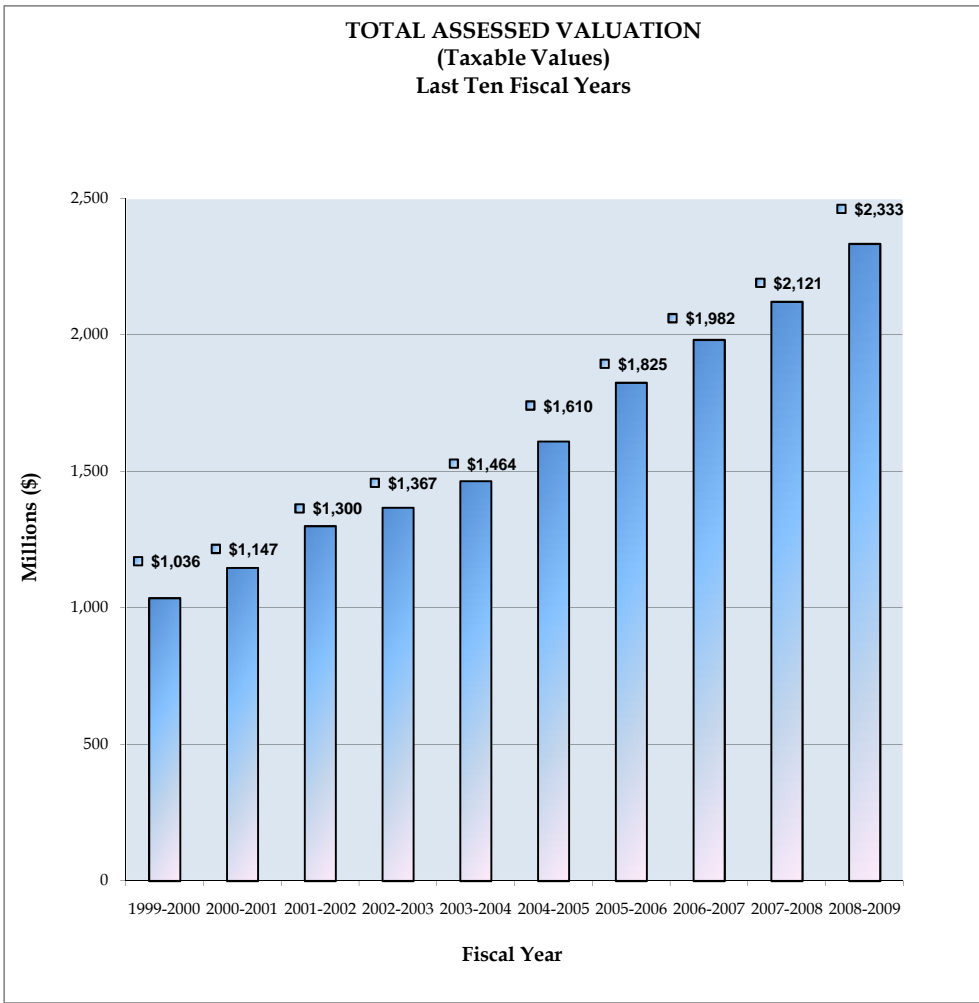
**Assessed Valuation <sup>(1)</sup> and Actual Value of Taxable Property**

**Last Ten Fiscal Years**

**(Concluded)**

**Totals**

<b>Fiscal Year</b>	<b>Totals Before Exemptions</b>	<b>Net Taxable Valuation</b>	<b>Percent Increase/ (Decrease)</b>	<b>Total Direct Rate (2)</b>
2008-2009	\$2,343,400,049	\$2,333,123,576	9.99%	1.01037%
2007-2008	2,131,171,479	2,121,205,277	7.05%	1.01497%
2006-2007	1,991,528,144	1,981,590,314	8.60%	1.01383%
2005-2006	1,834,524,054	1,824,610,766	13.34%	1.01205%
2004-2005	1,619,679,554	1,609,877,845	9.97%	1.01265%
2003-2004	1,473,817,072	1,463,920,837	7.08%	1.01731%
2002-2003	1,376,833,503	1,367,069,836	5.18%	1.02254%
2001-2002	1,308,825,548	1,299,695,648	13.35%	1.02994%
2000-2001	1,155,796,435	1,146,619,979	10.70%	1.03136%
1999-2000	1,044,383,449	1,035,810,359	-%	1.04008%



Source: California Municipal Statistics, Inc.

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

Category	Fiscal Year			
	2008-2009	2007-2008	2006-2007	2005-2006
Residential	\$2,252,513,842	\$2,126,571,875	\$1,927,655,893	\$1,791,415,501
Commercial	183,387,390	178,609,919	168,728,531	164,367,851
Industrial	2,454,459	2,406,337	2,368,947	2,048,291
Irrigation farm	-	-	-	-
Rural land (Non-irrigated)	-	-	-	-
Institutional	2,699,693	2,646,759	2,594,863	2,543,985
Recreational	7,570,329	7,181,758	5,507,582	5,650,759
Miscellaneous	-	-	-	-
<b>Total</b>	<b>\$2,448,625,713</b>	<b>\$2,317,416,648</b>	<b>\$2,106,855,816</b>	<b>\$1,966,026,387</b>

Note:

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

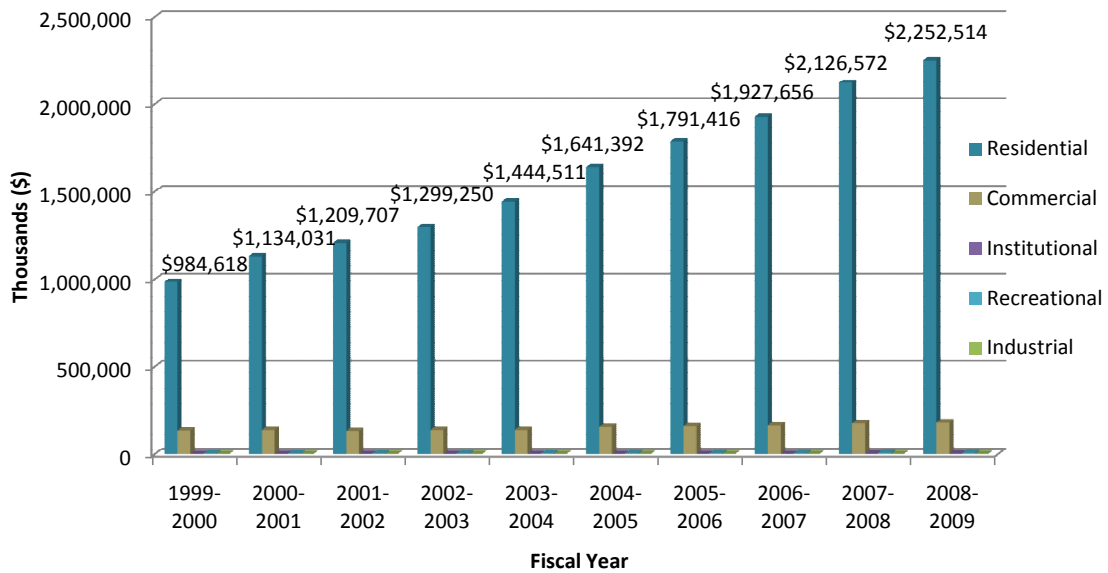
- The amounts represent total assessed value of real property, excluding personal property and fixtures, prior to exemptions.

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

(Concluded)

Fiscal Year					
2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
\$1,641,392,319	\$1,444,510,983	\$1,299,249,555	\$1,209,706,635	\$1,134,030,927	\$984,617,841
159,747,464	143,159,660	142,655,770	136,834,972	142,981,859	139,921,680
1,986,030	1,473,871	1,446,867	1,418,505	1,593,732	1,562,487
-	-	-	-	-	-
-	-	-	-	-	-
2,494,104	2,445,201	2,400,387	2,353,321	1,665,021	1,392,375
5,260,510	4,743,002	4,211,200	3,806,570	3,949,570	3,873,479
-	-	-	-	-	-
<b>\$1,810,880,427</b>	<b>\$1,596,332,717</b>	<b>\$1,449,963,779</b>	<b>\$1,354,120,003</b>	<b>\$1,284,221,109</b>	<b>\$1,131,367,862</b>

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



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

Fiscal Year	Residential		Commercial		Industrial		Institutional	
	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Assessed Value	Number of Parcels
2008-2009	\$2,252,513,842	4,192	\$183,387,390	101	\$2,454,459	9	\$2,699,693	1
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

Notes:

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

Sources:

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

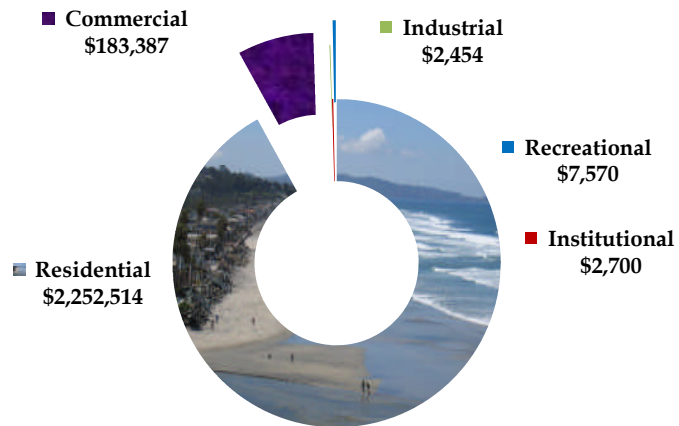
(Concluded)

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Recreational		Total		Total
Assessed Value	Number of Parcels	Assessed Value	Number of Parcels	Direct Tax Rate (%) (2)
\$7,570,329	226	\$2,448,625,713	4,529	0.14775
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

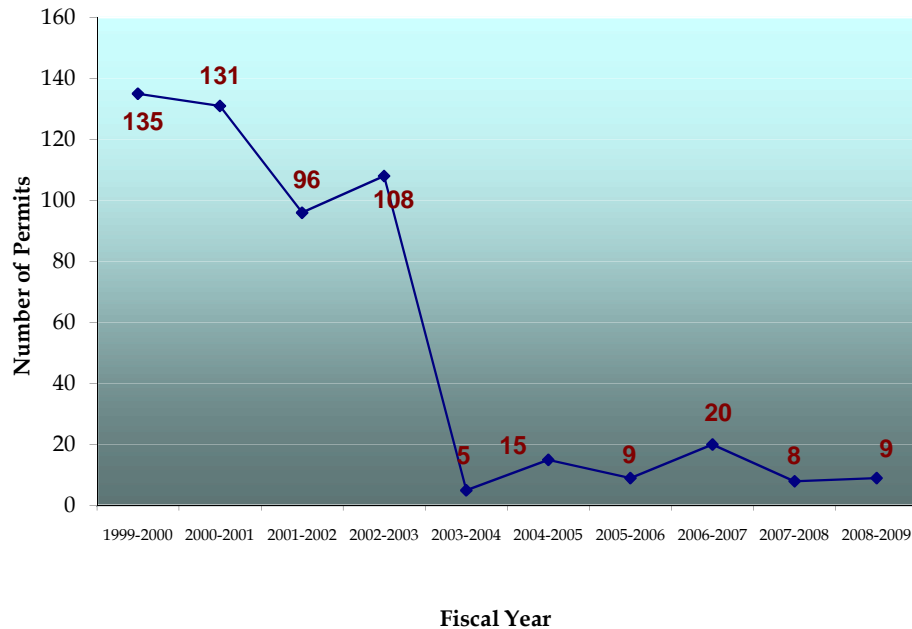
**ASSESSED VALUE BY CATEGORY**  
**JUNE 30, 2009**  
**(in millions)**



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

Fiscal Year	Construction <sup>(1)</sup>			
	Residential		Commercial	
	Number of Permits	Valuation	Number of Permits	Valuation
2008-2009	0	\$ -	-	\$ -
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	-

**NUMBER OF PERMITS**  
**Last Ten Fiscal Years**



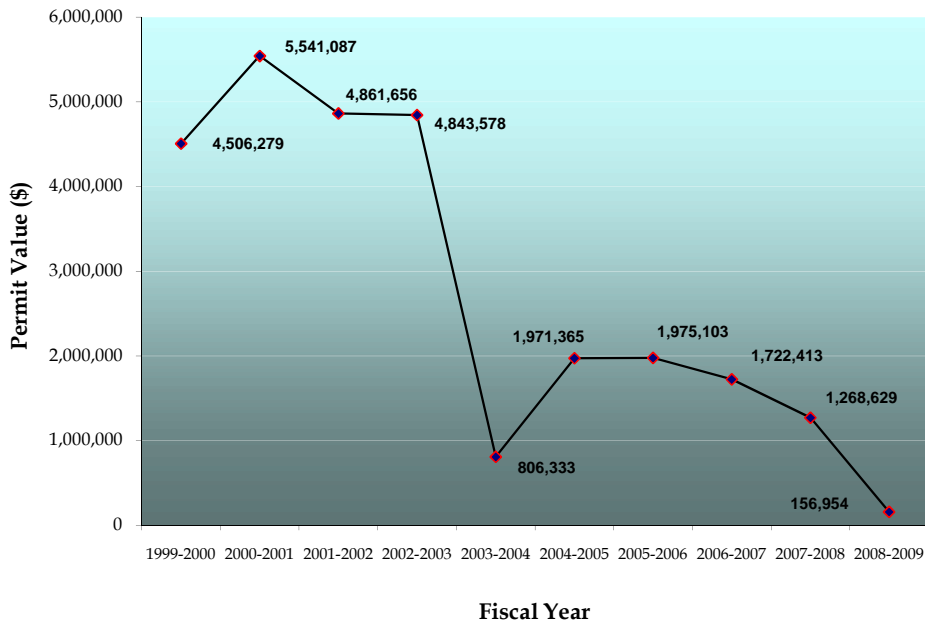
Source:

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

(Concluded)

Construction <sup>(1)</sup>		Total		Bank Deposits (2)
Number of Permits	Valuation	Number of Permits	Valuation	(in Thousands)
9	\$156,954	9	\$156,954	\$713,987
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

**PERMIT VALUATION  
Last Ten Fiscal Years**



## City of Del Mar

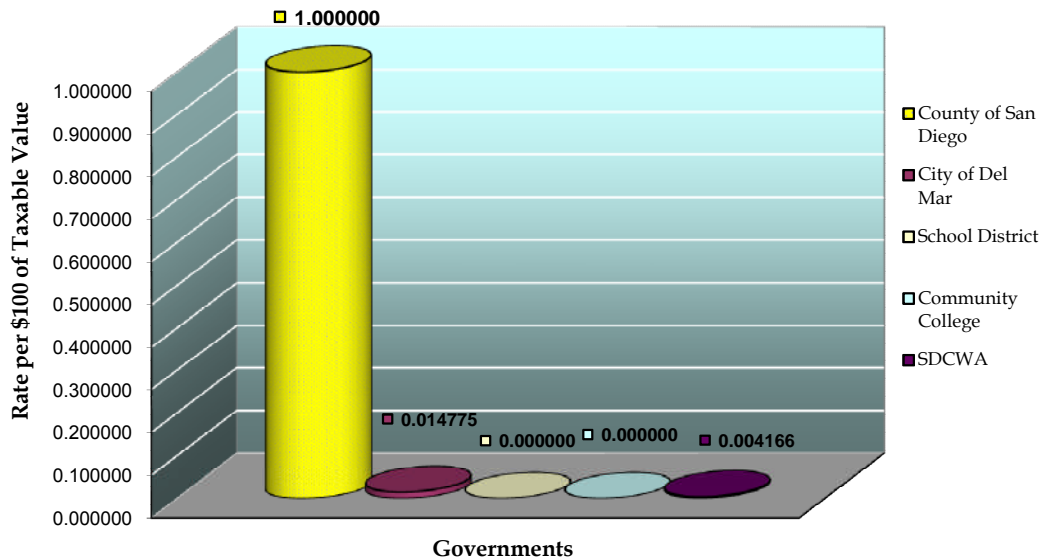
### Property Tax Rates <sup>(1)</sup> - All Overlapping Governments

Last Ten Fiscal Years

(Rate per \$100 of Taxable Value)

Fiscal Year	County Base	City Of Del Mar	School District	Community College District	San Diego County Water Authority (SDCWA)	Total
2008-2009	1.00000	0.01478	-	-	0.00417	1.01894
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

**PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS**  
Fiscal Year Ended June 30, 2009



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 2008-2009		Fiscal Year 1999-2000	
		Assessed Valuation	Percent of Total City Assessed Valuation	Assessed Valuation	Percent of Total City Assessed Valuation
Madeleine A. Pickens Trust	Property ownership - trust	\$35,700,000	1.53 %	\$ -	- %
Jacobs Family Trust	Property ownership - trust	29,976,873	1.28	-	-
G&I III Del Mar, LP	Property management	29,696,042	1.27	-	-
Allred Family Living Trust	Property ownership - trust	28,939,901	1.24	-	-
John J. and Rebecca A. Moores Trust	Property ownership - trust	27,473,265	1.17	-	-
Stensrud Family Trust	Property ownership - trust	27,124,237	1.16	-	-
Del Mar Thoroughbred Club	Horse racing club	21,435,208	0.92	-	-
Marsha Naify Living Trust	Property ownership - trust	18,727,200	0.80	-	-
Thomas M. Funke	Property ownership	15,298,009	0.65	-	-
Allred Family Living Trust	Property ownership - trust	14,750,000	0.63	-	-
HERS Del Mar Corporation	Property management	-	-	38,700,000	4.20
Shared Ventures	Property ownership	-	-	27,693,442	3.01
Del Mar Thoroughbred Club	Horse racing club	-	-	17,642,450	1.92
Nicholas Family Trust	Property ownership - trust	-	-	17,910,395	1.95
L-O Delmar Holding, Inc.	Management company	-	-	11,287,249	1.23
Robert F. Gray	Property ownership	-	-	14,149,932	1.54
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)		249,120,735	10.66 %	154,421,429	16.79 %
All Others (secured)		2,090,946,841	89.34	766,024,341	83.21
Total Assessed Valuation		\$2,340,067,576	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 2008-2009		Fiscal Year 1999-2000	
Taxpayers	Business Type	Taxpayers	Business Type
1 Americana Restaurant	Restaurant	Banana Republic	Retail clothing
2 Banana Republic	Retail clothing	Big Bang Idea Engineering	Marketing service
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	Printing	California Thoroughbred Sales	Horse sales
7 Del Mar Rendevous	Restaurant	Chico's	Retail clothing
8 Del Mar Thoroughbred Club	Horse racing club	Del Mar Blue Print	Printing
9 Dexter's Deli	Food service	Del Mar Thoroughbred Club	Horse racing club
10 En Fuego Cantina & Grill	Restaurant	En Fuego Cantina & Grill	Restaurant
11 Epazote A Baja Bar & Grill	Restaurant	Epazote A Baja Bar & Grill	Restaurant
12 Gary's Studios	Retail clothing	Gary's Studios	Retail clothing
13 Il Fornaio	Restaurant	Goss Keller Martinez	Graphic design
14 Jakes	Restaurant	Il Fornaio	Restaurant
15 Jimmy O's	Restaurant	Jakes	Restaurant
16 JR Resources	Marketing service	JR Resources	Marketing service
17 L'Auberge Hotel	Hotel	La Mesa R.V. Center	Car dealer
18 Miwall Wholesale Ammo	Recreation Products	Lambesis Communications	Marketing service
19 Pacifica Del Mar	Restaurant	L'Auberge Hotel	Hotel
20 Poseidon Restaurant	Restaurant	Pacifica Del Mar	Restaurant
21 Premier Food Services	Food service	Peaches En Regalia	Retail clothing
22 Rusty Surfboard	Recreation Products	Poseidon Restaurant	Restaurant
23 Sbicca An American Bistro	Restaurant	Premier Food Services	Food service
24 State of California	Government	Sbicca An American Bistro	Restaurant
25 White House/Black Market	Retail clothing	State of California	Government

**Percentage of total sales tax collected**      **70.94%**

**75.17%**

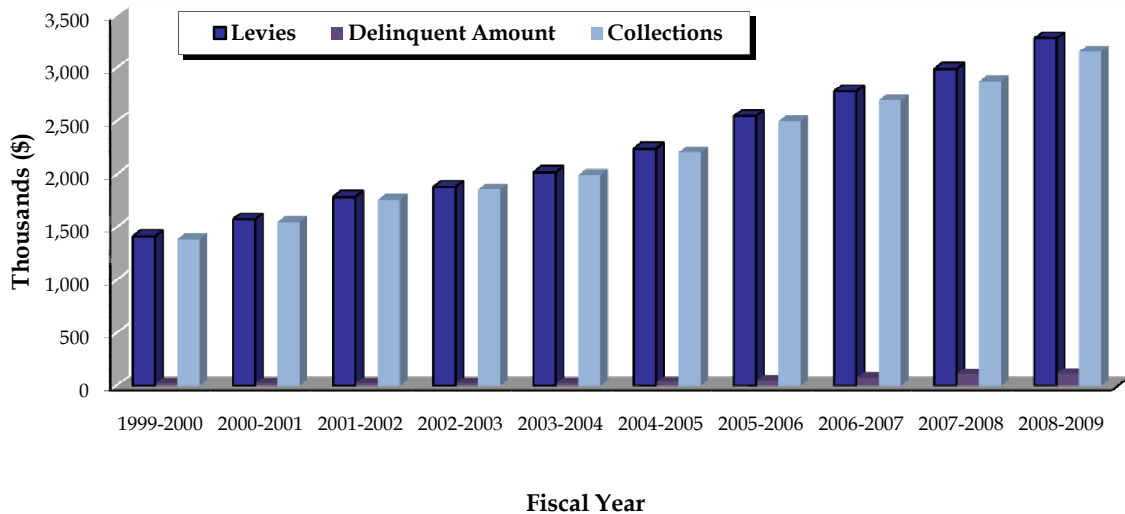
Note: The names are listed in alphabetical order and not by sales tax volume.

Source: Muniservices, LLC

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

<b>Fiscal Year</b>	<b>Secured Taxes Charge (1)</b>	<b>Collections at Year End</b>	<b>Percentage of Collections at Year End</b>	<b>Delinquent Amount</b>	<b>Delinquency Percent</b>
2008-2009	\$3,284,776	\$3,162,078	96.26%	\$122,698	3.74%
2007-2008	2,990,990	2,873,725	96.08%	117,265	3.92%
2006-2007	2,784,194	2,703,222	97.09%	80,972	2.91%
2005-2006	2,553,356	2,501,683	97.98%	51,673	2.02%
2004-2005	2,243,021	2,207,491	98.42%	35,530	1.58%
2003-2004	2,022,660	1,997,766	98.77%	24,894	1.23%
2002-2003	1,881,382	1,855,886	98.64%	25,496	1.36%
2001-2002	1,784,627	1,758,372	98.53%	26,255	1.47%
2000-2001	1,576,066	1,550,578	98.38%	25,488	1.62%
1999-2000	1,418,025	1,392,859	98.23%	25,166	1.77%
<b>Total</b>	<b>\$ 22,539,097</b>	<b>\$ 22,003,660</b>	<b>97.62%</b>		

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



Note:

- (1) Article XIII-A of the Constitution of the State of California adopted by the electorate in June 1979 precludes the City from a local property tax levy. All general-purpose property taxes are levied by the County and allocated to other governmental entities on a predetermined formula.

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Governmental Activities					Business-type Activities				
	Certificates of Participation	Capital Leases	Loans	Notes	Total	Revenue Bonds	Certificates of Participation	Capital Leases	Notes	Total
2008-2009	\$930,000	\$19,316	\$3,668,924	\$22,266	\$4,640,506	\$ -	\$2,640,000	\$ -	\$5,940	\$2,645,940
2007-2008	1,065,000	215,626	-	32,512	1,313,138	-	3,170,000	-	8,675	3,178,675
2006-2007	1,195,000	415,675	-	42,210	1,652,885	-	3,675,000	3,638	11,262	3,689,900
2005-2006	1,320,000	605,690	-	51,390	1,977,080	-	4,155,000	7,098	13,710	4,175,808
2004-2005	1,440,000	786,144	-	60,079	2,286,223	-	4,610,000	10,390	16,028	4,636,418
2003-2004	1,555,000	829,077	-	68,307	2,452,384	-	5,045,000	13,514	18,214	5,076,728
2002-2003	1,715,000	1,002,211	-	76,088	2,793,299	55,000	5,460,000	16,492	20,290	5,551,782
2001-2002	1,870,000	1,166,498	-	83,456	3,119,954	105,000	5,855,000	19,326	22,256	6,001,582
2000-2001	2,080,000	1,322,404	-	90,439	3,492,843	155,000	6,230,000	22,020	24,116	6,431,136
1999-2000	2,260,000	1,475,778	-	97,040	3,832,818	205,000	6,595,000	25,951	25,878	6,851,829

Fiscal Year	Population (1)	Total Outstanding Debt	Taxable Assessed Value (2)	Percent of Taxable Assessed Value	Debt Per Capita	Personal Income (3)	Percent of Personal Income
2008-2009	4,591	\$7,286,446	\$2,314,452,871	0.31%	\$1,587	\$481,200 *	6.60%
2007-2008	4,580	4,491,813	2,104,194,861	0.21%	981	467,200	10.40%
2006-2007	4,553	5,342,785	1,981,590,314	0.27%	1,173	457,100	8.56%
2005-2006	4,528	6,152,888	1,824,610,766	0.34%	1,359	449,100	7.30%
2004-2005	4,530	6,922,641	1,609,877,845	0.43%	1,528	448,700	6.48%
2003-2004	4,548	7,529,112	1,463,920,837	0.51%	1,655	433,600	5.76%
2002-2003	4,521	8,345,081	1,367,069,836	0.61%	1,846	438,500	5.25%
2001-2002	4,501	9,121,536	1,299,695,648	0.70%	2,027	441,200	4.84%
2000-2001	4,453	9,923,979	1,146,619,979	0.87%	2,229	442,200	4.46%
1999-2000	4,389	10,684,647	1,035,810,359	1.03%	2,434	438,600	4.10%

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)
- \* 2008-2009 estimated at a 3% personal income increase.

Source:

City of Del Mar, Finance Department  
U.S. Department of Commerce, Bureau of Economic Analysis  
Office of the Auditor & Controller, County of San Diego

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

<b>Business-type Activities</b>									
<b>Fiscal Year</b>	<b>Revenue (1)</b>	<b>Operating Expenses (1)</b>	<b>Net Available Revenue</b>	<b>Debt Service (2)</b>				<b>Total Debt Service</b>	<b>Percent Coverage</b>
				<b>Revenue Bonds</b>		<b>Certificates of Participation</b>			
				<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>		
<b>2008-2009</b>	\$ 5,123,562	\$ 4,789,283	\$ 334,279	\$ -	\$ -	\$ 530,000	\$ 144,688	\$ 674,688	49.55%
<b>2007-2008</b>	4,941,524	3,958,517	983,007	-	-	505,000	169,463	674,463	145.75%
<b>2006-2007</b>	5,240,144	3,916,855	1,323,289	-	-	480,000	193,038	673,038	196.61%
<b>2005-2006</b>	4,637,436	3,850,680	786,756	-	-	455,000	215,413	670,413	117.35%
<b>2004-2005</b>	4,615,536	3,747,352	868,184	-	-	435,000	236,713	671,713	129.25%
<b>2003-2004</b>	4,728,613	4,391,914	336,699	55,000	3,438	415,000	257,063	730,501	46.09%
<b>2002-2003</b>	4,155,112	3,661,623	493,489	50,000	6,563	395,000	276,450	728,013	67.79%
<b>2001-2002</b>	3,942,796	3,498,426	444,370	50,000	9,688	375,000	294,675	729,363	60.93%
<b>2000-2001</b>	3,750,874	3,517,577	233,297	50,000	12,813	365,000	311,994	739,807	31.53%
<b>1999-2000</b>	3,737,274	2,999,087	738,187	50,000	15,938	350,000	328,725	744,663	99.13%

Notes:

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

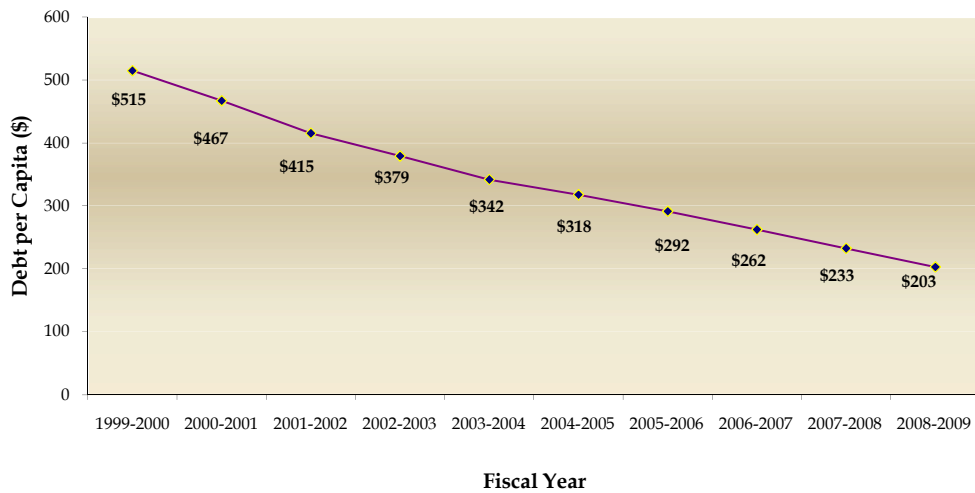
(2) Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

Source: City of Del Mar, Finance Department

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

<b>Outstanding General Bonded Debt</b>							
<b>Fiscal Year</b>	<b>Population <sup>(1)</sup></b>	<b>Certificates of Participation</b>	<b>Taxable Assessed Value</b>	<b>Percent of Taxable Assessed Value</b>	<b>Debt Per Capita</b>	<b>Personal Income <sup>(2)</sup></b>	<b>Percent of Personal Income</b>
2008-2009	4,591	\$930,000	\$2,340,067,576	0.04%	\$203	\$481,200 *	51.74%
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%

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



Note:

\* 2008-2009 estimated at a 3% personal income increase.

Source:

(1) State of California, Finance Department

(2) SANDAG

**City of Del Mar**  
**Direct and Overlapping Bonded Debt**  
**June 30, 2009**

Fiscal Year 2008-2009 Assessed Valuation	\$2,340,067,576		
Fiscal Year 2008-2009 Population	4,591		
	Total Debt	Percent	City's Share
	June 30, 2009	Applicable	of Debt
		to City <sup>(1)</sup>	June 30, 2009
<b>Overlapping Tax and Assessment Debt:</b>			
San Diego County General Obligations	\$462,405,000	0.655 %	\$3,028,753
San Diego County Pension Obligations	986,677,916	0.655 %	6,462,740
San Diego County Superintendent of Schools			
- General Fund Obligations	16,395,000	0.655 %	107,387
Mira Costa Community College District			
- Certificates of Participation	3,965,000	3.016 %	119,584
Solana Beach School District - Certificates of Participation	630,000	0.402 %	2,533
<b>Total Overlapping General Fund Debt</b>			<u>9,720,997</u>
<b>Direct and Overlapping Tax and Assessment Debt:</b>			
Metropolitan Water District	\$293,425,000	0.127 %	372,650
<b>City of Del Mar</b>	<b>930,000</b>	<b>100.000</b>	<b>930,000</b>
City of Del Mar 1915 Act Bonds	1,555,000	100.000	1,555,000
<b>Total Direct and Overlapping Tax and Assessment Debt</b>			<u>2,857,650</u>
<b>Combined Total Debt</b>			<u><u>\$12,578,647</u></u> <sup>(2)</sup>

- (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 2008-2009 Assessed Valuation</u>	<u>Per Capita</u>	
City Direct Debt (\$930,000).....	0.04%	\$202.57
Total Overlapping Tax and Assessment Debt.....	0.12%	\$622.45
Combined Total Debt.....	0.54%	\$2,739.85

State School Building Aid Repayable as of June 30, 2009: \$ -

Source: California Municipal Statistics, Inc.

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

	Fiscal Year			
	2008-2009	2007-2008	2006-2007	2005-2006
Assessed valuation	\$2,340,067,576	\$2,128,163,277	\$1,988,586,114	\$1,831,642,966
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	585,016,894	532,040,819	497,146,529	457,910,742
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$87,752,534	\$79,806,123	\$74,571,979	\$68,686,611
Total net debt applicable to limit:				
General obligation bonds	930,000	1,065,000	1,195,000	1,320,000
Legal debt margin	\$86,822,534	\$78,741,123	\$73,376,979	\$67,366,611
Total debt applicable to the limit as a percentage of debt limit	1.07%	1.35%	1.63%	1.96%

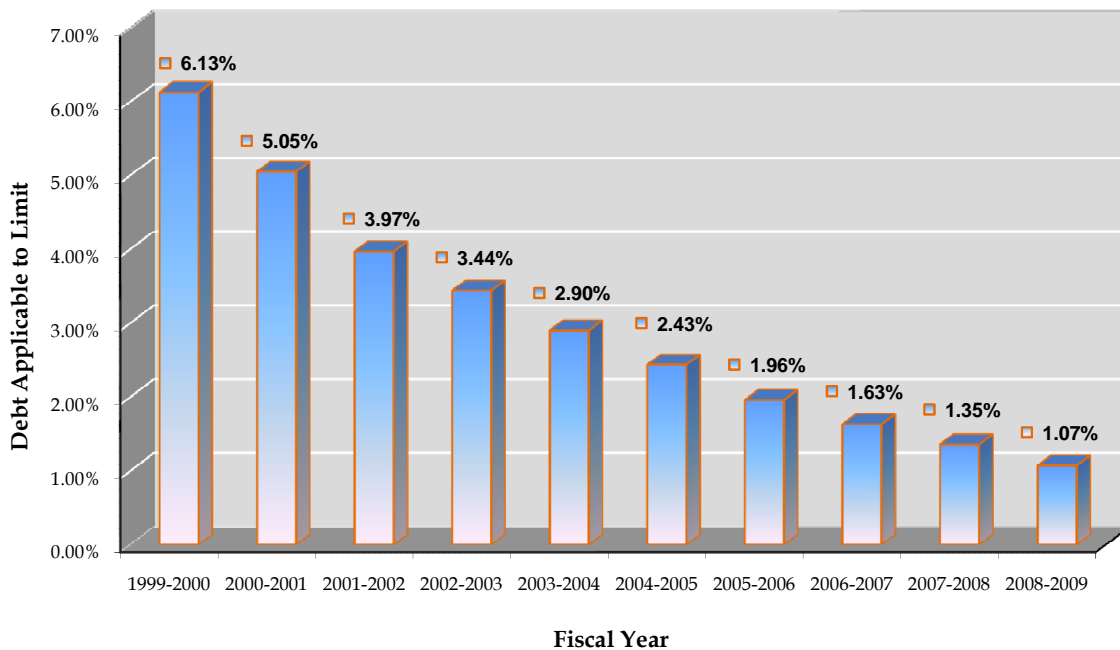
Note:

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

(Concluded)

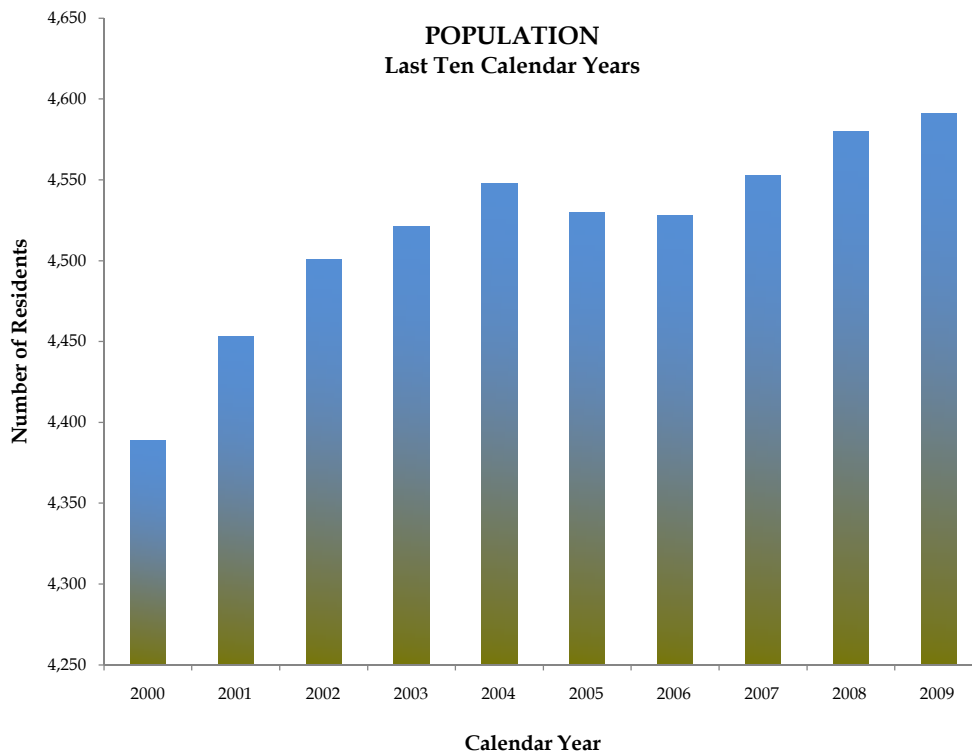
Fiscal Year					
2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
\$1,616,897,445	\$1,471,070,637	\$1,374,235,036	\$1,306,901,448	\$1,154,021,779	\$1,043,321,359
25%	25%	25%	25%	25%	25%
404,224,361	367,767,659	343,558,759	326,725,362	288,505,445	260,830,340
15%	15%	15%	15%	15%	15%
\$60,633,654	\$55,165,149	\$51,533,814	\$49,008,804	\$43,275,817	\$39,124,551
1,440,000	1,555,000	1,715,000	1,870,000	2,080,000	2,260,000
\$59,193,654	\$53,610,149	\$49,818,814	\$47,138,804	\$41,195,817	\$36,864,551
2.43%	2.90%	3.44%	3.97%	5.05%	6.13%

**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)			
		Average Annual		Average Annual		City of Del Mar		County of San Diego	
		City of Del Mar	Percent Change	County of San Diego	Percent Change	Personal Income	Per Capita	Personal Income	Per Capita
2009	2,537	4,591	0.24%	3,173,407	0.86%	N/A	N/A	N/A	N/A
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	- %	2,813,833	- %	442,200	100,750	92,654,006	32,786

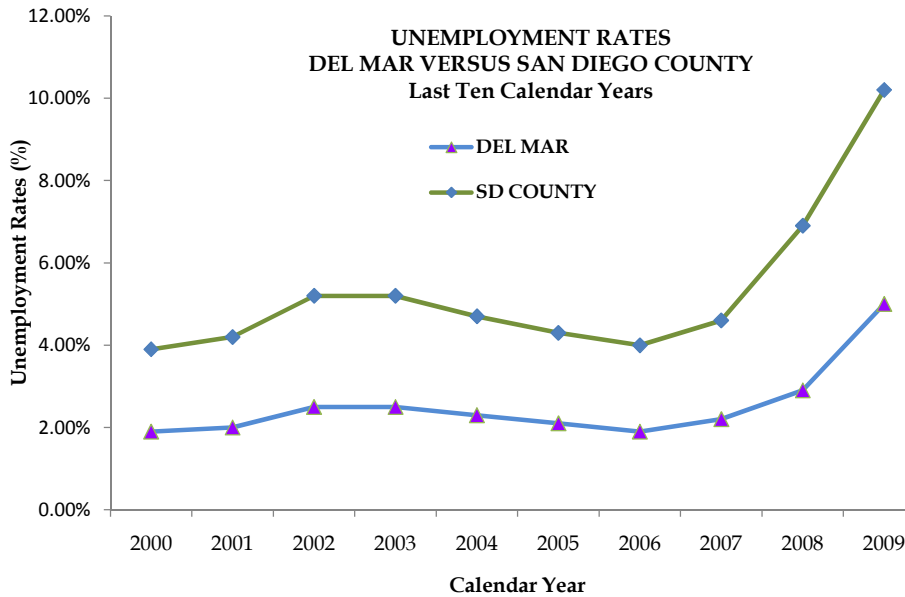


Source:

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

(Concluded)

Employment <sup>(4)</sup>						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	2,800	5.00%	1,574,700	1,414,600	10.20%	4,169
3,000	2,900	2.90%	1,577,200	1,468,700	6.90%	2,106
3,000	2,900	2.20%	1,542,400	1,471,600	4.60%	2,305
3,000	2,900	1.90%	1,520,500	1,459,900	4.00%	2,707
2,900	2,900	2.10%	1,505,900	1,440,500	4.30%	3,019
2,900	2,800	2.30%	1,490,800	1,420,100	4.70%	3,324
2,800	2,800	2.50%	1,468,200	1,391,700	5.20%	3,506
2,800	2,700	2.50%	1,450,500	1,375,800	5.20%	3,675
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



Source:

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

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

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

Employer <sup>(1)</sup>	Business Type	2009		2008	
		Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
J Taylor's of Del Mar	Restaurant	250	8.93%	250	8.93%
Del Mar Fairground	Fairgrounds	170	6.07%	170	6.07%
L'Auberge Del Mar Resort Spa	Health club	170	6.07%	170	6.07%
Jake's Del Mar	Restaurant	130	4.64%	130	4.64%
Del Mar Plaza Fine Dining	Restaurant	115	4.11%	0	0.00%
Del Mar Thoroughbred Club	Horse racing club	115	4.11%	115	4.11%
Brigantine Seafood	Restaurant	100	3.57%	100	3.57%
RE/MAX Distintive Properties	Real Estate	100	3.57%	0	0.00%
Il Fornaio Cucina Italiana	Restaurant	0	0.00%	100	3.57%
Hospital Marketing Group	Marketing	0	0.00%	90	3.21%
Johnson & Rountree	Insurance collection	85	3.04%	85	3.04%
Pacifica Del Mar	Restaurant	65	2.32%	65	2.32%
Total Top Ten Employers		1,300		1,275	
Total City Employment <sup>(2)</sup>		2,800		2,900	

Notes:

(1) Represents non-governmental employers.

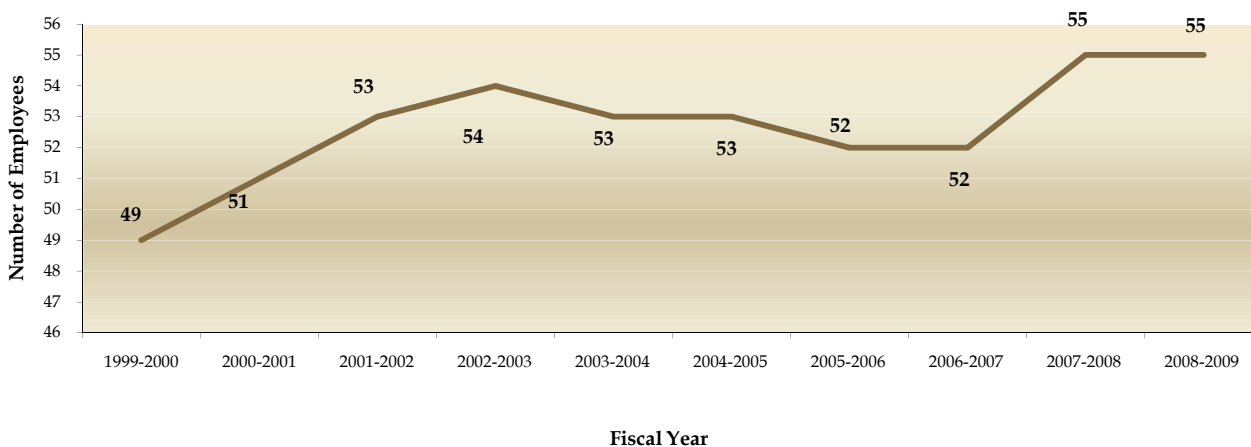
(2) Total City employment provided by EDD - Labor Market Information Division.

Source: infoUSA

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

Function	Fiscal Year									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
General government	22.0	20.5	19.5	19.5	19.5	19.5	19.5	19.5	18.5	18.5
Public safety <sup>(1)</sup>	15.0	16.5	15.5	15.5	16.5	17.5	18.0	18.5	18.5	18.5
Public works	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0	11.5	11.0
Parks and recreation	5.0	5.0	5.0	5.0	5.0	4.0	4.5	3.0	2.5	1.0
<b>Total</b>	<b>55.0</b>	<b>55.0</b>	<b>52.0</b>	<b>52.0</b>	<b>53.0</b>	<b>53.0</b>	<b>54.0</b>	<b>53.0</b>	<b>51.0</b>	<b>49.0</b>

**CITY OF DEL MAR**  
**EMPLOYMENT**  
**Last Ten Fiscal Years**



Note:

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

Source: City of Del Mar, Finance Department

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

Function	Fiscal Year									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Police:										
Arrests <sup>(1)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking citations issued <sup>(2)</sup>	20,132	19,032	18,091	24,277	22,564	20,061	18,634	17,693	N/A	N/A
Fire:										
Emergency calls	1,116	1,205	1,167	1,027	877	1,003	840	945	986	1,004
Inspections	471	490	130	130	130	180	180	180	180	180
Public works:										
Street resurfacing (miles)	0.11	0.69	0.18	0.26	0.00	0.14	1.25	1.16	0.45	0.02
Street slurry (miles)	0.00	0.00	0.00	0.00	0.00	0.32	0.25	0.57	1.62	1.89
Parks and recreation:										
Number of recreational classes <sup>(3)</sup>	412	364	350	350	350	450	450	250	150	N/A
Number of facility rentals <sup>(3)</sup>	285	256	290	290	260	210	170	80	40	N/A
Water:										
New construction <sup>(4)</sup>	12	8	7	5	5	6	2	6	3	N/A
Average daily consumption (in thousands of gallons)	1,073	1,103	1,309	1,172	1,182	1,248	1,147	1,209	1,264	1,385
Sewer:										
New construction <sup>(4)</sup>	12	5	7	6	5	6	4	6	0	N/A
Average daily sewage treatment (in thousands of gallons)	563	614	648	675	695	680	697	699	718	697

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									
	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Streets (miles)	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Street lights	87	87	87	58	58	58	58	58	58	58
Traffic signals	7	7	7	7	7	7	7	7	7	7
Parks and recreation:										
Parks	5	4	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28	26.28
Maximum daily capacity (thousands of gallons)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Sewer/Storm Drains										
Sanitary sewers (miles)	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.37	24.36
Storm drainage (miles)	13.59	13.59	13.59	0.07	0.00	0.03	0.07	0.00	0.00	0.00
Maximum daily treatment capacity (thousands of gallons)	877	877	877	877	877	821	821	800	800	800

Source: City of Del Mar

**City of Del Mar**  
**Miscellaneous Statistics**  
**June 30, 2009**

Date of incorporation.....	July 15, 1959
Form of government.....	Council/Manager
Area.....	2 square miles
Climate:	
Average annual high temperature.....	70.5° F
Average annual low temperature.....	57.0° F
Annual precipitation.....	9.3 inches
Fire protection:	
Station.....	1
Firefighters and officers.....	11
Fire incident responses.....	317
Emergency medical incident responses.....	713
Public service calls.....	86
Fire inspections.....	608
Culture and leisure:	
Parks.....	5
Park areas.....	9.69 acres
Passive/ Active Recreation areas.....	300.38 acres
including Fairground/Racetrack.....	200 acres
Miles of beaches.....	2.2 miles
Number of Beach attendances.....	2,000,000
Baseball field.....	1
Tennis courts.....	2
Library.....	1
Library inventory.....	30,102
Hotels:	
Major hotel rooms.....	356
Average percent occupancy.....	68 percent
Average room rate.....	\$199
Average group size per stay.....	2.1 persons*
Average length of stay.....	3.2 days*
(*information from San Diego County profile)	
Education:	
Private school.....	1
School district.....	1
Street miles.....	22.5 miles
Street lights.....	87
Water system:	
Service connection.....	1,856 meters
Fire hydrants.....	300
Sanitary sewer lines.....	24.37 miles

Source: City of Del Mar