
CITY OF SAN CLEMENTE



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



CITY OF SAN CLEMENTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015



Prepared By:
Finance and Administrative Services

CITY OF SAN CLEMENTE
 Comprehensive Annual Financial Report
 June 30, 2015

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INTRODUCTORY SECTION



City of San Clemente

100 Avenida Presidio
San Clemente CA 92672
Phone: 949-361-8200

February 9, 2016

Honorable Mayor, Members of the City Council and Citizens of the City of San Clemente:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of San Clemente (the City) for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Van Lant and Fankhanel, LLP, 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, 2015. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which follows the independent auditor's report, and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of San Clemente

The City of San Clemente, incorporated on February 28, 1928, is located along the California coast, at the southern tip of Orange County, about 60 miles south of Los Angeles and 60 miles north of San Diego. The City currently occupies a land area of 18.45 square miles.

The City operates under a council-manager form of government, with a five-member council elected at large for four-year overlapping terms. The mayor is elected by the City Council for a one-year term and is the presiding officer of the Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing day-to-day City operations, and appointing the heads of the various departments. The Council is elected on a non-partisan basis.

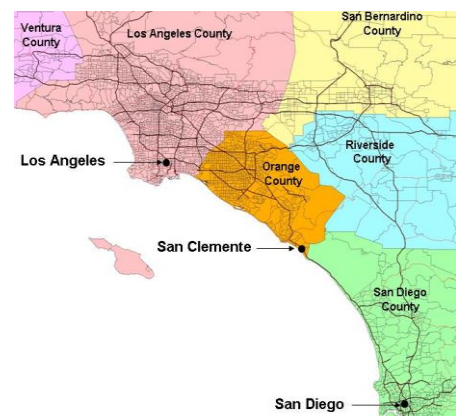
The City provides a full range of services which include general government, public safety (police, fire, and marine safety), disaster preparedness, building inspection, construction and maintenance of streets, economic development, beaches, parks and recreation, water, sewer, storm drain, clean ocean and golf. In addition to general City activities, the Council is financially accountable for the San Clemente Public Financing Authority and the Successor Agency to the San Clemente Redevelopment Agency, which was dissolved during Fiscal Year 2012. These entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the Notes to the Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review prior to the beginning of each fiscal year. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may make both transfers of appropriations within a department and transfers of appropriations between departments.

Financial Overview and Policies

Local economy. The City, with a current population of 65,399, is located at the southern tip of Orange County, and borders the County of San Diego. Its mild, temperate climate and unsurpassed beaches attract more than 1.5 million visitors annually.

Property taxes and sales taxes are the main sources of revenue for the General Fund. The City experienced a period of rapid growth during the development of Talega, a planned community annexed into the City from the County of Orange. The development of Talega, which has just completed build out, increased property taxes significantly during the last ten years. This has allowed the City to maintain a sound financial base during the last economic downturn. As the economy rebounds, the City looks to the future as the last undeveloped area, Marblehead Coastal, is being developed with retail (Outlets at San Clemente) and residential development (Sea Summit). This development will attract visitors and continue growth in property taxes and sales tax revenue providing needed funds for the operation of amenities that the citizens desire.



Overall, the City of San Clemente finances are stable and the operating position remains positive which is a direct result of the city's focus on planning for the future, as summarized below:

Long-term financial planning. The City conducts an annual financial planning process, with results presented to the City Council for review and consideration each February. The plan is intended to be a well thought-out analysis of issues that may affect the finances of the City of San Clemente. The Long Term Financial Plan (the "LTFP") is broad in scope and includes analysis of various items, including a five year financial forecast, trends history, reserves, financial policies, capital project funding, and other strategic issues. The financial forecast provides a frame of reference for evaluating the City's financial condition on an on-going basis to assist with decision making. The forecast is developed using a baseline environment, that is, revenues and expenditures are projected based primarily on key economic indicators, local growth patterns, and the present level of services provided by the City.

Policy changes with fiscal impacts are incorporated into the budget through the LTFP process. Financial policy requires that the City adopt a balanced operating position. This means that budgeted revenues are sufficient to support current operating expenditures while maintaining a positive operating position. Any one-time revenues that are received are to be used for one-time costs.

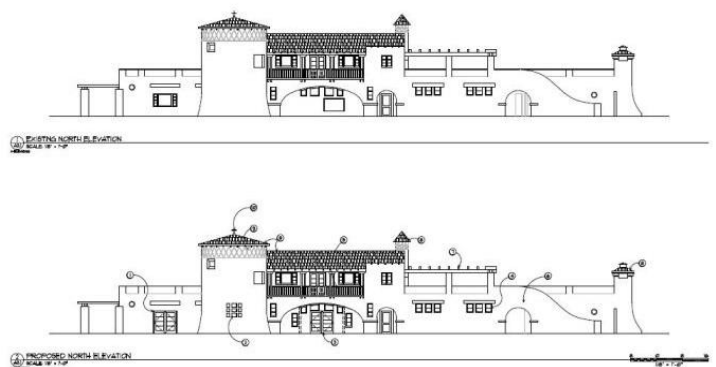
The City of San Clemente received the GFOA's Distinguished Budget Presentation Award for its annual budget document for Fiscal Year (FY) 2014 and is anticipated to earn this award for FY 2015. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Capital planning. Major capital projects are also considered as part of the LTFP process, to assure funds are available not only for the construction of facilities, but also available to maintain and operate these facilities in the future. Capital projects in progress during the year include the Ole Hanson Beach Club renovation.

During the year, the City completed the recycled water expansion project, which is comprised of an expansion of the treatment facility, expanding a recycled water distribution system, and adding recycled water storage capacity. This project provides long term benefits to both the City and its citizens by lowering the city's dependence on external water supplies whose costs continue to increase.

The Ole Hanson Beach Club was built in 1928 and is listed as a Historic Resource on the National Register of Historic Places has never undergone a complete restoration. This project incorporates a renovation of the building and pool complex while preserving the historic nature of the facility. The construction will be complete in 2016 and the City is currently seeking the best way to maximize the property through city classes, events and the use of a concessionaire for the operations of the facility.

Ole Hanson Beach Club Renovation – Preliminary design



Other projects in process include a variety of park related projects and street related projects, which will continue to make sure the needs of the citizens are met.

Priorities for the future. The City Council's priorities for the future include the following:

- **General Plan Update** – The General Plan, adopted in February 2014, includes comprehensive, long-term goals and policies for achieving San Clemente's vision. During FY 2015 and future years, the City will implement various elements of the General Plan identified in the Strategic Implementation Program (SIP) and updating the Zoning Ordinances, Specific Plans, Local Coastal Program and Housing Element.
- **Facilities Management** – The City in FY 2016 all maintenance functions are budgeted under Public Works (including Beaches and Parks Maintenance activities) based on a management study of the maintenance functions of the City. Also, various City locations were assessed for accessibility, use and the aging of city facilities. The City is developing a strategic approach to make sure facilities are prioritized for renovation/improvement over the upcoming year.
- **Sand Replenishment Project** – San Clemente has suffered severe erosion of beach sand in recent years, which has resulted in the loss of recreational beach, damage, destruction to beachfront facilities, and increased risk to beach patrons due the exposure of underlying rock base. The City is engaged in ways to identify and quantify the best way to protect the shoreline and develop a plan for sand replenishment.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of San Clemente for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-eighth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. This award is valid for a period of one year only. We believe that our current CAFR continues to meet the GFOA requirements. The City will submit the CAFR to GFOA again this year.

Preparation of this report is not possible without the efficient and dedicated services of the entire staff of the Finance and Administrative Services Department, and we would like to express our appreciation to all members of the department who assisted in its preparation. We would also like to thank the Mayor, City Council and City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Erik Sund
Assistant City Manager

CITY OF SAN CLEMENTE

PRINCIPAL OFFICIALS

CITY COUNCIL

Chris Hamm, Mayor
Robert “Bob” Baker, Mayor Pro Tem
Tim Brown
Lori Donchak
Kathleen Ward

PLANNING COMMISSION

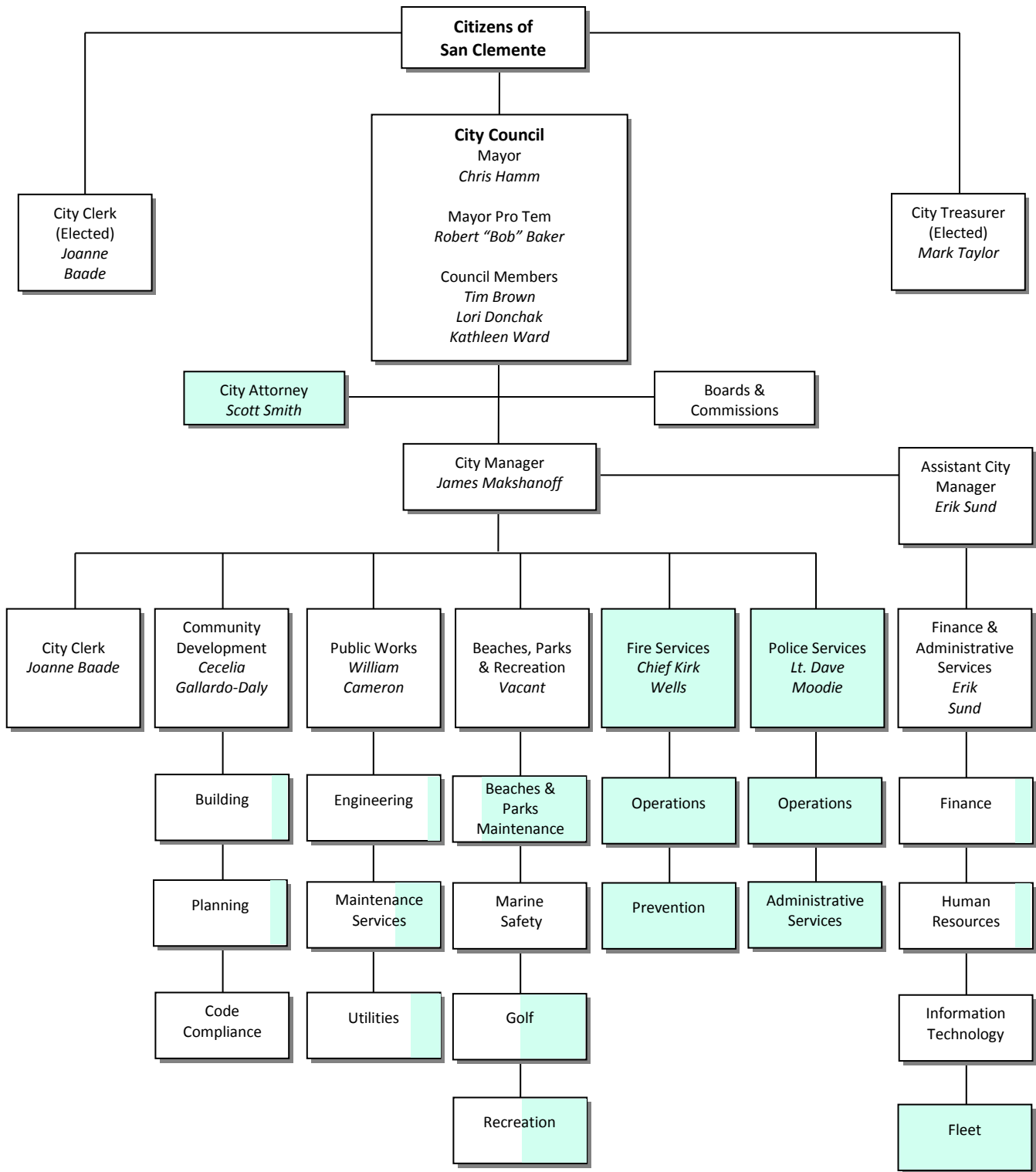
Michael Blackwell
Don Brown
Barton Crandell
Wayne Eggleston
Jim Ruehlin
Michael Smith
Zhen Wu


PARKS AND RECREATION COMMISSION

John Bandaruk
Linda Chitwood
John Dorey
Nicholas Gates
Chris McCormack
Timothy Shaw
Steven Streger

CITY STAFF

James Makshanoff, City Manager
Erik Sund, Assistant City Manager
Mark Taylor, City Treasurer
Joanne Baade, City Clerk
Scott Smith, City Attorney
William E. Cameron, City Engineer/Public Works Director
Vacant, Beaches, Parks & Recreation Director
Cecilia Gallardo-Daly, Community Development Director
Lt. Dave Moodie, Chief of Police Services/Lieutenant
John Abel, Division Fire Chief



 Shading indicates contracted services



Government Finance Officers Association

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

Presented to

**City of San Clemente
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



FINANCIAL SECTION

Independent Auditor's Report

The Honorable City Council
City of San Clemente, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 9 to the financial statements, in 2014-15, the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the schedules listed in the supplementary information section of the table of contents, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules listed in the supplementary information section of the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed in the supplementary information section of the table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 9, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Van Lant & Fankhaed, LLP

February 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of San Clemente, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the Fiscal Year (FY) ended June 30, 2015 and June 30, 2014. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal beginning on page 11 and the City's financial statements, which begin on page 21.

FINANCIAL HIGHLIGHTS

- The City's net position decreased \$9.6 million or 2% to \$468.3 million as a result of 2015 operations.
- Net position totals \$265.1 million for governmental and \$203.2 for business-type funds.
- The total program revenues and general revenues were \$113.0 million.
- The net expense of all governmental activities was \$35.2 million. The net revenue of business activities was \$1.7 million.
- During the year, the City's expenditures exceeded taxes and other governmental revenues by \$11.9 million.
- The General Fund reported a net change in fund balance of (\$0.1) million.
- For the General Fund, actual resources were greater than the final budget by \$2.1 million and actual expenditures were \$6.9 million less than final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of San Clemente's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of San Clemente's finances, in a manner similar to a private-sector business. These government-wide financial statement can be found starting on page 35 of this report.

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety (police and fire), public works, community development, and beaches, parks and recreation. The business-type activities include water, sewer, and storm drain utilities, and the clean ocean, solid waste management, and golf course funds.

The government-wide financial statements include not only the City of San Clemente itself (known as the primary government), but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the Successor Agency of the San Clemente Redevelopment Agency (RDA) which was dissolved in FY 2012 and the San Clemente Public Financing Authority are included as an integral part of the City's financial statements and reported as blended component units. Separately issued financial statements are available for the Public Financing Authority and can be obtained from the City.

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 demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. These reconciliations can be found on pages 40 and 44, immediately following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

Proprietary Funds are Enterprise and Internal Service funds. The City uses an Enterprise Fund to account for its Water, Sewer, Storm Drain, Clean Ocean, Solid Waste and Golf Operations. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The City uses Internal Service Funds to allocate central mail, reprographic services, communications, fleet maintenance and replacements, information technology, liability, medical and workers' compensation insurance costs.

The proprietary fund statements provide information for the Water, Sewer, Storm Drain, Clean Ocean, Solid Waste, Golf and the Internal Service funds. All of the Internal Service Funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the Internal Service Funds is provided in the form of combining statements.

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, the report also presents required supplementary information concerning the City's progress in funding its pension benefits to employees, OPEB benefits to its employees, and information on the budget to actual comparisons for major funds.

The other supplementary information provides combining statements that were referred to earlier in connection with the non-major governmental funds, the non-major proprietary funds and the Internal Service funds. The inclusion of the Statistical Section provides useful historical trend data on the City.

New Significant Accounting Standards Implemented

In fiscal year 2014-15, the City adopted Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*". Statement No. 68 establishes standards of accounting and financial reporting, but not funding or budgetary standards, for the City's defined benefit pension plans. This Statement replaces the requirements of prior GASB statements impacting accounting and disclosure of pensions.

The significant impact to the County of implementing Statement No. 68 is the reporting of the County's unfunded pension liability on the County's full accrual basis of accounting government-wide financial statements. There are also new note disclosure requirements and supplementary schedules required by the Statement.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following summaries of net position and of changes in net position are presented for the fiscal years ended June 30, 2015 and June 30, 2014.

Table 1
Net Position
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 107.5	\$ 108.7	\$ 55.3	\$ 49.1	\$ 162.8	\$157.8
Capital assets, net	<u>202.9</u>	<u>185.6</u>	<u>169.0</u>	<u>170.5</u>	<u>371.9</u>	<u>356.1</u>
Total assets	310.4	294.3	224.3	219.6	534.7	513.9
Deferred outflows of resources	2.8	-	0.7	-	3.5	-
Current liabilities	39.7	10.0	7.4	3.6	47.1	13.6
Long-term liabilities	<u>5.2</u>	<u>5.4</u>	<u>14.4</u>	<u>11.1</u>	<u>19.6</u>	<u>16.5</u>
Total liabilities	44.9	15.4	21.8	14.7	66.7	30.1
Deferred inflow of resources	3.2	-	-	-	3.2	-
Net position:						
Net investment in capital assets	201.5	184.1	154.5	159.9	356.0	344.0
Restricted	44.9	57.5	10.7	6.7	55.6	64.2
Unrestricted	<u>18.7</u>	<u>37.3</u>	<u>37.9</u>	<u>38.3</u>	<u>56.6</u>	<u>75.6</u>
Total Net Position	<u>\$ 265.1</u>	<u>\$ 278.9</u>	<u>\$ 203.2</u>	<u>\$ 204.9</u>	<u>\$ 468.3</u>	<u>\$ 483.8</u>

City asset's exceeded liabilities by \$468.3 million at June 30, 2015 as compared to \$483.8 million at June 30, 2014. The City's net position decreased \$15.5 million during the current fiscal year.

The largest portion of the City's net position (76 percent) is its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. Capital assets are used to provide services to citizens: consequently, these assets are not available for future spending. The City's net 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 total investment in capital assets increased \$12.0 million, with a decrease of \$5.4 million in business-type activities.

The restricted portion of the City's net position (12 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position decreased \$8.6 million due to the use of these fees on capital project activities, such as the recycled water project, and the accrual related to a refund of developer impact fees received in previous year.

The unrestricted net position balance of \$56.6 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$37.9 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$18.7 million by the governmental activities. This amount decreased \$19.0 million from the prior year primarily related to the net pension liability of \$23.0 million accrued as a result of GASB 68 which reduced unrestricted amounts.

The condensed summary of activities, which follows, shows that net position increased by \$5.3 million during the year.

Table 2
Summary of Activities
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues:						
Charges for services	\$ 10.4	\$ 9.1	\$ 36.0	\$ 36.2	\$ 46.4	\$ 45.3
Operating grants/contrib.	3.4	4.2	-	-	3.4	4.2
Capital grants/contrib.	19.5	7.6	0.8	2.5	20.3	10.1
General revenues:						
Property taxes	27.6	25.9	-	-	27.6	25.9
Sales taxes	8.3	8.0	-	-	8.3	8.0
Other taxes and fees	5.7	5.1	-	-	5.7	5.1
Other	<u>1.1</u>	<u>2.6</u>	<u>0.2</u>	<u>0.2</u>	<u>1.3</u>	<u>2.8</u>
Total revenues	76.0	62.5	37.0	38.9	113.0	101.4
Expenses:						
General government	6.4	5.9	-	-	6.4	5.9
Public safety	20.9	20.7	-	-	20.9	20.7
Public works	10.5	17.1	-	-	10.5	17.1
Community development	16.5	6.3	-	-	16.5	6.3
Beaches, parks & recreation	14.0	14.2	-	-	14.0	14.2
Interest and fiscal charges	0.1	0.1	-	-	0.1	0.1
Water	-	-	19.6	18.2	19.6	18.2
Sewer	-	-	11.4	10.7	11.4	10.7
Golf	-	-	2.1	2.2	2.1	2.2
Clean Ocean	-	-	1.7	1.6	1.7	1.6
Solid Waste	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total expenses	68.4	64.3	35.0	32.9	103.4	97.2
Net position change						
before transfers	7.6	(1.8)	2.0	6.0	9.6	4.2
Transfers	0.3	0.1	(0.3)	(0.1)	-	-
Change in net position	7.9	(1.7)	1.7	5.9	9.6	4.2
Net position–July 1, restated (1)	<u>257.2</u>	<u>280.6</u>	<u>201.5</u>	<u>199.0</u>	<u>458.7</u>	<u>479.6</u>
Net position–June 30	<u>\$ 265.1</u>	<u>\$ 278.9</u>	<u>\$ 203.2</u>	<u>\$ 204.9</u>	<u>\$ 468.3</u>	<u>\$ 483.8</u>

(1) – The governmental net position as of July 1, 2014 was restated from \$278.9 to \$257.2 and the business net position was restated from \$204.9 to \$201.5 as a result of GASB 68 – see Note 13 F.

Governmental activities

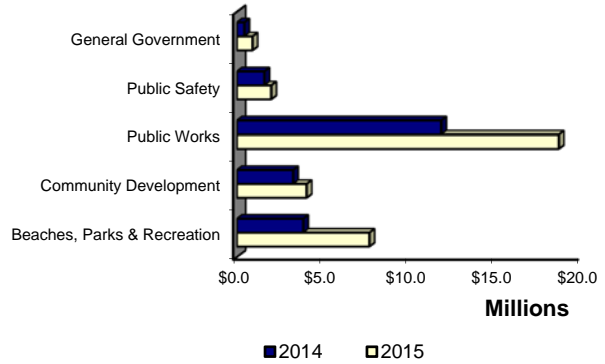
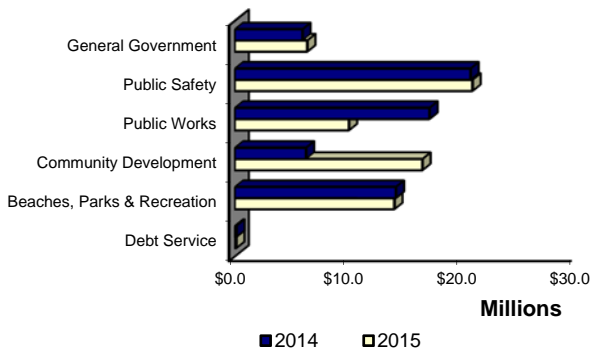
The City's governmental activities net position increased by \$7.9 million as compared to a decrease of \$1.7 million in the prior year. Revenues were \$76.0 million in FY 2015 as compared to \$62.5 million in FY 2014. This was a result of a developer contribution related to streets, trails and other traffic improvements. Expenses increased by \$4.1 million from FY 2014 and were \$7.6 million more than revenues in the current year. This increase was the result of a refund of developer impact fees, which was accrued as a liability at year end and the public works decrease as a result of lower depreciation and maintenance costs.

General Government, Public Safety, and Community Development increased from the prior year for various reasons. Public Safety increased as a result of County contract increases for police and fire. Community

Development increased as a result of a \$10.6 million increase in Public Facilities Construction fund to account for a Beach Parking claims payable. General Government increased due to an increase in contractual services, including clerical services, legal fees and increase in transfer to the General Liability fund in the current year. Expense decreases in Public Works and Beaches, Parks and Recreation were due to lower General Plan costs as a result of the plan being completed in February 2014.

Expenses – Governmental Activities

Program Revenues – Governmental Activities

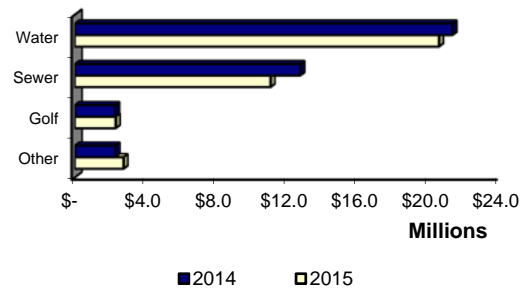
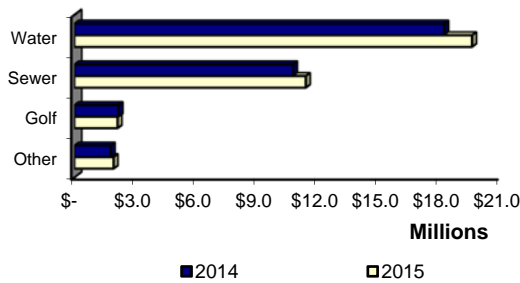


Business-type activities

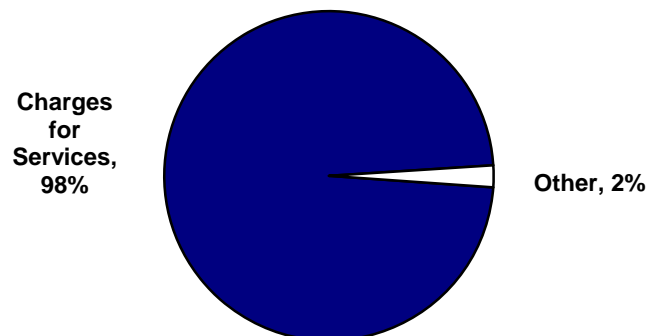
Business-type activities net position decreased by \$1.7 million as compared to an increase of \$5.9 million in the previous year. The overall change is attributed to higher program revenues as a result of changes to the rate structure for utilities and operating costs continually being monitored on an ongoing basis.

Expenses – Business-type activities

Program Revenues – Business-type activities



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

The City's governmental funds reported combined ending fund balances of \$78.9 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$4.7 million. The remainder of fund balance is not available for new spending because it has already been either: 1) in a nonspendable form such as loans receivable (\$11.4 million), 2) restricted based on legislation or under agreements with external parties (\$35.1 million), 3) committed based on City Council action (\$19.2 million), or 4) assigned for specific purposes based on the Council appointed designee (\$8.6 million). Governmental fund balances, in total, decreased by \$4.2 million during the fiscal year due to a \$10.6 million claims payable deduction in the Public Facilities Construction fund to allow for the Beach Parking refund.

Governmental funds, in total, had \$59.1 million of revenues and taxes represented 70% of the revenues. The change from the prior year amount of \$60.7 million was due primarily to three factors: 1) an increase in property taxes; 2) a decrease in developers fees of \$5.7 million due to the one-time Marblehead development fee received in the prior year and 3) charges for services increase as a result of increases in community enhancement revenue, ambulance service charges and construction inspection fees for the current year.

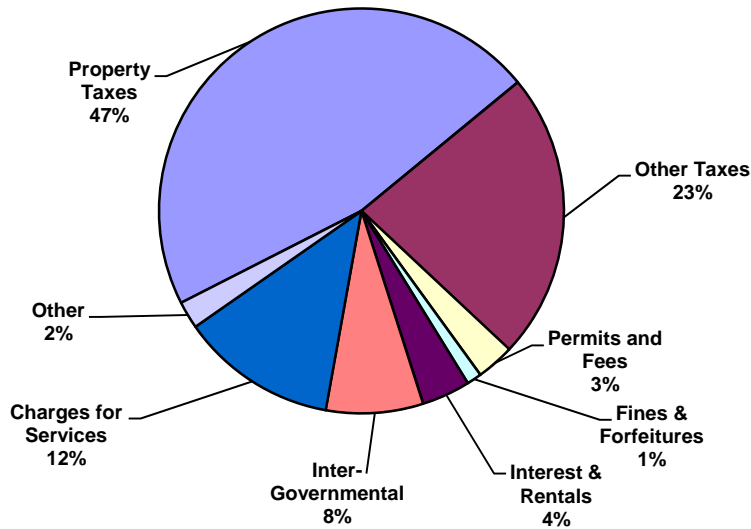
Total governmental fund expenditures were \$71.0 million in FY 2015 compared to last year's amount of \$61.6 million, which was an increase of \$9.4 million. This increase occurred in multiple departments for a variety of reasons. Police and Fire costs increased from the prior year by a total of \$0.8 million based on contracts with the County of Orange Sheriff and the Orange County Fire Authority. Public works decreased by \$5.6 million due to a payment made to a developer in the prior year. Community development costs increased by \$10.1 million from the prior year due to a \$10.6 million claims payable for the beach parking refund. Capital outlay increased \$2.3 million because of activity on multiple projects.

The significant changes in fund balances governmental fund activity are noted below:

- Prior period adjustments were made to the Developers Improvement and Miscellaneous Grants funds in the amounts of \$7.7 million and \$0.4 million respectively, due to loan deferrals adjusted as a result of GASB 63.
- Gas Tax Special Revenue fund expenditures increased as various street projects were started as a result of the recycled water expansion pipelines being placed.
- Public Facilities Construction fund is allowing for a claims payable in the amount of \$10.6 million due to the loss of a court appeal related to Beach Parking Impact fees.

A summary of the revenues by source for the governmental funds is as follows:

**Revenues by Source – Governmental Funds
Fiscal Year 2015**



<u>Function</u>	<u>2015</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>	<u>2014</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>
Property Taxes	\$ 27.6	47 %	\$ 25.9	43 %
Other Taxes	13.6	23 %	12.9	21 %
Permits & Fees	1.8	3 %	1.5	2 %
Fines & Forfeitures	0.7	1 %	0.7	1 %
Investment & Rentals	2.3	4 %	2.8	5 %
Intergovernmental	4.6	7 %	4.1	7 %
Charges for Services	7.4	12 %	5.7	9 %
Other	<u>1.3</u>	<u>2 %</u>	<u>7.1</u>	<u>12 %</u>
	<u>\$ 59.1</u>	<u>100 %</u>	<u>\$ 60.7</u>	<u>100 %</u>

Proprietary Funds

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

Unrestricted net position of the Water, Sewer and Golf operations at the end of the year amounted to \$18.9 million, \$17.5 million and (\$0.2) million, respectively. In total, unrestricted net position for all proprietary funds increased from the previous year. Approximately \$33.2 million of these unrestricted net position are set aside for infrastructure asset replacement. The total Enterprise Fund’s Net Position decreased from \$206.0 million to \$204.4 million or by 0.8%.

Last year’s change in net position was an increase of \$6.1 million and this year’s decrease was \$1.6 million. This decrease is a largely due to a restatement of net position at July 1, 2014 from \$204.9 million to \$201.5 million as a result of a prior period adjustment reflecting the net pension liability from the implementation of GASB 68. Water service charges decreased from \$19.7 to \$18.9 million and sewer charges increased from \$10.2 to \$10.3 million. Total operating expenses increased from \$32.5 million to \$34.5 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund's fund balance was \$29.7 million. Unassigned fund balance represents \$4.7 million or 16% of the total fund balance. In total, the General Fund balance decreased by \$0.1 million over the prior year and represents 38% of all governmental fund balances.

The original budget for General Fund revenues was \$48.3 million. When this amount is compared to the final budgeted amount of \$50.2 million there was a \$1.9 million increase. The budget increase is due to increases in the taxes, license and permits, intergovernmental, and service charges categories. Increases for the licenses and permits and charges for services were related to a rebound in construction activity (development permits and charges) and the intergovernmental budget increase of \$469,728 for a grants to support the Local Coastal program update and water conservation efforts.

The actual fiscal year revenues were higher than the final budget amounts in taxes, permits and fees, charges for services, investment and rentals, and other revenues. Revenues were lower in fines and forfeits, intergovernmental. The largest budget variance for the General Fund was in taxes. Property taxes (\$1.8 million) exceeded expectations due to property values and sales taxes (\$0.1 million) exceeded expectations based on increased consumer spending during the year. Additional information on revenue variances are summarized below:

- Permits and fees were higher than budgeted based on building and electrical permit activity.
- Fines were lower as a result of police vacancies and a lower number of tickets issued.
- Investment income was higher than budget due to an upturn in the interest rate environment and higher cash balances.
- Intergovernmental revenue was lower due to timing of the Local Coastal program update.
- Charges for services increased due to construction inspection revenue, ambulance charges and recreation service charges.

The budgeted expenditures increased from the original \$56.4 million to final budget amount of \$58.9 million in the General Fund. Capital outlay and Beaches, Parks and Recreation had the largest changes. Capital outlay increased as additional funds were allocated to street and sidewalk projects. Beaches, Parks and Recreation increased due to budget increases in maintenance of beaches and parks.

Actual expenditures in the General Fund ended the year \$6.9 million lower than the final budget, \$5.5 million of this amount will be reappropriated in FY 2016 Budget to actual variances were notable in the following categories:

- Community development came in lower by \$0.7 million as a result of the timing of other contractual services.
- Police savings from budget were due to vacancies during the course of the year.
- Public Works, and Beaches, Parks and Recreation came in lower than anticipated due to delayed maintenance projects.
- Capital outlay was lower by \$3.6 million as a result of capital projects that will be started next fiscal year or completed next fiscal year. The largest of these projects is the Ole Hanson Beach Club renovation.

Other financing sources (uses) include transfers in of \$1.4 million and transfers out of \$1.9 million. A transfer in of \$0.4 million transfer from Developers Improvement fund to fund the Ole Hanson Beach Club project was the difference from the original to final budget difference. Transfers out did not have any significant changes from the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$371.9 million (net of accumulated depreciation) as compared to the June 30, 2014 total of \$356.1 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The net increase in the City's net investment in capital assets for the current fiscal year was \$15.8 million, with a \$17.3 million increase in governmental activities and a \$1.5 million decrease in business-type activities.

Major capital improvements during the fiscal year included street projects for the governmental type activities and the recycled water expansion capital projects for business type activities. Governmental activities infrastructure amounts capitalized totaled \$25.8 million consisting of \$20.1 million of streets, sidewalks, bridges and traffic signals related to the West Avenida Hermosa Bridge project and \$4.1 million for trails related to Marblehead project. The business type activities largest increase was \$28.3 million in water lines and utility assets, which was offset by a \$31.1 million capitalization of construction in progress.

Depreciation expense during the fiscal year was \$8.0 million for governmental activities and \$4.6 million for business-type activities as compared to \$8.0 million and \$4.6 million respectively in the previous fiscal year. There were no significant changes from depreciation amounts.

Further information can be found related to the Capital Assets in Note 5 of the Notes to the Financial Statements.

City of San Clemente
Capital Assets
(Net of Depreciation, in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 37.2	\$ 37.2	\$ 4.1	\$ 4.1	\$ 41.3	\$ 41.3
Infrastructure	108.5	89.2	76.4	61.6	184.9	150.8
Buildings & Improvements	50.1	51.8	81.7	72.6	131.8	124.4
Equipment	2.6	3.1	3.0	0.5	5.6	3.6
Construction-in- progress	<u>4.5</u>	<u>4.3</u>	<u>3.8</u>	<u>31.7</u>	<u>8.3</u>	<u>36.0</u>
Totals	<u>\$ 202.9</u>	<u>\$ 185.6</u>	<u>\$ 169.0</u>	<u>\$ 170.5</u>	<u>\$ 371.9</u>	<u>\$ 356.1</u>

Long-term Liabilities. At the end of the current fiscal year, the City's governmental activities had total bonded debt of \$1.34 million outstanding and \$57,272 of capitalized lease obligations. A principal payment of \$115,000 was made against the Certificates of Participation Bonds during the current fiscal year. Business-type activities incurred a \$14.5 million dollar loan through the State of California related to the construction and expansion of recycled water treatment facilities.

Further information on the Long Term Liabilities can be found in the Notes to the Financial Statements, Long Term Liabilities (Note 7).

	Outstanding Debt (in millions)			
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>	Business-type Activities <u>2015</u>	Business-type Activities <u>2014</u>
Certificates of Participation	\$ 1.3	\$ 1.5	\$ -	\$ -
State Revolving Fund Loan	-	-	14.5	10.6
Capitalized Lease	<u>0.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1.4</u>	<u>\$ 1.6</u>	<u>\$ 14.5</u>	<u>\$ 10.6</u>

SIGNIFICANT MATTERS

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action created a Successor Agency Trust fund that continues to pay the enforceable obligations that existed at the time of dissolution. In addition during FY 2015, the City of San Clemente lost a court decision and an appeal to the Appellate Court related to Beach Parking Impact Fees. The Superior Court has declined to hear an additional appeal. Based on this decision the City is required to refund approximately \$10.6 million of collected fees and interest held in the Public Facilities Construction Capital Project Fund to property owners. The City has accrued an estimated amount at June 30, 2015 as a liability based on the court judgement pending the refund.

Further information can be found in the Notes to the Financial Statements, Note 13.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Assistant City Manager, 100 Avenida Presidio, San Clemente, CA 92672.



CITY OF SAN CLEMENTE

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 89,391,404	\$ 37,072,552	\$ 126,463,956
Taxes receivable	2,345,518	-	2,345,518
Accounts receivable	930,166	8,046,099	8,976,265
Interest receivable	152,828	80,812	233,640
Due from other governments	905,475	314,722	1,220,197
Internal balances	1,558,302	(1,558,302)	-
Inventories	-	348,575	348,575
Prepaid items	30,710	-	30,710
Loans receivable	11,829,440	-	11,829,440
Restricted cash and investments	333,880	10,982,556	11,316,436
Capital assets, non-depreciable	41,652,884	7,854,019	49,506,903
Capital assets, net of accumulated depreciation	161,222,640	161,150,460	322,373,100
Total Assets	310,353,247	224,291,493	534,644,740
Deferred Outflows of Resources:			
Pension deferral	2,820,766	676,590	3,497,356
<u>LIABILITIES</u>			
Accounts payable	3,743,976	2,705,074	6,449,050
Accrued wages	533,494	79,101	612,595
Accrued liability	10,566,000	-	10,566,000
Unearned revenue	507,551	-	507,551
Deposits payable	2,313,993	249,626	2,563,619
Net pension liability	19,315,593	3,638,028	22,953,621
Non-current liabilities:			
Due within one year	2,637,327	741,989	3,379,316
Due in more than one year:	5,248,238	14,367,018	19,615,256
Total Liabilities	44,866,172	21,780,836	66,647,008
Deferred Inflows of Resources:			
Pension deferral	3,206,369	-	3,206,369
<u>NET POSITION</u>			
Net investment in capital assets	201,478,252	154,510,084	355,988,336
Restricted for:			
Public facilities construction	10,435,172	9,832,327	20,267,499
Local drainage facilities	4,782,491	-	4,782,491
Streets/roadway/traffic	17,445,382	-	17,445,382
Affordable housing	10,326,059	-	10,326,059
Other capital	909,270	-	909,270
Other purposes	1,003,504	900,603	1,904,107
Unrestricted	18,721,342	37,944,233	56,665,575
Total Net Position	\$ 265,101,472	\$ 203,187,247	\$ 468,288,719

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,368,117	\$ 750,760	\$ 156,005	\$ -
Police	12,743,914	772,733	111,924	-
Fire	8,148,750	1,096,348	6,987	-
Public works	10,529,453	1,714,658	2,121,118	14,826,775
Community development	16,481,854	2,589,286	938,573	506,859
Beaches, parks & recreation	14,026,927	3,446,630	20,878	4,193,626
Interest and fiscal charges	127,508	-	-	-
Total governmental activities	68,426,523	10,370,415	3,355,485	19,527,260
Business-type activities:				
Water	19,582,215	20,564,951	-	19,817
Sewer	11,379,835	10,308,250	-	767,326
Golf	2,123,894	2,319,582	-	-
Clean Ocean	1,728,453	2,591,126	-	-
Solid Waste	197,959	173,967	-	-
Total business-type activities	35,012,356	35,957,876	-	787,143
Total	\$ 103,438,879	\$ 46,328,291	\$ 3,355,485	\$ 20,314,403

General Revenue

Taxes:

Property taxes

Sales taxes

Sales taxes - in lieu

Transient occupancy taxes

Franchise taxes

Other taxes

Investment earnings

Miscellaneous

Transfers

Total General Revenue and Transfers

Change in Net Position

Net Position - Beginning of Year, as restated

Net Position - End of Year

See Accompanying Notes to the Financial Statements.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,461,352)	\$ -	\$ (5,461,352)
(11,859,257)	-	(11,859,257)
(7,045,415)	-	(7,045,415)
8,133,098	-	8,133,098
(12,447,136)	-	(12,447,136)
(6,365,793)	-	(6,365,793)
(127,508)	-	(127,508)
<u>(35,173,363)</u>	<u>-</u>	<u>(35,173,363)</u>
-	1,002,553	1,002,553
-	(304,259)	(304,259)
-	195,688	195,688
-	862,673	862,673
-	(23,992)	(23,992)
<u>-</u>	<u>1,732,663</u>	<u>1,732,663</u>
<u>(35,173,363)</u>	<u>1,732,663</u>	<u>(33,440,700)</u>
27,574,540	-	27,574,540
6,161,540	-	6,161,540
2,108,680	-	2,108,680
2,220,437	-	2,220,437
2,402,021	-	2,402,021
1,109,944	-	1,109,944
1,019,290	289,571	1,308,861
156,497	-	156,497
346,834	(346,834)	-
<u>43,099,783</u>	<u>(57,263)</u>	<u>43,042,520</u>
7,926,420	1,675,400	9,601,820
<u>257,175,052</u>	<u>201,511,847</u>	<u>458,686,899</u>
<u>\$ 265,101,472</u>	<u>\$ 203,187,247</u>	<u>\$ 468,288,719</u>

CITY OF SAN CLEMENTE
Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Project Public Facilities Construction
<u>ASSETS</u>		
Cash and investments	\$ 30,365,100	\$ 17,761,279
Taxes receivable	2,345,281	-
Accounts receivable	554,191	-
Interest receivable	52,031	30,439
Due from other funds	57,640	-
Due from other governments	526,212	-
Prepaid items	18,900	-
Loans receivable	1,896,186	-
Restricted cash and investments with fiscal agent	-	-
Total assets	<u>\$ 35,815,541</u>	<u>\$ 17,791,718</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 2,530,185	\$ -
Accrued wages	247,069	-
Unearned revenue	474,117	-
Deposits payable	2,099,343	-
Due to other funds	-	-
Accrued liability	-	10,566,000
Total liabilities	<u>5,350,714</u>	<u>10,566,000</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	779,873	-
Unavailable revenue - grants	-	-
Total deferred inflows of resources	<u>779,873</u>	<u>-</u>
<u>FUND BALANCES</u>		
Nonspendable	1,915,086	-
Restricted	-	7,225,718
Committed	19,081,173	-
Assigned	4,015,657	-
Unassigned	4,673,038	-
Total fund balance	<u>29,684,954</u>	<u>7,225,718</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,815,541</u>	<u>\$ 17,791,718</u>

See Accompanying Notes to the Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 32,479,233	\$ 80,605,612
237	2,345,518
327,029	881,220
55,898	138,368
-	57,640
379,263	905,475
-	18,900
9,933,254	11,829,440
333,880	333,880
<u>\$ 43,508,794</u>	<u>\$ 97,116,053</u>

\$ 769,443	\$ 3,299,628
1,905	248,974
33,434	507,551
214,650	2,313,993
57,640	57,640
-	10,566,000
<u>1,077,072</u>	<u>16,993,786</u>

244,858	1,024,731
180,000	180,000
<u>424,858</u>	<u>1,204,731</u>

9,933,254	11,848,340
27,719,494	34,945,212
48,563	19,129,736
4,337,695	8,353,352
(32,142)	4,640,896
<u>42,006,864</u>	<u>78,917,536</u>
<u>\$ 43,508,794</u>	<u>\$ 97,116,053</u>

CITY OF SAN CLEMENTE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Fund balances for governmental funds	\$	78,917,536
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is net of the Internal Service Funds of \$2,253,116.

Governmental capital assets	288,492,183	
Less: accumulated depreciation	<u>(87,869,775)</u>	200,622,408

Long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the funds. The following is net of the Internal Service Funds compensated absences balance of \$190,356.

Certificates of participation	(1,340,000)	
Compensated absences	(1,456,252)	
Net pension liability	<u>(19,315,593)</u>	(22,111,845)

Effect of deferred inflows and outflows on the statement of net position:

Deferred inflows of resources - pension related	2,820,766	
Deferred outflows of resources - pension related	<u>(3,206,369)</u>	(385,603)

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net assets.

Capital assets, net of depreciation	2,253,116	
Long term liabilities, current and noncurrent portion	(5,089,313)	
Other internal service assets (liabilities)	<u>9,681,616</u>	6,845,419

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, on the accrual basis they are included as revenue in the government-wide statements.

1,204,731

Deferred charges represent costs that are prepayments in nature and are to be amortized over the period which the benefit is received.

Broker commission	141,259	
Less: amortization	<u>(132,433)</u>	<u>8,826</u>

Net position of governmental activities	\$	<u><u>265,101,472</u></u>
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See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Capital Project Public Facilities Construction
Revenues:		
Taxes	\$ 41,168,142	\$ -
Permits and fees	1,787,045	-
Fines and forfeits	673,346	-
Investment and rentals	1,956,785	106,875
Intergovernmental	513,931	-
Charges for services	6,112,514	-
Developers fees	-	347,710
Other	158,129	-
Total Revenues	<u>52,369,892</u>	<u>454,585</u>
Expenditures:		
Current:		
General government	5,435,390	-
Police	13,009,330	25,251
Fire	8,170,808	-
Public works	6,133,038	-
Community development	4,500,112	10,576,950
Beaches, parks and recreation	11,649,580	-
Capital outlay	3,096,447	15,167
Debt Service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>51,994,705</u>	<u>10,617,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>375,187</u>	<u>(10,162,783)</u>
Other Financing Sources (Uses):		
Transfers in	1,356,517	-
Transfers out	(1,880,543)	-
Total Other Financing Sources (Uses)	<u>(524,026)</u>	<u>-</u>
Net Change in Fund Balances	(148,839)	(10,162,783)
Fund Balances - Beginning of Year, as restated	<u>29,833,793</u>	<u>17,388,501</u>
Fund Balances - End of Year	<u>\$ 29,684,954</u>	<u>\$ 7,225,718</u>

See Accompanying Notes to the Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,279	\$ 41,169,421
-	1,787,045
-	673,346
203,543	2,267,203
4,081,921	4,595,852
1,272,287	7,384,801
572,881	920,591
188,395	346,524
<u>6,320,306</u>	<u>59,144,783</u>
681,604	6,116,994
105,259	13,139,840
-	8,170,808
268,344	6,401,382
1,250,006	16,327,068
8,940	11,658,520
5,839,468	8,951,082
115,000	115,000
123,678	123,678
<u>8,392,299</u>	<u>71,004,372</u>
<u>(2,071,993)</u>	<u>(11,859,589)</u>
1,235,267	2,591,784
(1,153,407)	(3,033,950)
<u>81,860</u>	<u>(442,166)</u>
(1,990,133)	(12,301,755)
<u>43,996,997</u>	<u>91,219,291</u>
<u>\$ 42,006,864</u>	<u>\$ 78,917,536</u>

CITY OF SAN CLEMENTE
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds: \$ (12,301,755)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, as listed below:

Capital outlay	8,951,082	
Donated capital assets	17,224,161	
Other maintenance activities included in capital outlay above	(589,096)	
Gain (loss) on capital assets	(563,578)	
Depreciation expense (net of Internal Service Funds of \$698,263)	<u>(7,350,927)</u>	17,671,642

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The net revenue (expense) of internal service funds is reported with governmental activities. 286,441

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes the current financial resources of governmental funds.

Principal repayments	115,000	
Change in compensated absences liability (governmental)	178,754	
Change in accrued net pension liability	<u>2,037,215</u>	2,330,969

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. Those revenues are recognized on the accrual basis in the government-wide statements.

Prior year deferral	(1,237,353)	
Current year deferral	<u>1,204,728</u>	(32,625)

Some expenditures reported in the governmental funds provide benefits to future periods. This amount represents a commission that will be amortized over the future periods. (28,252)

Change in net position of governmental activities \$ 7,926,420

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE
Statement of Net Position
Proprietary Funds
June 30, 2015

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 19,336,047	\$ 14,247,996	\$ 757,700
Accounts receivable	2,292,783	5,231,896	28,241
Accrued interest	38,412	36,421	1,299
Due from other governments	313,577	1,145	-
Inventory, at cost	321,178	-	27,397
Prepays	-	-	-
Cash and investments - restricted	3,978,565	7,003,991	
Total Current Assets	<u>26,280,562</u>	<u>26,521,449</u>	<u>814,637</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,660,761	410,298	2,011
Water, sewer and storm lines	38,134,731	73,162,075	-
Utility assets	32,602,464	96,325,987	-
Buildings	205,662	234,370	6,423,954
Improvements other than buildings	-		3,266,622
Machinery and equipment	3,220,850	654,302	1,040,773
Construction in progress	214,537	3,566,412	-
Total Capital assets	<u>78,039,005</u>	<u>174,353,444</u>	<u>10,733,360</u>
Less accumulated depreciation	<u>(22,512,910)</u>	<u>(67,619,632)</u>	<u>(3,988,788)</u>
Net Capital Assets	55,526,095	106,733,812	6,744,572
Advances from other funds	-	-	-
Total Noncurrent Assets	<u>55,526,095</u>	<u>106,733,812</u>	<u>6,744,572</u>
Total Assets	<u>81,806,657</u>	<u>133,255,261</u>	<u>7,559,209</u>
Deferred Outflows of Resources:			
Pension deferral	<u>325,247</u>	<u>251,783</u>	<u>99,560</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds			
Nonmajor	Totals		Internal Service
\$ 2,730,809	\$ 37,072,552	\$ 8,785,792	
493,179	8,046,099	48,946	
4,680	80,812	14,460	
-	314,722	-	
-	348,575	-	
-	-	2,984	
	10,982,556	-	
<u>3,228,668</u>	<u>56,845,316</u>	<u>8,852,182</u>	
-	4,073,070	-	
-	111,296,806	-	
-	128,928,451	-	
-	6,863,986	443,134	
-	3,266,622	411,227	
54,741	4,970,666	6,266,401	
-	3,780,949	9,459	
<u>54,741</u>	<u>263,180,550</u>	<u>7,130,221</u>	
<u>(54,741)</u>	<u>(94,176,071)</u>	<u>(4,877,105)</u>	
-	169,004,479	2,253,116	
-	-	308,939	
<u>-</u>	<u>169,004,479</u>	<u>2,562,055</u>	
<u>3,228,668</u>	<u>225,849,795</u>	<u>11,414,237</u>	
-	676,590	-	

(Continued)

CITY OF SAN CLEMENTE
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2015

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 1,778,532	\$ 761,812	\$ 48,295
Accrued wages	34,316	26,269	11,192
Compensated absences payable	35,695	28,887	41,248
Loan payable	631,358	-	-
Capital lease obligation	-	-	-
Claims and judgements payable	-	-	-
Deposits payable - restricted assets	249,626	-	-
Total Current Liabilities	<u>2,729,527</u>	<u>816,968</u>	<u>100,735</u>
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
OPEB obligation	-	-	-
Compensated absences payable	162,608	131,594	187,908
Claims and judgments payable	-	-	-
Loan payable	13,863,037	-	-
Advances from other funds	-	-	308,939
Net pension liability	1,751,143	1,350,511	536,374
Total Noncurrent Liabilities	<u>15,776,788</u>	<u>1,482,105</u>	<u>1,033,221</u>
Total Liabilities	<u>18,506,315</u>	<u>2,299,073</u>	<u>1,133,956</u>
<u>NET POSITION</u>			
Net investment in capital assets	41,031,700	106,733,812	6,744,572
Restricted for debt service	900,603	-	-
Restricted for capital projects	2,828,336	7,003,991	-
Unrestricted	18,864,950	17,470,168	(219,759)
Total Net Position	<u>\$ 63,625,589</u>	<u>\$ 131,207,971</u>	<u>\$ 6,524,813</u>

Adjustment to reflect the consolidation of internal
service fund activities to related enterprise funds

Net position of business-type activities

See Accompanying Notes to the Financial Statements.

Enterprise Funds			
Nonmajor	Totals		Internal Service
\$ 116,435	\$ 2,705,074		\$ 444,348
7,324	79,101		284,520
4,801	110,631		34,264
-	631,358		-
-	-		39,569
-	-		2,176,369
-	249,626		-
<u>128,560</u>	<u>3,775,790</u>		<u>2,979,070</u>
-	-		17,703
-	-		839,409
21,871	503,981		156,092
-	-		1,825,907
-	13,863,037		-
-	308,939		-
-	3,638,028		-
<u>21,871</u>	<u>18,313,985</u>		<u>2,839,111</u>
<u>150,431</u>	<u>22,089,775</u>		<u>5,818,181</u>
-	154,510,084		2,195,844
-	900,603		-
-	9,832,327		-
<u>3,078,237</u>	<u>39,193,596</u>		<u>3,400,212</u>
<u>\$ 3,078,237</u>	204,436,610		<u>\$ 5,596,056</u>
	<u>(1,249,363)</u>		
	<u>\$ 203,187,247</u>		

(Concluded)

CITY OF SAN CLEMENTE
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 18,856,128	\$ 10,292,602	\$ 1,880,529
Concessions	-	-	438,917
Other	1,708,823	15,648	136
Total Operating Revenues	<u>20,564,951</u>	<u>10,308,250</u>	<u>2,319,582</u>
Operating Expenses:			
Salaries and benefits	2,634,361	2,249,385	812,658
Cost of purchased water	8,989,865	-	-
Cost of materials and supplies	239,825	432,845	134,455
Depreciation	1,068,875	3,168,724	344,556
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	6,308,165	5,372,058	791,441
Total Operating Expenses	<u>19,241,091</u>	<u>11,223,012</u>	<u>2,083,110</u>
Operating Income (Loss)	<u>1,323,860</u>	<u>(914,762)</u>	<u>236,472</u>
Non-Operating Revenues (Expenses):			
Investment income	142,420	125,232	5,094
Interest and fiscal charges	(124,395)	-	(9,178)
Gain (Loss) on sale of capital assets	(6,649)	-	-
Total Non-Operating Revenues (Expenses)	<u>11,376</u>	<u>125,232</u>	<u>(4,084)</u>
Income (Loss) Before Operating Transfers and Capital Contributions	<u>1,335,236</u>	<u>(789,530)</u>	<u>232,388</u>
Capital contributions	19,817	767,326	-
Total Capital Contributions	<u>19,817</u>	<u>767,326</u>	<u>-</u>
Transfers in	972,191	722,208	-
Transfers out	(400,629)	(1,267,786)	-
Total Transfers	<u>571,562</u>	<u>(545,578)</u>	<u>-</u>
Change in Net Assets	1,926,615	(567,782)	232,388
Net Position - Beginning of Year, as restated	<u>61,698,974</u>	<u>131,775,753</u>	<u>6,292,425</u>
Net Position - End of Year	<u>\$ 63,625,589</u>	<u>\$ 131,207,971</u>	<u>\$ 6,524,813</u>

Adjustment to reflect the consolidation of internal
service fund activities to related enterprise funds
Change in net position of business-type activities

See Accompanying Notes to the Financial Statements.

Enterprise Funds			
Nonmajor	Totals		Internal Service
\$ 2,422,614	\$ 33,451,873	\$ 9,093,795	
-	438,917	-	
342,479	2,067,086	989,524	
<u>2,765,093</u>	<u>35,957,876</u>	<u>10,083,319</u>	
490,303	6,186,707	862,708	
-	8,989,865	-	
46,392	853,517	418,659	
-	4,582,155	698,263	
-	-	4,891,088	
-	-	1,818,168	
1,371,660	13,843,324	2,438,790	
<u>1,908,355</u>	<u>34,455,568</u>	<u>11,127,676</u>	
856,738	1,502,308	(1,044,357)	
16,825	289,571	50,641	
-	(133,573)	(3,830)	
-	(6,649)	78,421	
<u>16,825</u>	<u>149,349</u>	<u>125,232</u>	
873,563	1,651,657	(919,125)	
-	787,143	-	
-	787,143	-	
-	1,694,399	1,045,400	
(629,218)	(2,297,633)	-	
<u>(629,218)</u>	<u>(603,234)</u>	<u>1,045,400</u>	
244,345	1,835,566	126,275	
2,833,892		5,469,781	
<u>\$ 3,078,237</u>		<u>\$ 5,596,056</u>	
	(160,166)		
	<u>\$ 1,675,400</u>		

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers	\$ 20,442,485	\$ 7,093,069	\$ 1,888,708
Cash paid to other suppliers for goods or services	(15,148,078)	(6,552,707)	(921,248)
Cash payment to employees	(2,845,481)	(2,473,149)	(862,494)
Cash from rents and concessions	-	-	438,917
Cash from other operating revenues	1,708,823	15,648	136
Net Cash Provided by (Used for) Operating Activities	<u>4,157,749</u>	<u>(1,917,139)</u>	<u>544,019</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from other funds	31,551	722,208	-
Cash paid to other funds	(400,629)	(327,146)	(149,941)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(369,078)</u>	<u>395,062</u>	<u>(149,941)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions and grants	19,817	842,434	-
Purchase and construction of capital assets	(3,612,351)	(403,636)	(27,244)
Disposal of a capital asset	-	-	-
Cash proceeds from sale of capital assets	-	940,640	-
Payment on capital lease payable	-	-	-
Proceeds from capital loan	3,760,029	-	-
Interest and fiscal charges	(124,395)	-	(9,178)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>43,100</u>	<u>1,379,438</u>	<u>(36,422)</u>
Cash Flows from Investing Activities:			
Investment income received	<u>136,363</u>	<u>124,383</u>	<u>4,457</u>
Net Cash Provided by (Used for) Investing Activities	<u>136,363</u>	<u>124,383</u>	<u>4,457</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,968,134	(18,256)	362,113
Cash and Cash Equivalents at Beginning of Year	<u>19,346,478</u>	<u>21,270,243</u>	<u>395,587</u>
Cash and Cash Equivalents at End of Year	<u>\$ 23,314,612</u>	<u>\$ 21,251,987</u>	<u>\$ 757,700</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 2,400,081	\$ 31,824,343	\$ 10,115,152
(1,488,516)	(24,110,549)	(9,234,264)
(488,538)	(6,669,662)	(844,869)
-	438,917	-
342,479	2,067,086	-
<u>765,506</u>	<u>3,550,135</u>	<u>36,019</u>
-	753,759	1,195,341
(629,218)	(1,506,934)	-
<u>(629,218)</u>	<u>(753,175)</u>	<u>1,195,341</u>
-	862,251	-
-	(4,043,231)	(320,257)
59,048	59,048	-
-	940,640	104,753
-	-	(37,760)
-	3,760,029	-
-	(133,573)	(3,830)
<u>59,048</u>	<u>1,445,164</u>	<u>(257,094)</u>
<u>16,358</u>	<u>281,561</u>	<u>48,626</u>
<u>16,358</u>	<u>281,561</u>	<u>48,626</u>
211,694	4,523,685	1,022,892
<u>2,519,115</u>	<u>43,531,423</u>	<u>7,762,900</u>
<u>\$ 2,730,809</u>	<u>\$ 48,055,108</u>	<u>\$ 8,785,792</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2015

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 1,323,860	\$ (914,762)	\$ 236,472
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,068,875	3,168,724	344,556
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	1,586,357	(3,199,533)	8,179
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(37,424)	-	(1,133)
Increase (decrease) in accounts payable	410,579	(747,804)	5,781
Increase (decrease) in accrued wages	2,155	(11,391)	1,763
Increase (decrease) in deposits payable	16,622	-	-
Increase (decrease) in pension obligations	(215,011)	(166,852)	(65,789)
Increase (decrease) in compensated absences	1,736	(45,521)	14,190
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	2,833,889	(1,002,377)	307,547
Net Cash Provided by (Used for) Operating Activities	\$ 4,157,749	\$ (1,917,139)	\$ 544,019
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 9,803	\$ 6,718	\$ 559
Borrowing under capital lease	-	-	-

See Accompanying Notes to the Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 856,738	\$ 1,502,308	\$ (1,044,357)
-	4,582,155	698,263
(22,533)	(1,627,530)	(21,350)
-	-	-
-	(38,557)	-
(70,464)	(401,908)	(137,884)
1,898	(5,575)	42,813
-	16,622	-
-	(447,652)	102,000
(133)	(29,728)	14,260
-	-	382,274
(91,232)	2,047,827	1,080,376
\$ 765,506	\$ 3,550,135	\$ 36,019

\$ 1,052	\$ 18,132	\$ 3,553
-	-	6,939

(Concluded)

CITY OF SAN CLEMENTE
Statement of Net Position
Fiduciary Funds
June 30, 2015

	Pension Trust	RDA Successor Agency Trust
Assets:		
Cash and investments	\$ -	\$ 161,999
Taxes receivable	-	-
Accounts receivable	-	175
Accrued interest receivable	-	276
Loan receivable	-	107,097
Restricted cash and investments	-	-
Restricted cash and investments with fiscal agents	-	-
Investments, at fair value:		
Group annuity contract	3,873,110	-
PIMCO Total Return Bond mutual fund	3,882,255	-
U.S. Government Treasury Inflation Bond mutual fund	580,966	-
Dodge & Cox International mutual fund	2,904,832	-
PIMCO All Asset Authority mutual fund	968,277	-
Russell 1000 Index mutual fund	6,196,976	-
Russell 2000 Index mutual fund	968,277	-
Total Assets	19,374,693	269,547
Liabilities:		
Accounts payable	-	237
Accrued wages	-	-
Deposits payable	-	-
Loan from the City of San Clemente	-	1,896,186
Payable to bondholders	-	-
Total Liabilities	-	1,896,423
Total Net Position:		
Held in trust for pension benefits and for other purposes	\$ 19,374,693	\$ (1,626,876)

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	Pension Trust Fund	Private-purpose Trust Fund
Additions:		
Contributions:		
Employer pension contributions	\$ 994,905	\$ -
Employee pension contributions	31,997	-
Redevelopment Agency Property Tax	-	242,290
Total Contributions	1,026,902	242,290
Investment Income:		
Net appreciation (depreciation) in fair value of investments	472,772	-
Interest income	-	248
Investment expenses	(60,879)	-
Total Investment Income (Loss)	411,893	248
Total Additions	1,438,795	242,538
Deductions:		
Benefit payments	1,606,271	-
Program expenses	-	110,061
Administrative expenses	-	-
Other expenses	51,933	4,562
Total Deductions	1,658,204	114,623
Change in net position	(219,409)	127,915
Net position - Beginning of Year	19,594,102	(1,754,791)
Net position - End of Year	\$ 19,374,693	\$ (1,626,876)

See Accompanying Notes to the Financial Statements.

Notes to the Financial Statements

CITY OF SAN CLEMENTE
Notes to the Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity:

The City of San Clemente (the “City”) was incorporated in February of 1928 under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, beaches, parks and recreation, public improvements, planning and zoning, golf, utilities (water, sewer, storm drain and urban runoff) and general administrative services. The financial statements of the City of San Clemente have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities 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 either 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 if an organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City’s financial statements to be misleading or incomplete.

The City financial statements include the financial activities of the City, the former San Clemente Redevelopment Agency (the “Successor Agency”) and the San Clemente Public Financing Authority (“PFA”). The City has accounted for the Successor Agency and the PFA as “blended” component units. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and so data from these units are reported with the interfund data of the City. The accounting policies of the City, the Successor Agency and the PFA conform to generally accepted accounting principles applicable to governments.

The Redevelopment Agency was established in January 1975 pursuant to the State of California Health and Safety Code, Section 33000 entitled “Community Redevelopment Law”. Its purpose was to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational and public facilities. All redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency were transferred to the Successor Agency and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City until the obligations of the former redevelopment agency are paid in full.

The PFA was created in May 2007 pursuant to the State of California Government Code, Section 6500. The City and the Agency are member agencies. The Agreement provides for the PFA to jointly exercise the powers to provide for the financing or refinance of public capital improvements of the City, Agency or other local agencies through the acquisition and or purchase by the Authority of Local Obligations. The PFA has the power to acquire and to finance and refinance the acquisition of public capital improvements necessary or convenient for the operation of the City or the Agency, including the issuance of Revenue Bonds. The PFA is reported as an Agency fund since proceeds were used to refund a conduit debt, which are not obligations of the City. Separate financial statements for the PFA may be obtained from the City.

The City of San Clemente and the City of Dana Point are members of the Coastal Animal Services Authority. For more information on this Joint Exercise of Powers Agreement see Note 13 C.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

B. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of presentation – government-wide financial statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements and eliminations have been made to minimize the double counting of internal activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 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.

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.

Net position, which is equity, is reported in the following categories: net investment in capital assets, which represents the City's equity interest in the capital assets; restricted, whose use is not subject to the City's own discretion; and, unrestricted, are the remaining assets. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

D. Basis of presentation – fund financial statements:

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.

Public Facilities Construction Capital Project Fund - This capital projects fund is used to account for developer fees collected to provide for future public facilities necessitated by new development and expenditures for the construction of beach parking facilities, public safety buildings or equipment and public facilities.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

The City reports the following major enterprise funds:

Water Utility Fund - The water utility fund is used to account for financial activity of the City's water utility. The costs of providing these services to the general public are financed or recovered primarily through user charges.

Sewer Utility Fund - The sewer utility fund is used to account for the financial activity of the City's sewer utility. The costs of providing these services to the general public are financed or recovered primarily through user charges.

Golf Course Fund - The golf course fund is used to account for the operation and maintenance of the City owned 18-hole golf course. The costs of providing these services to the general public are financed or recovered primarily through user charges. The City considers this a major fund.

Additionally, the City reports the following fund types:

Internal Service Funds - The internal service funds are used to finance and account for self-insurance, employee services, data processing, central services, and fleet service to other departments or agencies of the City, on a cost reimbursement basis.

Pension Trust Fund - The pension trust fund accounts for the activities of the City of San Clemente Employee Retirement Plan (CSCERP), which accumulates resources for pension benefit payments to qualified non-public safety city employees.

Private Purpose Trust Fund - The Successor Agency Trust fund holds assets and accumulates resources to pay former Redevelopment Agency enforceable obligations and administrative costs.

Agency Funds - The Agency funds are used to account for taxes received for special assessment debt for which the City is not obligated and monies that are held as part of a joint powers authority agreement.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statement, certain eliminations are made in the preparation of the government-wide financial statements. Balance between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated, so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfer in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. On an accrual basis, property taxes are recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements and donations are recognized as revenue once all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments and compensated absences, which are recorded when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension trust fund, and the private-purpose trust fund are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus and utilize the accrual basis of accounting for reporting assets and liabilities.

F. Implementation of New GASB Pronouncements

In FY 2015, the City adopted new accounting standard *GASB Statement No. 68 – Accounting and Reporting for Pensions (an amendment of GASB Statement No. 27)* to conform with Governmental Accounting Standards Board Statements. It is designed to improve the decision-usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments. Statement No. 68 is effective for periods beginning after June 15, 2014.

G. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance:

a) Cash and investments:

The City pools cash and investments of all funds, except for assets held by fiscal agents. Cash is considered to be cash on hand and demand deposits. Investments are reported in the accompanying balance sheet at fair value. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income and interest earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

For the purpose of the Statement of Cash Flows, all pooled cash and investments are considered cash equivalents, as the deposits can be accessed at any time. The City invests a substantial amount of its portfolio in the California Local Agency Investment Fund, which can be converted to cash within 24 hours notice.

b) Inventories and prepaids:

Inventories are valued at the lower of cost or market on a first-in, first-out basis. Inventory in the enterprise funds consists of expendable supplies held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c) Capital assets:

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets subject to lease obligations are valued at the present value of future lease payments at the inception of the lease. The City utilizes a capitalization threshold of \$5,000 for property, plant, and equipment and \$25,000 for infrastructure assets.

Depreciation of all exhaustible capital assets used by the governmental and business-type activities is charged as an expense against their operations. Accumulated depreciation is reported on the statement of net position. Depreciation is based on the straight-line method over the following estimated useful lives:

Utility assets	10-60 years
Buildings	30-50 years
Improvements other than buildings	10-50 years
General equipment	10 years
Vehicles	3-25 years
Infrastructure	20-75 years
Intangibles	3-10 years

d) Compensated absences:

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation, sick time for eligible employees, and compensatory time at June 30, 2015 is recorded as a liability. Unpaid compensated absences in proprietary fund types are recorded as a liability in those funds as vested benefits accrue to the employees.

e) Pensions:

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting. In general, the City recognizes a net pension liability, which represents the City's share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial reports. The net pension liability is measured as of the measurement date.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of San Clemente's California Public Employees' Retirement System (CalPERS) plans and CSCERP Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

as they are reported by the plan administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

f) Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

g) Net position flow assumption:

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

h) Fund balance flow assumptions:

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

i) Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of a change to the ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council has authorized the city manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Further information on the fund balance classifications are reported in Note 12.

H. Revenues and expenditures/expenses

1. Program Revenues:

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes:

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they are available to finance current operations.

The County of Orange is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than two percent per year. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

3. Proprietary funds operating and nonoperating revenues and expenses:

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations.

4. Claims and Judgments:

When it is probable that a claim liability has been incurred, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. Claims payable, which includes an estimate for "incurred but not reported claims" ("IBNR"), are recorded in an internal service fund.

5. Use of Estimates:

The preparation of basic financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could be different from those estimates.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting:

The City adopts budgets for the governmental funds on an annual basis substantially consistent with generally accepted accounting principles. Budgeted amounts reported are as originally adopted and as further amended by the City Council. The general fund, special revenue funds, and capital project funds have legally adopted budgets as well as the Negocio Building debt service fund. The capital project funds adopt project length budgets. The City made supplemental budgetary appropriations during the fiscal year of \$7.1 million.

B. Excess of Expenditures Over Appropriations:

The Public Facilities Construction Capital Project Fund expenditures exceeded appropriations by \$10,554,658 as a result of the accrual of a liability related to the refund of developer impact fees collected in the prior fiscal years.

3. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of position:

Cash and investments	\$ 126,463,956
Cash and investments – restricted	11,316,436
Fiduciary funds:	
Cash and investments	161,999
Cash and investments – restricted	591,702
Cash and investments held by bond trustee	2,630,504
Pension trust investments	<u>19,374,693</u>
Total cash and investments	<u>\$ 160,539,290</u>

Cash and investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 4,650
Deposits with financial institutions	1,848,893
Investments held by City and bond trustee	139,311,054
Pension trust investments	<u>19,374,693</u>
Total cash and investments	<u>\$ 160,539,290</u>

Authorized Investments under California Government Code and the City Investment Policy:

The following table identifies investment types authorized for the City by the California Government Code (or the City's investment policy, where it is more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where it is more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio*</u>	<u>Maximum % in One Issuer</u>
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities:	5 years	75%	30%
Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corp. (FHLMC), Federal National Mortgage Assoc. (FNMA)			
Banker's Acceptances	180 days	30%	None
Medium-Term Notes	5 years	20%	3%
Money Market Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	50%	\$ 50 Million
Commercial Paper	270 days	15%	5%
Repurchase Agreements	1 year	30%	10%
Insured Certificates of Deposit	5 years	30%	10%
Demand Deposits	N/A	30%	10%

* Excludes amounts held by bond trustee not subject to California Government Code restrictions.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

The previous table does not address investments of debt proceeds held by bond trustee which are governed by debt agreements provisions rather than California Government Code or the City's investment policy.

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of California Government Code or the City's investment policy. The following table identifies investment types 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>
Repurchase Agreements	1 year	None	30%
Money Market Mutual Funds	N/A	15%	None
Investment Contracts	30 years	None	None
LAIF	N/A	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 way 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 to provide the cash flow and liquidity needed for operations based on historical trends. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) 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 Amount</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>
U.S. Treasury securities	\$ 24,172,465	\$ 13,044,094	\$ 6,317,777	\$ 4,810,594
Federal Agency securities:				
Federal Farm Credit Bank	15,137,042	4,683,202	3,478,877	6,974,963
Federal Home Loan Bank	14,330,894	2,397,954	5,458,699	6,474,241
Federal Home Loan Mortgage Corp.	11,664,971	1,962,967	4,354,476	5,347,528
Federal National Mortgage Assoc.	18,034,798	6,787,834	2,417,333	8,829,631
LAIF	39,344,105	39,344,105	-	-
Medium Term Note	12,624,887	4,650,885	3,567,022	4,406,980
Money market funds	1,037,507	1,037,507	-	-
Held by bond trustee:				
Money market funds	2,180,190	2,180,190	-	-
U.S. Treasury securities*	-	-	-	-
LAIF	333,875	333,875	-	-
Total	<u>\$ 138,860,734</u>	<u>\$ 76,422,613</u>	<u>\$ 25,594,184</u>	<u>\$ 36,843,937</u>

*Final maturity is 05/15/2019

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. The following presentation is the minimum rating allowed by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual ratings as of year end for each investment type as determined by Standard and Poor's.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Investment Type	Amount	Minimum	Exempt From	Ratings as of Year End		
		Rating	Rating	AAA	AA	A
U.S. Treasury securities	\$ 24,172,465	N/A	\$ 24,172,465	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	15,137,042	N/A	-	-	15,137,042	-
FHLB	14,330,894	N/A	-	-	14,330,894	-
FHLMC	11,664,971	N/A	-	-	11,664,971	-
FNMA	18,034,798	N/A	-	-	18,034,798	-
LAIF	39,344,105	N/A	39,344,105	-	-	-
Medium Term Notes	12,624,887	A	-	-	7,324,449	5,300,439
Money market funds	1,037,507	AAA	-	1,037,507	-	-
Held by Bond trustee:						
Money market funds	2,180,190	N/A	-	2,180,190	-	-
U.S. Treasury securities	450,320	N/A	450,320	-	-	-
Local agency investment fund	333,875	N/A	333,875	-	-	-
	<u>\$ 139,311,054</u>		<u>\$ 64,300,765</u>	<u>\$ 3,217,697</u>	<u>\$ 66,492,154</u>	<u>\$ 5,300,439</u>

Concentration of Credit Risk:

The City's investment policy contains limitations on the amount that can be invested in any one issuer beyond limitations stipulated by the California Government Code. Investments in any one issuer (excluding U.S. Treasuries) that represent 5% or more of total City's investments are as follows:

Issuer	Investment Type	Reported Amount	% of City Investments
Federal Home Loan Mortgage Corp	Federal agency securities	\$ 11,664,971	8%
Federal National Mortgage Assoc.	Federal agency securities	18,034,798	13%
Federal Home Loan Bank	Federal agency securities	14,330,894	10%
Federal Farm Credit Bank	Federal agency securities	15,137,042	11%

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, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes with a value of 150% of secured public deposits. GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$1,361,101 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

As of June 30, 2015, City investments in the following investment types were held by the safekeeping department of Bank of the West and the City uses other broker-dealers to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury securities	\$ 24,172,465
Federal agency securities:	
Federal Farm Credit Bank	15,137,042
Federal Home Loan Bank	14,330,894
Federal Home Loan Mortgage Corp	11,664,971
Federal National Mortgage Association	18,034,798
Medium Term Notes	12,624,887

Investment in State Investment Pool:

The City is a voluntary participant in the LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investment with LAIF at June 30, 2015, includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities are generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2015, the City had \$39,344,105 invested in LAIF and \$333,875 held by a Bond Trustee invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset Backed Securities. The LAIF fair value factor of 1.000375979 was used to calculate the fair value of LAIF investments.

Pension Trust Fund Investments:

The City of San Clemente Employees' Retirement Plan (CSCERP) pension trust investments are not covered by the City's Investment Policy. Investments consist of equities, fixed income, and an annuity contract. Specific guidelines for the funds are detailed in the prospectus, or declaration of Trust for each individual fund. Investment values are reported at fair value, which is based on the quoted market prices. Specifically identifiable investments are recorded by the Trustee in its records. All investments are either held by the counterparty or the counterparty's trust department or agent, but not in the City's or CSCERP's name directly.

The pension plan's investment policy is established and can be modified by the City. The target asset allocation of the investment portfolio is a 32% to large capitalization equities, 5% to small capitalization equities, 15% to international equities, 20% to Bonds, 3% to Treasury Inflation Protected securities, 5% to a hybrid all asset fund. An investment advisory firm is used to assist with the management and oversight of pension fund investments. The expected rate of return on these pension investments is 7.25%.

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 13.5%. The money-weighted prate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Pension investments held and the percentage of the pension investment portfolio at June 30, 2015 follows:

<u>Pension Trust Fund Investments</u>	<u>Fair value</u>	<u>% of Pension Portfolio</u>
<i>Equity Investments</i>		
Dodge & Cox International mutual fund	\$ 2,904,832	15%
Russell 1000 Index mutual fund	6,196,976	32%
Russell 2000 Index mutual fund	968,277	5%
<i>Fixed Income Investments</i>		
Group annuity contract	3,873,110	20%
PIMCO Total Return Bond mutual fund	3,882,255	20%
US Government Treasury Inflation Bond mutual fund	580,966	3%
<i>Hybrid Investments (equity and fixed income)</i>		
PIMCO All Asset Authority mutual fund	968,277	5%
Total pension trust investments (fair value)	<u>\$ 19,374,693</u>	<u>100%</u>

4. LOAN RECEIVABLES:

Loans receivable of \$11,829,440 consist of a loan receivable due from the Redevelopment Agency Successor Agency for \$1,896,186 and housing loans receivable of \$9,933,254. The \$1,896,186 loan receivable has been approved for payment by the State of California. In addition, there are \$9,933,254 of long term loans receivable made for affordable housing purpose which are comprised of multiple low or no interest loans given to various developers and individuals to finance multi-family and single family construction and rehabilitation projects.

5. CAPITAL ASSETS:

The City has reported all capital assets including infrastructure in the Government-wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation has been recorded.

A summary of changes in capital asset activity for governmental type activities for the year ended June 30, 2015 is presented in the following table.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

<u>Governmental activities</u>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, non-depreciable:				
Land	\$ 37,194,934	\$ -	\$ -	\$ 37,194,934
Construction in progress	4,323,590	9,951,636	(9,817,276)	4,457,950
Total capital assets, non-depreciable	<u>41,518,524</u>	<u>9,951,636</u>	<u>(9,817,276)</u>	<u>41,652,884</u>
Capital assets, depreciable:				
Buildings	27,555,490	512,144	(66,533)	28,001,101
Improvements other than buildings	52,073,625	818,268	(241,640)	52,650,253
General equipment	8,612,236	323,774	(456,109)	8,479,901
Infrastructure	143,638,819	24,124,798	(2,925,354)	164,838,263
Total capital assets, depreciable	<u>231,880,170</u>	<u>25,778,984</u>	<u>(3,689,636)</u>	<u>253,969,518</u>
Less accumulated depreciation:				
Buildings	(11,143,976)	(682,409)	66,531	(11,759,854)
Improvements other than buildings	(16,681,229)	(2,397,126)	241,638	(18,836,717)
General equipment	(5,532,267)	(782,792)	430,232	(5,884,827)
Infrastructure	(54,439,941)	(4,186,863)	2,361,324	(56,265,480)
Total accumulated depreciation	<u>(87,797,413)</u>	<u>(8,049,190)</u>	<u>3,099,725</u>	<u>(92,746,878)</u>
Net capital assets, depreciable	<u>144,082,757</u>	<u>17,729,794</u>	<u>(589,911)</u>	<u>161,222,640</u>
Capital assets - governmental	<u>\$ 185,601,281</u>	<u>\$ 27,681,430</u>	<u>\$ (10,407,187)</u>	<u>\$ 202,875,524</u>

During the year, the transfer to the City of former RDA capital assets received approval by the State of California Department of Finance through the Long Range Property Management Plan. The properties approved for transfer to the City are for public use and include the Casa Romantica Cultural Center and Gardens and two grassy parkway parcels that are located near the pier.

Construction in progress consists of various street improvement projects. Construction in progress capitalized during the year consisted of multiple street projects. In addition, infrastructure was accepted by the City as part of a new development. The developer contribution during the year ended June 30, 2015 included trails, bridges, streets and other infrastructure assets.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

A summary of property, plant and equipment at June 30, 2015 for the City's business-type activities is as follows:

<u>Business-type activities</u>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, non-depreciable:				
Land	\$ 4,073,070	\$ -	\$ -	\$ 4,073,070
Construction in progress	31,661,235	3,353,640	(31,233,926)	3,780,949
Total capital assets, non-depreciable	<u>35,734,305</u>	<u>3,353,640</u>	<u>(31,233,926)</u>	<u>7,854,019</u>
Capital Assets, Being Depreciated:				
Buildings	6,863,986	-	-	6,863,986
Water, sewer, storm lines	100,307,415	10,989,391	-	111,296,806
Utility assets	112,578,484	17,334,668	(984,701)	128,928,451
Improvements other than buildings	3,266,622	-	-	3,266,622
Machinery and equipment	2,353,402	2,649,060	(31,796)	4,970,666
Total capital assets, depreciable	<u>225,369,909</u>	<u>30,973,119</u>	<u>(1,016,497)</u>	<u>255,326,531</u>
Less Accumulated Depreciation For:				
Buildings	(1,356,025)	(147,168)	-	(1,503,193)
Water, sewer, storm lines	(33,938,122)	(1,477,693)	-	(35,415,815)
Utility assets	(50,938,932)	(2,579,671)	984,707	(52,533,896)
Improvements other than buildings	(2,563,394)	(251,894)	-	(2,815,288)
Machinery and equipment	(1,807,290)	(125,728)	25,139	(1,907,879)
Total accumulated depreciation	<u>(90,603,763)</u>	<u>(4,582,154)</u>	<u>1,009,846</u>	<u>(94,176,071)</u>
Net capital assets, depreciable	<u>134,766,147</u>	<u>26,390,965</u>	<u>(6,651)</u>	<u>161,150,460</u>
Capital assets, business-type	<u>\$ 170,500,452</u>	<u>\$ 29,744,605</u>	<u>\$ (31,240,577)</u>	<u>\$ 169,004,479</u>

Internal Service funds predominantly service the governmental funds, accordingly, their capital assets are included in the governmental type activity. Depreciation expense was charged to functions/programs of the primary government as follows:

Function/program:	<u>Governmental</u>	<u>Business-Type</u>
General government	\$ 12,253	\$ -
Police	7,846	-
Fire	227,035	-
Public works	4,048,054	-
Community development	205,379	-
Beaches, parks and recreation	2,850,360	-
Internal service	698,263	-
Water	-	1,068,874
Sewer	-	3,168,724
Golf	-	344,556
Total depreciation expense	<u>\$ 8,049,190</u>	<u>\$ 4,582,154</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

6. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

A. Interfund receivables and payables

The purpose of the interfund transactions is to make short-term and long-term interfund loans from the General Fund to various funds. These interfund loans are to provide for negative cash balances at year-end, operating cash flow and the consolidation of prior long-term loans. Due to/from amounts are short term financing, which are paid within one year, and the advances are for longer term financing.

Due to/from other funds:		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 57,640
Advances from/to other funds:		
<u>Advances to</u>	<u>Advances from</u>	<u>Amount</u>
RDA Successor Agency	General fund	\$ 1,896,186
Golf fund	Workers' Compensation fund	308,939
Total		<u>\$ 2,205,125</u>

On July 1, 2002, the Agency and the City entered into an agreement to advance to the Agency \$3,420,690 at a rate of 2.9% per annum. However, on February 1, 2012 the Redevelopment Agency was dissolved with a loan outstanding to the City. The current outstanding loan amount is \$1,896,186. This advance plus accrued interest will be paid to the City from future available property taxes.

The Golf Fund advance from the Workers' Compensation Self-Insurance Internal Service Fund of \$750,000 provided funds for construction costs of the Golf Course Clubhouse. This advance is being fully amortized over five years bearing an interest rate of 2%. The outstanding balance at June 30, 2015 is \$308,939. Interest and principal payments on the Workers' Compensation loan are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 152,940	\$ 6,179	\$ 159,119
2017	155,999	3,120	159,119
Totals	<u>\$ 308,939</u>	<u>\$ 9,299</u>	<u>\$ 318,238</u>

B. Interfund Transfers:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

	<u>Transfers Out</u>					<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Nonmajor Proprietary Funds</u>	
<u>Transfers In</u>						
General Fund	\$ -	\$1,133,407	\$ 25,000	\$ 25,000	\$ 173,110	\$1,356,517
Nonmajor						
Governmental Funds	1,058,893	-	115,629	60,745	-	1,235,267
Water Utility Fund	21,550	-	-	950,641	-	972,191
Sewer Utility Fund	31,100	-	235,000	-	456,108	722,208
Internal Service Funds	769,000	20,000	25,000	231,400	-	1,045,400
Total	<u>\$1,880,543</u>	<u>\$1,153,407</u>	<u>\$ 400,629</u>	<u>\$1,267,786</u>	<u>\$ 629,218</u>	<u>\$5,331,583</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

During the year ended June 30, 2015 General Fund transfers included significant contributions of \$756,290 to the Street Improvement Fund Special Revenue Fund to fund street rehabilitation and a one-time transfer of \$654,000 to the General Liability Fund to fund a settlement agreement. Significant transfers in the Enterprise funds include a transfer of \$950,641 from the Sewer Utility Fund to the Water Utility Fund related to recycled water assets utilized in water operations.

7. LONG TERM LIABILITIES:

A. Governmental:

1. Certificates of Participation:

On June 1, 1994, \$1,240,000 of Series A and \$2,555,000 of Series B Certificates of Participation were issued to provide financing for the acquisition of the Negocio Building Project. The Certificates evidence interests of the owners thereof in a portion of lease payments to be made by the City to the Agency for the use and occupancy of the building, which was leased by the City to the Redevelopment Agency then leased back by the Agency to the City. Interest on Series A and Series B certificates is payable semi-annually each June 1 and December 1 beginning December 1, 1994. Principal maturities on Series A and Series B certificates began June 1, 1994, and continue each June 1 through June 1, 2023 in amounts ranging from \$20,000 to \$85,000 and \$20,000 to \$220,000, respectively. Series A certificates bear interest ranging from 3.5% to 6.0% and Series B bear interest at 8.5%. On June 1, 2012, the tax-exempt, Series A, portion of the Certificates was redeemed in full during the current fiscal year, leaving only the taxable portion, Series B, outstanding. The amount outstanding at June 30, 2015 is \$1,340,000.

The City, under the provisions in the Lease-leaseback agreement, has guaranteed to make the lease payments from annual appropriations of monies from the Motor Vehicle Fee Account held by the State of California to which the City is entitled. The revenue is pledged until final maturity of the debt on June 1, 2023. The amount of the pledged revenue cannot currently be estimated. However, the City received Motor Vehicle Fee amounts of \$28,180 from the State of California directly and \$5,580,237 of property taxes in Lieu of the Motor Vehicle Fee through the County during the fiscal year. The debt service principal and interest payments totaled \$238,675 during Fiscal Year 2015. The Bond Reserve is fully funded at June 30, 2015.

2. Capitalized Lease Obligations:

Central Service Fund – Two lease purchase agreements exist for the leasing of office equipment. These have been capitalized at the original cost of \$184,898. The terms of the leases include 60 monthly payments which include interest. The last lease matures in June 2019. The monthly lease payments are \$1,720 and \$39,870. The lease payable amounts are recorded on the statement of net position with the amount applicable to governmental-type activities. The amount outstanding at June 30, 2015 is \$57,272.

3. Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. This liability will be paid in future years from future resources primarily from the general fund. The amount outstanding for governmental type compensated absences at June 30, 2015 is \$1,646,608.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Annual Amortization Requirements:

The annual requirements to amortize the Certificates of Participation and Capitalized Lease Obligations, as of June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Principal	Interest
2016	\$ 125,000	\$ 113,900	\$ 39,569	\$ 1,721
2017	135,000	103,275	14,532	478
2018	145,000	91,800	1,492	228
2019	160,000	79,475	1,679	91
2020	170,000	65,875	-	-
2021-2023	605,000	105,825	-	-
Totals	<u>\$ 1,340,000</u>	<u>\$ 560,150</u>	<u>\$ 57,272</u>	<u>\$ 2,518</u>

B. Business-type:

1. State Revolving Fund loan:

On June 17, 2013, the City of San Clemente entered into a loan agreement with the California State Water Resources Control Board under the Clean Water State Revolving Fund loan program for financing construction of the Recycled Water System Expansion Project. The Recycled Water System Expansion Project includes a reclamation plant expansion, a pump station, pipelines, and the conversion of a recycled water reservoir.

The City was approved for a loan amount of \$14,370,000, with an interest rate at 2.2% payable with the loan to be paid over a period of 20 years. Interest during the construction period was added to the principal amount of the loan. Principal and interest payments commence upon the project completion, which occurred in June 2015. The repayment of this loan is secured by the net revenues of the Water Fund with a revenue coverage level of 110% of the annual debt service and a reserve will be established equal to one year's debt service upon the construction completion date. The revenue pledged is the net revenues of the Water Utility Fund which totaled \$1.8 million for the year ended June 30, 2015. The total amount of the pledged revenue cannot currently be estimated over the life of the loan. The loan amount outstanding at June 30, 2015 is \$14,494,395.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2015 are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 631,358	\$ 269,244	\$ 900,602
2017	595,616	304,987	900,602
2018	608,719	291,883	900,602
2019	622,111	278,491	900,602
2020	635,797	264,805	900,602
2021-2025	3,395,058	1,107,955	4,503,012
2026-2030	3,785,311	717,701	4,503,012
2031-2035	4,220,424	282,588	4,503,012
Totals	<u>\$ 14,494,395</u>	<u>\$ 3,517,655</u>	<u>\$ 18,012,049</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Compensated Absences:

The City's policies relating to compensated absences are described in Note 1. The amount outstanding for business type compensated absences at June 30, 2015 is \$614,612, which are obligations of the following funds:

Water Utility Fund	\$ 198,303
Sewer Utility Fund	160,481
Golf Course Fund	229,156
Non-major Enterprise Funds	26,672

C. Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Certificates of participation	\$ 1,455,000	\$ -	\$ 115,000	\$ 1,340,000	\$ 125,000
Capital lease obligations	88,094	6,939	37,761	57,272	39,569
Compensated absences	1,811,102	646,686	811,180	1,646,608	296,389
Claims and judgments payable (Note 8)	3,620,002	543,385	161,111	4,002,276	2,176,369
Other post employment benefits (OPEB-Note 10)	737,409	158,105	56,105	839,409	-
Governmental Activities Long-term Liabilities	<u>\$ 7,711,607</u>	<u>\$ 1,355,115</u>	<u>\$ 1,181,157</u>	<u>\$ 7,885,565</u>	<u>\$ 2,637,327</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
State Revolving Fund loan	\$ 10,609,971	\$ 3,884,424	\$ -	\$ 14,494,395	\$ 631,358
Compensated absences	644,340	240,449	270,177	614,612	110,631
Business-type Activities Long-term Liabilities	<u>\$ 11,254,311</u>	<u>\$ 4,124,873</u>	<u>\$ 270,177</u>	<u>\$ 15,109,007</u>	<u>\$ 741,989</u>

8. INSURANCE:

A. Description of Self-Insurance Pool

The City is a member of the California Joint Powers Insurance Authority ("Authority"). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. Copies of the Authority financial report may be obtained from their office at 8081 Moody Street, La Palma, CA 90622.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure and experience relative to other members of the risk-sharing pool. Additional information on the cost allocation methodology is provided below.

General Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of costs allocated within the first and second loss layers.

For fiscal year 2014-15 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The Authority's reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million time \$2 million layer, (b) 50% quota share of the \$3 million times \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million times \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

Purchased Insurance

Pollution Legal Liability Insurance – The City participates in the pollution legal liability and remediation legal liability insurance available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance – The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. San Clemente's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$202,973,506. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance – The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. The City's property currently has earthquake protection in the amount of \$100,423,857. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Crime Insurance - The City purchases crime insurance coverage in the amount of \$3,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

C. Workers' Compensation

The City was self-insured for workers' compensation prior to fiscal year 1997. In fiscal year 1997, the City became fully insured through California's State Compensation Fund, and remained in that fund through fiscal year 2003. In fiscal year 2004, the City again became self-insured for workers' compensation with a self-insurance retention (SIR) level of \$300,000. Excess insurance coverage for claims above \$300,000 is provided through the CSAC Excess Insurance Authority. The City is fully reserved for self-insurance claims for the period prior to June 30, 1996 and for claims beginning in fiscal year 2004.

D. Adequacy of Protection

At June 30, 2015, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City. The following claims schedule includes workers' compensation and general liability claims for the past two fiscal years.

	Beginning Balance	Incurred and Changes in Estimates	Less Claim Payments	Ending Balance
2013-2014	\$ 3,693,068	732,993	(806,059)	3,620,002
2014-2015	3,620,002	543,385	(161,111)	4,002,276

For the past three years, covered claims have not exceeded the City's insurance coverage and there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. As any changes in the estimate are determined adjustments are recorded for the amount of the claim.

9. PENSION AND RETIREMENT BENEFITS:

A. PENSION PLANS:

The City of San Clemente has pension plans that are administered by CalPERS and a pension plan that is administered by Great West. The City has four distinct pension plans which are reported in the City's financial Statements. A list of the pension plans reported and the net pension liability is as follows:

CalPERS Miscellaneous Plan	\$ 3,594,496
CalPERS Marine Safety Plan	996,800
CalPERS Public Safety Plan	7,905,325
City of San Clemente Employees' Retirement Plan (CSCERP)	<u>10,457,000</u>
Net pension liability	<u>\$ 22,953,621</u>

1. CalPERS Pension Plan – Miscellaneous Employees

Plan Description – On June 9, 2014, the City of San Clemente transferred all active miscellaneous employees, along with their past service credit to the CalPERS Miscellaneous Plan. All qualified permanent and probationary miscellaneous employees are eligible to participate in the Miscellaneous Plans, which is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions and all other

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

requirements are established by State statute and City resolution. Under the terms of the contract between CalPERS and the City, all full-time employees are required to participate in CalPERS and become vested in the system after five years of service. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS Miscellaneous Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	12.099%	12.099%

Employees Covered - As of June 30, 2015, 182 active employees were covered by the benefit terms for the Miscellaneous Plan.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability for the Miscellaneous Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%
Investment Rate of Return ⁽²⁾	7.5%
Mortality	Based on CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for the Miscellaneous Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to GASB Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

Changes in the Net Pension Liability

The changes in the net pension liability for the Miscellaneous Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 9, 2014	\$ 36,012,184	\$ 32,550,000	\$ 3,462,184
Changes in the year:			
Service cost	73,966	-	73,966
Interest on the total pension liability	155,554	-	155,554
Contribution - employer	-	61,744	(61,744)
Contribution - employee	-	34,783	(34,783)
Net investment income	-	681	(681)
Benefit payments	(269)	(269)	-
Net changes	229,251	96,939	132,312
Balance at June 30, 2015	\$ 36,241,435	\$ 32,646,939	\$ 3,594,496

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

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

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Notes to the Financial Statements (Continued)
June 30, 2015

Miscellaneous Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability (Asset)	\$9,312,008	\$3,594,496	(\$1,130,924)

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$61,744. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, see Note 11 for further information.

Payable to the Pension Plan

The City reported a payable of \$91,136 for the outstanding pension plan contributions at June 30, 2015.

2. CalPERS Pension Plan – Marine Safety Employees

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Marine Safety Plan's provisions and benefits at June 30, 2015 are summarized in the following table. At June 30, 2015, the City had no employees hired on or after January 1, 2013.

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.250%
Required employer contribution rates	23.948%	12.250%

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the marine safety plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015 the contributions recognized as part of pension expense for the Marine Safety Plan were \$120,607, with \$98,972 for the employer contribution and \$21,635 of the employee contribution paid by the employer.

Pension liabilities, pension expenses and pension Deferred Outflows/Inflows of Resources

As of June 30, 2015, the City reported a net pension liability on the Marine Safety Plan for its proportionate share of the CalPERS Cost sharing plan as \$996,800. The City's net pension liability for the Marine Safety Plan is measured as the proportionate share of the net pension liability as of June 30, 2014. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Marine Safety Plan as of June 30, 2013 and 2014 was as follows:

Proportion - June 30, 2013	0.03%
Proportion - June 30, 2014	0.03%
Change - Increase (Decrease)	- %

For the year ended June 30, 2015, the City recognized pension expense of \$115,974 related to the Marine Safety Plan. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, see Note 11 for further information.

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined for the Marine Safety Plan using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%
Investment Rate of Return ⁽²⁾	7.5%
Mortality	Based on CalPERS Membership Data

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for the Marine Safety Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

GASB Statement 68 states the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Asset Class	New Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47.0 %	5.25 %	5.71 %
Global Fixed Income	19.0 %	0.99 %	2.43 %
Inflation Sensitive	6.0 %	0.45 %	3.36 %
Private Equity	12.0 %	6.83 %	6.95 %
Real Estate	11.0 %	4.50 %	5.13 %
Infrastructure and Forestland	3.0 %	4.50 %	5.09 %
Liquidity	2.0 %	-0.55 %	-1.05 %
Total	100.0 %		

⁽¹⁾ An expected inflation of 2.5% used for this period.

⁽²⁾ An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the proportionate share of the net pension liability for the City's Marine Safety Plan, calculated using the discount rate, as well as the City's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Marine Safety Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$1,725,251	\$996,800	\$396,589

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

The City reported a payable of \$3,626 for the outstanding pension plan contributions at June 30, 2015.

3. CalPERS Pension Plan – Public Safety Employees

Plan Description — This plan is a cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). This plan is closed to new participants and is currently considered an inactive plan with no covered payroll and the employer making contributions. Benefit provisions under the Plan is established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

The Public Safety Plan's provisions and benefits in effect at June 30, 2015, are summarized in the following table.

Hire date ⁽¹⁾	Prior to January 1, 2013
Benefit formula	3.0% @ 55
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	50 – 55
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%
Required employee contribution rates ⁽²⁾	9.00%
Required employer contribution rates ⁽²⁾	23.948%

⁽¹⁾ At June 30, 2015, the City has no employees that were hired on or after January 1, 2013

⁽²⁾ There is no covered payroll on which to base the calculation.

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the public safety plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined contribution during the year ended June 30, 2014 and June 30, 2015 was \$270,847 and \$373,645 respectively. The contribution is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Pension liabilities, pension expenses and Deferred Outflows/Inflows of Resources related to pensions

As of June 30, 2015, the City reported a net pension liability on the Public Safety Plan for its proportionate share of the CalPERS Cost sharing plan as \$7,905,325. The City's net pension liability for the Public Safety Plan is measured as the proportionate share of the net pension liability as of June 30, 2014. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Public Safety Plan as of June 30, 2013 and 2014 was as follows:

Proportion - June 30, 2013	0.20%
Proportion - June 30, 2014	0.20%
Change - Increase (Decrease)	- %

For the year ended June 30, 2015, the City recognized pension expense of \$342,899 related to the Public Safety Plan. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, see Note 11 for further information.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined for the Public Safety Plan using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%
Investment Rate of Return ⁽²⁾	7.5%
Mortality	Based on CalPERS Membership Data

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for the Public Safety Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

GASB Statement 68 states that the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	47.0 %	5.25 %	5.71 %
Global Fixed Income	19.0 %	0.99 %	2.43 %
Inflation Sensitive	6.0 %	0.45 %	3.36 %
Private Equity	12.0 %	6.83 %	6.95 %
Real Estate	11.0 %	4.50 %	5.13 %
Infrastructure and Forestland	3.0 %	4.50 %	5.09 %
Liquidity	2.0 %	-0.55 %	-1.05 %
Total	<u>100.0 %</u>		

⁽¹⁾ An expected inflation of 2.5% used for this period.

⁽²⁾ An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the proportionate share of the net pension liability for the City's Public Safety Plan, calculated using the discount rate, as well as the City's proportionate share of the net pension liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Public Safety Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$13,604,040	\$7,905,325	\$3,209,829

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015, the City did not have a payable to the pension plan.

4. CSCERP Pension Plan – Miscellaneous Employees

Plan Description – This plan is a cost-sharing multiple employer defined benefit pension plans administered by the City through Great West. This plan includes retirees, inactive and separated participants at the date of transition to CalPERS (June 9, 2014) and City joint venture employees (Coastal Animal Services Authority). Benefit provisions under the Plan are established by City ordinances and resolutions. CSCERP is reported as a Pension Trust Fund in the City's financial statements and stand-alone financial statements are not issued for the pension plan.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Benefits Provided – CSCERP provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The cost of living adjustments for each plan are applied as specified by the Public Employees ' Retirement Law.

The CSCERP's provisions and benefits at June 30, 2015, are summarized in the following table.

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	7.50%
Required employer contribution rates	16.90%	7.73%

Contributions – Contributions to the CSCERP are based on a level dollar contribution for employees with past service (before 6/9/2014) before the conversion of City employee's to CalPERS and contributions for joint venture active employees. The employer contribution rates for all public employers is determined on an annual basis by the actuary and are effective on the July 1 each year. Funding contributions for the CSCERP is determined annually on an actuarial basis as of June 30.

The proportionate share was determined based on the contributions allocated to each employer during FY 2015. The proportionate share by employer of CSCERP as of June 30, 2015 is as follows:

Employer	Proportion	Covered Payroll	Contributions
City of San Clemente	92.0%	\$ N/A	\$ 921,000
Coastal Animal Services Authority (CASA)	8.0%	450,886	105,901
Total	100.0%	\$ 450,886	\$ 1,026,901

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. The contribution in the amount of \$921,000 to finance past unfunded accrued liability costs was paid during the year ended June 30, 2015. The CASA contribution amounts based on payroll during the year ended June 30, 2015 were \$105,901, with \$96,693 paid by the employer and \$9,208 contributed by the employee.

Employees Covered – As of June 30, 2015, employees covered by the benefit terms for the CSCERP Plan are as follows:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	96
Active employees (1 PEPR member)	7
Total	223

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Pension liabilities, pension expenses and Deferred Outflows/Inflows of Resources related to pensions
As of June 30, 2015, the City reported a net pension liability on the CSCERP for \$10,457,000. The City's net pension liability for the CSCERP is the net pension liability as of June 30, 2015. The total pension liability for CSCERP was determined by an actuarial valuation as of June 30, 2014. The City's net pension liability is based on the City's long-term share of contributions to the pension plan and the liability related to the joint venture employee's who are active under the plan. The net pension liability for CSCERP includes the liability of the City and the CASA joint venture amount.

For the year ended June 30, 2015, the recognized pension expense was \$969,000 related to CSCERP. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions, see Note 11 for further information.

Actuarial Assumptions – The total pension liability at June 30, 2015 is based on the June 30, 2014 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 – June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate ⁽¹⁾	7.25%
Inflation	3.00%
Payroll Growth	3.00%
Projected Salary Increase ⁽²⁾	3.3% - 14.2%
Investment Rate of Return ⁽³⁾	7.25%
Mortality	Based on CalPERS Membership Data

⁽¹⁾ Based on crossover test results.

⁽²⁾ Depending on age, service and type of employment

⁽³⁾ Net of pension plan investment expenses, including inflation. See Note 3 – Cash and Investments for further information.

The underlying mortality assumptions and all other actuarial assumptions used were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, which is available on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.25% for the CSCERP. This is based on crossover test results with future administrative expenses increasing to 3% per year and future contributions based on the current funding policy. The crossover test results are presented in a detailed report that can be obtained from the City of San Clemente.

The long-term expected rate of return on pension plan investments is 7.25% is based on best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class for the plan assets invested with Great West. This amount was adjust for a greater than 50th percentile expected return to arrive at the 7.25% assumed expected long term rate of return on assets. The long-term expected real rate of return and investment policy for the CSCERP assets are discussed in Note 3. These pension assets are in a trust fund which is reported as a fiduciary fund (Pension Trust Fund) of the City of San Clemente.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Miscellaneous Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 29,289,000	\$ 19,594,000	\$ 9,695,000
Changes in the year:			
Service cost	78,000	-	78,000
Interest on the total pension liability	2,071,000	-	2,071,000
Differences between actual and expected experience	-	-	-
Contribution - employer	-	995,000	(995,000)
Contribution - employee	-	32,000	(32,000)
Net investment income	-	413,000	(413,000)
Administrative expenses	-	(53,000)	53,000
Benefit payments	(1,606,000)	(1,606,000)	-
Net changes	543,000	(219,000)	762,000
Balance at June 30, 2015	\$29,832,000	\$19,375,000	\$10,457,000

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability for the CSCERP, calculated using the discount rate, as well as the City’s net pension liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

CSCERP Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$13,993,000	\$10,457,000	\$7,518,000

Pension Plan Fiduciary Net Position – Detailed information on the CSCERP net pension liability is as follows:

Net Pension Liability as of June 30, 2015 ⁽¹⁾		
(\$ amounts in thousands)		
	June 30, 2015	June 30, 2014
Total Pension Liability	\$ 29,832	\$ 29,289
Fiduciary Net Position	(19,375)	(19,594)
Net Pension Liability	10,457	9,695
Funded Status	64.9%	66.9%

⁽¹⁾ The City of San Clemente represents 92%. CASA represents 8%.

Payable to the Pension Plan

At June 30, 2015, the City did not have a payable to the pension plan.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB):

- A. Plan Description: The City provides that retirees may elect to continue their health care insurance benefits through the City through a single-employer plan. This benefit coverage is mandated by the City’s participation in the Public Employees Medical and Health Coverage Agreement (“PEMHCA”) which is administered through PERS. In order to qualify for this coverage, eligible employees must complete up to five years of service and retire from the City. A separate financial statement is not issued.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

- B. Funding Policy: The City is required to pay a minimum employer contribution for retiree coverage through PEMCHA. During the year, the City paid \$283,347 of the health insurance benefit with the remaining cost of \$227,242 paid by the retirees. Employers under GASB accounting principles are required to report the annual cost of OPEB's and record any outstanding obligations and commitments in the same manner as they do for pensions.

This annual OPEB actuarial cost does not require that the unfunded liabilities actually be funded, only that employers account for the unfunded accrued liability and compliance in meeting the Annual Required Contribution (ARC). The ARC is the sum of the present value of future benefits being earned by current employees plus amortization of benefits already earned by current and former employees but not yet provided for. The amortization of benefits previously earned (unfunded actuarial liabilities) is being amortized using level percentage of payroll over a closed amortization period of thirty years. An open thirty year amortization is being used for any residual unfunded actuarial accrued liabilities.

- C. Annual OPEB Cost and Net OPEB Obligation: The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer. The following table shows the components of the City's annual OPEB cost for the year:

Annual required contribution (ARC)	\$ 146,592
Interest on net OPEB obligation	7,809
Adjustment to the ARC	3,704
Annual OPEB Cost	158,105
Contributions made	(56,105)
Increase in net OPEB obligation	102,000
Net OPEB obligation - beginning of year	737,409
Net OPEB obligation - end of year	\$ 839,409

The following table presents trend information including: the annual OPEB cost, the percentage of the annual OPEB cost contributed, and the net OPEB obligation for fiscal year 2015 and the preceding two years.

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2013	\$ 139,542	23.7%	\$ 630,409
06/30/2014	145,859	26.5%	737,409
06/30/2015	158,105	35.4%	839,409

- D. Funded Status and Funding Progress: As of July 1, 2014, the last actuarial valuation, there were 179 active employees and 37 retirees. The present value of all expected future benefits based on certain actuarial assumptions was \$2,511,492 as of the valuation date. The City is currently funding the program on a pay-as-you-go basis. The Net OPEB Obligation is accrued in the amount of \$839,409 as a part of the liabilities in the Employee Medical Insurance Internal Service Fund. This amount has not been placed into a trust; however, amounts are available in the Employee Medical Insurance Internal Service Fund.

The projection of future benefit payments for the OPEB liability involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. These actuarial estimates are subject to continual revision as results are compared to past expectation and new estimates are made about the future along with the substantive plan in effect at the time of each valuation and on the sharing of costs between the employee and plan members. The actuarial methods and assumptions used in the July 1, 2014 are summarized as follows:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

ACTUARIAL ASSUMPTIONS

Actuarial cost method	Entry age normal
Interest rate assumption	4.5%
Projected salary increase assumption	3%
Healthcare cost trend rate	4%
Health inflation assumption	4%
Mortality table	UP94 Mortality Table
Retirement rates	CalPERS 2% at 55 table
Turnover rates	CalPERS Turnover rates for Miscellaneous and Public Safety

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
05/01/2010	\$ -	\$1,784,217	\$1,784,217	0.0%	\$13,401,356	13.31%
05/01/2012	-	\$1,432,716	\$1,432,716	0.0%	\$13,708,188	10.45%
07/01/2014	-	\$1,861,276	\$1,861,276	0.0%	\$14,369,005	12.95%

* Most recent information available

11. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES:

Pursuant to GASB Statement 63, "Financial Reporting of Deferred Outflows Resources, Deferred Inflows of Resources and Net Position" and GASB Statement 65, "Items Previously Reported as Assets and Liabilities" for the year ended June 30, 2015 the City recognized deferred inflows and outflows of resources in the government-wide and proprietary fund statements. These items consisted of pension items which effect future periods. Deferred outflows of resources balances reported for the year ended June 30, 2015 were as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Governmental type	\$ 2,820,766	\$ 3,206,369
Business type	676,590	-
Total	<u>\$ 3,497,356</u>	<u>\$ 3,206,369</u>

Deferred outflow of resources activity is summarized below:

Deferred Outflow of Resources:	Year of Deferral	Amortization period	Beginning balance	Additions	Deletions	End of year balance
<i>CalPERS – Miscellaneous</i>						
Contributions after measurement date	2015	1 year	\$ -	\$ 1,601,327	\$ -	\$ 1,601,327
Net difference between projected and actual earnings on investments	2015	5 years	-	118,650	6,664	111,986
<i>CalPERS – Marine Safety Plan</i>						
Contributions after measurement date	2015	1 year	-	136,272	-	136,272
Difference between the employers actual contributions and the employers proportionate contribution	2014	3.8 years	-	13,664	3,596	10,068
<i>CalPERS – Public Safety Plan</i>						
Contributions after measurement date	2015	1 year	-	387,675	-	387,675
Adjustment due to differences in proportions	2014	3.8 years	-	627,038	165,010	462,028
<i>CSCERP - Miscellaneous</i>						
Net difference between projected and actual earning on plan investments	2015	5 years	-	985,000	197,000	788,000
Total Deferred Outflow of Resources			\$ -	\$3,855,962	\$372,270	\$ 3,497,356

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

Deferred inflow of resources activity is summarized below:

Deferred Inflow of Resources:	Year of Deferral	Amortization period	Beginning balance	Additions	Deletions	End of year balance
<i>CalPERS – Marine Safety Plan</i>						
Net difference between projected and actual earnings on investments	2014	5 years	\$ -	\$ 363,124	\$ 72,625	\$ 290,499
Adjustment due to proportion difference	2014	3.8 years	-	8,093	2,130	5,963
<i>CalPERS – Public Safety Plan</i>						
Net difference between projected and actual earnings on investments	2014	5 years	-	2,983,598	596,720	2,386,878
Difference between the employers actual contributions and the employers proportionate contribution	2014	3.8 years	-	709,825	186,796	523,029
Total Deferred Inflow of Resources			\$ -	\$ 4,064,640	\$ 858,271	\$ 3,206,369

Governmental funds also include deferred inflows of resources which are unavailable to finance expenditures of the current period. The amounts have been earned but are not available to finance expenditures in the current period. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

12. FUND BALANCE:

GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this classification information. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable amounts are either (a) not in spendable form (such as inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact.

Restricted amounts have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources are used for specific purposes stipulated in the legislation.

Committed amounts can only be used for specific purposes pursuant to formal action of the City Council (highest level of decision making authority) through a city charter, or an ordinance. These amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance revision) it employed previously to commit those amounts.

Assigned amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the city manager based on the City's approved policies.

Unassigned amounts are not restricted, committed or assigned to specific purposes. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds can only report a negative unassigned fund balance amount.

Minimum Fund Balance Policy: The governing body has formally adopted through Council action a minimum fund balance policy for the General Fund as part of the City's fiscal policy. This minimum fund balance

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

consists of two amounts which are committed by the Council. The first amount is a fixed \$10 million and can only be drawn upon through a formal action of the City Council. The second amount is equal to 9% of the operating expenditures of the General Fund. This amount was \$4.7 million as of June 30, 2015. The total committed amount for Sustainability and Emergency is \$14.7 million and is to provide and maintain service levels in the event of financial difficulty or other distress.

Fund Balances	Public Facilities			Total
	General Fund	Construction	Non-major Funds	
<i>Nonspendable:</i>				
Loans	\$ 1,896,186	\$ -	\$ 9,933,254	\$ 11,829,440
Prepays	18,900	-	-	18,900
<i>Restricted for:</i>				
Affordable housing	-	-	811,036	811,036
Park development	-	-	909,270	909,270
Highways/streets	-	-	17,265,382	17,265,382
Drainage	-	-	4,782,491	4,782,491
Other capital projects	-	7,225,718	3,054,596	10,280,314
Debt service	-	-	279,304	279,304
Other purposes	-	-	617,415	617,415
<i>Committed to:</i>				
Sustainability/Emergency	14,693,000	-	-	14,693,000
Capital projects	3,739,964	-	48,563	3,788,527
La Pata Vista Hermosa	220,287	-	-	220,287
Other purposes	427,922	-	-	427,922
<i>Assigned to:</i>				
Capital projects	804,306	-	3,825,028	4,629,334
Other purposes	546,808	-	512,667	1,059,475
Future budget	2,664,543	-	-	2,664,543
<i>Unassigned</i>	4,673,038	-	(32,142)	4,640,896
TOTAL FUND BALANCE	\$ 29,684,954	\$ 7,225,718	\$ 42,006,864	\$ 78,917,536

13. OTHER NOTE DISCLOSURES:

A. Leases

The City has entered into operating lease contracts where the City leases two floors of an office building used for Community Development operations to third parties and one lease for a prior fire station building. The first lease commenced in February 2014 with an end date of January 2018. The second lease commenced in August 2013 with an end date of July 2017. The third lease commenced in May 2014 with an end date of April 2017. The fourth lease commenced in February 15, 2015 with an end date of February 2018. Future minimum rentals to be received under the leases follows:

Fiscal Year	1 st Lease	2 nd Lease	3 rd Lease	4 th Lease
2016	\$ 193,200	\$ 123,547	\$ 62,418	\$ 96,496
2017	207,217	128,505	55,229	99,372
2018	105,120	10,743	-	67,704

B. Assessment District Bonds

The following bond issues were issued to finance public improvement projects in certain assessment districts, which are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remits monies to the bondholders. The City has no obligation or duty to pay any delinquency out of any

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

available City funds. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying financial statements.

Issue	Amount of Issue	Outstanding June 30, 2015
City of San Clemente 99-1 Assessment District	\$ 1,150,000	\$ 220,000
City of San Clemente 99-1 Community Facilities District	5,755,000	4,500,000
City of San Clemente Public Financing Authority Reassessment Refunding Revenue Bonds	14,235,000	11,075,000

C. Joint Powers Agreements:

Coastal Animal Services Authority (CASA):

On October 3, 1995, the Coastal Animal Services Authority (CASA) was created by a Joint Exercise of Powers Agreement (the JPA) for the purpose of providing and operating an animal sheltering facility located within the City. The City and the City of Dana Point are members of CASA. Members of the Board of Directors consist of one voting member and an alternate appointed by the governing body of each member entity. Annually, the Board adopts a budget and determines the cost of services and rate schedule associated with the facility. CASA commenced operations on January 1, 1996. Funding of the Authority's budgeted amounts is from contributions from nonprofit organizations and charges for services. Member agencies pay for unfunded costs, which is allocated to the City of San Clemente and the City of Dana Point as part of the annual budget process. Separate financial statements are prepared for the Coastal Animal Services Authority and are on file within the City Clerk's office.

Orange County Fire Authority:

In January 1995, the City of Tustin entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Villa Park, and Yorba Linda and the County of Orange (County) to create the Orange County Fire Authority. The purpose of the Authority is to provide for mutual fire protection, prevention, and suppression services and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services.

The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, and Seal Beach. The County pays all structural fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia, and Seal Beach are considered "cash contract cities" and, accordingly, make cash contributions based on the Authority's annual budget.

The financial statements of the Orange County Fire Authority are available at 1 Fire Authority Road, Irvine, California.

D. Successor Agency Trust for Assets of Former Redevelopment Agency:

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of San Clemente that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-04. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

California were dissolved and ceased to operate as a legal entity as of February 1, 2012. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

After enactment of the law, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Under the direction of an Oversight Board remaining assets can be used to pay enforceable obligations in existence at the date of dissolution. Successor agencies are allocated revenue in the amount necessary to pay the annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations are paid in full and all the assets have been liquidated. The City has received a Finding of Completion and is in the process of disposing of all real property assets and paying all remaining obligations of the former redevelopment agency.

The Bill directs the State of California Controller and Department of Finance to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. Real property transfers were approved as part of the Long Range Property Management Plan by the State of California and real property was transferred during the year.

The City has been authorized to list the outstanding General fund loan of \$1.9 million as a valid enforceable obligation to be paid through future tax revenues. City management has computed the balance based on the quarterly historical LAIF interest rate from the loan origination until the time payments on the loan are made.

E. Commitments and Contingencies

The City of San Clemente recently lost a court decision and an appeal to the Appellate Court related to Beach Parking Impact Fees. The Superior Court has declined to hear an additional appeal. Based on this decision, the City has been ordered to refund approximately \$10.6 million of collected fees and interest held in the Public Facilities Construction Capital Project Fund to affected property owners. The City has accrued an estimated amount of \$10.6 million as of June 30, 2015 as a liability based on the court judgement pending the refund. In addition, the City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the City's opinion that the outcome of the majority of these cases will have no material adverse effect on the net financial position of the City.

The City has received Federal and State funds for specific purposes that are subject to review by the grantor agencies. These programs are subject to audit by the grantor agencies and upon further examination by the grantors, certain costs could be disallowed. The City expects any such amounts to be immaterial.

The City has outstanding commitments in the amount of \$12.8 million as of June 30, 2015 related to construction and other contractual arrangements.

F. Restatement to the Financial Statements

The governmental type Statement of Activities beginning net position at July 1, 2014 was restated from \$278,913,465 to \$257,175,052 as a result of a prior period adjustment of \$21,738,413. The adjustment of \$21,738,413 reflects the prior period net pension liability as a result of the implementation of GASB 68.

In addition, the Developers Improvement Capital Project Fund and the Miscellaneous Grants Special Revenue Fund beginning fund balances are restated due to correct of loan deferrals as a result of GASB 63. Under GASB 63 the loans amounts, which were reported as a deferred outflow of resources, have been recognized as non-spendable fund balance. The July 1, 2014 fund balances have been restated as follows:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2015

	Developers Improvement	Miscellaneous Grants
Fund balances - July 1, 2014, as previously stated	\$ 7,657,529	(\$ 29,127)
Restatement	<u>7,729,370</u>	<u>418,231</u>
Fund balances - July 1, 2014, as restated	<u>\$ 15,386,899</u>	<u>\$ 389,104</u>

The business type Statement of Activities beginning net position at July 1, 2014 was restated from \$204,920,936 to \$201,511,847 as a result of a prior period adjustment of \$3,409,089. The adjustment of \$3,409,089 reflects the prior period net pension liability as a result of the implementation of GASB 68. In addition, the Water Utility, Sewer Utility, and Golf Course funds were also restated as a result of this adjustment. A summary of the restatement of the beginning net position by fund is as follows:

	Water	Sewer	Golf
Net position - July 1, 2014, as previously stated	\$ 63,339,880	\$133,041,333	\$ 6,795,028
Restatement	<u>(1,640,906)</u>	<u>(1,265,580)</u>	<u>(502,603)</u>
Net position - July 1, 2014, as restated	<u>\$ 61,698,974</u>	<u>\$131,775,753</u>	<u>\$ 6,292,425</u>

G. Subsequent Events

In December 2015, the Community Facilities District 2006-1 (Marblehead Coastal) of the City of San Clemente issued 2015 Special Tax Bonds in the amount of \$55,490,000. This is not the City of San Clemente's debt. Bonds proceeds are for the cost and expense of acquisition and construction of certain public facilities required in connection with the development of the District, to fund a reserve fund, to pay costs relating to the formation of the District and issuance of the Bonds, and to fund a portion of the interest due on the bonds.

H. Future Accounting Pronouncements

GASB Statements 72-76 listed below will be implemented in future financial statements:

- Statement No. 72 "*Fair Value Measurement and Application*" is effective for fiscal years beginning after June 15, 2015.
- Statement No. 73 "*Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68*" is effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.
- Statement No. 74 "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*" is effective for fiscal years beginning after June 15, 2016.
- Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*" is effective for fiscal years beginning after June 15, 2017.
- Statement No. 76 "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*" is effective for reporting periods beginning after June 15, 2015.

Required Supplementary Information

CITY OF SAN CLEMENTE
Required Supplementary Information
June 30, 2015

BUDGETARY INFORMATION:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is adopted by Council action. The budget includes amounts for revenues that, along with the appropriations, compute the budgetary fund balance.
4. The City Manager is authorized to transfer appropriated funds between major expenditure categories within departments. However, any revisions that alter the total appropriations of any department must be approved by the City Council. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are considered a single department.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds.
6. Budgets for the governmental funds are adopted on a basis substantially consistent with generally accepted accounting principles. Under the GAAP basis of accounting, the allocations of General Fund overhead are treated as program reimbursements offsetting expenditures. In the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual comparison General Fund budgeted service charge revenues were reduced in the amount of \$2,472,230 and the department budgets were reduced by \$2,472,230 as a result of these program reimbursements. Budgeted amounts are as originally adopted and as further amended by the City Council.

The General Fund has a legally adopted budget. The original budget, final budget and actual amounts are presented on the following page for General Fund.

The Public Facilities Construction Capital Project major fund has a legally adopted budget. This capital project fund budgetary schedules are presented in the supplementary information section.



CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 38,785,250	\$ 39,365,250	\$ 41,168,142	\$ 1,802,892
Licenses and permits	1,376,130	1,749,180	1,787,045	37,865
Fines and forfeits	789,000	789,000	673,346	(115,654)
Investment and rentals	1,819,250	1,695,850	1,956,785	260,935
Intergovernmental	360,500	1,013,228	513,931	(499,297)
Charges for services	5,034,630	5,504,990	6,112,514	607,524
Other	121,100	121,100	158,129	37,029
Total Revenues	48,285,860	50,238,598	52,369,892	2,131,294
Expenditures:				
General government:				
Administration				
City council	14,631	33,165	33,515	(350)
City manager	366,038	378,345	373,518	4,827
City clerk	544,355	509,021	456,546	52,475
Finance and administrative services	1,958,976	1,861,067	1,667,269	193,798
City general	3,063,473	3,078,640	2,904,542	174,098
Police	13,108,690	13,118,090	13,009,330	108,760
Fire	8,094,020	8,177,340	8,170,808	6,532
Public works	6,637,821	6,768,839	6,133,038	635,801
Community development	4,971,580	5,156,472	4,500,112	656,360
Beaches, parks and recreation	12,295,806	13,059,718	11,649,580	1,410,138
Capital outlay	5,382,080	6,745,220	3,096,447	3,648,773
Total Expenditures	56,437,470	58,885,917	51,994,705	6,891,212
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,151,610)	(8,647,319)	375,187	9,022,506
Other Financing Sources (Uses):				
Transfers in	848,760	1,342,260	1,356,517	14,257
Transfers out	(1,861,940)	(1,880,550)	(1,880,543)	7
Total Other Financing Sources (Uses)	(1,013,180)	(538,290)	(524,026)	14,264
Net Change in Fund Balance	(9,164,790)	(9,185,609)	(148,839)	9,036,770
Fund Balance, Beginning of Year	29,833,793	29,833,793	29,833,793	-
Fund Balance, End of Year	\$ 20,669,003	\$ 20,648,184	\$ 29,684,954	\$ 9,036,770

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

CalPERS Miscellaneous Plan	2015
Total Pension Liability	
Measurement period	06/09/2014-06/30/2014
Service costs	\$ 73,966
Interest	155,554
Experience losses (gains)	-
Assumption changes	-
Benefit payments	(269)
Net change	229,251
Net pension liability at beginning of year	36,012,184
Net pension liability at end of year	\$ 36,241,435
Plan Fiduciary Net Position	
Additions:	
Employer contributions	\$ 61,744
Member contributions	34,783
Net investment income (loss)	681
Total additions	97,208
Deductions:	
Benefit payments	(269)
Total deductions	(269)
Net change	96,939
Fiduciary net position - beginning of year (1)	32,550,000
Fiduciary net position - end of year	\$ 32,646,939
Net Pension Liability	\$ 3,594,496
Funded status	90.08%
Covered payroll	\$ 13,181,126
Net pension liability as a % of payroll	27.27%

(1) - This payment to CalPERS was the result of a transfer of assets from CSCERP.

Notes to schedule:

Benefit changes. None

Changes in assumptions. None

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

CalPERS Miscellaneous	2015*
Measurement period	06/09/2014-06/30/2014
Actuarially determined contribution	\$ 61,744
Contributions in relation to the actuarially determined contribution	(61,744)
Contribution Deficiency (Excess)	\$ -
Covered-employee payroll	\$ 510,323
Contributions as a percentage of covered-employee payroll	12.099%

Notes to Schedule:

Valuation date: June 30, 2014
Measurement date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Investment reate of return	7.50%
Mortality rate table	2014 CalPERS experience study
Post retirement benefit	COLA up to 2.75% based on purchasing power

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

CalPERS Marine Safety Plan (Cost Sharing Plan)	2015*
Date	6/30/2014
Proportion of the net pension liability	0.01602%
Proportionate share of the net pension liability	\$ 996,800
Covered employee payroll	\$ 421,077
Proportionate share of the net pension liability as a % of payroll	236.73%
Proportionate share of the net position as a % of plan pension liability	81.67%

CalPERS Public Safety Plan (Cost Sharing Plan)	2015*
Date	6/30/2014
Proportion of the net pension liability	0.12704%
Proportionate share of the net pension liability	\$ 7,905,325
Covered employee payroll	N/A
Proportionate share of the net pension liability as a % of payroll	N/A
Proportionate share of the net position as a % of plan pension liability	81.42%

N/A - Not applicable

Notes to schedule:

Benefit changes. None

Changes in assumptions. None

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

	2015*
Date	6/30/2014
Actuarially determined contribution	\$ 133,019
Contributions in relation to the actuarially determined contribution	(358,735)
Contribution Deficiency (Excess)	<u>\$ (225,716)</u>
Covered-employee payroll	\$ 421,077
Contributions as a percentage of covered-employee payroll	85.19%

	2015*
Date	6/30/2014
Actuarially determined contribution	\$ 270,847
Contributions in relation to the actuarially determined contribution	(270,847)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-employee payroll	N/A
Contributions as a percentage of covered-employee payroll	N/A

N/A - Not applicable

Notes to Schedule:

Valuation date: June 30, 2013
Measurement date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Investment reate of return	7.50%
Mortality rate table	2014 CalPERS experience study
Post retirement benefit	COLA up to 2.75% based on purchasing power

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years
(dollar amount in thousands)

	2006	2007	2008	2009
Total Pension Liability (2)				
Discount Rate	N/A	N/A	N/A	N/A
Service Costs	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	N/A	N/A	N/A	N/A
Experience Losses (Gains)	N/A	N/A	N/A	N/A
Assumption Changes	N/A	N/A	N/A	N/A
Benefit Payments	N/A	N/A	N/A	N/A
Net Change	N/A	N/A	N/A	N/A
Total Pension Liability at Beginning of Year	N/A	N/A	N/A	N/A
Total Pension Liability at End of Year	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position (4)				
Additions:				
Employer Contributions	\$ 1,205	\$ 1,404	\$ 1,447	\$ 1,626
Member Contributions	714	833	896	925
Net Investment Income (Loss)	1,618	3,085	(1,168)	(2,311)
Total Additions	3,537	5,322	1,175	240
Deductions:				
Benefit Payments	(1,941)	(2,428)	(1,824)	(2,477)
Administration Expenses	(22)	(7)	(28)	(18)
Transfer to CalPERS (1)	-	-	-	-
Total Deductions	(1,963)	(2,435)	(1,852)	(2,495)
Net Change	1,574	2,887	(677)	(2,255)
Fiduciary Net Position - Beginning of Year	20,545	22,119	25,006	24,329
Fiduciary Net Position - End of Year	\$ 22,119	\$ 25,006	\$ 24,329	\$ 22,074

Total Pension Liability (2), (4)

Fiduciary Net Position - End of Year

Net Pension Liability

Funded Status

Covered Payroll (3)

Net Pension Liability % Payroll

Notes:

- (1) - This payment to CalPERS was the result of a transfer of all active city employee's pension.
- (2) - Information prior to 2011 is not presented as a result of different actuarial methodology being used.
- (3) - Represents only Coastal Animal Services Authority, since City active employees are in CalPERS.
- (4) - The City's proportionate share of the contributions and the liability is 92%, the Coastal Animal Services Authority proportion represents 8%.

N/A - Not Available

	2010	2011	2012	2013	2014	2015
	N/A	7.25%	7.25%	7.25%	7.25%	7.25%
\$	N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	78
	N/A	N/A	N/A	N/A	N/A	2,071
	N/A	N/A	N/A	N/A	N/A	-
	N/A	N/A	N/A	N/A	N/A	0
	N/A	N/A	N/A	N/A	N/A	(1,606)
	N/A	N/A	N/A	N/A	N/A	543
	N/A	N/A	N/A	N/A	N/A	29,289
	N/A	N/A	N/A	N/A	N/A	29,832
\$	1,864	\$ 1,638	\$ 2,243	\$ 2,267	\$ 2,482	\$ 995
	912	889	952	1,214	1,019	32
	2,907	5,157	741	4,666	6,598	413
	5,683	7,684	3,936	8,147	10,099	1,440
	(1,741)	(447)	(678)	(1,039)	(1,378)	(1,606)
	(29)	(50)	(30)	(49)	(38)	(53)
	-	-	-	-	(32,550)	-
	(1,770)	(497)	(708)	(1,088)	(33,966)	(1,659)
	3,913	7,187	3,228	7,059	(23,867)	(219)
	22,074	25,987	33,174	36,402	43,461	19,594
\$	25,987	\$ 33,174	\$ 36,402	\$ 43,461	\$ 19,594	\$ 19,375
		\$ 46,678	\$ 52,775	\$ 58,125	\$ 29,284	\$ 29,832
		33,174	36,402	43,461	19,594	19,375
		13,504	16,373	14,664	9,690	10,457
		71.1%	69.0%	74.8%	66.9%	64.9%
		13,799	13,542	13,446	425	451
		98%	121%	109%	2280%	2319%

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS

Last Ten Fiscal Years
(dollar amount in thousands)

	2006	2007	2008	2009
Contributions				
Actuarially determined contribution	N/A	N/A	N/A	N/A
Contributions in relation the actuarially determined contribution	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered Employee Payroll	N/A	N/A	N/A	N/A
Contributions as a % of covered employee payroll	N/A	N/A	N/A	N/A
Investment Returns				
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	N/A

CSCERP had no benefit changes during the year.

Actuarial Methods and Assumptions at June 30, 2015 are:

Valuation date	6/30/2014
Actuarial cost method	Entry Age Normal - Level % of Payroll
Amortization method	Level dollar amount
Amortization period	20 year closed periods
Asset method	Market value of assets
Discount rate	7.25%
Inflation rate	3.00%
Payroll growth	3.00%
Salary increases	3.3%-14.2%
Mortality	CalPERS 2013 Experience Study (fully generational mortality improvement projection Scale AA)
Retirement	CalPERS 2013 Experience Study
Disability and turnover	CalPERS 2013 Experience Study Disability and Termination Rates for Miscellaneous Employees

2010	2011	2012	2013	2014	2015
N/A	N/A	N/A	N/A	\$ 2,482	\$ 995
N/A	N/A	N/A	N/A	2,482	995
N/A	N/A	N/A	N/A	-	-
N/A	N/A	N/A	N/A	13,446	451
N/A	N/A	N/A	N/A	18%	221%
N/A	N/A	N/A	7.50%	13.50%	2.80%



Supplementary Information

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Public Facilities Construction Capital Project Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 120,000	\$ 106,875	\$ (13,125)
Developer fees	263,220	347,710	84,490
Total Revenues	<u>383,220</u>	<u>454,585</u>	<u>71,365</u>
Expenditures:			
Current:			
Public safety	26,660	25,251	1,409
Community development	11,050	10,576,950	(10,565,900)
Capital outlay	25,000	15,167	9,833
Total Expenditures	<u>62,710</u>	<u>10,617,368</u>	<u>(10,554,658)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	320,510	(10,162,783)	(10,483,293)
Fund Balance, Beginning of Year	<u>17,388,501</u>	<u>17,388,501</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 17,709,011</u>	<u>\$ 7,225,718</u>	<u>\$ (10,483,293)</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action for specific purposes.

The Gas Tax Fund is used to account for revenues and expenditures apportioned under the Street and Highways Code of the State of California. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

The Air Quality Improvement Fund is used to account for revenues and expenditures relating to the reduction of vehicle pollution.

The Street Improvement Fund is used to account for revenues and expenditures related to the rehabilitation of City streets.

The Police Grants Fund is used to account for federal and state police grants, donations to Police Services and narcotic forfeiture monies.

The Miscellaneous Grants Fund is used to account for various grants, including federal grants received from the Department of Housing and Urban Development (HUD). The HUD Grants are to be used for the development of a viable community by providing decent housing, a suitable living environment and expanding economic opportunities, principally for low and moderate income individuals.

DEBT SERVICE FUND

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general debt of the City.

The Negocio Building Debt Service Fund is used to account for the accumulation of funds for the payment of interest and principal on Certificates of Participation. Proceeds from the COP were used for the purchase of the building located at 910 Negocio in the City of San Clemente. Debt service is financed by revenues generated from the lease of the building.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the purchase or construction of major capital facilities which are not financed by Proprietary Funds.

The Reserve Fund is used to account for expenditures of Capital Equipment Replacement, Facilities Maintenance Reserves, Park Asset Reserves and the Accrued Leave Reserve.

The Local Drainage Facilities Fund is used to account for the drainage fees collected to defray the cost of designing and constructing local drainage facilities and the expenditures for those purposes.

Developers Improvement Capital Project Fund – This capital projects fund is used to account for the proceeds of settlements from developers and the future costs of maintaining and/or improving the streets or other infrastructure in the related development tracts.

Regional Circulation Financing and Phasing Program (RCFPP) Fund – The RCFPP established the traffic impact fee schedule to be assessed on all new development on certain benefit zones within the City.

The Park Acquisition and Development Capital Project Fund is used to account for the revenues received from developer fees and the expenditures for the acquisition, construction, improvement or renovation of City-owned parks.

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
<u>ASSETS:</u>		
Cash and investments	\$ 7,096,147	\$ 492,629
Receivables (net of allowances for uncollectibles):		
Taxes receivable	-	-
Accounts receivable	-	-
Accrued interest receivable	12,161	844
Loans receivable	-	-
Due from other governments	191,735	21,121
Restricted cash and investments with fiscal agent	-	-
Total assets	<u>\$ 7,300,043</u>	<u>\$ 514,594</u>
<u>LIABILITIES:</u>		
Accounts payable	\$ 523,461	\$ 60
Accrued wages	-	-
Unearned revenue	-	-
Deposits payable	-	-
Due to other funds	-	-
Total liabilities	<u>523,461</u>	<u>60</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	-	-
Unavailable revenue - grants	180,000	-
Total deferred inflows of resources	<u>180,000</u>	<u>-</u>
<u>FUND BALANCES:</u>		
Nonspendable	-	-
Restricted		
Capital projects	6,596,582	-
Other purposes	-	514,534
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Unassigned	-	-
Total fund balances	<u>6,596,582</u>	<u>514,534</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,300,043</u>	<u>\$ 514,594</u>

Special Revenue Funds			Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Negocio Building
\$ 7,073,558	\$ 102,697	\$ -	\$ -
237	-	-	-
-	-	-	145,517
12,124	176	-	235
-	-	418,231	-
150,274	8	16,125	-
-	-	-	333,880
<u>\$ 7,236,193</u>	<u>\$ 102,881</u>	<u>\$ 434,356</u>	<u>\$ 479,632</u>
\$ 25,442	\$ -	\$ 6,447	\$ 16,285
-	-	839	-
-	-	-	33,434
-	-	-	43,950
-	-	40,981	16,659
<u>25,442</u>	<u>-</u>	<u>48,267</u>	<u>110,328</u>
-	-	-	90,000
-	-	-	-
-	-	-	<u>90,000</u>
-	-	418,231	-
7,210,751	-	-	-
-	102,881	-	279,304
-	-	-	-
-	-	-	-
-	-	(32,142)	-
<u>7,210,751</u>	<u>102,881</u>	<u>386,089</u>	<u>279,304</u>
<u>\$ 7,236,193</u>	<u>\$ 102,881</u>	<u>\$ 434,356</u>	<u>\$ 479,632</u>

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2015

	Capital Projects Funds	
	Reserve	Local Drainage Facilities
<u>ASSETS:</u>		
Cash and investments	\$ 4,353,209	\$ 3,919,606
Receivables (net of allowances for uncollectibles):		
Taxes receivable	-	-
Accounts receivable	26,654	-
Accrued interest receivable	7,461	6,717
Loans receivable	-	-
Due from other governments	-	-
Restricted cash and investments with fiscal agent	-	-
Total assets	\$ 4,387,324	\$ 3,926,323
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ -
Accrued wages	1,066	-
Unearned revenue	-	-
Deposits payable	-	-
Due to other funds	-	-
Total liabilities	1,066	-
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	-	-
Unavailable revenue - grants	-	-
Total deferred inflows of resources	-	-
<u>FUND BALANCES:</u>		
Nonspendable	-	-
Restricted		
Capital projects	-	3,926,323
Other purposes	-	-
Committed		
Capital projects	48,563	-
Assigned		
Capital projects	3,825,028	-
Other purposes	512,667	-
Unassigned	-	-
Total fund balances	4,386,258	3,926,323
Total liabilities, deferred inflows of resources and fund balances	\$ 4,387,324	\$ 3,926,323

Capital Projects Funds

Developers Improvement	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ 5,076,634	\$ 3,453,906	\$ 910,847	\$ 32,479,233
-	-	-	237
154,858	-	-	327,029
8,700	5,919	1,561	55,898
9,515,023	-	-	9,933,254
-	-	-	379,263
-	-	-	333,880
<u>\$ 14,755,215</u>	<u>\$ 3,459,825</u>	<u>\$ 912,408</u>	<u>\$ 43,508,794</u>
\$ 192,834	\$ 1,776	\$ 3,138	\$ 769,443
-	-	-	1,905
-	-	-	33,434
170,700	-	-	214,650
-	-	-	57,640
<u>363,534</u>	<u>1,776</u>	<u>3,138</u>	<u>1,077,072</u>
154,858	-	-	244,858
-	-	-	180,000
<u>154,858</u>	<u>-</u>	<u>-</u>	<u>424,858</u>
9,515,023	-	-	9,933,254
4,721,800	3,458,049	909,270	26,822,775
-	-	-	896,719
-	-	-	48,563
-	-	-	3,825,028
-	-	-	512,667
-	-	-	(32,142)
<u>14,236,823</u>	<u>3,458,049</u>	<u>909,270</u>	<u>42,006,864</u>
<u>\$ 14,755,215</u>	<u>\$ 3,459,825</u>	<u>\$ 912,408</u>	<u>\$ 43,508,794</u>

(Concluded)

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	40,525	2,988
Intergovernmental	2,686,532	80,490
Charges for services	-	-
Developer fees	-	-
Other	20,000	-
Total Revenues	<u>2,747,057</u>	<u>83,478</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	89,487	1,456
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	2,177,823	40,593
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>2,267,310</u>	<u>42,049</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>479,747</u>	<u>41,429</u>
Other Financing Sources (Uses):		
Transfers in	14,000	-
Transfers out	<u>(556,047)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(542,047)</u>	<u>-</u>
Net Change in Fund Balances	(62,300)	41,429
Fund Balance (Deficit) at Beginning of Year, as restated	<u>6,658,882</u>	<u>473,105</u>
Fund Balance (Deficit) at End of Year	<u>\$ 6,596,582</u>	<u>\$ 514,534</u>

Special Revenue Funds			Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Negocio Building
\$ 1,279	\$ -	\$ -	\$ -
40,934	608	-	868
862,525	107,871	344,503	-
-	-	-	534,294
-	-	-	-
-	3,445	359	-
<u>904,738</u>	<u>111,924</u>	<u>344,862</u>	<u>535,162</u>
-	-	-	365,833
-	105,259	-	-
150,997	-	-	-
-	-	231,941	-
-	-	-	-
2,516,643	-	93,576	35,377
-	-	-	115,000
-	-	-	123,678
<u>2,667,640</u>	<u>105,259</u>	<u>325,517</u>	<u>639,888</u>
<u>(1,762,902)</u>	<u>6,665</u>	<u>19,345</u>	<u>(104,726)</u>
932,664	-	-	-
-	-	(22,360)	-
<u>932,664</u>	<u>-</u>	<u>(22,360)</u>	<u>-</u>
(830,238)	6,665	(3,015)	(104,726)
<u>8,040,989</u>	<u>96,216</u>	<u>389,104</u>	<u>384,030</u>
<u>\$ 7,210,751</u>	<u>\$ 102,881</u>	<u>\$ 386,089</u>	<u>\$ 279,304</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2015

	Capital Projects Funds	
	Reserve	Local Drainage Facilities
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	25,874	23,713
Intergovernmental	-	-
Charges for services	380,850	-
Developer fees	-	1,265
Other	84,216	-
Total Revenues	<u>490,940</u>	<u>24,978</u>
Expenditures:		
Current:		
General government	315,771	-
Police	-	-
Public works	-	9,956
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	172,175	-
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>487,946</u>	<u>9,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,994</u>	<u>15,022</u>
Other Financing Sources (Uses):		
Transfers in	270,000	-
Transfers out	-	-
Total Other Financing Sources (Uses)	<u>270,000</u>	<u>-</u>
Net Change in Fund Balances	272,994	15,022
Fund Balance (Deficit) at Beginning of Year, as restated	<u>4,113,264</u>	<u>3,911,301</u>
Fund Balance (Deficit) at End of Year	<u>\$ 4,386,258</u>	<u>\$ 3,926,323</u>

Capital Projects Funds

Developers Improvement	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,279
41,899	20,842	5,292	203,543
-	-	-	4,081,921
357,143	-	-	1,272,287
255,848	255,434	60,334	572,881
10,375	-	70,000	188,395
<u>665,265</u>	<u>276,276</u>	<u>135,626</u>	<u>6,320,306</u>
-	-	-	681,604
-	-	-	105,259
-	16,448	-	268,344
1,018,065	-	-	1,250,006
-	-	8,940	8,940
240,879	31,335	531,067	5,839,468
-	-	-	115,000
-	-	-	123,678
<u>1,258,944</u>	<u>47,783</u>	<u>540,007</u>	<u>8,392,299</u>
<u>(593,679)</u>	<u>228,493</u>	<u>(404,381)</u>	<u>(2,071,993)</u>
18,603	-	-	1,235,267
<u>(575,000)</u>	<u>-</u>	<u>-</u>	<u>(1,153,407)</u>
<u>(556,397)</u>	<u>-</u>	<u>-</u>	<u>81,860</u>
(1,150,076)	228,493	(404,381)	(1,990,133)
<u>15,386,899</u>	<u>3,229,556</u>	<u>1,313,651</u>	<u>43,996,997</u>
<u>\$ 14,236,823</u>	<u>\$ 3,458,049</u>	<u>\$ 909,270</u>	<u>\$ 42,006,864</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 65,750	\$ 40,525	\$ (25,225)
Intergovernmental	3,332,190	2,686,532	(645,658)
Other	-	20,000	20,000
Total Revenues	3,397,940	2,747,057	(650,883)
Expenditures:			
Current:			
Public works	206,980	89,487	117,493
Capital outlay	6,886,530	2,177,823	4,708,707
Total Expenditures	7,093,510	2,267,310	4,826,200
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,695,570)	479,747	4,175,317
Other Financing Sources (Uses):			
Transfers in	54,000	14,000	(40,000)
Transfers out	(458,930)	(556,047)	(97,117)
Total Other Financing Sources (Uses)	(404,930)	(542,047)	(137,117)
Net Change in Fund Balance	(4,100,500)	(62,300)	4,038,200
Fund Balance, Beginning of Year	6,658,882	6,658,882	-
Fund Balance, End of Year	\$ 2,558,382	\$ 6,596,582	\$ 4,038,200

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 4,500	\$ 2,988	\$ (1,512)
Intergovernmental	80,000	80,490	490
Total Revenues	84,500	83,478	(1,022)
Expenditures:			
Current:			
Public works	151,460	1,456	150,004
Capital Outlay	200,000	40,593	159,407
Total Expenditures	351,460	42,049	309,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	(266,960)	41,429	308,389
Other Financing Sources (Uses):			
Transfers in	25,000	-	(25,000)
Transfers out	(40,000)	-	40,000
Total Other Financing Sources (Uses)	(15,000)	-	15,000
Net Change in Fund Balance	(281,960)	41,429	323,389
Fund Balance, Beginning of Year	473,105	473,105	-
Fund Balance, End of Year	\$ 191,145	\$ 514,534	\$ 323,389

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Street Improvement Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 1,279	\$ 1,279
Investment and rentals	75,000	40,934	(34,066)
Intergovernmental	901,000	862,525	(38,475)
Total Revenues	<u>976,000</u>	<u>904,738</u>	<u>(71,262)</u>
Expenditures:			
Current:			
Public works	342,470	150,997	191,473
Capital outlay	6,656,060	2,516,643	4,139,417
Total Expenditures	<u>6,998,530</u>	<u>2,667,640</u>	<u>4,330,890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,022,530)</u>	<u>(1,762,902)</u>	<u>4,259,628</u>
Other Financing Sources (Uses):			
Transfers in	1,051,290	932,664	(118,626)
Total Other Financing Sources (Uses)	<u>1,051,290</u>	<u>932,664</u>	<u>(118,626)</u>
Net Change in Fund Balance	(4,971,240)	(830,238)	4,141,002
Fund Balance, Beginning of Year	<u>8,040,989</u>	<u>8,040,989</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,069,749</u>	<u>\$ 7,210,751</u>	<u>\$ 4,141,002</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 750	\$ 608	\$ (142)
Intergovernmental	100,000	107,871	7,871
Other	-	3,445	3,445
	<u>100,750</u>	<u>111,924</u>	<u>11,174</u>
Total Revenues			
Expenditures:			
Police	<u>121,500</u>	<u>105,259</u>	<u>16,241</u>
	(20,750)	6,665	27,415
Net Change in Fund Balance			
Fund Balance, Beginning of Year	<u>96,216</u>	<u>96,216</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 75,466</u>	<u>\$ 102,881</u>	<u>\$ 27,415</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Miscellaneous Grants Special Revenue Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 509,540	\$ 344,503	\$ (165,037)
Other	20,000	359	(19,641)
Total Revenues	<u>529,540</u>	<u>344,862</u>	<u>(184,678)</u>
Expenditures:			
Current:			
Community development	232,980	231,941	1,039
Capital outlay	250,020	93,576	156,444
Total Expenditures	<u>483,000</u>	<u>325,517</u>	<u>157,483</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>46,540</u>	<u>19,345</u>	<u>(27,195)</u>
Other Financing Sources (Uses):			
Transfers out	(16,720)	(22,360)	(5,640)
Total Other Financing Sources (Uses)	<u>(16,720)</u>	<u>(22,360)</u>	<u>(5,640)</u>
Net Change in Fund Balance	29,820	(3,015)	(32,835)
Fund Balance, Beginning of Year, as restated	<u>389,104</u>	<u>389,104</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 418,924</u>	<u>\$ 386,089</u>	<u>\$ (32,835)</u>

CITY OF SAN CLEMENTE
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Negocio Building Debt Service Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 1,100	\$ 868	\$ (232)
Charges for Services	506,460	534,294	27,834
 Total Revenues	 507,560	 535,162	 27,602
Expenditures:			
Current:			
General government	389,045	365,833	23,212
Capital outlay	40,080	35,377	4,703
Debt service:			
Principal retirement	115,000	115,000	-
Interest and fiscal charges	124,430	123,678	752
 Total Expenditures	 668,555	 639,888	 28,667
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (160,995)	 (104,726)	 56,269
 Fund Balance, Beginning of Year	 384,030	 384,030	 -
 Fund Balance, End of Year	 \$ 223,035	 \$ 279,304	 \$ 56,269

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Reserve Capital Project Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 40,000	\$ 25,874	\$ (14,126)
Charges for services	380,850	380,850	-
Other	250,000	84,216	(165,784)
Total Revenues	<u>670,850</u>	<u>490,940</u>	<u>(179,910)</u>
Expenditures:			
Current:			
General government	300,000	315,771	(15,771)
Capital outlay	1,098,410	172,175	926,235
Total Expenditures	<u>1,398,410</u>	<u>487,946</u>	<u>910,464</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(727,560)	2,994	730,554
Other Financing Sources (Uses):			
Transfers in	270,000	270,000	-
Net Change in Fund Balance	(457,560)	272,994	730,554
Fund Balance, Beginning of Year	<u>4,113,264</u>	<u>4,113,264</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,655,704</u>	<u>\$ 4,386,258</u>	<u>\$ 730,554</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Local Drainage Facilities Capital Project Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 50,000	\$ 23,713	\$ (26,287)
Developer fees	500	1,265	765
Total Revenues	<u>50,500</u>	<u>24,978</u>	<u>(25,522)</u>
Expenditures:			
Current:			
Public works	<u>304,240</u>	<u>9,956</u>	<u>294,284</u>
Total Expenditures	<u>304,240</u>	<u>9,956</u>	<u>294,284</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(253,740)</u>	<u>15,022</u>	<u>268,762</u>
Other Financing Sources (Uses):			
Transfers out	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	(283,740)	15,022	298,762
Fund Balance, Beginning of Year	<u>3,911,301</u>	<u>3,911,301</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,627,561</u></u>	<u><u>\$ 3,926,323</u></u>	<u><u>\$ 298,762</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Developers Improvement Capital Project Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 90,000	\$ 41,899	\$ (48,101)
Charges for services	22,420	357,143	334,723
Developer fees	115,650	255,848	140,198
Other	154,860	10,375	(144,485)
	<u>382,930</u>	<u>665,265</u>	<u>282,335</u>
Expenditures:			
Current:			
Community development	1,803,880	1,018,065	785,815
Capital outlay	1,041,053	240,879	800,174
	<u>2,844,933</u>	<u>1,258,944</u>	<u>1,585,989</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,462,003)</u>	<u>(593,679)</u>	<u>1,868,324</u>
Other Financing Sources (Uses):			
Transfers in	18,610	18,603	(7)
Transfers out	(600,000)	(575,000)	25,000
	<u>(581,390)</u>	<u>(556,397)</u>	<u>24,993</u>
Net Change in Fund Balance	(3,043,393)	(1,150,076)	1,893,317
Fund Balance, Beginning of Year, as restated	<u>15,386,899</u>	<u>15,386,899</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,343,506</u>	<u>\$ 14,236,823</u>	<u>\$ 1,893,317</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
RCFPP Capital Project Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 34,000	\$ 20,842	\$ (13,158)
Developer fees	276,280	255,434	(20,846)
Total Revenues	<u>310,280</u>	<u>276,276</u>	<u>(34,004)</u>
Expenditures:			
Current:			
Public works	16,430	16,448	(18)
Capital outlay	41,180	31,335	9,845
Total Expenditures	<u>57,610</u>	<u>47,783</u>	<u>9,827</u>
Net Change in Fund Balance	252,670	228,493	(24,177)
Fund Balance, Beginning of Year	<u>3,229,556</u>	<u>3,229,556</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,482,226</u></u>	<u><u>\$ 3,458,049</u></u>	<u><u>\$ (24,177)</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Parks Acquisition and Development Capital Project Fund
For the Year Ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 7,000	\$ 5,292	\$ (1,708)
Developer fees	23,600	60,334	36,734
Other	50,000	70,000	20,000
Total Revenues	<u>80,600</u>	<u>135,626</u>	<u>55,026</u>
Expenditures:			
Current:			
Beaches, parks, and recreation	8,940	8,940	-
Capital outlay	791,190	531,067	260,123
Total Expenditures	<u>800,130</u>	<u>540,007</u>	<u>260,123</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(719,530)	(404,381)	315,149
Fund Balance, Beginning of Year	<u>1,313,651</u>	<u>1,313,651</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 594,121</u></u>	<u><u>\$ 909,270</u></u>	<u><u>\$ 315,149</u></u>

NONMAJOR PROPRIETARY FUNDS

Proprietary funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent of the City in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

The Clean Ocean Fund is used to account for activities associated with managing ocean water runoff in compliance with the State of California clean ocean water quality program.

The Solid Waste Management Fund is used to account for the activities associated with the collection, recycling, and disposal of residential and commercial solid waste within the City.

CITY OF SAN CLEMENTE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2015

	Clean Ocean	Solid Waste Management	Totals
ASSETS:			
Current Assets:			
Cash and investments	\$ 2,397,981	\$ 332,828	\$ 2,730,809
Receivables (net of allowances for uncollectible accounts)	468,824	24,355	493,179
Accrued interest	4,110	570	4,680
Total Current Assets	2,870,915	357,753	3,228,668
Noncurrent Assets:			
Capital Assets:			
Machinery and equipment	54,741	-	54,741
Total Capital Assets	54,741	-	54,741
Less accumulated depreciation	(54,741)	-	(54,741)
Net Capital Assets	-	-	-
Total Assets	2,870,915	357,753	3,228,668
LIABILITIES:			
Current Liabilities			
Accounts payable	116,038	397	116,435
Accrued wages	6,087	1,237	7,324
Compensated absences payable	3,364	1,437	4,801
Total Current Liabilities	125,489	3,071	128,560
Noncurrent Liabilities:			
Compensated absences payable	15,325	6,546	21,871
Total Liabilities	140,814	9,617	150,431
Net Position:			
Unrestricted	2,730,101	348,136	3,078,237
Total Net Position	\$ 2,730,101	\$ 348,136	\$ 3,078,237

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2015

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ 2,257,702	\$ 164,912	\$ 2,422,614
Other	333,424	9,055	342,479
Total Operating Revenues	<u>2,591,126</u>	<u>173,967</u>	<u>2,765,093</u>
Operating Expenses:			
Salaries and benefits	388,913	101,390	490,303
Cost of materials and supplies	31,818	14,574	46,392
Maintenance and other operating expenses	1,289,665	81,995	1,371,660
Total Operating Expenses	<u>1,710,396</u>	<u>197,959</u>	<u>1,908,355</u>
Operating Income (Loss)	880,730	(23,992)	856,738
Non-Operating Revenues (Expenses):			
Investment income	<u>14,791</u>	<u>2,034</u>	<u>16,825</u>
Income (Loss) Before Transfers	895,521	(21,958)	873,563
Transfers:			
Transfers out	<u>(629,218)</u>	<u>-</u>	<u>(629,218)</u>
Change in Net Assets	266,303	(21,958)	244,345
Net Position - Beginning of Year	<u>2,463,798</u>	<u>370,094</u>	<u>2,833,892</u>
Net Position - End of Year	<u>\$ 2,730,101</u>	<u>\$ 348,136</u>	<u>\$ 3,078,237</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2015

	Clean Ocean	Solid Waste Management	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,218,287	\$ 181,794	\$ 2,400,081
Cash paid to other suppliers for goods or services	(1,390,962)	(97,554)	(1,488,516)
Cash payment to employees	(386,084)	(102,454)	(488,538)
Cash from other operating revenues	333,424	9,055	342,479
Net Cash Provided by (Used for) Operating Activities	<u>774,665</u>	<u>(9,159)</u>	<u>765,506</u>
Cash Flows from Noncapital Financing Activities:			
Cash paid to other funds	(629,218)	-	(629,218)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(629,218)</u>	<u>-</u>	<u>(629,218)</u>
Cash Flows from Capital and Related Financing Activities:			
Disposal of capital assets	59,048	-	59,048
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>59,048</u>	<u>-</u>	<u>59,048</u>
Cash Flows from Investing Activities:			
Investment income received	14,325	2,033	16,358
Net Cash Provided by (Used for) Investing Activities	<u>14,325</u>	<u>2,033</u>	<u>16,358</u>
Net Increase (Decrease) in Cash and Cash Equivalents	218,820	(7,126)	211,694
Cash and Cash Equivalents at Beginning of Year	2,179,161	339,954	2,519,115
Cash and Cash Equivalents at End of Year	<u>\$ 2,397,981</u>	<u>\$ 332,828</u>	<u>\$ 2,730,809</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 880,730</u>	<u>\$ (23,992)</u>	<u>\$ 856,738</u>
Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(39,415)	16,882	(22,533)
Increase (decrease) in accounts payable	(69,479)	(985)	(70,464)
Increase (decrease) in accrued wages	1,694	204	1,898
Increase (decrease) in compensated absences	1,135	(1,268)	(133)
Total Adjustments	<u>(106,065)</u>	<u>14,833</u>	<u>(91,232)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 774,665</u>	<u>\$ (9,159)</u>	<u>\$ 765,506</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis, including depreciation.

The Employee Benefits Fund is used to finance and account for employee unemployment insurance, life insurance and other benefits.

The Central Services Fund is used to account for the cost of providing a variety of facilities or services to City departments, including central stores, central mailing and reprographic services.

The Information Technology Fund is used to account for the costs associated with the City's technology structure and support systems and distribute these costs to the departments using the system on a pro rata basis. Included are costs for hardware and software maintenance, programming costs and some centralized supplies.

The Fleet Maintenance Fund is used to account for the maintenance and replacement of City-owned vehicles and equipment.

The Employee Medical Self Insurance Fund is used to account for expenditures for medical benefits offered to all full-time and part-time benefited employees.

The Workers' Compensation Self Insurance Fund is used to account for the cost to provide Workers' Compensation insurance coverage to all City employees in compliance with State of California requirements.

The General Liability Self Insurance Fund is used to account for City-provided liability and property insurance. Coverage is provided through the City's participation in a joint powers agreement through the California Joint Powers Insurance Authority (CJPIA).

CITY OF SAN CLEMENTE
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Employee Benefits	Central Services
ASSETS:		
Current Assets:		
Cash and investments	\$ 347,732	\$ 379,954
Receivables (net of uncollectible allowance):		
Accounts	28,019	-
Accrued interest	-	651
Prepaid expense	-	-
Total Current Assets	375,751	380,605
Noncurrent Assets:		
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	513,173
Construction in progress	-	-
Total Capital Assets	-	513,173
Less accumulated depreciation	-	(422,386)
Net Capital Assets	-	90,787
Advances to other funds	-	-
Total Noncurrent Assets	-	90,787
Total Assets	375,751	471,392
LIABILITIES:		
Current Liabilities:		
Accounts payable	102,490	33,412
Accrued wages	271,760	558
Capital lease obligations	-	39,569
Compensated absences payable	-	354
Claims and judgements payable	-	-
Total Current Liabilities	374,250	73,893
Noncurrent Liabilities:		
Capitalized lease obligations	-	17,703
OPEB obligation	-	-
Compensated absences payable	-	1,613
Claims and judgments payable	-	-
Total Noncurrent Liabilities	-	19,316
Total Liabilities	374,250	93,209
Net Position:		
Net investment in capital assets	-	33,515
Unrestricted	1,501	344,668
Total Net Position	\$ 1,501	\$ 378,183

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 493,672	\$ 4,826,756	\$ 660,618	\$ 1,352,668	\$ 724,392	\$ 8,785,792
2,303	1,502	17,096	26	-	48,946
846	8,272	1,132	2,318	1,241	14,460
-	-	-	-	2,984	2,984
<u>496,821</u>	<u>4,836,530</u>	<u>678,846</u>	<u>1,355,012</u>	<u>728,617</u>	<u>8,852,182</u>
-	443,134	-	-	-	443,134
-	411,227	-	-	-	411,227
587,092	5,166,136	-	-	-	6,266,401
9,459	-	-	-	-	9,459
<u>596,551</u>	<u>6,020,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,130,221</u>
<u>(470,190)</u>	<u>(3,984,529)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,877,105)</u>
126,361	2,035,968	-	-	-	2,253,116
-	-	-	308,939	-	308,939
<u>126,361</u>	<u>2,035,968</u>	<u>-</u>	<u>308,939</u>	<u>-</u>	<u>2,562,055</u>
<u>623,182</u>	<u>6,872,498</u>	<u>678,846</u>	<u>1,663,951</u>	<u>728,617</u>	<u>11,414,237</u>
44,593	72,613	22,561	6,807	161,872	444,348
10,406	-	-	-	1,796	284,520
-	-	-	-	-	39,569
30,202	-	-	-	3,708	34,264
-	-	-	431,075	1,745,294	2,176,369
<u>85,201</u>	<u>72,613</u>	<u>22,561</u>	<u>437,882</u>	<u>1,912,670</u>	<u>2,979,070</u>
-	-	-	-	-	17,703
-	-	839,409	-	-	839,409
137,586	-	-	-	16,893	156,092
-	-	-	361,659	1,464,248	1,825,907
<u>137,586</u>	<u>-</u>	<u>839,409</u>	<u>361,659</u>	<u>1,481,141</u>	<u>2,839,111</u>
<u>222,787</u>	<u>72,613</u>	<u>861,970</u>	<u>799,541</u>	<u>3,393,811</u>	<u>5,818,181</u>
126,361	2,035,968	-	-	-	2,195,844
<u>274,034</u>	<u>4,763,917</u>	<u>(183,124)</u>	<u>864,410</u>	<u>(2,665,194)</u>	<u>3,400,212</u>
<u>\$ 400,395</u>	<u>\$ 6,799,885</u>	<u>\$ (183,124)</u>	<u>\$ 864,410</u>	<u>\$ (2,665,194)</u>	<u>\$ 5,596,056</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 537,885
Other	-	-
Total Operating Revenues	-	537,885
Operating Expenses:		
Salaries and benefits	-	49,070
Cost of materials and supplies	-	47,461
Depreciation	-	53,660
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	-	332,243
Total Operating Expenses	-	482,434
Operating Income (Loss)	-	55,451
Nonoperating Revenues (Expenses):		
Investment income	-	2,248
Interest and fiscal charges	-	(3,830)
Gain (loss) on sale of property	-	-
Total Nonoperating Revenues (Expenses)	-	(1,582)
Income (Loss) Before Transfers	-	53,869
Transfers:		
Transfers in	-	-
Change in Net Position	-	53,869
Net Position - Beginning of Year	1,501	324,314
Net Position - End of Year	\$ 1,501	\$ 378,183

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,495,060	\$ 1,606,000	\$ 3,009,007	\$ 395,843	\$ 2,050,000	\$ 9,093,795
3,453	24,855	10,331	58,485	892,400	989,524
<u>1,498,513</u>	<u>1,630,855</u>	<u>3,019,338</u>	<u>454,328</u>	<u>2,942,400</u>	<u>10,083,319</u>
677,158	-	-	-	136,480	862,708
11,988	359,181	-	-	29	418,659
39,565	605,038	-	-	-	698,263
-	-	-	136,763	-	136,763
-	-	2,745,912	-	-	2,745,912
-	-	-	-	2,008,413	2,008,413
-	-	248,086	465,702	1,104,380	1,818,168
763,522	610,792	94,318	102,871	535,044	2,438,790
<u>1,492,233</u>	<u>1,575,011</u>	<u>3,088,316</u>	<u>705,336</u>	<u>3,784,346</u>	<u>11,127,676</u>
<u>6,280</u>	<u>55,844</u>	<u>(68,978)</u>	<u>(251,008)</u>	<u>(841,946)</u>	<u>(1,044,357)</u>
3,107	27,520	2,375	16,563	(1,172)	50,641
-	-	-	-	-	(3,830)
-	78,421	-	-	-	78,421
<u>3,107</u>	<u>105,941</u>	<u>2,375</u>	<u>16,563</u>	<u>(1,172)</u>	<u>125,232</u>
9,387	161,785	(66,603)	(234,445)	(843,118)	(919,125)
<u>185,000</u>	<u>206,400</u>	<u>-</u>	<u>-</u>	<u>654,000</u>	<u>1,045,400</u>
194,387	368,185	(66,603)	(234,445)	(189,118)	126,275
<u>206,008</u>	<u>6,431,700</u>	<u>(116,521)</u>	<u>1,098,855</u>	<u>(2,476,076)</u>	<u>5,469,781</u>
<u>\$ 400,395</u>	<u>\$ 6,799,885</u>	<u>\$ (183,124)</u>	<u>\$ 864,410</u>	<u>\$ (2,665,194)</u>	<u>\$ 5,596,056</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Cash received from customers	\$ 39,234	\$ 537,885
Cash paid to other suppliers of goods or services	(13,198)	(362,299)
Cash payment to employees	-	(49,561)
Net Cash Provided by (Used for) Operating Activities	26,036	126,025
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	-
Sale of capital assets	-	-
Payment on capital lease payable	-	(37,760)
Interest and fiscal charges	-	(3,830)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(41,590)
Cash Flows from Investing Activities:		
Investment income received (paid)	-	2,088
Net Cash Provided by (Used for) Investing Activities:	-	2,088
Net Increase (Decrease) in Cash and Cash Equivalents	26,036	86,523
Cash and Cash Equivalents at Beginning of Year	321,696	293,431
Cash and Cash Equivalents at End of Year	\$ 347,732	\$ 379,954

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,496,434	\$ 1,631,693	\$ 3,013,204	\$ 454,302	\$ 2,942,400	\$ 10,115,152
(774,548)	(1,247,563)	(2,983,649)	(464,565)	(3,388,442)	(9,234,264)
(660,098)	-	-	-	(135,210)	(844,869)
61,788	384,130	29,555	(10,263)	(581,252)	36,019
185,000	206,400	-	149,941	654,000	1,195,341
185,000	206,400	-	149,941	654,000	1,195,341
(50,600)	(269,657)	-	-	-	(320,257)
-	104,753	-	-	-	104,753
-	-	-	-	-	(37,760)
-	-	-	-	-	(3,830)
(50,600)	(164,904)	-	-	-	(257,094)
2,754	26,564	2,295	16,246	(1,321)	48,626
2,754	26,564	2,295	16,246	(1,321)	48,626
198,942	452,190	31,850	155,924	71,427	1,022,892
294,730	4,374,566	628,768	1,196,744	652,965	7,762,900
\$ 493,672	\$ 4,826,756	\$ 660,618	\$ 1,352,668	\$ 724,392	\$ 8,785,792

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2015

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	Employee Benefits	Central Service
Operating Income (Loss)	\$ -	\$ 55,451
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	53,660
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(13,949)	-
Increase (decrease) in accounts payable	751	17,405
Increase (decrease) in accrued wages	39,234	(221)
Increase (decrease) in OPEB Obligation	-	-
Increase (decrease) in compensated absences	-	(270)
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	26,036	70,574
Net Cash Provided by (Used for) Operating Activities	\$ 26,036	\$ 126,025
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ 197
Borrowing under capital lease	\$ -	\$ 6,939

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 6,280	\$ 55,844	\$ (68,978)	\$ (251,008)	\$ (841,946)	\$ (1,044,357)
39,565	605,038	-	-	-	698,263
(2,079)	838	(6,134)	(26)	-	(21,350)
962	(277,590)	2,667	(332)	118,253	(137,884)
3,695	-	-	-	105	42,813
-	-	102,000	-	-	102,000
13,365	-	-	-	1,165	14,260
-	-	-	241,103	141,171	382,274
<u>55,508</u>	<u>328,286</u>	<u>98,533</u>	<u>240,745</u>	<u>260,694</u>	<u>1,080,376</u>
<u>\$ 61,788</u>	<u>\$ 384,130</u>	<u>\$ 29,555</u>	<u>\$ (10,263)</u>	<u>\$ (581,252)</u>	<u>\$ 36,019</u>
\$ 332	\$ 1,928	\$ 237	\$ 567	\$ 292	\$ 3,553
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,939

(Concluded)



AGENCY FUNDS

The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. The Agency funds are used to account for taxes received for special assessment debt for which the City is not obligated and monies that are held as part of a joint powers authority agreement.

The Street Assessment Collection Fund is used to record collections and payments to the holders of the 1915 Act Assessment Bonds as they pertain to Street Assessments.

The 99-1 AD Collection Fund is used to record collections and payments to the holders of the 1915 Assessment Bonds as they pertain to the 99-1 AD.

The 99-1 CFD Collection Fund is used to record collections and payments to the holders of the Mello-Roos Community Facilities Act Bonds.

The 98-1 Reassessment District Public Financing Authority Collection Fund is used to refund the 98-1 Assessment District Limited Obligation Improvement Bonds previously issued to finance public improvements benefiting parcels within the Reassessment District.

The Coastal Animal Service Authority Fund is used to record the assets and liabilities of the joint powers authority that provides and operates an animal sheltering facility located within the City of San Clemente and performs animal control services for the City of San Clemente and the City of Dana Point.

CITY OF SAN CLEMENTE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>STREET ASSESSMENT COLLECTION</u>				
Assets				
Cash and investments	\$ 218,392	\$ 1,355	\$ 2,886	\$ 216,861
Accrued interest receivable	365	7	-	372
Total Assets	<u>\$ 218,757</u>	<u>\$ 1,362</u>	<u>\$ 2,886</u>	<u>\$ 217,233</u>
Liabilities				
Payable to bondholders	\$ 218,757	1,307	2,831	\$ 217,233
Total Liabilities	<u>\$ 218,757</u>	<u>\$ 1,307</u>	<u>\$ 2,831</u>	<u>\$ 217,233</u>
<u>99-1 AD COLLECTION</u>				
Assets				
Cash and investments	\$ 92,574	\$ 124,162	\$ 124,158	\$ 92,578
Taxes receivable	371	1,089	371.00	1,089
Total Assets	<u>\$ 92,945</u>	<u>\$ 125,251</u>	<u>\$ 124,529</u>	<u>\$ 93,667</u>
Liabilities				
Accounts payable	\$ 378	\$ 61,228	\$ 61,219	\$ 387
Payable to bondholders	92,567	69,915	69,202	93,280
Total Liabilities	<u>\$ 92,945</u>	<u>\$ 131,143</u>	<u>\$ 130,421</u>	<u>\$ 93,667</u>
<u>99-1 CFD COLLECTION</u>				
Assets				
Cash and investments	\$ 844,219	\$ 753,852	\$ 801,959	\$ 796,112
Taxes receivable	-	69,489	-	69,489
Accrued interest receivable	2,558	-	89	2,469
Total Assets	<u>\$ 846,777</u>	<u>\$ 823,341</u>	<u>\$ 802,048</u>	<u>\$ 868,070</u>
Liabilities				
Accounts payable	\$ 438	\$ 398,392	\$ 398,382	\$ 448
Payable to bondholders	846,339	428,701	407,418	867,622
Total Liabilities	<u>\$ 846,777</u>	<u>\$ 827,093</u>	<u>\$ 805,800</u>	<u>\$ 868,070</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<u>98-1 RAD PFA COLLECTION</u>				
Assets				
Cash and investments	\$ 1,980,629	\$ 2,353,988	\$ 2,341,602	\$ 1,993,015
Taxes receivable	17,417	16,454	17,417	16,454
Accrued interest receivable	233	-	225	8
Total Assets	<u>\$ 1,998,279</u>	<u>\$ 2,370,442</u>	<u>\$ 2,359,244</u>	<u>\$ 2,009,477</u>
Liabilities				
Accounts payable	\$ 1,043	\$ 1,243,565	\$ 1,243,888	\$ 720
Payable to bondholders	1,997,236	1,119,940	1,108,419	2,008,757
Total Liabilities	<u>\$ 1,998,279</u>	<u>\$ 2,363,505</u>	<u>\$ 2,352,307</u>	<u>\$ 2,009,477</u>
<u>COASTAL ANIMAL SERVICES AUTHORITY</u>				
Assets				
Cash and investments	\$ 107,560	\$ 1,477,605	\$ 1,461,525	\$ 123,640
Accounts receivable	57,058	50,638	57,223	50,473
Total Assets	<u>\$ 164,618</u>	<u>\$ 1,528,243</u>	<u>\$ 1,518,748</u>	<u>\$ 174,113</u>
Liabilities				
Accounts payable	\$ 27,543	\$ 972,867	\$ 960,734	\$ 39,676
Accrued wages	18,225	839,880	839,470	18,635
Deposits payable	118,850	1,494,128	1,497,176	115,802
Total Liabilities	<u>\$ 164,618</u>	<u>\$ 3,306,875</u>	<u>\$ 3,297,380</u>	<u>\$ 174,113</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$ 3,243,374	\$ 4,710,962	\$ 4,732,130	\$ 3,222,206
Taxes receivable	17,788	87,032	17,788	87,032
Accounts receivable	57,058	50,638	57,223	50,473
Accrued interest receivable	3,156	7	314	2,849
Total Assets	<u>\$ 3,321,376</u>	<u>\$ 4,848,639</u>	<u>\$ 4,807,455</u>	<u>\$ 3,362,560</u>
Liabilities				
Accounts payable	\$ 29,402	\$ 2,676,052	\$ 2,664,223	\$ 41,231
Accrued wages	18,225	839,880	839,470	18,635
Deposits payable	118,850	1,494,128	1,497,176	115,802
Payable to bondholders	3,154,899	1,619,863	1,587,870	3,186,892
Total Liabilities	<u>\$ 3,321,376</u>	<u>\$ 6,629,923</u>	<u>\$ 6,588,739</u>	<u>\$ 3,362,560</u>

(Concluded)



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	160
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	172
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	178
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	182
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	186

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 120,396,154	\$ 139,240,988	\$ 150,591,242	\$ 160,753,531
Restricted	63,848,558	73,257,751	72,576,665	70,789,068
Unrestricted	36,731,775	32,975,491	34,432,738	36,234,606
Total governmental activities net position	<u>\$ 220,976,487</u>	<u>\$ 245,474,230</u>	<u>\$ 257,600,645</u>	<u>\$ 267,777,205</u>
Business-type activities				
Net investment in capital assets	\$ 128,145,144	\$ 138,419,739	\$ 141,188,272	\$ 148,073,703
Restricted	37,706,913	43,020,332	45,175,807	44,132,042
Unrestricted	13,211,871	7,061,711	9,510,733	5,255,209
Total business-type activities net position	<u>\$ 179,063,928</u>	<u>\$ 188,501,782</u>	<u>\$ 195,874,812</u>	<u>\$ 197,460,954</u>
Primary Government				
Net investment in capital assets	\$ 248,541,298	\$ 277,660,727	\$ 291,779,514	\$ 308,827,234
Restricted	101,555,471	116,278,083	117,752,472	114,921,110
Unrestricted	49,943,646	40,037,202	43,943,471	41,489,815
Total primary government net position	<u>\$ 400,040,415</u>	<u>\$ 433,976,012</u>	<u>\$ 453,475,457</u>	<u>\$ 465,238,159</u>

Source: City of San Clemente

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 164,975,785	\$ 184,880,908	\$ 191,342,737	\$ 186,634,872	\$ 184,058,187	\$ 201,351,891
72,358,104	61,254,366	51,568,742	56,226,561	57,569,626	44,901,878
33,143,594	38,223,976	39,174,674	37,714,193	37,285,652	18,847,703
<u>\$ 270,477,483</u>	<u>\$ 284,359,250</u>	<u>\$ 282,086,153</u>	<u>\$ 280,575,626</u>	<u>\$ 278,913,465</u>	<u>\$ 265,101,472</u>
\$ 145,862,033	\$ 144,382,566	\$ 148,528,745	\$ 152,088,828	\$ 159,890,481	\$ 154,510,084
48,219,563	49,019,121	11,604,636	10,969,269	6,738,924	10,732,930
2,535,183	2,556,796	35,030,472	35,940,828	38,291,531	37,944,233
<u>\$ 196,616,779</u>	<u>\$ 195,958,483</u>	<u>\$ 195,163,853</u>	<u>\$ 198,998,925</u>	<u>\$ 204,920,936</u>	<u>\$ 203,187,247</u>
\$ 310,837,818	\$ 329,263,474	\$ 339,871,482	\$ 338,723,700	\$ 343,948,668	\$ 355,988,336
120,577,667	110,273,487	63,173,378	67,195,830	64,308,550	55,634,808
35,678,777	40,780,772	74,205,146	73,655,021	75,577,183	56,665,575
<u>\$ 467,094,262</u>	<u>\$ 480,317,733</u>	<u>\$ 477,250,006</u>	<u>\$ 479,574,551</u>	<u>\$ 483,834,401</u>	<u>\$ 468,288,719</u>

CITY OF SAN CLEMENTE
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2006	2007	2008
Expenses			
Governmental activities:			
General government	\$ 9,648,050	\$ 8,618,717	\$ 7,067,972
Public safety ¹			
Police	9,565,635	10,111,028	11,432,223
Fire	5,710,457	6,193,700	6,396,679
Economic development ²			
Public works	9,070,583	22,373,476	9,824,925
Community development	5,396,690	6,515,898	6,180,679
Beaches, parks & recreation	8,725,821	9,519,314	9,817,651
Interest and fiscal charges	334,736	365,633	326,509
Total governmental activities expenses	<u>48,451,972</u>	<u>63,697,766</u>	<u>51,046,638</u>
Business-type activities:			
Water	11,829,322	12,039,439	12,347,470
Sewer	8,761,770	8,261,682	8,544,283
Golf	2,197,204	2,152,574	2,260,402
Non-major activities	1,461,065	1,493,220	1,927,960
Total business-type activities expenses	<u>24,249,361</u>	<u>23,946,915</u>	<u>25,080,115</u>
Total primary government expenses	<u>72,701,333</u>	<u>87,644,681</u>	<u>76,126,753</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	2,537,862	2,880,811	2,643,881
Public safety ¹			
Police	1,180,869	1,068,480	1,012,436
Fire	582,914	637,426	564,867
Economic development ²			
Public works	1,320,339	1,154,858	962,317
Community development	4,585,546	3,690,114	2,914,280
Beaches, parks & recreation	1,899,328	2,161,531	2,592,051
Operating grants and contributions	3,901,444	5,730,426	3,303,950
Capital grants and contributions	14,557,681	31,132,043	10,039,908
Total governmental activities program revenues	<u>30,565,983</u>	<u>48,455,689</u>	<u>24,033,690</u>
Business-type activities:			
Charges for services:			
Water	10,216,817	12,192,798	12,324,113
Sewer	7,285,939	7,558,957	8,134,083
Golf	2,057,159	2,100,371	2,250,182
Other	1,985,933	2,063,647	2,049,309
Operating grants and contributions	-	-	-
Capital grants and contributions	4,129,369	5,498,771	2,693,366
Total business-type activities program revenues	<u>25,675,217</u>	<u>29,414,544</u>	<u>27,451,053</u>
Total primary government program revenues	<u>56,241,200</u>	<u>77,870,233</u>	<u>51,484,743</u>
Net (expense)/revenue:			
Governmental activities	(17,885,989)	(15,242,077)	(27,012,948)
Business-type activities	1,425,856	5,467,629	2,370,938
Total primary government net expense	<u>\$ (16,460,133)</u>	<u>\$ (9,774,448)</u>	<u>\$ (24,642,010)</u>

		Fiscal Year											
		2009	2010	2011	2012	2013	2014	2015					
\$	8,590,506	\$	8,197,612	\$	8,453,237	\$	7,446,115	\$	6,194,743	\$	5,949,601	\$	6,368,117
	11,643,872		12,295,976		12,051,622		12,120,058		12,141,456		12,838,046		12,743,914
	6,646,647		6,931,220		7,074,900		7,441,911		7,723,477		7,885,566		8,148,750
	9,651,386		10,665,664		10,407,140		11,467,488		10,729,698		17,118,629		10,529,453
	6,372,669		7,524,036		5,327,603		5,335,446		8,027,685		6,258,785		16,481,854
	10,258,139		10,173,361		9,926,388		11,832,045		13,092,862		14,159,882		14,026,927
	302,728		284,613		307,354		232,635		147,897		137,661		127,508
	<u>53,465,947</u>		<u>56,072,482</u>		<u>53,548,244</u>		<u>55,875,698</u>		<u>58,057,818</u>		<u>64,348,170</u>		<u>68,426,523</u>
	14,918,006		15,128,156		14,604,342		16,649,645		17,583,799		18,199,173		19,582,215
	10,410,640		9,739,844		10,706,741		10,560,807		10,956,256		10,754,071		11,379,835
	2,286,334		2,163,580		2,135,370		2,191,026		2,274,584		2,169,419		2,123,894
	1,808,289		1,982,432		2,070,131		2,080,649		1,839,962		1,785,248		1,926,412
	<u>29,423,269</u>		<u>29,014,012</u>		<u>29,516,584</u>		<u>31,482,127</u>		<u>32,654,601</u>		<u>32,907,911</u>		<u>35,012,356</u>
	<u>82,889,216</u>		<u>85,086,494</u>		<u>83,064,828</u>		<u>87,357,825</u>		<u>90,712,419</u>		<u>97,256,081</u>		<u>103,438,879</u>
	2,674,407		2,408,851		2,742,791		2,899,751		398,141		408,238		750,760
	1,167,198		977,562		1,060,857		1,014,471		887,830		777,499		772,733
	793,180		823,135		681,144		768,098		834,182		697,683		1,096,348
	800,669		879,257		1,277,324		1,146,576		998,914		1,514,742		1,714,658
	1,412,939		1,619,726		1,456,230		1,365,793		1,669,416		2,256,562		2,589,286
	2,482,348		2,831,200		2,835,372		3,186,014		3,472,211		3,481,050		3,446,630
	2,670,368		3,373,731		3,287,276		3,218,852		4,773,534		4,213,191		3,355,485
	<u>10,049,727</u>		<u>4,463,625</u>		<u>5,694,883</u>		<u>2,682,033</u>		<u>1,221,842</u>		<u>7,579,481</u>		<u>19,527,260</u>
	<u>22,050,836</u>		<u>17,377,087</u>		<u>19,035,877</u>		<u>16,281,588</u>		<u>14,256,070</u>		<u>20,928,446</u>		<u>33,253,160</u>
	12,447,776		12,485,605		13,885,865		16,424,826		18,479,553		21,338,919		20,564,951
	8,132,002		8,358,121		8,977,702		9,270,705		10,071,581		10,284,887		10,308,250
	2,132,715		2,023,047		2,137,694		2,222,932		2,179,625		2,292,262		2,319,582
	2,010,211		1,985,289		2,362,352		2,286,446		2,306,379		2,296,222		2,765,093
	-		-		190,241		248,928		56,500		17,121		-
	3,025,094		769,923		1,100,855		47,180		3,439,735		2,478,027		787,143
	<u>27,747,798</u>		<u>25,621,985</u>		<u>28,654,709</u>		<u>30,501,017</u>		<u>36,533,373</u>		<u>38,707,438</u>		<u>36,745,019</u>
	<u>51,484,743</u>		<u>51,484,743</u>		<u>51,484,743</u>		<u>46,782,605</u>		<u>50,789,443</u>		<u>59,635,884</u>		<u>69,998,179</u>
	(31,415,111)		(38,695,395)		(34,512,367)		(39,594,110)		(43,801,748)		(43,419,724)		(35,173,363)
	(1,675,471)		(3,392,027)		(861,875)		(981,110)		3,878,772		5,799,527		1,732,663
\$	<u>(33,090,582)</u>	\$	<u>(42,087,422)</u>	\$	<u>(35,374,242)</u>	\$	<u>(40,575,220)</u>	\$	<u>(39,922,976)</u>	\$	<u>(37,620,197)</u>	\$	<u>(33,440,700)</u>

(Continued)

CITY OF SAN CLEMENTE
 CHANGES IN NET POSTION
 Last Ten Fiscal Years (Continued)
 (accrual basis of accounting)

	Fiscal Year		
	2006	2007	2008
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 22,663,198	\$ 25,502,996	\$ 27,691,490
Sales taxes	5,260,019	5,670,986	5,628,813
Sales taxes - in lieu	1,375,318	1,643,898	1,981,820
Transient occupancy taxes	1,264,514	1,362,015	1,465,852
Franchise taxes	2,127,233	3,185,831	2,163,287
Other taxes	617,638	533,679	475,611
Assessments	668,756	-	-
Investment earnings	2,144,246	3,061,219	2,070,969
Miscellaneous	4,832	108,176	306,842
Gain on sale of capital assets	(18,819)	-	(2,695,057)
Pension side fund payment	-	-	-
Dissolution of the redevelopment agency	-	-	-
Transfers	563,630	(1,328,980)	49,736
Total governmental activities	<u>36,670,565</u>	<u>39,739,820</u>	<u>39,139,363</u>
Business-type activities:			
Investment earnings	1,086,795	2,822,400	2,747,619
Gain/Loss on sale of capital assets	-	-	(662,391)
Miscellaneous	4,266,287	1,409,345	1,376,100
Transfers	(563,630)	1,328,980	(49,736)
Total business-type activities	<u>4,789,452</u>	<u>5,560,725</u>	<u>3,411,592</u>
Total primary government	<u>\$ 41,460,017</u>	<u>\$ 45,300,545</u>	<u>\$ 42,550,955</u>
Change in Net Assets			
Governmental activities	18,784,576	24,497,743	12,126,415
Business-type activities	6,215,308	11,028,354	5,782,530
Total primary government	<u>\$ 24,999,884</u>	<u>\$ 35,526,097</u>	<u>\$ 17,908,945</u>

Notes:

- ¹ Public safety was separated for reporting purposes into police and fire in fiscal year 2006.
- ² Economic development was separated for reporting purposes into public works and community development in fiscal year 2006.
- ³ The State of California initiated the "triple flip" which caused shifts in property tax, sales taxes and motor vehicle fees (other taxes).

The City of San Clemente implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is not available.

Source: City of San Clemente

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$ 27,676,009	\$ 27,114,216	\$ 26,543,254	\$ 25,704,056	\$ 25,613,417	\$ 25,938,562	\$ 27,574,540
4,530,994	4,965,641	5,095,486	5,375,251	5,837,066	5,907,313	6,161,540
2,014,780	1,308,380	1,604,663	1,694,225	1,743,745	2,130,322	2,108,680
1,309,644	1,371,937	1,460,880	1,541,248	1,587,576	1,781,354	2,220,437
2,246,570	2,166,871	2,199,894	2,229,194	2,203,002	2,280,321	2,402,021
1,250,768	1,353,846	1,411,471	1,073,325	1,103,570	1,066,122	1,109,944
-	-	-	-	-	-	-
2,155,014	2,152,699	827,900	1,147,655	3,950,829	2,533,185	1,019,290
42,135	722,562	150,904	144,473	76,641	26,662	156,497
-	-	13,403,427	-	-	-	-
-	-	(4,754,163)	-	-	-	-
-	-	-	(1,767,179)	-	-	-
365,757	239,521	450,418	178,765	175,375	93,722	346,834
<u>41,591,671</u>	<u>41,395,673</u>	<u>48,394,134</u>	<u>37,321,013</u>	<u>42,291,221</u>	<u>41,757,563</u>	<u>43,099,783</u>
2,208,881	1,406,190	653,997	365,245	131,675	216,206	289,571
-	-	-	-	-	-	-
1,418,489	1,381,183	-	-	-	-	-
(365,757)	(239,521)	(450,418)	(178,765)	(175,375)	(93,722)	(346,834)
<u>3,261,613</u>	<u>2,547,852</u>	<u>203,579</u>	<u>186,480</u>	<u>(43,700)</u>	<u>122,484</u>	<u>(57,263)</u>
<u>\$ 44,853,284</u>	<u>\$ 43,943,525</u>	<u>\$ 48,597,713</u>	<u>\$ 37,507,493</u>	<u>\$ 42,247,521</u>	<u>\$ 41,880,047</u>	<u>\$ 43,042,520</u>
10,176,560	2,700,278	13,881,767	(2,273,097)	(1,510,527)	(1,662,161)	7,926,420
1,586,142	(844,175)	(658,296)	(794,630)	3,835,072	5,922,011	1,675,400
<u>\$ 11,762,702</u>	<u>\$ 1,856,103</u>	<u>\$ 13,223,471</u>	<u>\$ (3,067,727)</u>	<u>\$ 2,324,545</u>	<u>\$ 4,259,850</u>	<u>\$ 9,601,820</u>

(Concluded)

CITY OF SAN CLEMENTE

GOVERNMENTAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Total
2004-2005	\$ 19,622,512	\$ 6,610,205	\$ 1,161,393	\$ 1,727,451	\$ 636,963	\$ 29,758,524
2005-2006	22,521,783	6,796,295	1,264,514	2,127,233	665,762	33,375,587
2006-2007	25,217,121	7,275,883	1,362,015	3,185,831	662,446	37,703,296
2007-2008	27,473,127	7,621,633	1,465,852	2,168,274	652,684	39,381,570
2008-2009	27,784,818	6,627,774	1,309,644	2,260,966	659,279	38,642,481
2009-2010	25,236,787	5,924,020	1,371,937	2,186,180	717,306	35,436,230
2010-2011	26,677,176	6,979,049	1,460,880	2,199,894	781,700	38,098,699
2011-2012	25,812,484	7,074,047	1,541,248	2,288,084	858,626	37,574,489
2012-2013	27,849,666	7,452,871	1,587,576	2,264,288	863,703	40,018,104
2013-2014	25,943,613	7,932,300	1,781,354	2,341,247	829,504	38,828,018
2014-2015	27,578,425	8,032,575	2,220,437	2,471,224	866,760	41,169,421

Note:

This schedule provides more detail information on the tax category by major tax type.

In FY 2009-2010, the State of California borrowed \$2.2 million, which was paid back by the State of California in FY 2012-2013.

CITY OF SAN CLEMENTE

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Motor Vehicle Tax	Total
2004-2005	\$ 19,904,158	\$ 6,825,163	\$ 1,161,392	\$ 1,727,451	\$ 1,170,737	\$ 1,438,241	\$ 32,227,142
2005-2006	22,663,198	6,635,337	1,264,514	2,127,233	166,418	451,220	33,307,920
2006-2007	25,502,996	7,314,884	1,362,015	3,185,831	167,677	366,002	37,899,405
2007-2008	27,691,490	7,610,633	1,465,852	2,163,287	173,020	302,591	39,406,873
2008-2009	27,676,009	6,545,774	1,309,644	2,246,570	1,016,497	234,271	39,028,765
2009-2010	27,114,216	6,274,021	1,371,937	2,166,871	1,149,918	203,928	38,280,891
2010-2011	26,543,254	6,700,149	1,460,880	2,199,894	1,098,104	313,367	38,315,648
2011-2012	25,704,056	7,069,476	1,541,248	2,229,194	1,038,871	34,454	37,617,299
2012-2013	25,613,417	7,580,811	1,587,576	2,203,002	1,068,321	35,249	38,088,376
2013-2014	25,938,562	8,037,635	1,781,354	2,280,321	1,036,949	29,173	39,103,994
2014-2015	27,574,540	8,270,220	2,220,437	2,402,021	1,081,764	28,180	41,577,162

Note:

This schedule provides more detail information on the tax category by major tax type.

CITY OF SAN CLEMENTE

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
General fund				
Reserved	\$ 6,851,143	\$ 7,270,478	\$ 5,144,358	\$ 5,023,665
Unreserved	21,648,599	18,996,871	20,380,390	20,070,766
Total general fund	<u>\$ 28,499,742</u>	<u>\$ 26,267,349</u>	<u>\$ 25,524,748</u>	<u>\$ 25,094,431</u>
All other governmental funds				
Reserved	\$ 56,272,435	\$ 79,299,565	\$ 81,250,042	\$ 79,749,708
Unreserved, reported in:				
Special revenue funds	(6,233,102)	(6,051,182)	654,026	4,370,589
Capital projects funds	15,506,770	748,444	(7,833,364)	(11,345,685)
Debt service funds	(994,400)	(370,320)	(719,835)	486,740
Total all other governmental funds	<u>\$ 64,551,703</u>	<u>\$ 73,626,507</u>	<u>\$ 73,350,869</u>	<u>\$ 73,261,352</u>

General fund
Nonspendable
Committed
Assigned
Unassigned
Total general fund

All other governmental funds
Nonspendable
Restricted
Committed
Assigned
Unassigned

Total all other governmental funds

* Based on GASB 54, Fund Balance descriptions were changed to reflect new classifications in FY 2011.

Fiscal Year					
2010	2011*	2012	2013	2014	2015
\$ 4,649,496	\$ -	\$ -	\$ -	\$ -	\$ -
18,836,396	-	-	-	-	-
<u>\$ 23,485,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 69,850,312	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
6,190,722	-	-	-	-	-
(1,218,011)	-	-	-	-	-
(2,545,344)	-	-	-	-	-
<u>\$ 72,277,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	2011	2012	2013	2014	2015
\$ 2,169,291	\$ 2,169,291	\$ 1,800,743	\$ 2,001,530	\$ 2,006,484	\$ 1,915,086
18,923,274	18,923,274	17,754,373	17,450,954	16,751,483	19,081,173
3,770,456	3,770,456	7,373,427	7,060,897	7,225,178	4,015,657
4,110,236	4,110,236	1,528,656	3,592,488	3,850,648	4,673,038
<u>\$ 28,973,257</u>	<u>\$ 28,973,257</u>	<u>\$ 28,457,199</u>	<u>\$ 30,105,869</u>	<u>\$ 29,833,793</u>	<u>\$ 29,684,954</u>
\$ 2,351,847	\$ 2,351,847	\$ 2,120,653	\$ 2,120,653	\$ 1,671,798	\$ 9,933,254
31,352,050	31,352,050	46,333,348	47,664,547	41,112,201	34,945,212
11,792,319	11,792,319	442,650	77,643	59,265	48,563
17,517,914	17,517,914	4,209,482	4,356,356	4,438,029	4,337,695
(2,001,968)	(2,001,968)	26,091	-	5,956,604	(32,142)
<u>\$ 61,012,162</u>	<u>\$ 61,012,162</u>	<u>\$ 53,132,224</u>	<u>\$ 54,219,199</u>	<u>\$ 53,237,897</u>	<u>\$ 49,232,582</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 33,375,587	\$ 37,703,296	\$ 39,381,570	\$ 38,642,481
Licenses and permits	3,271,025	2,782,916	2,095,709	1,714,112
Fines and forfeits	921,583	896,133	880,206	1,033,082
Interest and rentals	3,783,715	6,922,912	6,480,064	5,700,804
Intergovernmental	6,748,776	8,305,713	7,555,145	6,987,223
Charges for services	9,096,580	7,577,287	6,716,282	6,664,560
Developers fees	4,397,324	918,600	444,916	203,899
Contributions	10,611	-	-	-
Other	191,600	665,580	473,262	168,956
Total revenues	<u>61,796,801</u>	<u>65,772,437</u>	<u>64,027,154</u>	<u>61,115,117</u>
Expenditures				
General government	6,506,896	6,868,943	7,169,531	7,311,045
Public safety				
Police	9,569,745	10,091,550	11,452,808	11,658,831
Fire	5,670,855	6,013,151	6,234,977	6,484,946
Economic development				
Public works	8,520,415	6,569,089	6,996,705	6,477,525
Community development	5,194,929	5,689,852	5,841,406	5,561,874
Beaches, parks and recreation	7,763,991	8,633,081	8,635,436	9,113,582
Capital outlay	11,343,516	13,956,352	16,702,514	13,515,137
Debt service:				
Property tax shift	152,953	26,852	24,463	504,204
Principal retirements	85,000	95,000	100,000	105,000
Interest and fiscal charges	331,731	321,686	308,786	291,444
Total expenditures	<u>55,140,031</u>	<u>58,265,556</u>	<u>63,466,626</u>	<u>61,023,588</u>
Excess of revenues over (under) expenditures	7,506,881	7,506,881	560,528	91,529
Other financing sources (uses)				
Proceeds from debt issue	-	-	-	-
Advance from component unit	-	-	-	-
Sale of capital assets	-	-	33,617	35,000
Transfers in	4,515,034	15,653,591	12,485,771	5,154,595
Transfers out	(6,886,394)	(16,318,061)	(14,098,155)	(5,800,958)
Total other financing sources (uses)	<u>(2,371,360)</u>	<u>(664,470)</u>	<u>(1,578,767)</u>	<u>(611,363)</u>
Pension side fund payment	-	-	-	-
Redevelopment agency dissolution	-	-	-	-
Net change in fund balances	<u>\$ 5,135,521</u>	<u>\$ 6,842,411</u>	<u>\$ (1,018,239)</u>	<u>\$ (519,834)</u>
Debt service as a percentage of noncapital expenditures	1%	1%	1%	1%

Source: City of San Clemente

Fiscal Year

	2010	2011	2012	2013	2014	2015
\$	35,436,230	\$ 38,098,699	\$ 37,574,489	\$ 40,018,104	\$ 38,828,018	\$ 41,169,421
	2,083,840	1,903,617	892,486	1,042,511	1,534,484	1,787,045
	820,170	931,685	879,981	776,634	690,083	673,346
	3,998,962	2,780,497	2,615,105	2,441,657	2,778,297	2,267,203
	5,975,543	5,767,169	4,830,480	3,800,465	4,116,782	4,595,852
	6,905,663	7,150,212	7,527,717	5,090,503	5,722,098	7,384,801
	238,620	700,150	170,071	1,607,964	6,571,642	920,591
	-	-	-	-	-	-
	892,015	1,152,865	1,755,948	552,873	451,993	346,524
	<u>56,351,043</u>	<u>58,484,894</u>	<u>56,246,277</u>	<u>55,330,711</u>	<u>60,693,397</u>	<u>59,144,783</u>
	7,740,422	7,274,138	7,308,774	4,962,425	5,366,069	6,116,994
	12,344,203	12,046,529	12,111,299	12,111,439	12,820,497	13,139,840
	6,769,519	6,913,198	7,280,209	7,478,736	7,658,531	8,170,808
	6,995,428	6,863,269	7,124,688	6,553,374	11,986,832	6,401,382
	6,139,496	4,723,758	5,159,664	7,757,417	6,203,011	16,327,068
	8,699,948	8,378,274	9,421,326	10,209,081	10,695,841	11,658,520
	9,353,222	25,632,719	13,793,640	3,059,286	6,622,108	8,951,082
	1,052,656	348,788	-	-	-	-
	115,000	125,000	830,000	95,000	105,000	115,000
	279,293	304,411	226,089	140,683	132,608	123,678
	<u>59,489,187</u>	<u>72,610,084</u>	<u>63,255,689</u>	<u>52,367,441</u>	<u>61,590,497</u>	<u>71,004,372</u>
	(3,138,144)	(14,125,190)	(7,009,412)	2,963,270	(897,100)	(11,859,589)
	70,952	13,449,123	-	-	-	-
	5,967,593	14,490,883	5,603,370	3,617,669	1,763,604	2,591,784
	<u>(5,492,613)</u>	<u>(14,838,805)</u>	<u>(5,222,775)</u>	<u>(3,845,294)</u>	<u>(2,119,882)</u>	<u>(3,033,950)</u>
	<u>545,932</u>	<u>13,101,201</u>	<u>380,595</u>	<u>(227,625)</u>	<u>(356,278)</u>	<u>(442,166)</u>
	-	(4,754,163)	-	-	-	-
	-	-	(1,767,179)	-	-	-
\$	<u><u>(2,592,212)</u></u>	<u><u>(5,778,152)</u></u>	<u><u>(8,395,996)</u></u>	<u><u>2,735,645</u></u>	<u><u>(1,253,378)</u></u>	<u><u>(12,301,755)</u></u>
	1%	1%	2%	0%	0%	0%

CITY OF SAN CLEMENTE

ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	City		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured Value	Unsecured Value		
2004 - 2005	\$ 8,530,666,429	\$ 217,632,601	\$ 8,748,299,030	1.00%
2005 - 2006	9,766,309,751	233,094,120	9,999,403,871	1.00%
2006 - 2007	11,108,747,093	257,421,073	11,366,168,166	1.00%
2007 - 2008	12,244,044,495	242,931,021	12,486,975,516	1.00%
2008 - 2009	12,583,294,477	271,743,872	12,855,038,349	1.00%
2009 - 2010	12,385,008,657	246,328,189	12,631,336,846	1.00%
2010 - 2011	12,203,096,799	227,107,241	12,430,204,040	1.00%
2011 - 2012	12,125,854,115	230,055,391	12,355,909,506	1.00%
2012 - 2013	12,218,790,644	206,465,908	12,425,256,552	1.00%
2013 - 2014	12,547,787,645	200,734,451	12,748,522,096	1.00%
2014 - 2015	13,371,545,438	211,419,301	13,582,964,739	1.00%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% 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 increase of 2%). With few exceptions property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price for 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 described above.

Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Taxable Actual Value
\$ 8,748,299,030	100%
9,999,403,871	100%
11,366,168,166	100%
12,486,975,516	100%
12,855,038,349	100%
12,631,336,846	100%
12,430,204,040	100%
12,355,909,506	100%
15,313,474,511	123%
18,175,939,699	143%
19,988,958,962	147%

CITY OF SAN CLEMENTE

PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS (1)
(per \$100 of assessed value)

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Metropolitan Water District	\$ 0.0052	\$ 0.0047	\$ 0.0045	\$ 0.0043
Capistrano Unified School District (various issues)	0.0108	0.0095	0.0102	0.0097
Total Basic Tax Levy per Article 13A of California State Constitution	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
	<u>\$ 1.0160</u>	<u>\$ 1.0142</u>	<u>\$ 1.0147</u>	<u>\$ 1.0140</u>

Note:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of Capistrano Unified School District bonds.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 0.0043	\$ 0.0037	\$ 0.0037	\$ 0.0035	\$ 0.0035	\$ 0.0035
0.0108	0.0111	0.0110	0.0117	0.0097	0.0090
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>\$ 1.0151</u>	<u>\$ 1.0148</u>	<u>\$ 1.0147</u>	<u>\$ 1.0152</u>	<u>\$ 1.0132</u>	<u>\$ 1.0125</u>

CITY OF SAN CLEMENTE
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT AND NINE YEARS AGO

Taxpayer	Type of Business	2015			2006		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Lv Marblehead LLC	Real Estate	\$ 153,694,325	1	1.13%	\$ -		
WNG San Clemente 368 LLC	Real Estate	97,648,447	2	0.72%	-		
Bre Properties Inc	Real Estate	64,175,428	3	0.47%	57,000,641	2	0.58%
GS Whispering Winds LLC	Real Estate	57,141,540	4	0.42%	-		
Centro Watt Operating Partnership LLC	Real Estate	48,702,749	5	0.36%	39,079,446	5	0.39%
Target Corp	Retail Store	29,077,832	6	0.21%	-		
Talega Village Center LLC	Real Estate	28,750,995	7	0.21%	-		
Villa San Clemente LLC	Real Estate	25,239,715	8	0.19%	-		
Won and Jay Inc	Real Estate	23,146,757	9	0.17%	-		
Yacoel Properties 1 LLC	Real Estate	20,752,003	10	0.15%	-		
Standard Pacific Corp	Real Estate	-			93,185,666	1	0.94%
Seacrest San Clemente LP	Real Estate	-			53,918,262	3	0.54%
Saf Whispering Winds LLC	Real Estate	-			46,427,650	4	0.47%
Shea Homes Limited	Real Estate	-			37,856,778	6	0.38%
W Lyons Homes LLC	Real Estate	-			28,247,975	7	0.29%
Brookfield Talega 78 LLC	Real Estate	-			27,047,035	8	0.27%
ICU Medical Inc.	Medical	-			25,766,071	9	0.26%
Cox Communications California	Public Utilities	-			22,844,343	10	0.23%
		<u>\$ 548,329,791</u>		<u>4.04%</u>	<u>\$ 431,373,867</u>		<u>4.35%</u>

CITY OF SAN CLEMENTE

PROPERTY TAX LEVIES AND COLLECTIONS (1)

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percent of Levy		Amount	Percent of Levy	Amount	Percent of Levy
2004 - 2005	\$ 21,325,884	\$ 21,160,560	128.67%	\$ 146,406	\$ 21,306,966	99.91%	\$ 281,451	1.70%
2005 - 2006	26,319,945	25,908,253	126.66%	248,893	26,157,146	99.38%	440,028	2.13%
2006 - 2007	29,847,548	29,052,670	98.70%	407,428	29,460,098	98.70%	800,561	2.68%
2007 - 2008	32,658,925	31,607,230	96.78%	534,706	32,141,935	98.42%	1,046,334	3.20%
2008 - 2009	32,849,831	32,289,655	98.29%	313,380	32,603,035	99.25%	939,392	2.86%
2009 - 2010	30,873,785	28,108,722	91.04%	675,969	28,784,691	93.23%	633,052	2.05%
2010 - 2011	30,847,755	30,201,236	97.90%	239,066	30,440,302	98.68%	465,959	1.51%
2011 - 2012	30,356,687	29,507,606	97.20%	24,860	29,532,466	97.28%	531,576	1.75%
2012 - 2013	30,608,681	30,528,268	99.74%	444,271	30,972,538	101.19%	451,927	1.48%
2013 - 2014	29,183,272	29,217,530	100.12%	400,661	29,618,191	101.49%	449,978	1.54%
2014 - 2015	30,636,198	30,600,249	99.88%	433,010	31,033,259	101.30%	419,422	1.37%

Note:

(1) Data for City of San Clemente prior to 2004-2005. Information includes the Redevelopment Agency for 2005-2006. This schedule also include amounts collected by the City and Redevelopment Agency that were passed through to other agencies.

(2) Adjustments were made in all years presented to delete penalties and interest collected. Adjustments were made to fiscal years 2004-2005 and 2005-2006 Total Tax Levy to account for ERAF in those years.

CITY OF SAN CLEMENTE

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Certificates of Participation	Capital Leases			
2004 - 2005	\$ 3,110,000	\$ 31,070	\$ 31,946,070	1.22%	489
2005 - 2006	3,025,000	177,711	29,637,711	1.04%	447
2006 - 2007	2,930,000	147,207	26,982,207	0.89%	400
2007 - 2008	2,830,000	110,278	2,940,278	0.09%	43
2008 - 2009	2,725,000	91,953	2,816,953	0.09%	41
2009 - 2010	2,610,000	56,062	2,666,062	0.10%	39
2010 - 2011	2,485,000	17,929	2,502,929	0.09%	39
2011 - 2012	1,655,000	164,691	1,819,691	0.07%	28
2012 - 2013	1,560,000	127,026	1,687,026	0.05%	26
2013 - 2014	1,455,000	88,094	1,543,094	0.05%	24
2014 - 2015	1,340,000	57,273	1,397,273	0.05%	21

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Amount excludes special assessment debt for which the City is not liable and acts only as a conduit.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF SAN CLEMENTE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2015

Assessed valuation was \$13,666,850,501 in FY 2014-15

	%	Debt
	<u>Applicable</u>	<u>June 30, 2015</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	0.590%	\$ 651,478
Capistrano Unified School District School Facilities Improvement District No. 1	22.59%	7,346,850
Santa Margarita Water District CFD No. 99-1	100%	87,865,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	81,195,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	4,500,000
City of San Clemente 1915 Act Bonds	100%	11,075,000
TOTAL OVERLAPPING TAX AND ASSESSED DEBT		<u>\$ 192,633,328</u>
OVERLAPPING GENERAL FUND DEBT:		
<u>Overlapping:</u>		
Orange County General Fund Obligations	2.901%	2,869,263
Orange County Pension Obligations	2.901%	10,642,453
Orange County Board of Education Certificates of Participation	2.901%	440,662
Municipal Water District of Orange County Water Facilities Corporation	3.468%	185,885
Capistrano Unified School District Certificates of Participation	18.796%	3,158,668
<u>Direct (1):</u>		
City of San Clemente Certificates of Participation	100%	1,340,000
City of San Clemente Capital Leases	100%	57,272
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 18,694,203</u>
LESS: MWDOC WATER FACILITIES CORPORATION (100% SELF-SUPPORTING)		<u>185,885</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 18,508,318</u>
TOTAL CITY DIRECT DEBT (1)		\$ 1,397,272
TOTAL GROSS OVERLAPPING DEBT		\$ 209,930,259
TOTAL NET OVERLAPPING DEBT		\$ 209,744,374
GROSS COMBINED TOTAL DEBT		\$ 211,327,531
NET COMBINED TOTAL DEBT		\$ 211,141,646

Notes:

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assess property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assets value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.41%
Total Direct Debt	0.01%
Gross Combined Total Debt	1.55%
Net Combined Total Debt	1.54%

Source: California Municipal Statistics

CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2006	2007	2008	2009
Assessed valuation	\$ 7,707,375,828	\$ 9,999,403,871	\$ 12,486,975,516	\$ 12,855,038,349
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,926,843,957	2,499,850,968	3,121,743,879	3,213,759,587
Debt limit percentage	15%	15%	15%	15%
Debt limit	289,026,594	374,977,645	468,261,582	482,063,938
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 289,026,594</u>	<u>\$ 374,977,645</u>	<u>\$ 468,261,582</u>	<u>\$ 482,063,938</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% 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 the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 12,631,336,846	\$ 12,430,204,040	\$ 12,355,909,506	\$ 12,425,256,552	\$ 12,748,522,096	\$ 13,582,964,739	
25%	25%	25%	25%	25%	25%	25%
3,157,834,212	3,107,551,010	3,088,977,377	3,106,314,138	3,187,130,524	3,395,741,185	
15%	15%	15%	15%	15%	15%	15%
473,675,132	466,132,652	463,346,606	465,947,121	478,069,579	509,361,178	
-	-	-	-	-	-	
<u>\$ 473,675,132</u>	<u>\$ 466,132,652</u>	<u>\$ 463,346,606</u>	<u>\$ 465,947,121</u>	<u>\$ 478,069,579</u>	<u>\$ 509,361,178</u>	
0%	0%	0%	0%	0%	0%	0%

CITY OF SAN CLEMENTE

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	Median Age (5)	Percentage High School Grad or Higher (5)	School Enrollment (3)	Unemployment Rate (4)
2005 - 2006	66,077	2,861,028	43,298	38	90%	9,361	2.70%
2006 - 2007	66,833	3,031,758	45,363	38	90%	9,468	2.70%
2007 - 2008	67,549	3,096,478	45,840	38	90%	9,550	3.90%
2008 - 2009	68,234	3,025,836	44,345	40	94%	9,659	6.40%
2009 - 2010	68,763	2,751,758	40,018	39	95%	9,700	7.56%
2010 - 2011	63,743	2,890,823	45,509	39	94%	9,743	7.40%
2011 - 2012	64,208	2,787,333	43,411	39	95%	9,757	6.50%
2012 - 2013	64,542	3,091,175	47,894	40	94%	9,244	5.30%
2013 - 2014	64,874	3,068,865	47,305	40	96%	9,799	4.70%
2014 - 2015	65,399	3,051,648	46,662	40	96%	9,674	3.60%

- Sources: (1) State Department of Finance and 2010 U.S. Census
 (2) Office of Economic Development
 (3) California Department of Education/Local Unified School District
 (4) State of California Employment Development Department
 (5) U.S. Census Bureau

CITY OF SAN CLEMENTE

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	554	1	1.73%			
Walmart	252	2	0.79%	235	5	0.83%
Ralphs	225	3	0.70%			
Saddleback Memorial Medical Center	207	4	0.65%	320	3	1.13%
City of San Clemente	192	5	0.60%	191	8	0.67%
Target Retail Store	180	6	0.56%			
Fisherman's Restaurants	175	7	0.55%	195	7	0.69%
US Post Office	150	8	0.47%			
Lowe's Home Improvement	147	9	0.46%			
ICU Medical	130	10	0.41%	604	1	2.13%
Don Roberto Jewelers				550	2	1.94%
San Juan Capistrano Fiesta				265	4	0.93%
Campus Crusade for Christ				210	6	0.74%
Inspirational Films				180	9	0.63%
Albertson's Grocery				110	10	0.39%

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

Source: State Economic Development Department
 City of San Clemente
 MuniServices, LLC

CITY OF SAN CLEMENTE

FULL-TIME EQUIVALENT CITY
GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	29	31	31	34	34	33	32	32	32	32
Public safety										
Police (contract)	55	55	56	57	57	55	55	55	54	52
Fire (contract)	42	43	43	43	43	43	42	42	42	50
Marine Safety	7	7	7	7	7	7	7	7	7	7
Community Development										
Engineering	24	24	24	24	22	22	20	20	20	20
Building	22	22	15	15	14	14	11	11	11	14
Code Compliance	4	4	7	5	5	5	5	5	5	5
Planning	12	12	12	12	12	12	10	11	11	10
Administration	3	3	3	3	3	4	3	2	2	2
Public Works	3	3	3	3	3	3	3	3	3	3
Maintenance	17	17	17	17	18	19	18	18	18	26
Beaches, Parks, and Recreation	23	26	28	27	27	27	28	27	27	19
Water	22	22	23	23	25	25	25	25	25	25
Sewer	24	24	24	23	20	21	20	19	19	19
Clean Ocean	7	7	7	4	4	4	3	3	3	3
Storm Drain Utility	2	2	2	2	3	3	3	3	3	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	10	10	10	10	9	9	9	9	9	9
Total	305	311	309	309	306	303	294	293	292	300

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year				
	2006	2007	2008	2009	2010
<u>Function</u>					
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	131.10	131.15	134.00	149.68	134.00
Streetlights	3,259	3,259	3,357	3,357	3,360
Traffic signals	68	70	72	74	74
Beaches, parks and recreation					
Parks	21	25	20	20	19
Swimming pools	2	2	1	1	1
Libraries	1	1	1	1	1
Community centers	1	1	1	1	1
Municipal golf courses	1	1	1	1	1
Water					
Water mains (miles)	173.10	173.10	206.40	206.40	206.40
Fire hydrants	2,230	2,230	2,281	2,281	2,281
Maximum daily capacity (thousands of gallons)	13,571	12,297	12,600	12,600	12,600
Sewer					
Sanitary sewers (miles)	179.15	179.15	174.60	174.60	174.60
Storm sewers (miles)	62.50	62.50	62.50	62.50	62.50
Maximum daily treatment capacity (thousands of gallons)	6,976	6,976	6,976	6,976	6,976

N.A. - not available

Fiscal Year				
2011	2012	2013	2014	2015
1	1	1	1	1
3	3	3	3	3
134.00	136.00	136.00	136.00	137.00
3,404	3,419	3,428	3,433	3,503
74	74	74	76	80
19	20	20	20	21
1	3	3	3	4
1	1	1	-	-
1	1	1	1	1
1	1	1	1	1
206.40	206.40	206.40	213.10	213.10
2,281	2,281	2,281	2,281	2,281
12,600	12,600	86,000	86,000	86,000
174.60	174.60	174.60	154.00	154.00
62.50	62.50	62.50	62.50	62.50
6,976	6,976	6,976	6,976	6,976

CITY OF SAN CLEMENTE

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2006	2007	2008	2009	2010
Police					
Number of calls for service **	-	-	27,776	25,351	26,233
Number of traffic collision reports **	-	-	358	450	404
Parking citations issued	22,523	20,331	20,652	22,528	17,855
Fire					
Number of fire calls	81	99	84	70	72
Number of emergency medical calls	2,365	2,114	2,283	2,159	2,418
Inspections	1,647	1,221	1,203	968	1,361
Highways and streets					
Street resurfacing (miles)	2.65	5.27	6.06	4.24	3.50
Beaches, parks and recreation					
Number of recreation classes, activities, and clinics*	4,033	568	531	514	452
Total experiences in classes, activities, and clinics*	170,015	120,903	86,882	89,464	104,879
Total number of facility rentals*	3,398	1,043	1,238	1,169	694
Golf rounds played	86,564	95,375	95,898	95,190	91,834
Water					
New customers	156	190	24	27	7
Average daily consumption (thousands of gallons)	10,333	9,833	9,329	9,901	8,396
Sewer					
New customers	901	42	33	19	3
Average daily sewage treatment (thousands of gallons)	4,708	4,206	4,120	4,050	3,971

N.A. - not available

* The change in amounts during 2007 was due to changes in performance measurement reporting.

** No data was available prior to 2008.

Source: City of San Clemente

Fiscal Year				
2011	2012	2013	2014	2015
25,008	23,651	24,082	23,729	26,217
426	257	487	371	377
18,591	17,851	13,713	13,698	15,231
49	72	55	44	71
2,084	2,540	2,137	2,175	3,317
696	171	917	899	1,256
2.83	1.79	0.69	4.29	5.31
359	519	507	482	493
106,809	129,682	106,497	111,219	173,175
664	825	916	1,068	1,087
89,117	90,118	88,177	84,838	80,091
34	27	8	11	33
7,266	7,587	8,144	8,694	8,312
5	4	6	9	26
4,060	3,883	3,859	3,787	3,441

