



*"To learn something new,
take the path you took
yesterday"*

~ John Burroughs

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013



**City of San Clemente,
California**

CITY OF SAN CLEMENTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013



Prepared By:
Finance and Administrative Services

CITY OF SAN CLEMENTE
 Comprehensive Annual Financial Report
 June 30, 2013

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INTRODUCTORY SECTION



City of San Clemente

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

December 13, 2013

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, 2013.

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, 2013. 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.

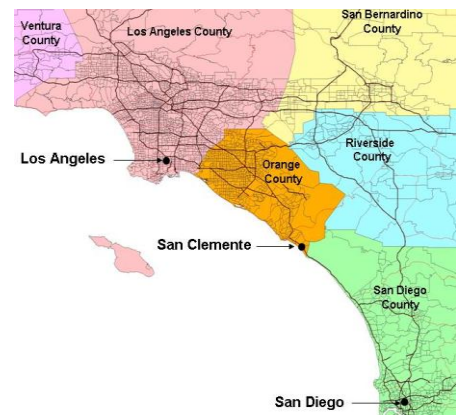
The City provides a full range of services which include general government, public safety (police, fire, and marine safety), disaster preparedness, building inspection, construction and maintenance of streets, economic development, beaches, parks and recreation, water, sewer, storm drain, clean ocean 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 I 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 64,542, 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 is approaching build out, increased property taxes significantly during the last ten years. Recently, the overall instability in the economy resulted in the City experiencing slower property and sales tax revenue growth. However, as the economy rebounds and the last undeveloped area, Marblehead Coastal, is developed with retail and residential development total property taxes and sales tax revenue in the City are expected to improve significantly.



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.

Any policy changes with fiscal impact are incorporated into the upcoming budget through the LTFP process. Financial policy requires that the City shall 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 2013. 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 expansion of Recycled Water production and the Ole Hanson Beach Club renovation. The recycled water expansion project is essentially three projects: expansion of the treatment facility, expanding a recycled water distribution system, and adding recycled water storage capacity. Overall, the recycled water project will lower the city's dependence on external water supplies whose costs continue to increase. The Ole Hanson Beach Club which 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.

In 2012, the City completed Vista Hermosa Sports Park and San Clemente Aquatics Center, which includes various amenities. Operational costs were funded in Fiscal Year 2013 through funds set-aside by the City Council until the future development at Marblehead Coastal generates revenue.



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

- **General Plan Update** – The General Plan, which was last updated in 1993, identifies goals, policies and implementation strategies for the City. The General Plan Update incorporates information from the community's strategic vision and develops the guiding principles for land use, urban design, housing, mobility, economic development, public health and safety, environmental resources, utilities, recreation and historic/cultural resources. This process is underway and is currently under Council review.
- **Facilities Management** – The City is performing evaluations of various City locations, taking into consideration the accessibility, use and the aging of city facilities. This process identified the Ole Hanson Beach Clubhouse and beach restrooms as strategic priorities for renovation or improvements.
- **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 and the Army Corps of Engineers are 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, 2012. This was the twenty-seventh 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 would not have been 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

Robert “Bob” Baker, Mayor
Tim Brown, Mayor Pro Tem
Lori Donchak
Jim Evert
Chris Hamm

PLANNING COMMISSION

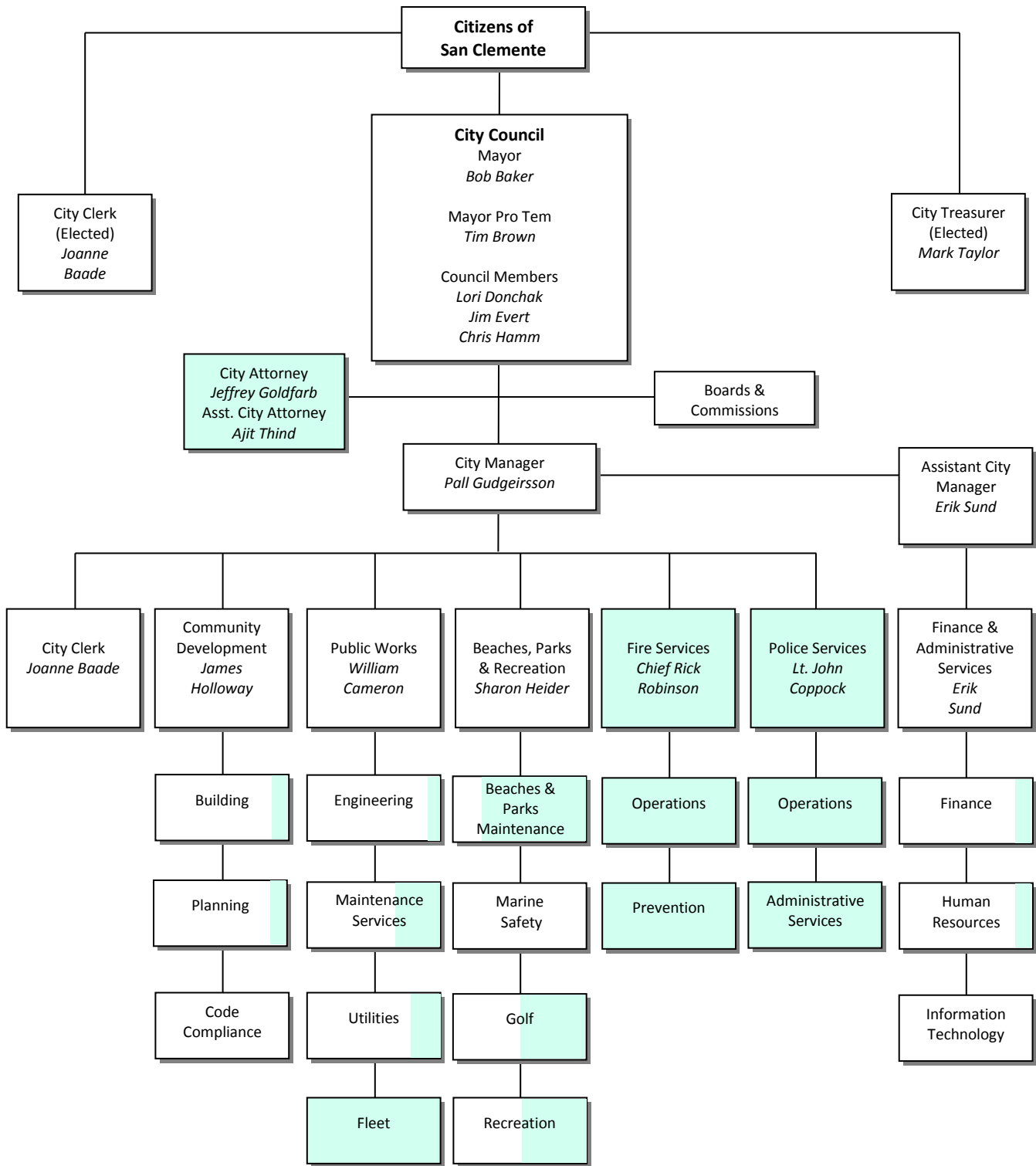
Nesa Anderson
Lewis Avera
Jim Ruehlin
Michael Kaupp
Julia Darden
Barton Crandell
Donald Brown

PARKS AND RECREATION COMMISSION

Dagmar Foy
Chris McCormack
Michael Smith
Bill Thomas
Eric Swartz
Steven Streger
Thomas Wicks

CITY STAFF

Pall Gudgeirsson, City Manager
Erik Sund, Assistant City Manager
Mark Taylor, City Treasurer
Joanne Baade, City Clerk
Jeff Goldfarb, City Attorney
William E. Cameron, City Engineer/Public Works Director
Sharon Heider, Beaches, Parks & Recreation Director
James S. Holloway, Community Development Director
Lt. John Coppock, Chief of Police Services/Lieutenant
Rick Robinson, 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, 2012

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 (the "City"), as of and for the year ended June 30, 2013, 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, 2013, and the respective changes in financial position, and,

where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 December 11, 2013 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

December 11, 2013

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 years ended June 30, 2013 and June 30, 2012. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal beginning on page iii and the City's financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

- The City's net position increased \$2.4 million or 0.5% to \$479.6 million as a result of this year's operations.
- Net position totals \$280.6 million for governmental and \$199.0 for business-type funds.
- The total program revenues and general revenues were \$93.1 million.
- The total cost of all City programs, excluding program revenues, was \$43.8 million.
- During the year, the City's taxes and other governmental revenues exceeded expenditures by \$3.1 million.
- The General Fund reported a net change in fund balance of \$1.6 million.
- For the General Fund, actual resources were greater than the final budget by \$3.0 million and actual expenditures were \$8.8 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 17 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 decrease 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 22 and 26, 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, this report also presents certain 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.

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, 2013 and June 30, 2012.

Table 1
Net Position
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 105.6	\$ 101.6	\$ 52.1	\$ 49.5	\$157.7	\$151.1
Capital assets, net	<u>188.3</u>	<u>193.2</u>	<u>152.1</u>	<u>148.5</u>	<u>340.4</u>	<u>341.7</u>
Total assets	293.9	294.8	204.2	198.0	498.1	492.8
Current liabilities	7.9	8.1	4.6	2.3	12.5	10.4
Long-term liabilities	<u>5.4</u>	<u>4.6</u>	<u>0.6</u>	<u>0.6</u>	<u>6.0</u>	<u>5.2</u>
Total liabilities	13.3	12.7	5.2	2.9	18.5	15.6
Net position:						
Net investment in capital assets	186.6	191.3	152.1	148.5	338.7	339.8
Restricted	56.3	51.6	11.0	11.6	67.3	63.2
Unrestricted	<u>37.7</u>	<u>39.2</u>	<u>35.9</u>	<u>35.0</u>	<u>73.6</u>	<u>74.2</u>
Total Net Position	<u>\$280.6</u>	<u>\$ 282.1</u>	<u>\$ 199.0</u>	<u>\$ 195.1</u>	<u>\$ 479.6</u>	<u>\$ 477.2</u>

City asset's exceeded liabilities by \$479.6 million at June 30, 2013 as compared to \$477.2 million at June 30, 2012. The City's net position increased \$2.4 million during the current fiscal year.

By far the largest portion of the City's net position (71 percent) reflects 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. The City uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The total investment in capital assets decreased \$1.1 million, with a decrease of \$4.7 million in governmental activities due to a full year of depreciation on large capital projects completed in the previous fiscal year (a fire station, senior center, and sports park). The business-type activities investment in capital assets increased \$3.6 million due to a project under construction related to recycled water expansion.

The restricted portion of the City's net position (14 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position increased \$4.1 million due to developer contributions and receipts of restricted revenues.

The unrestricted net position balance of \$73.6 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, almost \$36 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$37.7 million by the governmental activities.

The condensed summary of activities, which follows, shows that net position decreased by \$3.2 million during the year.

Table 2
Summary of Activities
(in millions)

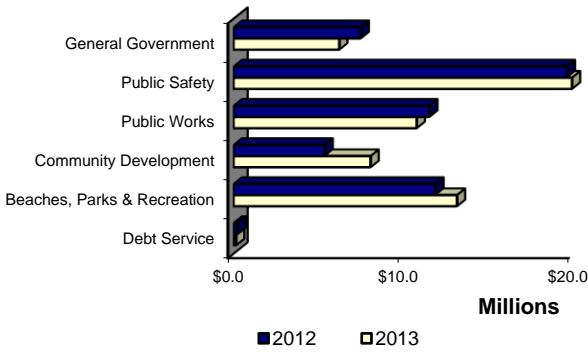
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program revenues:						
Charges for services	\$ 8.3	\$ 10.4	\$ 33.1	\$ 30.2	\$ 41.4	\$ 40.6
Operating grants/contrib.	4.8	3.2	0.1	0.3	4.9	3.5
Capital grants/contrib.	1.2	2.7	3.4		4.6	2.7
General revenues:						
Property taxes	25.6	25.7			25.6	25.7
Sales taxes	7.6	7.1			7.6	7.1
Other taxes and fees	4.9	4.8			4.9	4.8
Other	3.9	1.3	0.2	0.4	4.1	1.7
Total revenues	56.3	55.2	36.8	30.8	93.1	86.0
Expenses:						
General government	6.2	7.5			6.2	7.5
Public safety	19.9	19.6			19.9	19.6
Public works	10.7	11.5			10.7	11.5
Community development	8.0	5.3			8.0	5.3
Beaches, parks & recreation	13.1	11.8			13.1	11.8
Interest and fiscal charges	0.1	0.2			0.1	0.2
Water			17.6	16.6	17.6	16.6
Sewer			11.0	10.6	11.0	10.6
Golf			2.3	2.2	2.3	2.2
Clean Ocean			1.6	1.8	1.6	1.8
Solid Waste			0.2	0.3	0.2	0.3
Total expenses	58.0	55.9	32.7	31.5	93.4	87.4
Net position change before extraordinary items/transfers	(1.7)	(0.7)	4.1	(0.7)	2.4	(1.4)
Extraordinary item ¹	-	(1.8)	-	-	-	(1.8)
Transfers	0.2	0.2	(0.2)	(0.2)	-	-
Change in net position	(1.5)	(2.3)	3.9	(0.9)	2.4	(3.2)
Net position – July 1	<u>282.1</u>	<u>284.4</u>	<u>195.1</u>	<u>196.0</u>	<u>477.2</u>	<u>480.4</u>
Net position – June 30	<u>\$ 280.6</u>	<u>\$ 282.1</u>	<u>\$ 199.0</u>	<u>\$ 195.1</u>	<u>\$ 479.6</u>	<u>\$ 477.2</u>

¹ Extraordinary item is a result of the dissolution of the San Clemente Redevelopment Agency in FY 2012.

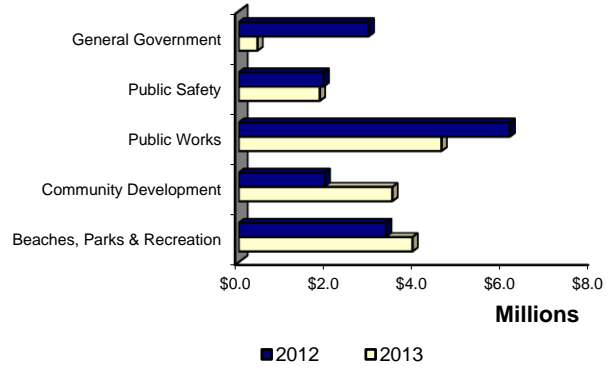
Governmental activities

Governmental activities decreased the City's net position by \$1.5 million as compared to a \$2.3 million decrease in the previous year. Revenues were \$56.3 million in Fiscal Year (FY) 2013 as compared to \$55.2 million in FY 2012. The City received less in capital grants during the year and experienced a small increase in taxes. Expenses increased by \$2.1 million from the prior fiscal year, and expenses were \$1.5 million more than revenues in the current year. Expense increases were due to higher fire contract costs, costs related to the General Plan and a full year of operations at a new park opened in the last half of FY 2012.

Expenses – Governmental Activities



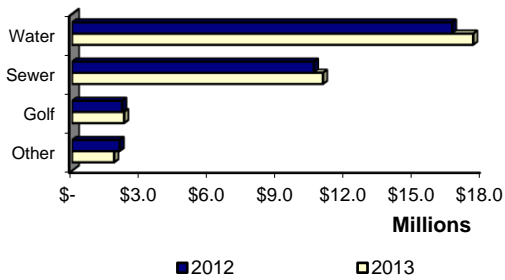
Program Revenues – Governmental Activities



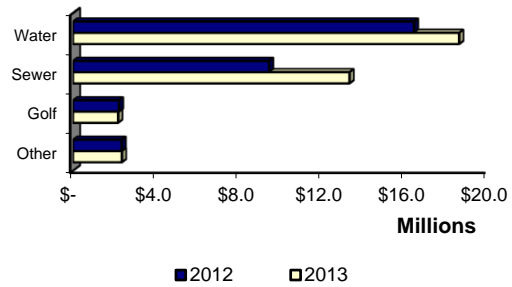
Business-type activities

Business-type activities net position increased by \$3.9 million as compared to a decrease of (\$0.9) 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.

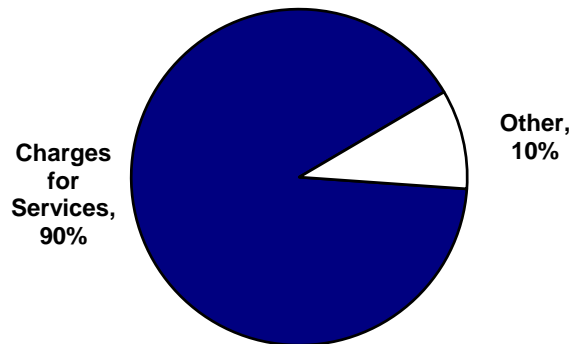
Expenses – Business-type activities



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 \$84.3 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$3.6 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 (\$4.1 million), 2) restricted based on legislation or under agreements with external parties (\$47.7 million), 3) committed based on City Council action (\$17.5 million), or 4) assigned for specific purposes based on the Council appointed designee (\$11.4 million). Governmental fund balances, in total, increased by \$2.7 million during the fiscal year due primarily to the State's repayment of borrowed property taxes. A large portion of the other governmental fund balances were from development fees received which were restricted for the use of capital projects.

Governmental funds, in total, had \$55.3 million of revenues and taxes represented 69% of the revenues. The change from the prior year was mostly in property taxes and service charges. Property taxes increased as a result of the State's repayment of a prior years borrowing of the City's property taxes. Service charges changed as a result of the full year's operation of a new park and aquatics center and the reporting of overhead reimbursements as a reduction to governmental costs.

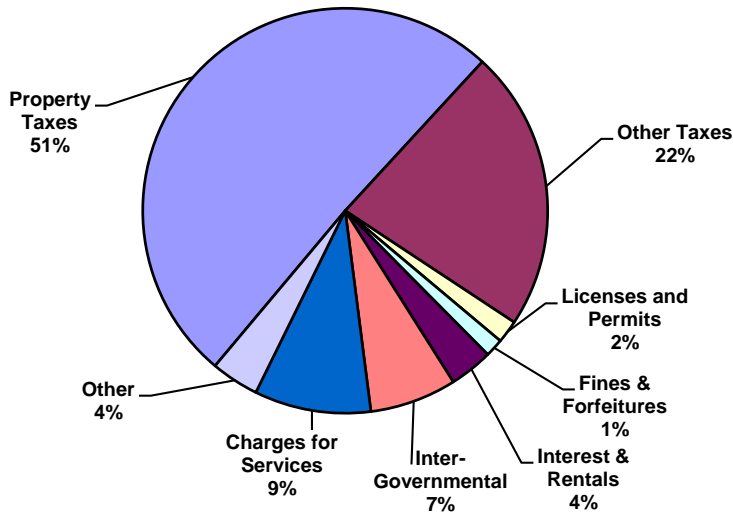
Total governmental fund expenditures were \$52.4 million in FY 2013 compared to last year's amount of \$63.3 million, which was a decrease of \$10.9 million. This decrease occurred primarily in capital outlay, which went from \$25.6 million to \$13.8 million as a result of the completion of the following capital projects during the prior year: fire station, senior center, and the sports park including the aquatics center.

Other significant governmental fund activity that occurred during the year as follows:

- Developers Improvement Capital Project fund received a developer fee and provided an affordable housing subsidy to a senior housing development through a long term residual receipts loan agreement.
- Gas Tax Special Revenue fund increased fund balance by \$1.0 million as a result of restricted revenues received, while street projects have been delayed due to pipelines to be installed under streets due to the recycled water expansion project. This delay has also contributed to an increase in the Street Improvement Fund.
- Other significant changes are the result of development fees received in the current year in the Public Facilities and the Parks Acquisition and Development Capital Project Funds.

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

**Revenues by Source – Governmental Funds
Fiscal Year 2013**



<u>Function</u>	<u>2013 Amounts</u>	<u>% of Total</u>	<u>2012 Amounts</u>	<u>% of Total</u>
Property Taxes	\$ 27.8	51 %	\$ 25.7	46 %
Other Taxes	12.3	22 %	11.9	21 %
Licenses & Permits	1.0	2 %	0.9	2 %
Fines & Forfeitures	0.8	1 %	0.9	2 %
Investment & Rentals	2.4	4 %	2.6	5 %
Intergovernmental	3.8	7 %	4.8	8 %
Charges for Services	5.1	9 %	7.5	13 %
Other	2.2	4 %	1.8	3 %
	<u>\$ 55.3</u>	<u>100 %</u>	<u>\$ 56.3</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 \$15.4 million, \$19.4 million and (\$0.8) million, respectively. In total, unrestricted net position for all proprietary funds increased from the previous year. A large portion of these unrestricted net position are set aside for infrastructure replacement. The total Enterprise Fund’s Net Position increased from \$195.2 million to \$199.0 million or by 2%.

Last year’s change in net position was decrease of (\$607,993) and this year’s increase was \$4.6 million. This increase is a largely due to higher service charges as a result of rate increases and changes to the rate structure as a result of a rate study. Water service charges increased from \$15.5 to \$17.6 million and sewer charges from \$9.3 to \$10.1. Total operating expenses only increased from \$31.4 million to \$31.5 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 \$30.1 million. Unassigned fund balance represents \$3.6 million or 12% of the total fund balance. In total, the General Fund balance increased by \$1.6 million over the prior year and represents 35% of all governmental fund balances.

The original budget for General Fund revenues was \$45.8 million. When compared to the final budgeted amounts there was a \$0.2 million increase, with most of this reflected in taxes and intergovernmental. Increases were related to grants revenues received during the year and as a result of a mid-year review adjusting property and transient occupancy taxes up by \$0.1 million.

The actual fiscal year revenues were in line with budgeted expectations in most categories. The largest budget variance was in taxes. Other budget variances included lower fine revenues and investment income and higher charges for services revenue as the result of exceeding original budget expectations in recreation charges, ambulance charges, and planning/building fees. Additional information on these revenues variances are summarized below:

- Property taxes were higher by \$2.9 million due to a repayment of property taxes borrowed by the State of California in the amount of \$2.2 million and \$0.3 million of administration fees collected by the County, which were refunded.
- Sales taxes were higher based on taxable sales within the City.
- Fines were lower as a result of police vacancies resulting in a lower number of tickets.
- Investment income was lower than budget due to the weak interest rate environment, lower cash balances and shortening of duration of the investment portfolio.
- Charges for services were due to higher recoveries on ambulance service charges, increased recreation service charges based on usage at the aquatic center, and planning/building fees as a result of a slight improvement in development from prior years.

The budgeted expenditures increased from the original \$53.4 million to final budget amount of \$54.4 million in the General Fund. The major changes were in capital outlay and public works, as a result of capital related items, including the Ole Hanson Beach Club renovation. Other changes from the original budgeted expenditures were minor during the year.

Actual expenditures in the General Fund ended the year \$8.7 million lower than the final budget, \$5.8 million of this amount will be reappropriated in FY 2014. Budget variances were in multiple categories, as explained below:

- City General costs came in lower by \$0.5 million as result of the continuing update to the General Plan which was still in progress at the end of the year. Budgeted costs were also included in Community Development to implement the zoning and other aspects of the General Plan.
- Police savings from budget were due to vacancies during the course of the year.
- Beaches, Parks and Recreation came in lower than anticipated due to lower than anticipated maintenance projects that have been delayed.
- Capital outlay was lower by \$5.1 million as a result of capital projects that will be started next fiscal year or project savings. Capital projects being reappropriated into FY 2014

include the \$3.0 million Ole Hanson Beach Club renovation and the Pier Restroom replacement for \$0.3 million.

Other financing sources (uses) include transfers in of \$0.7 million to support capital related activity. Transfers out totaled \$2.5 million with \$0.6 million to fund past projects to a capital projects fund, \$0.4 million to the General Liability fund to fund a settlement agreement, \$0.7 million transferred to support street projects, and \$0.3 million to provide funds for debt service.

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, 2013, amounts to \$340.4 million (net of accumulated depreciation) as compared to the June 30, 2012 total of \$341.7 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The net decrease in the City's net investment in capital assets for the current fiscal year was \$1.3 million. This change was the result of a \$4.9 million decrease in governmental activities and a \$3.6 million increase 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 \$2.7 million consisting of streets, sidewalks, and traffic signals. The business type activities largest increase was \$6.7 million in construction in progress due to the recycled water expansion projects, a solids handling project, and other utilities capital projects.

Depreciation expense during the fiscal year was \$7.9 million for governmental activities and \$4.6 million for business-type activities as compared to \$6.4 million and \$4.4 million respectively in the previous fiscal year. The increase on the governmental activities is related to a full year of depreciation on a senior center, fire station, and park assets that were capitalized last fiscal year.

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

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

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 37.2	\$ 37.2	\$ 4.1	\$ 4.1	\$ 41.3	\$ 41.3
Infrastructure	91.1	92.4	62.5	64.9	153.6	157.3
Buildings & Improvements	54.8	57.9	70.6	71.3	125.4	129.2
Equipment	3.3	3.6	0.6	0.6	3.9	4.2
Construction-in- progress	<u>1.9</u>	<u>2.1</u>	<u>14.3</u>	<u>7.6</u>	<u>16.2</u>	<u>9.7</u>
Totals	<u>\$ 188.3</u>	<u>\$ 193.2</u>	<u>\$ 152.1</u>	<u>\$ 148.5</u>	<u>\$ 340.4</u>	<u>\$ 341.7</u>

Long-term Liabilities. At the end of the current fiscal year, the City had total bonded debt of \$1.6 million outstanding and \$127,026 of capitalized lease obligations. A principal payment of \$95,000 was made against the Certificates of Participation Bonds during the current fiscal year. Further information on the Long Term Liabilities can be found in the Notes to the Financial Statements, Long Term Liabilities (Note VII).

	Outstanding Debt (in millions)			
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>	Business-type Activities <u>2013</u>	Business-type Activities <u>2011</u>
Certificates of Participation	\$ 1.6	\$ 1.7	\$ -	\$ -
Capitalized Lease	<u>0.1</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1.7</u>	<u>\$ 1.7</u>	<u>\$ -</u>	<u>\$ -</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. Further information on the dissolution process of the former Redevelopment Agency is in Note XI-E.

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, 2013

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and investments	\$ 88,839,388	\$ 35,286,012	\$ 124,125,400
Receivables	3,943,521	6,475,726	10,419,247
Due from other governments	695,952	359,207	1,055,159
Internal balances	1,486,061	(1,486,061)	-
Inventories	-	279,053	279,053
Land held for resale	410,000	-	410,000
Prepaid items	87,730	2,000	89,730
<u>Non-current Assets:</u>			
Restricted cash and investments	332,206	11,193,045	11,525,251
Loans receivable	9,785,689	-	9,785,689
Non-depreciable capital assets	39,100,919	18,411,807	57,512,726
Depreciable capital assets (net of accumulated depreciation)	149,220,979	133,677,021	282,898,000
Total Assets	293,902,445	204,197,810	498,100,255
<u>LIABILITIES</u>			
<u>Current liabilities:</u>			
Accounts payable	2,387,310	4,225,891	6,613,201
Accrued wages	393,435	60,359	453,794
Unearned revenue	765,365	-	765,365
Deposits payable	1,927,366	223,776	2,151,142
Current portion of long-term obligations	2,484,340	123,995	2,608,335
<u>Non-current Liabilities:</u>			
Capital lease obligation	88,094	-	88,094
Claims and judgements payable	1,684,371	564,864	2,249,235
Compensated absences	1,511,129	-	1,511,129
OPEB obligation	630,409	-	630,409
Certificates of Participation	1,455,000	-	1,455,000
Total Liabilities	13,326,819	5,198,885	18,525,704
<u>NET POSITION</u>			
Net investment in capital assets	186,634,872	152,088,828	338,723,700
Restricted for:			
Public facilities construction	17,010,967	10,969,269	27,980,236
Local drainage facilities	4,851,408	-	4,851,408
Developer improvements	4,048,600	-	4,048,600
Park acquisition and development	1,080,505	-	1,080,505
Affordable housing	10,177,032	-	10,177,032
Other capital	18,474,408	-	18,474,408
Other purposes	583,641	-	583,641
Unrestricted	37,714,193	35,940,828	73,655,021
Total Net Position	\$ 280,575,626	\$ 198,998,925	\$ 479,574,551

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,194,743	\$ 398,141	\$ 27,078	\$ -
Police	12,141,456	887,830	112,708	-
Fire	7,723,477	834,182	-	-
Public works	10,729,698	998,914	3,164,794	424,469
Community development	8,027,685	1,669,416	1,450,688	356,317
Beaches, parks & recreation	13,092,862	3,472,211	18,266	441,056
Interest and fiscal charges	147,897	-	-	-
Total governmental activities	58,057,818	8,260,694	4,773,534	1,221,842
Business-type activities:				
Water	17,583,799	18,479,553	-	159,287
Sewer	10,956,256	10,071,581	-	3,280,448
Golf	2,274,584	2,179,625	-	-
Clean Ocean	1,568,641	2,138,139	56,500	-
Solid Waste	271,321	168,240	-	-
Total business-type activities	32,654,601	33,037,138	56,500	3,439,735
Total	\$ 90,712,419	\$ 41,297,832	\$ 4,830,034	\$ 4,661,577

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

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
\$ (5,769,524)	\$ -	\$ (5,769,524)
(11,140,918)	-	(11,140,918)
(6,889,295)	-	(6,889,295)
(6,141,521)	-	(6,141,521)
(4,551,264)	-	(4,551,264)
(9,161,329)	-	(9,161,329)
(147,897)	-	(147,897)
<u>(43,801,748)</u>	<u>-</u>	<u>(43,801,748)</u>
-	1,055,041	1,055,041
-	2,395,773	2,395,773
-	(94,959)	(94,959)
-	625,998	625,998
-	(103,081)	(103,081)
<u>-</u>	<u>3,878,772</u>	<u>3,878,772</u>
<u>(43,801,748)</u>	<u>3,878,772</u>	<u>(39,922,976)</u>
25,613,417	-	25,613,417
5,837,066	-	5,837,066
1,743,745	-	1,743,745
1,587,576	-	1,587,576
2,203,002	-	2,203,002
1,103,570	-	1,103,570
3,950,829	131,675	4,082,504
76,641	-	76,641
175,375	(175,375)	-
<u>42,291,221</u>	<u>(43,700)</u>	<u>42,247,521</u>
(1,510,527)	3,835,072	2,324,545
<u>282,086,153</u>	<u>195,163,853</u>	<u>477,250,006</u>
<u>\$ 280,575,626</u>	<u>\$ 198,998,925</u>	<u>\$ 479,574,551</u>

CITY OF SAN CLEMENTE
Balance Sheet
Governmental Funds
June 30, 2013

		<u>Capital</u>
	<u>General</u>	<u>Developers Improvement</u>
<u>ASSETS</u>		
Cash and investments	\$ 29,722,008	\$ 7,483,766
Receivables:		
Taxes	2,332,687	-
Accounts	485,298	190,858
Accrued interest	127,267	32,058
Loans	1,979,130	7,315,198
Due from other funds	68,031	-
Due from other governments	160,537	-
Land held for resale	-	410,000
Prepaid items	22,400	-
Restricted assets:		
Cash and investments with fiscal agent	-	-
Total assets	<u>\$ 34,897,358</u>	<u>\$ 15,431,880</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 1,981,277	\$ -
Accrued wages	181,841	-
Unearned revenue	410,059	-
Deposits payable	1,713,597	169,819
Due to other funds	-	-
Total liabilities	<u>4,286,774</u>	<u>169,819</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	442,331	190,858
Unavailable revenue - loans	-	5,604,545
Unavailable revenue - grants	62,384	-
Total deferred inflows of resources	<u>504,715</u>	<u>5,795,403</u>
<u>FUND BALANCES (DEFICITS)</u>		
Nonspendable	2,001,530	2,120,653
Restricted	-	7,346,005
Committed	17,450,954	-
Assigned	7,060,897	-
Unassigned	3,592,488	-
Total fund balance	<u>30,105,869</u>	<u>9,466,658</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,897,358</u>	<u>\$ 15,431,880</u>

See Accompanying Notes to the Financial Statements.

<u>Project Funds</u>		
Public Facilities Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 16,938,408	\$ 27,355,888	\$ 81,500,070
-	928	2,333,615
-	522,364	1,198,520
72,559	117,387	349,271
-	491,361	9,785,689
-	-	68,031
-	535,415	695,952
-	-	410,000
-	-	22,400
-	332,206	332,206
<u>\$ 17,010,967</u>	<u>\$ 29,355,549</u>	<u>\$ 96,695,754</u>
\$ -	\$ 274,283	\$ 2,255,560
-	444	182,285
-	355,306	765,365
-	43,950	1,927,366
-	68,031	68,031
<u>-</u>	<u>742,014</u>	<u>5,198,607</u>
-	380,600	1,013,789
-	491,361	6,095,906
-	-	62,384
<u>-</u>	<u>871,961</u>	<u>7,172,079</u>
-	-	4,122,183
17,010,967	23,307,575	47,664,547
-	77,643	17,528,597
-	4,356,356	11,417,253
-	-	3,592,488
<u>17,010,967</u>	<u>27,741,574</u>	<u>84,325,068</u>
<u>\$ 17,010,967</u>	<u>\$ 29,355,549</u>	<u>\$ 96,695,754</u>

CITY OF SAN CLEMENTE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Fund balances for governmental funds		\$ 84,325,068
Amounts reported for governmental activities in the statement of net assets 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 \$2,779,557.		
Governmental capital assets	262,407,136	
Less: accumulated depreciation	<u>(76,864,796)</u>	185,542,340
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 \$198,489.		
Certificates of participation	(1,560,000)	
Compensated absences	<u>(1,636,018)</u>	(3,196,018)
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	2,779,557	
Long term liabilities, current and noncurrent portion	(4,657,325)	
Other internal service assets (liabilities)	<u>8,544,596</u>	6,666,828
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.		7,172,079
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>(75,928)</u>	65,331
Net position of governmental activities		<u><u>\$ 280,575,628</u></u>

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, 2013

		<u>Capital</u>
	<u>General</u>	<u>Developers Improvement</u>
Revenues:		
Taxes	\$ 40,009,414	\$ -
Licenses and permits	1,042,511	-
Fines and forfeits	776,634	-
Investment and rentals	1,796,484	9,517
Intergovernmental	574,369	-
Charges for services	4,836,233	-
Developers fees	-	1,301,725
Other	54,366	72,232
Total Revenues	<u>49,090,011</u>	<u>1,383,474</u>
Expenditures:		
Current:		
General government	4,497,265	-
Police	11,973,969	-
Fire	7,478,736	-
Public works	6,149,677	-
Community development	4,373,349	3,131,171
Beaches, parks and recreation	10,209,081	-
Capital outlay	996,200	29,306
Debt Service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>45,678,277</u>	<u>3,160,477</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,411,734</u>	<u>(1,777,003)</u>
Other Financing Sources (Uses):		
Transfers in	726,056	-
Transfers out	(2,489,120)	(52,190)
Total Other Financing Sources (Uses)	<u>(1,763,064)</u>	<u>(52,190)</u>
Net Change in Fund Balances	1,648,670	(1,829,193)
Fund Balances - Beginning of Year	<u>28,457,199</u>	<u>11,295,851</u>
Fund Balances - End of Year	<u>\$ 30,105,869</u>	<u>\$ 9,466,658</u>

See Accompanying Notes to the Financial Statements.

<u>Project Funds</u>		
Public Facilities Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 8,690	\$ 40,018,104
-	-	1,042,511
-	-	776,634
49,314	586,342	2,441,657
-	3,226,096	3,800,465
-	254,270	5,090,503
234,771	71,468	1,607,964
-	426,275	552,873
284,085	4,573,141	55,330,711
-	465,160	4,962,425
23,964	113,506	12,111,439
-	-	7,478,736
-	403,697	6,553,374
35,510	217,387	7,757,417
-	-	10,209,081
18,531	2,015,249	3,059,286
-	95,000	95,000
-	140,683	140,683
78,005	3,450,682	52,367,441
206,080	1,122,459	2,963,270
629,650	2,261,963	3,617,669
-	(1,303,984)	(3,845,294)
629,650	957,979	(227,625)
835,730	2,080,438	2,735,645
16,175,237	25,661,136	81,589,423
\$ 17,010,967	\$ 27,741,574	\$ 84,325,068

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, 2013

Net change in fund balances - total governmental funds: \$ 2,735,645

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 depreciation exceeded capital outlays in the current period, as listed below:

Capital outlay	3,059,286	
Other maintenance activities included in capital outlay above	(407,978)	
Gain (loss) on removal of capital asset	(43,640)	
Depreciation expense (net of Internal Service Funds of \$653,065)	<u>(7,247,030)</u>	(4,639,362)

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. (1,005,874)

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	95,000	
Compensated absences change (governmental)	<u>63,092</u>	158,092

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	(5,902,853)	
Current year deferral	<u>7,172,079</u>	1,269,226

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 \$ (1,510,525)

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE
Statement of Net Position
Proprietary Funds
June 30, 2013

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Assets:			
Current Assets:			
Cash and investments	\$ 13,702,014	\$ 19,109,151	\$ 30,613
Receivables	2,536,184	3,300,290	19,172
Accrued interest	72,212	116,297	131
Inventory, at cost	221,916	-	57,137
Due from other governments	358,675	532	-
Prepays	2,000	-	-
Current restricted assets:			
Cash and investments:			
Water deposits	223,776	-	-
Developer impact fee reserves	2,931,132	8,038,137	-
Total Current Assets	<u>20,047,909</u>	<u>30,564,407</u>	<u>107,053</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,660,761	410,298	2,011
Water, sewer and storm lines	27,119,158	69,292,224	-
Utility assets	27,932,810	83,600,904	-
Buildings	205,662	234,370	6,423,954
Improvements other than buildings	-	-	3,266,622
Machinery and equipment	635,624	623,321	1,013,530
Construction in progress	3,238,958	11,083,567	-
Subtotal	<u>62,792,973</u>	<u>165,244,684</u>	<u>10,706,117</u>
Less accumulated depreciation	<u>(21,074,640)</u>	<u>(62,299,059)</u>	<u>(3,297,459)</u>
Capital Assets (net of accumulated depreciation)	<u>41,718,333</u>	<u>102,945,625</u>	<u>7,408,658</u>
Advance to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>41,718,333</u>	<u>102,945,625</u>	<u>7,408,658</u>
Total Assets	<u>61,766,242</u>	<u>133,510,032</u>	<u>7,515,711</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 2,444,234	\$ 35,286,012	\$ 7,339,318
429,921	6,285,567	31,482
1,519	190,159	30,633
-	279,053	-
-	359,207	-
-	2,000	-
-	223,776	-
-	10,969,269	-
<u>2,875,674</u>	<u>53,595,043</u>	<u>7,401,433</u>
-	4,073,070	-
-	96,411,382	-
-	111,533,714	-
-	6,863,986	443,134
-	3,266,622	411,227
54,741	2,327,216	5,802,612
16,212	14,338,737	-
<u>70,953</u>	<u>238,814,727</u>	<u>6,656,973</u>
<u>(54,741)</u>	<u>(86,725,899)</u>	<u>(3,877,416)</u>
<u>16,212</u>	<u>152,088,828</u>	<u>2,779,557</u>
-	-	605,881
<u>16,212</u>	<u>152,088,828</u>	<u>3,385,438</u>
<u>2,891,886</u>	<u>205,683,871</u>	<u>10,786,871</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2013

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Liabilities:			
Current Liabilities			
Payable from Current Assets:			
Accounts payable	\$ 1,314,455	\$ 2,793,804	\$ 49,643
Accrued wages	26,274	23,356	6,182
Long-term liabilities, current portion	33,173	49,300	35,958
Total Current Liabilities			
Payable from Current Assets	1,373,902	2,866,460	91,783
Payable from Restricted Assets:			
Deposits payable	223,776	-	-
Total Current Liabilities	1,597,678	2,866,460	91,783
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
OPEB obligation	-	-	-
Compensated absences payable	151,120	224,588	163,811
Claims and judgments payable	-	-	-
Advances from other funds	-	-	605,881
Total Noncurrent Liabilities	151,120	224,588	769,692
Total Liabilities	1,748,798	3,091,048	861,475
Total Net Position:			
Net investment in capital assets	41,718,333	102,945,625	7,408,658
Restricted for capital projects	2,931,132	8,038,137	-
Unrestricted	15,367,979	19,435,222	(754,422)
Total Net Position	\$ 60,017,444	\$ 130,418,984	\$ 6,654,236
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.

<u>Enterprise Funds</u>		
<u>Nonmajor</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 67,989	\$ 4,225,891	\$ 138,259
4,547	60,359	204,641
5,564	123,995	2,084,857
<u>78,100</u>	<u>4,410,245</u>	<u>2,427,757</u>
-	223,776	-
<u>78,100</u>	<u>4,634,021</u>	<u>2,427,757</u>
-	-	88,094
-	-	630,409
25,345	564,864	169,594
-	-	1,684,371
-	605,881	-
<u>25,345</u>	<u>1,170,745</u>	<u>2,572,468</u>
<u>103,445</u>	<u>5,804,766</u>	<u>5,000,225</u>
16,212	152,088,828	2,652,531
-	10,969,269	-
<u>2,772,229</u>	<u>36,821,008</u>	<u>5,786,646</u>
<u>\$ 2,788,441</u>	199,879,105	<u>\$ 8,439,177</u>
	(880,180)	
	<u>\$ 198,998,925</u>	

(Concluded)

CITY OF SAN CLEMENTE
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 17,586,556	\$ 10,054,320	\$ 1,923,725
Concessions	-	-	255,900
Other	892,997	17,261	-
Total Operating Revenues	<u>18,479,553</u>	<u>10,071,581</u>	<u>2,179,625</u>
Operating Expenses:			
Salaries and benefits	2,557,496	2,438,151	854,662
Cost of purchased water	8,016,006	-	-
Cost of materials and supplies	486,708	729,300	151,141
Depreciation	1,078,926	3,148,935	325,739
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	5,026,663	4,028,706	881,627
Total Operating Expenses	<u>17,165,799</u>	<u>10,345,092</u>	<u>2,213,169</u>
Operating Income (Loss)	<u>1,313,754</u>	<u>(273,511)</u>	<u>(33,544)</u>
Non-Operating Revenues (Expenses):			
Investment income	49,704	76,648	(43)
Grant income	-	-	-
Interest and fiscal charges	-	-	(15,000)
Gain (Loss) on sale of capital assets	(20,566)	(328,410)	-
Total Non-Operating Revenues (Expenses)	<u>29,138</u>	<u>(251,762)</u>	<u>(15,043)</u>
Income (Loss) Before Operating Transfers and Capital Contributions	<u>1,342,892</u>	<u>(525,273)</u>	<u>(48,587)</u>
Capital grants	-	1,952,580	-
Capital contributions	159,287	1,327,868	-
Total Capital Contributions	<u>159,287</u>	<u>3,280,448</u>	<u>-</u>
Transfers in	67,600	693,716	-
Transfers out	(172,665)	(28,000)	-
Total Transfers	<u>(105,065)</u>	<u>665,716</u>	<u>-</u>
Change in Net Assets	1,397,114	3,420,891	(48,587)
Net Position - Beginning of Year	<u>58,620,330</u>	<u>126,998,093</u>	<u>6,702,823</u>
Net Position - End of Year	<u>\$ 60,017,444</u>	<u>\$ 130,418,984</u>	<u>\$ 6,654,236</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
\$ 1,989,972	\$ 31,554,573	\$ 8,531,001
-	255,900	-
316,407	1,226,665	125,315
<u>2,306,379</u>	<u>33,037,138</u>	<u>8,656,316</u>
431,042	6,281,351	922,196
-	8,016,006	-
58,600	1,425,749	557,231
-	4,553,600	653,065
-	-	3,890,929
-	-	2,693,893
1,285,831	11,222,827	2,188,917
<u>1,775,473</u>	<u>31,499,533</u>	<u>10,906,231</u>
<u>530,906</u>	<u>1,537,605</u>	<u>(2,249,915)</u>
5,366	131,675	26,301
56,500	56,500	-
-	(15,000)	(7,214)
-	(348,976)	30,860
<u>61,866</u>	<u>(175,801)</u>	<u>49,947</u>
<u>592,772</u>	<u>1,361,804</u>	<u>(2,199,968)</u>
-	1,952,580	-
-	1,487,155	-
<u>-</u>	<u>3,439,735</u>	<u>-</u>
-	761,316	403,000
(736,026)	(936,691)	-
<u>(736,026)</u>	<u>(175,375)</u>	<u>403,000</u>
(143,254)	4,626,164	(1,796,968)
<u>2,931,695</u>		<u>7,583,614</u>
<u>\$ 2,788,441</u>		<u>\$ 5,786,646</u>
	(791,092)	
	<u>\$ 3,835,072</u>	

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers	\$ 17,156,550	\$ 8,000,907	\$ 1,905,891
Cash paid to other suppliers for goods or services	(13,468,276)	(2,211,367)	(1,050,190)
Cash payment to employees	(2,599,054)	(2,476,324)	(853,855)
Cash from rents and concessions	-	-	255,900
Cash from other operating revenues	892,997	17,261	-
Net Cash Provided by (Used for) Operating Activities	<u>1,982,217</u>	<u>3,330,477</u>	<u>257,746</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from other funds	55,135	693,716	605,881
Cash paid to other funds	(160,200)	(28,000)	(750,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(105,065)</u>	<u>665,716</u>	<u>(144,119)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions and grants	159,287	1,327,868	-
Purchase and construction of capital assets	(1,234,025)	(5,234,060)	(228,294)
Cash proceeds from sale of capital assets	-	-	-
Payment on capital lease payable	-	-	-
Interest and fiscal charges	-	-	(15,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,074,738)</u>	<u>(3,906,192)</u>	<u>(243,294)</u>
Cash Flows from Investing Activities:			
Maturity (purchase) of investments	422,905	1,400,477	79,089
Investment income received	66,055	109,618	710
Net Cash Provided by (Used for) Investing Activities	<u>488,960</u>	<u>1,510,095</u>	<u>79,799</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,291,374	1,600,096	(49,868)
Cash and Cash Equivalents at Beginning of Year	<u>6,395,382</u>	<u>10,779,067</u>	<u>63,828</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,686,756</u>	<u>\$ 12,379,163</u>	<u>\$ 13,960</u>
Reconciliation of Cash Equivalents to the balance sheet:			
Cash and cash equivalents	\$ 7,686,756	\$ 12,379,163	\$ 13,960
Investments	9,170,166	14,768,125	16,653
Total cash and investments per the balance sheet	<u>\$ 16,856,922</u>	<u>\$ 27,147,288</u>	<u>\$ 30,613</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 1,938,222	\$ 29,001,570	\$ 8,716,108
(1,496,157)	(18,225,990)	(7,644,159)
(426,349)	(6,355,582)	(899,078)
-	255,900	-
316,407	1,226,665	-
<u>332,123</u>	<u>5,902,563</u>	<u>172,871</u>
-	1,354,732	517,119
<u>(736,026)</u>	<u>(1,674,226)</u>	<u>-</u>
<u>(736,026)</u>	<u>(319,494)</u>	<u>517,119</u>
56,500	1,543,655	-
186,304	(6,510,075)	(451,896)
-	-	30,860
-	-	(37,665)
<u>-</u>	<u>(15,000)</u>	<u>(7,215)</u>
<u>242,804</u>	<u>(4,981,420)</u>	<u>(465,916)</u>
222,630	2,125,101	264,948
18,178	194,561	33,699
<u>240,808</u>	<u>2,319,662</u>	<u>298,647</u>
79,709	2,921,311	522,721
<u>1,034,862</u>	<u>18,273,139</u>	<u>2,820,618</u>
<u>\$ 1,114,571</u>	<u>\$ 21,194,450</u>	<u>\$ 3,343,339</u>
\$ 1,114,571	\$ 21,194,450	\$ 3,343,339
1,329,663	25,284,607	3,995,979
<u>\$ 2,444,234</u>	<u>\$ 46,479,057</u>	<u>\$ 7,339,318</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2013

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 1,313,754	\$ (273,511)	\$ (33,544)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,078,926	3,148,935	325,739
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(430,006)	(2,053,413)	(17,834)
(Increase) decrease in prepaid items	(2,000)	-	-
(Increase) decrease in inventories	78,125	9,222	(9,836)
Increase (decrease) in accounts payable	(26,201)	2,537,417	(7,586)
Increase (decrease) in accrued wages	260	1,648	(1,880)
Increase (decrease) in deposits payable	11,177	-	-
Increase (decrease) in OPEB obligation	-	-	-
Increase (decrease) in compensated absences	(41,818)	(39,821)	2,687
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	668,463	3,603,988	291,290
Net Cash Provided by (Used for) Operating Activities	\$ 1,982,217	\$ 3,330,477	\$ 257,746
Noncash investing, capital, and financing activities:			
Contributions of capital assets from developers	\$ 127,930	\$ 104,666	\$ -
Unrealized gain (loss) from investments	(98,093)	(168,712)	(1,121)

See Accompanying Notes to the Financial Statements.

<u>Enterprise Funds</u>		<u>Internal Service</u>
<u>Nonmajor</u>	<u>Totals</u>	
\$ 530,906	\$ 1,537,605	\$ (2,249,915)
-	4,553,600	653,065
(51,750)	(2,553,003)	59,792
-	(2,000)	2,585
-	77,511	-
(151,726)	2,351,904	(79,756)
(1)	27	14,785
-	11,177	-
-	-	110,000
4,694	(74,258)	8,333
-	-	1,653,982
<u>(198,783)</u>	<u>4,364,958</u>	<u>2,422,786</u>
<u>\$ 332,123</u>	<u>\$ 5,902,563</u>	<u>\$ 172,871</u>

\$ -	\$ 232,596	\$ -
(16,166)	(284,092)	(42,221)

(Concluded)

CITY OF SAN CLEMENTE
Statement of Net Position
Fiduciary Funds
June 30, 2013

	Pension Trust	RDA Successor Agency Trust
Assets:		
Cash and investments	\$ -	\$ 207,851
Taxes receivable	-	-
Accounts receivable	-	22,391
Accrued interest receivable	-	890
Loan receivable	-	125,530
Restricted cash and investments	-	-
Restricted cash and investments with fiscal agents	-	-
Investments, at fair value:		
Group annuity contract	8,690,075	-
PIMCO Total Return Bond mutual fund	8,703,277	-
U.S. Government Treasury Inflation Bond mutual fund	2,172,265	-
Dodge & Cox International mutual fund	6,516,797	-
Russell 1000 Index mutual fund	15,205,859	-
Russell 2000 Index mutual fund	2,172,265	-
	43,460,538	356,662
Liabilities:		
Accounts payable	\$ -	\$ 326
Accrued wages	-	-
Deposits payable	-	-
Loan from the City of San Clemente	-	1,979,130
Payable to bondholders	-	-
	-	1,979,456
Total Net Position:		
Held in trust for pension benefits and for other purposes	\$ 43,460,538	\$ (1,622,794)

See Accompanying Notes to the Financial Statements.

Agency
Funds

\$ -
22,519
47,303
5,453
-
827,931
2,317,008
-
-
-
-
-
-

\$ 3,220,214

\$ 29,597
14,389
37,558
-
3,138,670

\$ 3,220,214

CITY OF SAN CLEMENTE
Statement of Changes in Net Position
Pension Trust Fund - Fiduciary Fund
For the Year Ended June 30, 2013

Contributions:	
Employer	\$ 2,266,731
Employee	<u>1,213,642</u>
Total Contributions	<u>3,480,373</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	4,779,537
Investment expenses	<u>(113,472)</u>
Total Investment Income (Loss)	<u>4,666,065</u>
Total Additions	<u>8,146,438</u>
Deductions:	
Benefits	1,038,994
Administrative expenses	<u>48,662</u>
Total Deductions	<u>1,087,656</u>
Change in net position	7,058,782
Net position - Beginning of Year	<u>36,401,756</u>
Net position - End of Year	<u><u>\$ 43,460,538</u></u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Changes in Net Position
Successor Agency to the San Clemente Redevelopment Agency Private Purpose Trust Fund
For the Year Ended June 30, 2013

Additions:	
Property taxes	\$ 413,737
Investment income	96,053
Other	<u>45,790</u>
Total Additions	<u>555,580</u>
Deductions:	
Program expenses of former redevelopment agency	85,776
Payment to the County of Orange	<u>2,289,120</u>
Total Deductions	<u>2,374,896</u>
Change in net position	(1,819,316)
Net position - Beginning of Year	<u>196,522</u>
Net position - End of Year	<u><u>\$ (1,622,794)</u></u>

See Accompanying Notes to the Financial Statements.



Notes to the Financial Statements

CITY OF SAN CLEMENTE
Notes to the Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. 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.

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.

B. 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.

As required by generally accepted accounting principles, these financial statements present the City and its component units, and 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 financial statements of the City 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

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Notes to the Financial Statements (Continued)
June 30, 2013

reported with the interfund data of the City. The accounting polices 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 of the City and the Agency 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 XI-C.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities and changes in net assets) 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which significantly rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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

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Notes to the Financial Statements (Continued)
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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 assets, which is equity, is reported in the following categories: invested in capital assets, net of related debt, represents the City's equity interest in the capital assets; restricted assets are net assets whose use is not subject to the City's own discretion; and, unrestricted net assets 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 statement for each fund category – governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major 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 is used to account for all financial resources except those required to be accounted for in another fund.

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.

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.

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.

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Notes to the Financial Statements (Continued)
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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 enforceable obligations and administrative costs of former Redevelopment Agency after the date of dissolution.

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, 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 eliminates 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.

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Notes to the Financial Statements (Continued)
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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 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 its assets and liabilities.

The City applies all applicable GASB pronouncements in accounting and reporting for its operations as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradicts GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure.

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Notes to the Financial Statements (Continued)
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F. Assets, liabilities, deferred outflows/inflows of resources and net position/fund balance:

1. 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.

For the purpose of the Statement of Cash Flows, the propriety funds consider all cash and investments that are maturing within 90 days to be cash equivalents, including amounts invested by fiscal agents, as the deposits can be accessed at any time. Also, 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 and is considered a cash and cash equivalent.

2. 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.

3. 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 assets.

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Notes to the Financial Statements (Continued)
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Depreciation has been provided using 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

4. 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. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental fund reports unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

5. 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 – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

6. 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

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Notes to the Financial Statements (Continued)
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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.

7. 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 another 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 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 X.

G. 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.

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Notes to the Financial Statements (Continued)
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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. 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, 2013 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.

4. 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.

5. 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 is an estimate for "incurred but not reported claims" ("IBNR"), are recorded in an internal service fund.

6. 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)
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II. 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 most capital project funds have legally adopted budgets as well as the Negocio Building and debt service funds. The capital project funds adopt project length budgets. The City does not adopt annual budgets for the 99-1 A.D. Capital Improvements Capital Project Fund. The City made supplemental budgetary appropriations during the fiscal year of \$5.4 million.

III. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 124,125,400
Cash and investments - restricted	11,525,251
Fiduciary funds:	
Cash and investments	207,851
Cash and investments - restricted	827,931
Cash and investments held by bond trustee	2,317,008
Pension trust investments	<u>43,460,538</u>
Total cash and investments	<u>\$ 182,463,979</u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 5,000
Deposits with financial institutions	3,119,221
Investments held by City and bond trustee	135,879,220
Pension trust investments	<u>43,460,538</u>
Total cash and investments	<u>\$ 182,463,979</u>

CITY OF SAN CLEMENTE
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Investments Authorized by the California Government Code and the City's Investment Policy:

The following table identifies the investment types that are 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. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury 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	15%	\$ 2 Million
Money Market Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	None	\$ 50 Million
Commercial Paper	270 days	15%	10%
Orange County Investment Pool	N/A	10%	None
Repurchase Agreements	1 year	30%	10%
Insured Certificates of Deposit	5 years	30%	10%

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

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 the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
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

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Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities 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:

Investment Type	Total Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury securities	\$ 25,020,870	\$ 9,038,233	\$ 6,995,702	\$ 8,986,935
Federal Agency securities:				
Federal Farm Credit Bank	8,969,655	2,007,902	-	6,961,753
Federal Home Loan Bank	12,708,966	6,091,065	1,006,943	5,610,958
Federal Home Loan Mortgage Corp.	17,117,332	3,065,220	5,092,168	8,959,944
Federal National Mortgage Assoc.	15,922,519	6,033,128	1,001,955	8,887,436
LAIF	49,430,976	49,430,976	-	-
Medium Term Note	4,059,688	-	2,014,744	2,044,944
Held by bond trustee:				
Money market funds	1,859,041	1,859,041	-	-
U.S. Treasury securities*	457,967	-	-	-
LAIF	332,206	332,206	-	-
Total	\$ 135,879,220	\$ 77,857,771	\$ 16,111,512	\$ 41,451,970

*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.

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Investment Type	Amount	Minimum	Exempt From	Ratings as of Year End		
		Rating	Rating	AAA	AA+	AA-
U.S. Treasury securities	\$ 25,020,870	N/A	\$ 25,020,870	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	8,969,655	N/A	8,969,655	-	-	-
FHLB	12,708,966	N/A	12,708,966	-	-	-
FHLMC	17,117,332	N/A	17,117,332	-	-	-
FNMA	15,922,519	N/A	15,922,519	-	-	-
LAIF	49,430,976	N/A	49,430,976	-	-	-
Medium Term Notes	4,059,688	A	-	-	3,047,282	1,012,406
Held by Bond trustee:						
Money market funds	1,859,041	N/A	-	1,859,041	-	-
U.S. Treasury securities	457,967	N/A	457,967	-	-	-
Local agency investment fund	332,206	N/A	332,206	-	-	-
	<u>\$ 135,879,220</u>		<u>\$ 129,960,491</u>	<u>\$ 1,859,041</u>	<u>\$ 3,047,282</u>	<u>\$ 1,012,406</u>

Concentration of Credit Risk:

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

Issuer	Investment Type	Reported Amount	% of City Investments
U.S. Treasury	U.S. Treasury securities	\$ 25,020,870	18%
Federal Farm Credit Bank	Federal agency securities	8,969,655	7%
Federal Home Loan Bank	Federal agency securities	12,708,966	9%
Federal Home Loan Mortgage Corp	Federal agency securities	17,117,332	13%
Federal National Mortgage Assoc.	Federal agency securities	15,922,519	12%

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

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units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$3,354,379 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2013, 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>Reported Amount</u>
U.S. Treasury securities	\$ 25,020,870
Federal agency securities:	
Federal Farm Credit Bank	8,969,655
Federal Home Loan Bank	12,708,966
Federal Home Loan Mortgage Corp	17,117,332
Federal National Mortgage Association	15,922,519

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, 2013, 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, 2013, the City had \$49,430,976 invested in LAIF and \$332,206 held by a Bond Trustee invested in LAIF, which had invested 1.88% of the pool investment funds in Structured Notes and Asset Backed Securities. The LAIF fair value factor of 1.0002732 was used to calculate the fair value of the investments in LAIF.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

Investments in Pension Trust fund:

The City of San Clemente Employees' Retirement Plan (CSCERP) pension trust investments are not covered by the City's Investment Policy. Investments consist of equity mutual funds, fixed income mutual funds, and an annuity contract. Specific guidelines for the funds are detailed in the prospectus, or declaration of Trust for each individual fund. The target asset allocation of the investment portfolio is an allocation of 55% in equities and 45% in fixed income investments. The City uses an investment advisory firm to assist with the management and oversight of the pension fund investments. A summary of the investments held and the percentage of the pension investment portfolio at June 30, 2013 follows:

<u>Pension Trust Fund Investments</u>	<u>Fair value</u>	<u>Percent of Pension Portfolio</u>
<i>Equity Investments (55% of pension investments)</i>		
Dodge & Cox International mutual fund	\$ 6,516,797	15%
Russell 1000 Index mutual fund	15,205,859	35%
Russell 2000 Index mutual fund	2,172,265	5%
<i>Fixed Income Investments (45% of pension investments)</i>		
Group annuity contract	8,690,075	20%
PIMCO Total Return Bond mutual fund	8,703,277	20%
US Government Treasury Inflation Bond mutual fund	2,172,265	5%
Total pension trust investments (fair value)	<u>\$ 43,460,538</u>	<u>100%</u>

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

IV. RECEIVABLES:

Receivables, including restricted amounts, at June 30, 2013 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Interest</u>	<u>Loans</u>	<u>Total</u>
Governmental Activities:					
General fund	\$ 2,332,687	\$ 485,298	\$ 127,267	\$ 1,979,130	\$ 4,924,382
Developers improvement fund	-	190,858	32,058	7,315,198	7,538,114
Public facilities fund	-	-	72,559	-	72,559
Nonmajor funds	928	522,364	117,387	491,361	1,132,040
Internal service funds	-	31,482	30,633	-	62,115
	<u>\$ 2,333,615</u>	<u>\$ 1,230,002</u>	<u>\$ 379,904</u>	<u>\$ 9,785,689</u>	<u>\$ 13,729,210</u>

	<u>Accounts</u>	<u>Interest</u>	<u>Total</u>
Business-type Activities:			
Water utility	\$ 2,536,184	\$ 72,212	\$ 2,608,396
Sewer utility	3,300,290	116,297	3,416,587
Golf course	19,172	131	19,303
Nonmajor funds	429,921	1,519	431,440
	<u>\$ 6,285,567</u>	<u>\$ 190,159</u>	<u>\$ 6,475,726</u>

Loans receivable in governmental activities consist of a \$1,979,130 due from the Redevelopment Agency Successor Agency approved for payment by the State of California and \$7,806,559 of affordable housing loans.

V. CAPITAL ASSETS:

The City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. 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.

During the year, in the governmental activity capital assets, the Redevelopment Agency property held at time of the Agency dissolution was transferred to the City through the Successor Agency Trust. The properties transferred to the City are considered public use assets by the City and include the pier and a grassy parkway area. In addition, \$410,000 of land was reclassified from capital assets to land held for resale in the Developers Improvement Fund.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

A summary of changes in capital asset activity for the year ended June 30, 2013 is as follows:

<u>Governmental Activities</u>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 37,194,934	\$ -	\$ -	\$ 37,194,934
Construction in progress	2,121,806	2,895,788	(3,111,609)	1,905,985
 Total Capital Assets, Not Being Depreciated	 39,316,740	 2,895,788	 (3,111,609)	 39,100,919
Capital Assets, Being Depreciated:				
Buildings	27,505,490	-	-	27,505,490
Improvements other than buildings	52,593,340	181,155	(700,870)	52,073,625
General equipment	8,025,935	472,361	(325,396)	8,172,900
Infrastructure	139,830,413	2,665,509	(284,748)	142,211,174
 Total Capital Assets, Being Depreciated	 227,955,178	 3,319,025	 (1,311,014)	 229,963,189
Less Accumulated Depreciation For:				
Buildings	(9,772,116)	(689,865)	-	(10,461,981)
Improvements other than buildings	(12,494,705)	(2,443,814)	669,997	(14,268,522)
General equipment	(4,408,103)	(763,314)	308,857	(4,862,560)
Infrastructure	(47,434,566)	(4,003,102)	288,521	(51,149,147)
 Total Accumulated Depreciation	 (74,109,490)	 (7,900,095)	 1,267,375	 (80,742,210)
 Net Capital Assets, Being Depreciated	 153,845,688	 (4,581,070)	 (43,639)	 149,220,979
 Governmental Activities Capital Assets	 \$ 193,162,428	 \$ (1,685,282)	 \$ (3,155,248)	 \$ 188,321,898

Construction in progress consists of various street improvement projects. Construction in progress capitalized during the year consisted of multiple street projects.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

A summary of property, plant and equipment at June 30, 2013 for the City's business-type activities is as follows:

<u>Business-type Activities</u>	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets Not Being Depreciated:				
Land	\$ 4,073,070	\$ -	\$ -	\$ 4,073,070
Construction in progress	7,630,661	8,055,059	(1,346,983)	14,338,737
 Total Capital Assets, Not Being Depreciated	 11,703,731	 8,055,059	 (1,346,983)	 18,411,807
Capital Assets, Being Depreciated:				
Buildings	6,863,986	-	-	6,863,986
Water, sewer, storm lines	95,660,636	1,303,114	(552,368)	96,411,382
Utility assets	111,354,767	223,172	(44,225)	111,533,714
Improvements other than buildings	3,266,622	-	-	3,266,622
Machinery and equipment	2,279,846	228,294	(180,924)	2,327,216
 Total Capital Assets, Being Depreciated	 219,425,857	 1,754,580	 (777,517)	 220,402,920
Less Accumulated Depreciation For:				
Buildings	(1,060,316)	(147,854)	-	(1,208,170)
Water, sewer, storm lines	(31,370,684)	(1,398,530)	221,086	(32,548,128)
Utility assets	(46,371,975)	(2,640,258)	26,534	(48,985,699)
Improvements other than buildings	(2,070,599)	(246,398)	-	(2,316,997)
Machinery and equipment	(1,727,269)	(120,560)	180,924	(1,666,905)
 Total Accumulated Depreciation	 (82,600,843)	 (4,553,600)	 428,544	 (86,725,899)
 Net Capital Assets, Being Depreciated	 136,825,014	 (2,799,020)	 (348,973)	 133,677,021
 Business-type Activities Capital Assets	 \$ 148,528,745	 \$ 5,256,039	 \$ (1,695,956)	 \$ 152,088,828

Depreciation expense was charged to functions/programs of the primary government as follows:

	Governmental Activities	Business-Type Activities
Governmental activities		
General government	\$ 15,480	\$ -
Police	8,473	
Fire	227,035	-
Public works	3,867,625	-
Community development	213,631	-
Beaches, parks and recreation	2,914,786	-
Internal service	653,065	-
Water	-	1,078,926
Sewer	-	3,148,935
Golf	-	325,739
 Total depreciation expense	 \$ 7,900,095	 \$ 4,553,600

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

VI. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

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 funding for the Agency to consolidate 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	\$ 68,031

Advances from/to other funds:

<u>Advances to</u>	<u>Advances from</u>	<u>Amount</u>
RDA Successor Agency	General fund	\$ 1,979,130
Golf fund	Workers' Compensation fund	605,881
Total		<u>\$ 2,585,011</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. This advance plus accrued interest was to be repaid to the City from future tax increment revenues. However, on February 1, 2012 the Redevelopment Agency was dissolved and the current outstanding loan amount of \$1,979,130, may be reimbursed to the General Fund through future 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, 2013 is \$605,881.

Interest and principal payments on the Workers' Compensation loan are as follows:

<u>Year June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 147,001	\$ 12,118	\$ 159,119
2015	149,941	9,178	159,119
2016	152,940	6,179	159,119
2017	155,999	3,120	159,119
Totals	<u>\$ 605,881</u>	<u>\$ 30,595</u>	<u>\$ 636,476</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

Interfund Transfers:

<u>Transfers In</u>	<u>Transfers Out</u>						Total
	General Fund	Developers Improvement Fund	Nonmajor Governmental Fund	Water Utility Fund	Sewer Utility Fund	Nonmajor Proprietary Funds	
General Fund	\$ -	\$ -	\$ 502,946	\$ 25,000	\$ 25,000	\$ 173,110	\$ 726,056
Public Facilities Construction	629,650	-	-	-	-	-	629,650
Nonmajor Governmental Funds	1,298,570	52,190	763,538	147,665	-	-	2,261,963
Water Utility Fund	64,600	-	-	-	3,000	-	67,600
Sewer Utility Fund	93,300	-	37,500	-	-	562,916	693,716
Internal Service Funds	403,000	-	-	-	-	-	403,000
Total	<u>\$2,489,120</u>	<u>\$ 52,190</u>	<u>\$1,303,984</u>	<u>\$ 172,665</u>	<u>\$ 28,000</u>	<u>\$ 736,026</u>	<u>\$4,781,985</u>

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.

During the year ended June 30, 2013 General Fund transfers included significant transfers of \$756,290 to the Street Improvement Special Revenue Fund to fund continued street rehabilitation, a transfer of \$403,000 to the General Liability Fund to fund a settlement agreement, and a transfer of \$629,650 to the Public Facilities Construction Fund to fund past project costs. Significant transfers in the nonmajor governmental funds were primarily related to street projects as funding was provided to the Street Improvement Fund. Significant transfers in the nonmajor proprietary funds related to activities in the sewer fund supported by the Clean Ocean Fund.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

VII. LONG TERM LIABILITIES:

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 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 \$35,249 from the State of California directly and \$5,179,615 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 \$235,675 during Fiscal Year 2013. The Bond Reserve is fully funded at June 30, 2013.

\$ 1,560,000

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 \$196,802. The terms of the leases include 60 monthly payments which include interest. The last lease matures in October 2016. The monthly lease payments are \$417 and \$3,322. The lease payable amounts are recorded on the statement of net assets with the amount applicable to governmental-type activities.

\$ 127,026

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

3. Compensated Absences:

The City's policies relating to compensated absences are described in Note I. This liability will be paid in future years from future resources primarily from the general fund.

\$1,842,840

Annual Amortization Requirements of Governmental Long-Term Liabilities:

The annual requirements to amortize the Certificates of Participation and Capitalized Lease Obligations, as of June 30, 2013 are as follows:

Year Ending June 30,	Certificates of Participation		Capitalized Lease Obligations	
	Principal	Interest	Principal	Interest
2014	\$ 105,000	\$ 132,600	\$ 38,932	\$ 5,335
2015	115,000	123,674	36,612	3,258
2016	125,000	113,900	38,317	1,553
2017	135,000	103,275	13,165	124
2018	145,000	91,800	-	-
2019-2023	935,000	251,175	-	-
Totals	<u>\$ 1,560,000</u>	<u>\$ 816,424</u>	<u>\$ 127,026</u>	<u>\$ 10,270</u>

Business-type:

1. Compensated Absences:

The City's policies relating to compensated absences are described in Note I. Compensated absences at June 30, 2013 were obligations of the following funds:

Water Utility Fund	\$ 184,293
Sewer Utility Fund	273,888
Golf Course Fund	199,769
Nonmajor Enterprise Funds	<u>30,909</u>
Total	<u>\$ 688,859</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

Changes in Long-term Liabilities

<u>Governmental Activities</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of participation	\$ 1,655,000	\$ -	\$ 95,000	\$ 1,560,000	\$ 105,000
Capital lease obligations	164,691	-	37,665	127,026	38,932
Claims and judgments payable (Note VIII)	2,039,086	2,443,660	789,678	3,693,068	2,008,697
Compensated absences	1,897,599	796,542	851,301	1,842,840	331,711
Governmental Activities Long-term Liabilities	<u>\$ 5,756,376</u>	<u>\$ 3,240,202</u>	<u>\$ 1,773,644</u>	<u>\$ 7,222,934</u>	<u>\$ 2,484,340</u>
<u>Business-type Activities</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 728,419	\$ 275,440	\$ 315,000	\$ 688,859	\$ 123,995
Business-type Activities Long-term Liabilities	<u>\$ 728,419</u>	<u>\$ 275,440</u>	<u>\$ 315,000</u>	<u>\$ 688,859</u>	<u>\$ 123,995</u>

VIII. 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 122 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 annual 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, 2013

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 in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

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, 2011 through July 1, 2014. 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

insurance protection in the amount of \$189,540,486. 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 \$96,145,680. 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.

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, 2013, 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
2011-2012	\$ 2,182,296	\$ 973,069	\$ (1,116,279)	\$ 2,039,086
2012-2013	2,039,086	2,443,660	(789,678)	3,693,068

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

IX. PENSION AND RETIREMENT BENEFITS:

A. PENSION PLANS:

The City has two retirement plans, the California Public Employees' Retirement System (PERS) and the City of San Clemente Employees' Retirement Plan (CSCERP). All permanent employees are covered by CSCERP except public safety personnel who participate in PERS.

California Public Employees' Retirement System (PERS):

Plan Description: PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. California Government Code allows PERS to create risk pools and mandate public agency participation in those pools. PERS assigns plans to risk pools based on their service retirement formula and with plans with less than 100 active members. The City has less than 100 active safety members and was assigned to the 3% at 55 PERS Risk Pool, which is a cost sharing multiple-employer defined benefit pension plan administered by PERS.

Risk pooling is the process of combining assets and liabilities across employers to produce large risk sharing pools. These risk sharing pools are used to dramatically reduce or eliminate the large fluctuations in the employer's contribution rates caused by unexpected demographic events. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of the PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

Funding Policy: Participants in PERS are required to contribute 9% of their annual covered salary. The City makes the contributions required of City employees on their behalf, except for 2.8% which is paid by the employee. The City is required to contribute an employer contribution at an actuarially determined rate, which is 32.185% of annual covered payroll for marine safety personnel determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The contribution requirements of plan members and the City are established and may be amended by PERS.

The City's required contributions to PERS for the years ended June 30, 2013, 2012, and 2011 were \$131,598, \$130,126, and \$139,168, respectively. These contributions were equal to 100% of the required contributions for each year.

City of San Clemente Employees' Retirement Plan (CSCERP):

Plan Description: CSCERP is a single-employer defined benefit pension plan and is included in the City's financial statements. At July 1, 2012, the plan had 181 active participants and 95 inactive participants with vested benefits. The plan currently is paying benefits to 96 participants. Stand-alone financial statements are not issued for the CSCERP.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

Funding Policy: CSCERP active employee contributions are 7% of their annual covered salary and the City makes these contributions on behalf of the classic employees (hired before January 1, 2013 or employees hired after January 1, 2013 which have been in the PERS Sytem), except for 0.8% that is paid by the employee. Under the California Employees' Pension Reform Act (PEPRA), new members (employees hired after January 1, 2013 and who are new entrants to a public employee retirement system) pay 50% of the normal cost (or 7.5%) of their annual covered salary. Based on the July 1, 2012 actuarial report, the City's employer contribution is an actuarially determined rate of 18.1% and 17.6% of the annual covered payroll for classic and new members, respectively.

Annual Pension Cost and Net Pension Obligation: For 2013, the City's annual pension costs were \$3,480,373 for CSCERP and were the City's required and actual contribution. A summary of the actuarial methods and significant assumptions used to calculate the funded status of the plan and the annual required contribution for the fiscal year ended June 30, 2012 is as follows:

	CSCERP
Valuation date	July 1, 2012
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Amortization period	20 year closed amortization period / 17 years remaining
Asset valuation method	5 year smoothed market
Investment rate of return	7.25%
Projected salary increases	4.5%
Inflation rate	2.0%
Payroll growth	4.5%
Individual salary growth	4.5%

Trend Information and Schedule of Funding Progress:

SIX-YEAR TREND INFORMATION FOR CSCERP

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/08	\$ 2,343,464	100%	\$ -
6/30/09	2,550,674	100%	-
6/30/10	2,776,165	100%	-
6/30/11	2,526,667	100%	-
6/30/12	3,194,442	100%	-
6/30/13	3,480,373	100%	-

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

SCHEDULE OF FUNDING PROGRESS - CSCERP

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
CSCERP:						
07/01/11	\$ 32,284,398	\$ 46,678,961	\$(14,394,563)	69.2%	\$ 12,798,598	112.5%
07/01/12	36,170,712	52,775,327	(16,604,615)	68.5%	13,542,229	122.6%
07/01/13*	41,346,698	58,124,474	(16,777,776)	71.1%	13,773,828	121.8%

*Most recent information available

B. Other Post Employment Benefits (OPEB):

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.

Funding Policy: The City through PEMCHA is required to pay a minimum employer contribution for retiree coverage. During the year ended June 30, 2013 the City paid \$33,125 of the health insurance benefit with the remaining cost of \$203,788 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 over a closed amortization period of thirty years. An open thirty year amortization is being used for any residual unfunded actuarial accrued liabilities.

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)	\$ 139,542
Interest on net OPEB obligation	3,583
Contributions made	(33,125)
Increase in net OPEB obligation	<u>110,000</u>
Net OPEB obligation - beginning of year	<u>520,409</u>
Net OPEB obligation - end of year	<u><u>\$ 630,409</u></u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

The percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2011	\$160,004	30.6%	\$ 410,709
06/30/2012	139,997	21.6%	520,409
06/30/2013	139,542	23.7%	630,409

Funded Status and Funding Progress: As of May 1, 2012, the last actuarial valuation, there were 185 active employees and 16 retirees. The present value of all expected future benefits based on certain actuarial assumptions was \$2,011,080 as of June 30, 2013. The City is currently funding the program on a pay-as-you-go basis. The Net OPEB Obligation is accrued in the amount of \$630,409 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 May 1, 2010 and May 1, 2012 are summarized as follows:

ACTUARIAL ASSUMPTIONS

Actuarial cost method	Entry age normal
Interest rate assumption	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
11/01/2007	\$ -	\$1,270,647	\$1,270,647	0.0%	\$15,357,889	8.27%
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%

* Most recent information available

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

C. Deferred Compensation:

The City offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. The plan permits all City employees to defer a portion of their salary until future years. Employees are allowed to borrow up to one-half of their balance. As of January 1, 1999, the City has formally established a trust in accordance with Internal Revenue Code Section 457(g) for all of its deferred compensation assets which are not included on the City's Statement of Net Assets.

X. FUND BALANCE:

GASB 54 establishes Fund Balance Classification 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 on fund type definitions presented in Note I. 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 on them 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 otherwise 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, ordinances and resolutions. 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 (city ordinance/resolution) 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 or the appointed designee 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.

Spending Policy: When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) as they are needed when expenditures are incurred. When unrestricted resources

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed for expenditures incurred.

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 consists of two amounts which 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 \$4.5 million as of June 30, 2013. The total committed amount for Sustainability and Emergency is \$14.5 million and is to provide and maintain service levels in the event of financial difficulty or other distress.

Fund Balances	General Fund	Developers Improvement	Public Facilities Construction	Non-major Funds	Total
<i>Nonspendable:</i>					
Loans	\$ 1,979,130	\$ 1,710,653	\$ -	\$ -	\$ 3,689,783
Land held for resale	-	410,000	-	-	410,000
Prepays	22,400	-	-	-	22,400
<i>Restricted for:</i>					
Affordable housing	-	2,861,835	-	-	2,861,835
Park development	-	-	-	1,080,505	1,080,505
Highways/streets	-	-	-	17,693,197	17,693,197
Drainage	-	845,471	-	4,005,837	4,851,308
Other capital projects	-	3,638,699	17,010,967	-	20,649,666
Other purposes	-	-	-	528,036	528,036
<i>Committed to:</i>					
Sustainability/Emergency	14,538,000	-	-	-	14,538,000
Capital projects	211,019	-	-	77,643	288,662
La Pata Vista Hermosa	1,978,221	-	-	-	1,978,221
Other purposes	723,714	-	-	-	723,714
<i>Assigned to:</i>					
Capital projects	4,418,551	-	-	3,282,815	7,701,366
Other purposes	1,055,886	-	-	92,281	1,148,167
Debt service	-	-	-	981,260	981,260
Future budget	1,586,460	-	-	-	1,586,460
<i>Unassigned</i>	3,592,488	-	-	-	3,592,488
TOTAL FUND BALANCE	\$ 30,105,869	\$ 9,466,658	\$ 17,010,967	\$ 27,741,574	\$ 84,325,068

XI. 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 portion of a prior fire station.

The first lease commenced on June 14, 2010, with a lease term of five year and an option to extend for five years. The second lease commenced on October 1, 2012, with a lease term of

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

five years. The third lease commenced on May 1, 2012, with a lease term of five years. The future minimum rentals to be received under the leases are listed below:

Fiscal Year	1 st Lease	2 nd Lease	3 rd Lease
2014	\$ 253,051	\$ 113,630	\$ 61,042
2015	216,660	118,588	68,908
2016	-	123,547	95,842
2017	-	128,505	91,552

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 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, 2013
City of San Clemente 99-1 Assessment District	\$ 1,150,000	\$ 295,000
City of San Clemente 99-1 Community Facilities District	5,755,000	4,850,000
City of San Clemente Public Financing Authority Reassessment Refunding Revenue Bonds	14,235,000	12,180,000

C. Joint Powers Agreement:

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

D. Commitments and Contingencies

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 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.

In addition, the City has outstanding commitments in the amount of \$26.4 million as of June 30, 2013 related to construction and other contractual arrangements.

E. 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 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 that is 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 from the State of California authorizing the City to list the outstanding General fund loan of \$1,979,130 as a valid enforceable obligation to be paid through future installment payments.

The Bill also 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. Management believes, in consultation with legal counsel, that all land and real property transfers approved by the Oversight Board to the City of San Clemente are valid and legal. However, these transfers are subject to review as part of

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2013

the Long Range Property Management Plan submitted to the State of California for review. The City's position on this issue is not a position of settled law and there is legal uncertainty regarding this issue.

F. Accounting Change:

The accompanying financial statements reflect the implementation of GASB Statement Nos. 63 and 65. Significant impacts of GASB Statement No. 63 include changing the title of the statement of net assets to the statement of net position and reformatting the statement of net position to add separate sections for the deferred inflows of resources and deferred outflows of resources. Significant impacts of GASB Statement No. 65 include reclassifying as deferred inflows of resources and deferred outflows of resources certain balances that were previously reported as assets and liabilities.

G. New Accounting Pronouncement:

In June 2012, the Governmental Accounting Standards Board approved Statement No. 68 that reflect substantial improvements to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The guidance contained in the pension statements will change how governments calculate and report the costs and obligations associated with pensions in important ways. 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.

Required Supplementary Information

CITY OF SAN CLEMENTE
Required Supplementary Information
June 30, 2013

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. 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 Developers Improvement Capital Project Fund and the Public Facilities Construction Capital Project Fund major funds have legally adopted budgets. These 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, 2013

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 37,001,970	\$ 37,091,970	\$ 40,009,414	\$ 2,917,444
Licenses and permits	976,610	994,610	1,042,511	47,901
Fines and forfeits	939,000	939,000	776,634	(162,366)
Investment and rentals	1,993,910	1,924,410	1,796,484	(127,926)
Intergovernmental	392,640	616,050	574,369	(41,681)
Charges for services	4,477,190	4,423,780	4,836,233	412,453
Other	51,620	60,920	54,366	(6,554)
Total Revenues	45,832,940	46,050,740	49,090,011	3,039,271
Expenditures:				
General government:				
Administration				
City council	33,717	34,357	12,680	21,677
City manager	470,011	481,981	444,497	37,484
City clerk	611,388	642,688	446,069	196,619
Finance and administrative services	1,614,911	1,648,591	1,427,294	221,297
City general	2,740,372	2,691,172	2,166,725	524,447
Police	12,544,280	12,568,280	11,973,969	594,311
Fire	7,457,370	7,457,370	7,478,736	(21,366)
Public works	6,532,420	6,893,990	6,149,677	744,313
Community development	4,601,660	4,832,030	4,373,349	458,681
Beaches, parks and recreation	11,124,271	11,033,785	10,209,081	824,704
Capital outlay	5,621,980	6,090,330	996,200	5,094,130
Total Expenditures	53,352,380	54,374,574	45,678,277	8,696,297
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,519,440)	(8,323,834)	3,411,734	11,735,568
Other Financing Sources (Uses):				
Transfers in	729,230	809,170	726,056	(83,114)
Transfers out	(1,456,470)	(2,489,120)	(2,489,120)	-
Total Other Financing Sources (Uses)	(727,240)	(1,679,950)	(1,763,064)	(83,114)
Net Change in Fund Balance	(8,246,680)	(10,003,784)	1,648,670	11,652,454
Fund Balance, Beginning of Year	28,457,199	28,457,199	28,457,199	-
Fund Balance, End of Year	\$ 20,210,519	\$ 18,453,415	\$ 30,105,869	\$ 11,652,454

Supplementary Information

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 110,000	\$ 9,517	\$ (100,483)
Charges for services	112,000	-	(112,000)
Developer fees	1,331,500	1,301,725	(29,775)
Other	420,000	72,232	(347,768)
Total Revenues	<u>1,973,500</u>	<u>1,383,474</u>	<u>(590,026)</u>
Expenditures:			
Current:			
Community development	5,983,370	3,131,171	2,852,199
Capital outlay	1,146,250	29,306	1,116,944
Total Expenditures	<u>7,129,620</u>	<u>3,160,477</u>	<u>3,969,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,156,120)	(1,777,003)	3,379,117
Other Financing Sources (Uses):			
Transfers out	<u>(46,040)</u>	<u>(52,190)</u>	<u>(6,150)</u>
Total Other Financing Sources (Uses)	<u>(46,040)</u>	<u>(52,190)</u>	<u>(6,150)</u>
Net Change in Fund Balance	(5,202,160)	(1,829,193)	3,372,967
Fund Balance, Beginning of Year	<u>11,295,851</u>	<u>11,295,851</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,093,691</u>	<u>\$ 9,466,658</u>	<u>\$ 3,372,967</u>

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 180,000	\$ 49,314	\$ (130,686)
Developer fees	35,700	234,771	199,071
Total Revenues	215,700	284,085	68,385
Expenditures:			
Current:			
Public safety	26,660	23,964	2,696
Community development	35,610	35,510	100
Capital outlay	2,701,120	18,531	2,682,589
Total Expenditures	2,763,390	78,005	2,685,385
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,547,690)	206,080	2,753,770
Other Financing Sources:			
Transfers in	629,650	629,650	-
Net Change in Fund Balance	(1,918,040)	835,730	2,753,770
Fund Balance, Beginning of Year	16,175,237	16,175,237	-
Fund Balance, End of Year	\$ 14,257,197	\$ 17,010,967	\$ 2,753,770

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.

The Regional Circulation Financing and Phasing Program (RCFPP) Fund is used to account for the revenues received from developer traffic impact fees and expenditures for roadway improvements to accommodate new development.

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, 2013

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
<u>ASSETS:</u>		
Cash and investments	\$ 6,958,619	\$ 413,702
Receivables (net of allowances for uncollectibles):		
Taxes	-	-
Accounts	-	-
Accrued interest	29,809	1,772
Loans	-	-
Due from other governments	440,754	20,281
Restricted assets:		
Cash and investments with fiscal agent	-	-
Total assets	\$ 7,429,182	\$ 435,755
<u>LIABILITIES:</u>		
Accounts payable	\$ 78,475	\$ -
Accrued wages	-	-
Unearned revenue	115,831	-
Deposits payable	-	-
Due to other funds	-	-
Total liabilities	194,306	-
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	154,600	-
Unavailable revenue - loans	-	-
Unavailable revenue - grants	-	-
Total deferred inflows of resources	154,600	-
<u>FUND BALANCES:</u>		
Restricted for:		
Capital projects	7,080,276	-
Other purposes	-	435,755
Committed to:		
Capital projects	-	-
Assigned to:		
Capital projects	-	-
Other purposes	-	-
Total fund balances	7,080,276	435,755
Total liabilities, deferred inflows of resources and fund balances	\$ 7,429,182	\$ 435,755

Special Revenue Funds			Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Negocio Building
\$ 7,507,954	\$ 84,287	\$ -	\$ -
928	-	-	-
-	-	-	522,364
32,162	361	-	202
-	-	491,361	-
-	413	73,967	-
-	-	-	332,206
<u>\$ 7,541,044</u>	<u>\$ 85,061</u>	<u>\$ 565,328</u>	<u>\$ 854,772</u>
\$ 28,660	\$ 8,834	\$ 4,216	\$ 15,509
-	-	444	-
-	-	-	239,475
-	-	-	43,950
-	-	53,253	14,778
<u>28,660</u>	<u>8,834</u>	<u>57,913</u>	<u>313,712</u>
-	-	-	226,000
-	-	491,361	-
-	-	-	-
-	-	<u>491,361</u>	<u>226,000</u>
7,512,384	-	-	-
-	76,227	16,054	-
-	-	-	-
-	-	-	-
-	-	-	315,060
<u>7,512,384</u>	<u>76,227</u>	<u>16,054</u>	<u>315,060</u>
<u>\$ 7,541,044</u>	<u>\$ 85,061</u>	<u>\$ 565,328</u>	<u>\$ 854,772</u>

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2013

	Capital Projects Funds	
	Reserve	Local Drainage Facilities
<u>ASSETS:</u>		
Cash and investments	\$ 4,235,335	\$ 3,988,750
Receivables (net of allowances for uncollectibles):		
Taxes	-	-
Accounts	-	-
Accrued interest	18,143	17,087
Loans	-	-
Due from other governments	-	-
Restricted assets:		
Cash and investments with fiscal agent	-	-
Total assets	\$ 4,253,478	\$ 4,005,837
<u>LIABILITIES:</u>		
Accounts payable	\$ 134,539	\$ -
Accrued wages	-	-
Unearned revenue	-	-
Deposits payable	-	-
Due to other funds	-	-
Total liabilities	134,539	-
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	-	-
Unavailable revenue - loans	-	-
Unavailable revenue - grants	-	-
Total deferred inflows of resources	-	-
<u>FUND BALANCES:</u>		
Restricted for:		
Capital projects	-	4,005,837
Other purposes	-	-
Committed to:		
Capital projects	77,643	-
Assigned to:		
Capital projects	3,375,096	-
Other purposes	666,200	-
Total fund balances	4,118,939	4,005,837
Total liabilities, deferred inflows of resources and fund balances	\$ 4,253,478	\$ 4,005,837

Capital Projects Funds			Total Nonmajor Governmental Funds
RCFPP	Parks Acquisition and Development		
\$ 3,087,312	\$ 1,079,929	\$ 27,355,888	
-	-	928	
-	-	522,364	
13,225	4,626	117,387	
-	-	491,361	
-	-	535,415	
-	-	332,206	
<u>\$ 3,100,537</u>	<u>\$ 1,084,555</u>	<u>\$ 29,355,549</u>	
\$ -	\$ 4,050	\$ 274,283	
-	-	444	
-	-	355,306	
-	-	43,950	
-	-	68,031	
<u>-</u>	<u>4,050</u>	<u>742,014</u>	
-	-	380,600	
-	-	491,361	
-	-	-	
<u>-</u>	<u>-</u>	<u>871,961</u>	
3,100,537	1,080,505	22,779,539	
-	-	528,036	
-	-	77,643	
-	-	3,375,096	
-	-	981,260	
<u>3,100,537</u>	<u>1,080,505</u>	<u>27,741,574</u>	
<u>\$ 3,100,537</u>	<u>\$ 1,084,555</u>	<u>\$ 29,355,549</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, 2013

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	26,777	1,316
Intergovernmental	2,811,911	77,455
Charges for services	-	-
Developer fees	-	-
Other	-	-
Total Revenues	<u>2,838,688</u>	<u>78,771</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	133,599	6,598
Community development	-	-
Capital outlay	660,508	-
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>794,107</u>	<u>6,598</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,044,581</u>	<u>72,173</u>
Other Financing Sources (Uses):		
Transfers in	109,948	-
Transfers out	<u>(1,125,936)</u>	<u>(64,000)</u>
Total Other Financing Sources (Uses)	<u>(1,015,988)</u>	<u>(64,000)</u>
Extraordinary gain (loss)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>1,028,593</u>	<u>8,173</u>
Fund Balance (Deficit) at Beginning of Year	<u>6,051,683</u>	<u>427,582</u>
Fund Balance (Deficit) at End of Year	<u>\$ 7,080,276</u>	<u>\$ 435,755</u>

Special Revenue Funds			Debt Service Fund
Street Improvement	Police Grants	Miscellaneous Grants	Negocio Building
\$ 8,690	\$ -	\$ -	\$ -
25,760	(152)	-	509,094
-	113,719	223,011	-
-	-	-	-
-	-	-	-
-	5,618	5,100	149
<u>34,450</u>	<u>119,185</u>	<u>228,111</u>	<u>509,243</u>
-	-	-	273,209
-	113,506	-	-
239,240	-	-	-
-	-	151,527	-
386,020	-	21,307	23,412
-	-	-	95,000
-	-	-	140,683
<u>625,260</u>	<u>113,506</u>	<u>172,834</u>	<u>532,304</u>
<u>(590,810)</u>	<u>5,679</u>	<u>55,277</u>	<u>(23,061)</u>
1,545,795	-	-	312,030
-	-	(51,548)	-
<u>1,545,795</u>	<u>-</u>	<u>(51,548)</u>	<u>312,030</u>
-	-	-	-
<u>954,985</u>	<u>5,679</u>	<u>3,729</u>	<u>288,969</u>
<u>6,557,399</u>	<u>70,548</u>	<u>12,325</u>	<u>26,091</u>
<u>\$ 7,512,384</u>	<u>\$ 76,227</u>	<u>\$ 16,054</u>	<u>\$ 315,060</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, 2013

	Capital Projects Funds	
	Reserve	Local Drainage Facilities
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	6,965	9,775
Intergovernmental	-	-
Charges for services	254,270	-
Developer fees	-	1,985
Other	40,598	-
Total Revenues	<u>301,833</u>	<u>11,760</u>
Expenditures:		
Current:		
General government	191,951	-
Police	-	-
Public works	-	6,970
Community development	-	-
Capital outlay	885,075	-
Debt service:		
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>1,077,026</u>	<u>6,970</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(775,193)</u>	<u>4,790</u>
Other Financing Sources (Uses):		
Transfers in	242,000	-
Transfers out	-	(37,500)
Total Other Financing Sources (Uses)	<u>242,000</u>	<u>(37,500)</u>
Extraordinary gain (loss)	-	-
Net Change in Fund Balances	<u>(533,193)</u>	<u>(32,710)</u>
Fund Balance (Deficit) at Beginning of Year	<u>4,652,132</u>	<u>4,038,547</u>
Fund Balance (Deficit) at End of Year	<u>\$ 4,118,939</u>	<u>\$ 4,005,837</u>

<u>Capital Projects Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>RCFPP</u>	<u>Parks Acquisition and Development</u>	
\$ -	\$ -	\$ 8,690
7,515	(708)	586,342
-	-	3,226,096
-	-	254,270
2,529	66,954	71,468
-	374,810	426,275
<u>10,044</u>	<u>441,056</u>	<u>4,573,141</u>
-	-	465,160
-	-	113,506
17,290	-	403,697
-	65,860	217,387
9,867	29,060	2,015,249
-	-	95,000
-	-	140,683
<u>27,157</u>	<u>94,920</u>	<u>3,450,682</u>
<u>(17,113)</u>	<u>346,136</u>	<u>1,122,459</u>
-	52,190	2,261,963
-	(25,000)	(1,303,984)
-	27,190	957,979
-	-	-
<u>(17,113)</u>	<u>373,326</u>	<u>2,080,438</u>
<u>3,117,650</u>	<u>707,179</u>	<u>25,661,136</u>
<u>\$ 3,100,537</u>	<u>\$ 1,080,505</u>	<u>\$ 27,741,574</u>

(Concluded)

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 60,800	\$ 26,777	\$ (34,023)
Intergovernmental	3,725,544	2,811,911	(913,633)
	3,786,344	2,838,688	(947,656)
Total Revenues	3,786,344	2,838,688	(947,656)
Expenditures:			
Current:			
Public works	505,140	133,599	371,541
Capital outlay	6,515,570	660,508	5,855,062
	7,020,710	794,107	6,226,603
Total Expenditures	7,020,710	794,107	6,226,603
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,234,366)	2,044,581	5,278,947
Other Financing Sources (Uses):			
Transfers in	154,830	109,948	(44,882)
Transfers out	(1,237,900)	(1,125,936)	111,964
	(1,083,070)	(1,015,988)	67,082
Total Other Financing Sources (Uses)	(1,083,070)	(1,015,988)	67,082
Net Change in Fund Balance	(4,317,436)	1,028,593	5,346,029
Fund Balance, Beginning of Year	6,051,683	6,051,683	-
Fund Balance, End of Year	\$ 1,734,247	\$ 7,080,276	\$ 5,346,029

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 5,500	\$ 1,316	\$ (4,184)
Intergovernmental	80,000	77,455	(2,545)
Total Revenues	85,500	78,771	(6,729)
Expenditures:			
Current:			
Public works	164,150	6,598	157,552
Total Expenditures	164,150	6,598	157,552
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,650)	72,173	150,823
Other Financing Sources (Uses):			
Transfers out	(64,000)	(64,000)	-
Net Change in Fund Balance	(142,650)	8,173	150,823
Fund Balance, Beginning of Year	427,582	427,582	-
Fund Balance, End of Year	\$ 284,932	\$ 435,755	\$ 150,823

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 8,690	\$ 8,690
Investment and rentals	46,000	25,760	(20,240)
Total Revenues	<u>46,000</u>	<u>34,450</u>	<u>(11,550)</u>
Expenditures:			
Current:			
Public works	777,130	239,240	537,890
Capital outlay	<u>6,382,440</u>	<u>386,020</u>	<u>5,996,420</u>
Total Expenditures	<u>7,159,570</u>	<u>625,260</u>	<u>6,534,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,113,570)</u>	<u>(590,810)</u>	<u>6,522,760</u>
Other Financing Sources (Uses):			
Transfers in	<u>1,693,130</u>	<u>1,545,795</u>	<u>(147,335)</u>
Total Other Financing Sources (Uses)	<u>1,693,130</u>	<u>1,545,795</u>	<u>(147,335)</u>
Net Change in Fund Balance	(5,420,440)	954,985	6,375,425
Fund Balance, Beginning of Year	<u>6,557,399</u>	<u>6,557,399</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,136,959</u>	<u>\$ 7,512,384</u>	<u>\$ 6,375,425</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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 200	\$ (152)	\$ (352)
Intergovernmental	121,820	113,719	(8,101)
Other	-	5,618	5,618
Total Revenues	122,020	119,185	(2,835)
Expenditures:			
Police	137,920	113,506	24,414
Net Change in Fund Balance	(15,900)	5,679	21,579
Fund Balance, Beginning of Year	70,548	70,548	-
Fund Balance, End of Year	\$ 54,648	\$ 76,227	\$ 21,579

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 536,390	\$ 223,011	\$ (313,379)
Other	20,000	5,100	(14,900)
Total Revenues	<u>556,390</u>	<u>228,111</u>	<u>(328,279)</u>
Expenditures:			
Current:			
Community development	230,810	151,527	79,283
Capital outlay	287,100	21,307	265,793
Total Expenditures	<u>517,910</u>	<u>172,834</u>	<u>345,076</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>38,480</u>	<u>55,277</u>	<u>16,797</u>
Other Financing Sources (Uses):			
Transfers out	(97,580)	(51,548)	46,032
Total Other Financing Sources (Uses)	<u>(97,580)</u>	<u>(51,548)</u>	<u>46,032</u>
Net Change in Fund Balance	(59,100)	3,729	62,829
Fund Balance (Deficit), Beginning of Year	<u>12,325</u>	<u>12,325</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (46,775)</u>	<u>\$ 16,054</u>	<u>\$ 62,829</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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 441,870	\$ 509,094	\$ 67,224
Other	-	149	149
Total Revenues	<u>441,870</u>	<u>509,243</u>	<u>67,373</u>
Expenditures:			
Current:			
General government	349,930	273,209	76,721
Capital outlay	75,430	23,412	52,018
Debt service:			
Principal retirement	95,000	95,000	-
Interest and fiscal charges	144,680	140,683	3,997
Total Expenditures	<u>665,040</u>	<u>532,304</u>	<u>132,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(223,170)</u>	<u>(23,061)</u>	<u>200,109</u>
Other Financing Sources:			
Transfers in	<u>312,030</u>	<u>312,030</u>	<u>-</u>
Net Change in Fund Balance	88,860	288,969	200,109
Fund Balance, Beginning of Year	<u>26,091</u>	<u>26,091</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 114,951</u>	<u>\$ 315,060</u>	<u>\$ 200,109</u>

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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 60,000	\$ 6,965	\$ (53,035)
Charges for services	254,270	254,270	-
Other	-	40,598	40,598
	<u>314,270</u>	<u>301,833</u>	<u>(12,437)</u>
Total Revenues			
Expenditures:			
Current:			
General government	180,000	191,951	(11,951)
Capital outlay	1,660,780	885,075	775,705
	<u>1,840,780</u>	<u>1,077,026</u>	<u>763,754</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,526,510)</u>	<u>(775,193)</u>	<u>751,317</u>
Other Financing Sources (Uses):			
Transfers in	242,000	242,000	-
	<u>242,000</u>	<u>242,000</u>	<u>-</u>
Net Change in Fund Balance	(1,284,510)	(533,193)	751,317
Fund Balance, Beginning of Year	<u>4,652,132</u>	<u>4,652,132</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,367,622</u>	<u>\$ 4,118,939</u>	<u>\$ 751,317</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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 61,000	\$ 9,775	\$ (51,225)
Developer fees	500	1,985	1,485
Total Revenues	<u>61,500</u>	<u>11,760</u>	<u>(49,740)</u>
Expenditures:			
Current:			
Public works	<u>6,970</u>	<u>6,970</u>	<u>-</u>
Total Expenditures	<u>6,970</u>	<u>6,970</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>54,530</u>	<u>4,790</u>	<u>(49,740)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(180,000)</u>	<u>(37,500)</u>	<u>142,500</u>
Net Change in Fund Balance	(125,470)	(32,710)	92,760
Fund Balance, Beginning of Year	<u>4,038,547</u>	<u>4,038,547</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 3,913,077</u>	<u>\$ 4,005,837</u>	<u>\$ 92,760</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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 45,000	\$ 7,515	\$ (37,485)
Developer fees	-	2,529	2,529
Total Revenues	<u>45,000</u>	<u>10,044</u>	<u>(34,956)</u>
Expenditures:			
Current:			
Public works	57,290	17,290	40,000
Capital outlay	<u>266,220</u>	<u>9,867</u>	<u>256,353</u>
Total Expenditures	<u>323,510</u>	<u>27,157</u>	<u>296,353</u>
Net Change in Fund Balance	(278,510)	(17,113)	261,397
Fund Balance, Beginning of Year	<u>3,117,650</u>	<u>3,117,650</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,839,140</u></u>	<u><u>\$ 3,100,537</u></u>	<u><u>\$ 261,397</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, 2013

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 85,000	\$ (708)	\$ (85,708)
Developer fees	23,600	66,954	43,354
Other	532,614	374,810	(157,804)
Total Revenues	641,214	441,056	(200,158)
Expenditures:			
Current:			
Beaches, parks, and recreation	65,860	65,860	-
Capital outlay	550,914	29,060	521,854
Total Expenditures	616,774	94,920	521,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,440	346,136	321,696
Other Financing Sources (Uses):			
Transfers in	46,040	52,190	6,150
Transfers out	(25,000)	(25,000)	-
Total Other Financing (Uses)	21,040	27,190	6,150
Net Change in Fund Balance	45,480	373,326	327,846
Fund Balance, Beginning of Year	707,179	707,179	-
Fund Balance, End of Year	\$ 752,659	\$ 1,080,505	\$ 327,846



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, 2013

	Clean Ocean	Solid Waste Management	Totals
Assets:			
Current Assets:			
Cash and investments	\$ 2,089,581	\$ 354,653	\$ 2,444,234
Receivables (net of allowances for uncollectible accounts)	388,530	41,391	429,921
Accrued interest	-	1,519	1,519
Total Current Assets	2,478,111	397,563	2,875,674
Capital Assets:			
Machinery and equipment	54,741	-	54,741
Construction in progress	16,212	-	16,212
Total Capital Assets	70,953	-	70,953
Less accumulated depreciation	(54,741)	-	(54,741)
Net Capital Assets	16,212	-	16,212
Total Assets	2,494,323	397,563	2,891,886
Liabilities:			
Current Liabilities			
Payable from Current Assets:			
Accounts payable	66,021	1,968	67,989
Accrued wages	3,675	872	4,547
Long-term liabilities, current portion	3,831	1,733	5,564
Total Current Liabilities	73,527	4,573	78,100
Long-Term Liabilities:			
Compensated absences payable	17,450	7,895	25,345
Total Liabilities	90,977	12,468	103,445
Net Assets:			
Net investment in capital assets	16,212	-	16,212
Unrestricted	2,387,134	385,095	2,772,229
Total Net Assets	\$ 2,403,346	\$ 385,095	\$ 2,788,441

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2013

	<u>Clean Ocean</u>	<u>Solid Waste Management</u>	<u>Totals</u>
Operating Revenues:			
Charges for services	\$ 1,848,687	\$ 141,285	\$ 1,989,972
Other	<u>289,452</u>	<u>26,955</u>	<u>316,407</u>
Total Operating Revenues	<u>2,138,139</u>	<u>168,240</u>	<u>2,306,379</u>
Operating Expenses:			
Salaries and benefits	333,708	97,334	431,042
Cost of materials and supplies	45,265	13,335	58,600
Maintenance and other operating expenses	<u>1,141,300</u>	<u>144,531</u>	<u>1,285,831</u>
Total Operating Expenses	<u>1,520,273</u>	<u>255,200</u>	<u>1,775,473</u>
Operating Income (Loss)	<u>617,866</u>	<u>(86,960)</u>	<u>530,906</u>
Non-Operating Revenues (Expenses):			
Investment income	5,313	53	5,366
Grant income	<u>56,500</u>	<u>-</u>	<u>56,500</u>
Total Non-Operating Revenues	<u>61,813</u>	<u>53</u>	<u>61,866</u>
Income (Loss) Before Transfers and Capital Contributions	679,679	(86,907)	592,772
Transfers:			
Transfers out	<u>(736,026)</u>	<u>-</u>	<u>(736,026)</u>
Change in Net Assets	(56,347)	(86,907)	(143,254)
Net Assets - Beginning of Year	<u>2,459,693</u>	<u>472,002</u>	<u>2,931,695</u>
Net Assets - End of Year	<u><u>\$ 2,403,346</u></u>	<u><u>\$ 385,095</u></u>	<u><u>\$ 2,788,441</u></u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2013

	Clean Ocean	Solid Waste Management	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,830,272	\$ 107,950	\$ 1,938,222
Cash paid to other suppliers for goods or services	(1,340,259)	(155,898)	(1,496,157)
Cash payment to employees	(328,001)	(98,348)	(426,349)
Cash from other operating revenues	289,452	26,955	316,407
Net Cash Provided by (Used for) Operating Activities	<u>451,464</u>	<u>(119,341)</u>	<u>332,123</u>
Cash Flows from Noncapital Financing Activities:			
Cash paid to other funds	(736,026)	-	(736,026)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(736,026)</u>	<u>-</u>	<u>(736,026)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase and construction of capital assets	242,804	-	242,804
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>242,804</u>	<u>-</u>	<u>242,804</u>
Cash Flows from Investing Activities:			
Maturity of investments	131,856	90,774	222,630
Investment income received	17,025	1,153	18,178
Net Cash Provided by (Used for) Investing Activities	<u>148,881</u>	<u>91,927</u>	<u>240,808</u>
Net Increase (Decrease) in Cash and Cash Equivalents	107,123	(27,414)	79,709
Cash and Cash Equivalents at Beginning of Year	845,726	189,136	1,034,862
Cash and Cash Equivalents at End of Year	<u>\$ 952,849</u>	<u>\$ 161,722</u>	<u>\$ 1,114,571</u>
Reconciliation of Cash and Cash Equivalents to the balance sheet:			
Cash and cash equivalents	\$ 952,849	\$ 161,722	\$ 1,114,571
Investments	1,136,732	192,931	1,329,663
Total cash and investments per the balance sheet	<u>\$ 2,089,581</u>	<u>\$ 354,653</u>	<u>\$ 2,444,234</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 617,866</u>	<u>\$ (86,960)</u>	<u>\$ 530,906</u>
Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(18,415)	(33,335)	(51,750)
Increase (decrease) in accounts payable	(153,694)	1,968	(151,726)
Increase (decrease) in accrued wages	25	(26)	(1)
Increase (decrease) in compensated absences	5,682	(988)	4,694
Total Adjustments	<u>(166,402)</u>	<u>(32,381)</u>	<u>(198,783)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 451,464</u>	<u>\$ (119,341)</u>	<u>\$ 332,123</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 regular full-time 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, 2013

	Employee Benefits	Central Services
Assets:		
Current Assets:		
Cash and investments	\$ 195,700	\$ 231,525
Receivables (net of allowances for uncollectible accounts):		
Accounts	8,160	18
Accrued interest	-	992
Prepaid expense	-	-
Total Current Assets	203,860	232,535
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	525,078
Total Capital Assets	-	525,078
Less accumulated depreciation	-	(328,644)
Net Capital Assets	-	196,434
Noncurrent Assets:		
Advances to other funds	-	-
Total Noncurrent Assets	-	196,434
Total Assets	203,860	428,969
Liabilities:		
Current Liabilities:		
Accounts payable	6,509	22,530
Accrued wages	195,850	611
Long-term liabilities, current portion	-	39,338
Total Current Liabilities	202,359	62,479
Noncurrent Liabilities:		
Capitalized lease obligations	-	88,094
OPEB obligation	-	-
Compensated absences payable	-	1,848
Claims and judgments payable	-	-
Total Noncurrent Liabilities	-	89,942
Total Liabilities	202,359	152,421
Net Assets:		
Net investment in capital assets	-	69,408
Unrestricted	1,501	207,140
Total Net Assets	\$ 1,501	\$ 276,548

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 197,758	\$ 4,040,255	\$ 578,308	\$ 966,300	\$ 1,129,472	\$ 7,339,318
224	7,326	15,754	-	-	31,482
847	17,340	2,477	4,139	4,838	30,633
-	-	-	-	-	-
<u>198,829</u>	<u>4,064,921</u>	<u>596,539</u>	<u>970,439</u>	<u>1,134,310</u>	<u>7,401,433</u>
-	443,134	-	-	-	443,134
-	411,227	-	-	-	411,227
<u>539,678</u>	<u>4,737,856</u>	-	-	-	<u>5,802,612</u>
<u>539,678</u>	<u>5,592,217</u>	-	-	-	<u>6,656,973</u>
<u>(403,091)</u>	<u>(3,145,681)</u>	-	-	-	<u>(3,877,416)</u>
<u>136,587</u>	<u>2,446,536</u>	-	-	-	<u>2,779,557</u>
-	-	-	605,881	-	605,881
<u>136,587</u>	<u>2,446,536</u>	-	<u>605,881</u>	-	<u>3,385,438</u>
<u>335,416</u>	<u>6,511,457</u>	<u>596,539</u>	<u>1,576,320</u>	<u>1,134,310</u>	<u>10,786,871</u>
3,656	62,485	23,037	6,574	13,468	138,259
6,799	-	-	-	1,381	204,641
<u>33,732</u>	-	-	<u>307,700</u>	<u>1,704,087</u>	<u>2,084,857</u>
<u>44,187</u>	<u>62,485</u>	<u>23,037</u>	<u>314,274</u>	<u>1,718,936</u>	<u>2,427,757</u>
-	-	-	-	-	88,094
-	-	630,409	-	-	630,409
153,668	-	-	-	14,078	169,594
-	-	-	258,028	1,426,343	1,684,371
<u>153,668</u>	-	<u>630,409</u>	<u>258,028</u>	<u>1,440,421</u>	<u>2,572,468</u>
<u>197,855</u>	<u>62,485</u>	<u>653,446</u>	<u>572,302</u>	<u>3,159,357</u>	<u>5,000,225</u>
136,587	2,446,536	-	-	-	2,652,531
<u>974</u>	<u>4,002,436</u>	<u>(56,907)</u>	<u>1,004,018</u>	<u>(2,025,047)</u>	<u>3,134,115</u>
<u>\$ 137,561</u>	<u>\$ 6,448,972</u>	<u>\$ (56,907)</u>	<u>\$ 1,004,018</u>	<u>\$ (2,025,047)</u>	<u>\$ 5,786,646</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 485,455
Other	-	-
Total Operating Revenues	-	485,455
Operating Expenses:		
Salaries and benefits	-	58,300
Cost of materials and supplies	-	42,418
Depreciation	-	62,956
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	-	404,003
Total Operating Expenses	-	567,677
Operating Income (Loss)	-	(82,222)
Nonoperating Revenues (Expenses):		
Investment income	-	(27)
Interest and fiscal charges	-	(7,214)
Gain (loss) on sale of property	-	-
Total Nonoperating Revenues (Expenses)	-	(7,241)
Income (Loss) Before Transfers	-	(89,463)
Transfers:		
Transfers in	-	-
Total Transfers	-	-
Change in Net Assets	-	(89,463)
Net Assets - Beginning of Year	1,501	366,011
Net Assets - End of Year	\$ 1,501	\$ 276,548

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,329,630	\$ 1,632,260	\$ 3,102,775	\$ 380,881	\$ 1,600,000	\$ 8,531,001
-	33,920	4,833	85,304	1,258	125,315
<u>1,329,630</u>	<u>1,666,180</u>	<u>3,107,608</u>	<u>466,185</u>	<u>1,601,258</u>	<u>8,656,316</u>
736,633	-	-	-	127,263	922,196
10,507	503,263	-	-	1,043	557,231
46,199	543,910	-	-	-	653,065
-	-	-	101,328	-	101,328
-	-	2,810,873	-	-	2,810,873
-	-	-	-	978,728	978,728
-	-	215,392	390,025	2,088,476	2,693,893
648,451	670,862	80,914	93,337	291,350	2,188,917
<u>1,441,790</u>	<u>1,718,035</u>	<u>3,107,179</u>	<u>584,690</u>	<u>3,486,860</u>	<u>10,906,231</u>
<u>(112,160)</u>	<u>(51,855)</u>	<u>429</u>	<u>(118,505)</u>	<u>(1,885,602)</u>	<u>(2,249,915)</u>
(441)	11,394	(618)	17,488	(1,495)	26,301
-	-	-	-	-	(7,214)
-	30,860	-	-	-	30,860
<u>(441)</u>	<u>42,254</u>	<u>(618)</u>	<u>17,488</u>	<u>(1,495)</u>	<u>49,947</u>
<u>(112,601)</u>	<u>(9,601)</u>	<u>(189)</u>	<u>(101,017)</u>	<u>(1,887,097)</u>	<u>(2,199,968)</u>
-	-	-	-	403,000	403,000
-	-	-	-	403,000	403,000
(112,601)	(9,601)	(189)	(101,017)	(1,484,097)	(1,796,968)
<u>250,162</u>	<u>6,458,573</u>	<u>(56,718)</u>	<u>1,105,035</u>	<u>(540,950)</u>	<u>7,583,614</u>
<u>\$ 137,561</u>	<u>\$ 6,448,972</u>	<u>\$ (56,907)</u>	<u>\$ 1,004,018</u>	<u>\$ (2,025,047)</u>	<u>\$ 5,786,646</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Cash received from customers	\$ (1,266)	\$ 485,811
Cash paid to other suppliers of goods or services	(6,758)	(453,320)
Cash payment to employees	14,837	(58,427)
Net Cash Provided by (Used for) Operating Activities	6,813	(25,936)
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	-	(37,665)
Interest and fiscal charges	-	(7,215)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(44,880)
Cash Flows from Investing Activities:		
Maturity (purchase) of investments	6,871	55,063
Investment income received	-	652
Net Cash Provided by (Used for) Investing Activities:	6,871	55,715
Net Increase (Decrease) in Cash and Cash Equivalents	13,684	(15,101)
Cash and Cash Equivalents at Beginning of Year	75,555	120,676
Cash and Cash Equivalents at End of Year	\$ 89,239	\$ 105,575
Reconciliation of Cash and Cash Equivalents to the balance sheet:		
Cash and cash equivalents	\$ 89,239	\$ 105,575
Investments	106,461	125,950
Total cash and investments per the balance sheet	\$ 195,700	\$ 231,525

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,329,406	\$ 1,663,722	\$ 3,095,325	\$ 541,852	\$ 1,601,258	\$ 8,716,108
(699,279)	(1,195,906)	(2,993,218)	(492,935)	(1,802,743)	(7,644,159)
(730,898)				(124,590)	(899,078)
(100,771)	467,816	102,107	48,917	(326,075)	172,871
-	-	-	114,119	403,000	517,119
-	-	-	114,119	403,000	517,119
(36,518)	(415,378)	-	-	-	(451,896)
-	30,860	-	-	-	30,860
-	-	-	-	-	(37,665)
-	-	-	-	-	(7,215)
(36,518)	(384,518)	-	-	-	(465,916)
93,108	166,734	(28,606)	(42,230)	14,008	264,948
565	15,902	(455)	17,535	(500)	33,699
93,673	182,636	(29,061)	(24,695)	13,508	298,647
(43,616)	265,934	73,046	138,341	90,433	522,721
133,793	1,576,422	190,662	302,292	421,218	2,820,618
\$ 90,177	\$ 1,842,356	\$ 263,708	\$ 440,633	\$ 511,651	\$ 3,343,339
\$ 90,177	\$ 1,842,356	\$ 263,708	\$ 440,633	\$ 511,651	\$ 3,343,339
107,581	2,197,899	314,600	525,667	617,821	3,995,979
\$ 197,758	\$ 4,040,255	\$ 578,308	\$ 966,300	\$ 1,129,472	\$ 7,339,318

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2013

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	Employee Benefits	Central Service
Operating Income (Loss)	\$ -	\$ (82,222)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	62,956
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(1,266)	356
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	(6,758)	(6,899)
Increase (decrease) in accrued wages	14,837	(49)
Increase (decrease) in OPEB Obligation	-	-
Increase (decrease) in compensated absences	-	(78)
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	6,813	56,286
Net Cash Provided by (Used for) Operating Activities	\$ 6,813	\$ (25,936)
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ (1,940)

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ (112,160)	\$ (51,855)	\$ 429	\$ (118,505)	\$ (1,885,602)	\$ (2,249,915)
46,199	543,910	-	-	-	653,065
(224)	(2,458)	(12,283)	75,667	-	59,792
-	-	-	-	2,585	2,585
(40,321)	(21,781)	3,961	(387)	(7,571)	(79,756)
(62)	-	-	-	59	14,785
-	-	110,000	-	-	110,000
5,797	-	-	-	2,614	8,333
-	-	-	92,142	1,561,840	1,653,982
11,389	519,671	101,678	167,422	1,559,527	2,422,786
<u>\$ (100,771)</u>	<u>\$ 467,816</u>	<u>\$ 102,107</u>	<u>\$ 48,917</u>	<u>\$ (326,075)</u>	<u>\$ 172,871</u>
\$ (2,213)	\$ (24,321)	\$ (2,845)	\$ (4,461)	\$ (6,441)	\$ (42,221)

(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.

CITY OF SAN CLEMENTE
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2013

	Street Assessment Collection	99-1 AD Collection	99-1 CFD Collection
Assets:			
Taxes receivable	\$ -	\$ 740	\$ 1,367
Accounts receivable	-	-	-
Accrued interest receivable	956	29	3,322
Restricted cash and investments	223,222	6,738	297,384
Restricted cash and investments with fiscal agents	-	92,573	531,778
Total Assets	\$ 224,178	\$ 100,080	\$ 833,851
Liabilities:			
Accounts payable	\$ -	\$ 377	\$ 437
Accrued wages	-	-	-
Deposits payable	-	-	-
Payable to bondholders	224,178	99,703	833,414
Total Liabilities	\$ 224,178	\$ 100,080	\$ 833,851

<u>98-1 RAD PFA Collection</u>	<u>Coastal Animal Services Authority</u>	<u>Totals</u>
\$ 20,412	\$ -	\$ 22,519
-	47,303	47,303
1,146	-	5,453
267,555	33,032	827,931
1,692,657	-	2,317,008
<u>\$ 1,981,770</u>	<u>\$ 80,335</u>	<u>\$ 3,220,214</u>
\$ 395	\$ 28,388	\$ 29,597
-	14,389	14,389
-	37,558	37,558
1,981,375	-	3,138,670
<u>\$ 1,981,770</u>	<u>\$ 80,335</u>	<u>\$ 3,220,214</u>

CITY OF SAN CLEMENTE
Statement of Changes in
Fiduciary Net Position
Agency Funds
For the Fiscal Year Ended
June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>STREET ASSESSMENT COLLECTION</u>				
Assets				
Accrued interest receivable	\$ 1,261	\$ 956	\$ 1,261	\$ 956
Cash and investments	227,610	2,235	6,623	223,222
Total Assets	<u>\$ 228,871</u>	<u>\$ 3,191</u>	<u>\$ 7,884</u>	<u>\$ 224,178</u>
Liabilities				
Payable to bondholders	\$ 228,871	\$ 1,335	\$ 6,028	\$ 224,178
Total Liabilities	<u>\$ 228,871</u>	<u>\$ 1,335</u>	<u>\$ 6,028</u>	<u>\$ 224,178</u>
<u>99-1 AD COLLECTION</u>				
Assets				
Taxes receivable	\$ -	\$ 740	\$ -	\$ 740
Accrued interest receivable	603	-	574	29
Cash and investments	108,181	119,358	128,228	99,311
Total Assets	<u>\$ 108,784</u>	<u>\$ 120,098</u>	<u>\$ 128,802</u>	<u>\$ 100,080</u>
Liabilities				
Accounts payable	\$ -	\$ 59,121	\$ 58,744	\$ 377
Payable to bondholders	108,784	64,941	74,022	99,703
Total Liabilities	<u>\$ 108,784</u>	<u>\$ 124,062</u>	<u>\$ 132,766</u>	<u>\$ 100,080</u>
<u>99-1 CFD COLLECTION</u>				
Assets				
Taxes receivable	\$ 199	\$ 1,367	\$ 199	\$ 1,367
Accrued interest receivable	6,324	-	3,001	3,323
Cash and investments	825,961	794,175	790,974	829,162
Total Assets	<u>\$ 832,484</u>	<u>\$ 795,542</u>	<u>\$ 794,174</u>	<u>\$ 833,852</u>
Liabilities				
Accounts payable	\$ -	\$ 380,882	\$ 380,444	\$ 438
Payable to bondholders	832,484	395,095	394,165	833,414
Total Liabilities	<u>\$ 832,484</u>	<u>\$ 775,977</u>	<u>\$ 774,609</u>	<u>\$ 833,852</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Changes in
Fiduciary Net Position
Agency Funds
For the Fiscal Year Ended
June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>98-1 RAD PFA COLLECTION</u>				
Assets				
Taxes receivable	\$ 17,414	\$ 20,412	\$ 17,414	\$ 20,412
Accrued interest receivable	2,103	-	957	1,146
Cash and investments	1,927,057	2,338,351	2,305,196	1,960,212
Total Assets	\$ 1,946,574	\$ 2,358,763	\$ 2,323,567	\$ 1,981,770
Liabilities				
Accounts payable	\$ -	\$ 1,223,155	\$ 1,222,760	\$ 395
Payable to bondholders	1,946,574	1,128,670	1,093,869	1,981,375
Total Liabilities	\$ 1,946,574	\$ 2,351,825	\$ 2,316,629	\$ 1,981,770
<u>COASTAL ANIMAL SERVICES AUTHORITY</u>				
Assets				
Accounts receivable	\$ 32,629	\$ 47,767	\$ 33,093	\$ 47,303
Cash and investments	24,060	1,382,417	1,373,445	33,032
Total Assets	\$ 56,689	\$ 1,430,184	\$ 1,406,538	\$ 80,335
Liabilities				
Accounts payable	\$ 40,645	\$ 920,876	\$ 933,133	\$ 28,388
Accrued wages	16,044	763,045	764,700	14,389
Deposits payable	-	1,431,710	1,394,152	37,558
Total Liabilities	\$ 56,689	\$ 3,115,631	\$ 3,091,985	\$ 80,335
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Taxes receivable	\$ 17,613	\$ 22,519	\$ 17,613	\$ 22,519
Accounts receivable	32,629	47,767	33,093	47,303
Accrued interest receivable	10,291	956	5,793	5,454
Cash and investments	3,112,869	4,636,536	4,604,466	3,144,939
Total Assets	\$ 3,173,402	\$ 4,707,778	\$ 4,660,965	\$ 3,220,215
Liabilities				
Accounts payable	\$ 40,645	\$ 2,584,034	\$ 2,595,081	\$ 29,598
Accrued wages	16,044	763,045	764,700	14,389
Deposits payable	-	1,431,710	1,394,152	37,558
Payable to bondholders	3,116,713	1,590,041	1,568,084	3,138,670
Total Liabilities	\$ 3,173,402	\$ 6,368,830	\$ 6,322,017	\$ 3,220,215

(Concluded)



**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable City Council
City of San Clemente
San Clemente, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente, California (City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Van Lant + Fankhaed, LLP

December 11, 2013

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>	134
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	146
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>	152
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>	156
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>	160

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Net investment in capital assets	\$ 101,368,966	\$ 107,200,967	\$ 120,396,154	\$ 139,240,988
Restricted	25,407,502	60,646,071	63,848,558	73,257,751
Unrestricted	64,128,688	34,344,873	36,731,775	32,975,491
Total governmental activities net position	<u>\$ 190,905,156</u>	<u>\$ 202,191,911</u>	<u>\$ 220,976,487</u>	<u>\$ 245,474,230</u>
Business-type activities				
Net investment in capital assets	\$ 122,398,385	\$ 122,528,356	\$ 128,145,144	\$ 138,419,739
Restricted	34,288,047	35,045,918	37,706,913	43,020,332
Unrestricted	12,790,969	15,274,346	13,211,871	7,061,711
Total business-type activities net position	<u>\$ 169,477,401</u>	<u>\$ 172,848,620</u>	<u>\$ 179,063,928</u>	<u>\$ 188,501,782</u>
Primary Government				
Net investment in capital assets	\$ 223,767,351	\$ 229,729,323	\$ 248,541,298	\$ 277,660,727
Restricted	59,695,549	95,691,989	101,555,471	116,278,083
Unrestricted	76,919,657	49,619,219	49,943,646	40,037,202
Total primary government net position	<u>\$ 360,382,557</u>	<u>\$ 375,040,531</u>	<u>\$ 400,040,415</u>	<u>\$ 433,976,012</u>

Source: City of San Clemente

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 150,591,242	\$ 160,753,531	\$ 164,975,785	\$ 184,880,908	\$ 191,342,737	\$ 186,634,872
72,576,665	70,789,068	72,358,104	61,254,366	51,568,742	56,226,561
34,432,738	36,234,606	33,143,594	38,223,976	39,174,674	37,714,193
<u>\$ 257,600,645</u>	<u>\$ 267,777,205</u>	<u>\$ 270,477,483</u>	<u>\$ 284,359,250</u>	<u>\$ 282,086,153</u>	<u>\$ 280,575,626</u>
\$ 141,188,272	\$ 148,073,703	\$ 145,862,033	\$ 144,382,566	\$ 148,528,745	\$ 152,088,828
45,175,807	44,132,042	48,219,563	49,019,121	11,604,636	10,969,269
9,510,733	5,255,209	2,535,183	2,556,796	35,030,472	35,940,828
<u>\$ 195,874,812</u>	<u>\$ 197,460,954</u>	<u>\$ 196,616,779</u>	<u>\$ 195,958,483</u>	<u>\$ 195,163,853</u>	<u>\$ 198,998,925</u>
\$ 291,779,514	\$ 308,827,234	\$ 310,837,818	\$ 329,263,474	\$ 339,871,482	\$ 338,723,700
117,752,472	114,921,110	120,577,667	110,273,487	63,173,378	67,195,830
43,943,471	41,489,815	35,678,777	40,780,772	74,205,146	73,655,021
<u>\$ 453,475,457</u>	<u>\$ 465,238,159</u>	<u>\$ 467,094,262</u>	<u>\$ 480,317,733</u>	<u>\$ 477,250,006</u>	<u>\$ 479,574,551</u>

CITY OF SAN CLEMENTE
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities:			
General government	\$ 5,271,633	\$ 6,714,032	\$ 9,648,050
Public safety ¹	13,378,603	14,217,552	
Police			9,565,635
Fire			5,710,457
Economic development ²	13,807,963	16,654,803	
Public works			9,070,583
Community development			5,396,690
Beaches, parks & recreation	7,193,450	8,316,082	8,725,821
Interest and fiscal charges	360,154	345,345	334,736
Total governmental activities expenses	<u>40,011,803</u>	<u>46,247,814</u>	<u>48,451,972</u>
Business-type activities:			
Water	10,244,563	10,636,696	11,829,322
Sewer	6,621,163	7,798,634	8,761,770
Golf	1,897,026	1,934,882	2,197,204
Non-major activities	1,001,525	1,207,503	1,461,065
Total business-type activities expenses	<u>19,764,277</u>	<u>21,577,715</u>	<u>24,249,361</u>
Total primary government expenses	<u>59,776,080</u>	<u>67,825,529</u>	<u>72,701,333</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	3,438,615	4,734,491	2,537,862
Public safety ¹	2,699,963	2,039,859	
Police			1,180,869
Fire			582,914
Economic development ²	11,962,370	7,167,035	
Public works			1,320,339
Community development			4,585,546
Beaches, parks & recreation	4,542,378	5,521,121	1,899,328
Operating grants and contributions	677,916	956,864	3,901,444
Capital grants and contributions	3,467,440	326,812	14,557,681
Total governmental activities program revenues	<u>26,788,682</u>	<u>20,746,182</u>	<u>30,565,983</u>
Business-type activities:			
Charges for services:			
Water	12,668,783	12,236,707	10,216,817
Sewer	7,090,001	7,276,394	7,285,939
Golf	2,227,188	2,034,533	2,057,159
Other	2,352,116	2,428,837	1,985,933
Operating grants and contributions	2,140,342	-	-
Capital grants and contributions	-	906,385	4,129,369
Total business-type activities program revenues	<u>26,478,430</u>	<u>24,882,856</u>	<u>25,675,217</u>
Total primary government program revenues	<u>53,267,112</u>	<u>45,629,038</u>	<u>56,241,200</u>
Net (expense)/revenue:			
Governmental activities	(13,223,121)	(25,501,632)	(17,885,989)
Business-type activities	6,714,153	3,305,141	1,425,856
Total primary government net expense	<u>\$ (6,508,968)</u>	<u>\$ (22,196,491)</u>	<u>\$ (16,460,133)</u>

		Fiscal Year											
		2007	2008	2009	2010	2011	2012	2013					
\$	8,618,717	\$	7,067,972	\$	8,590,506	\$	8,197,612	\$	8,453,237	\$	7,446,115	\$	6,194,743
	10,111,028		11,432,223		11,643,872		12,295,976		12,051,622		12,120,058		12,141,456
	6,193,700		6,396,679		6,646,647		6,931,220		7,074,900		7,441,911		7,723,477
	22,373,476		9,824,925		9,651,386		10,665,664		10,407,140		11,467,488		10,729,698
	6,515,898		6,180,679		6,372,669		7,524,036		5,327,603		5,335,446		8,027,685
	9,519,314		9,817,651		10,258,139		10,173,361		9,926,388		11,832,045		13,092,862
	365,633		326,509		302,728		284,613		307,354		232,635		147,897
	<u>63,697,766</u>		<u>51,046,638</u>		<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>
	12,039,439		12,347,470		14,918,006		15,128,156		14,604,342		16,649,645		17,583,799
	8,261,682		8,544,283		10,410,640		9,739,844		10,706,741		10,560,807		10,956,256
	2,152,574		2,260,402		2,286,334		2,163,580		2,135,370		2,191,026		2,274,584
	1,493,220		1,927,960		1,808,289		1,982,432		2,070,131		2,080,649		1,839,962
	<u>23,946,915</u>		<u>25,080,115</u>		<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>87,644,681</u>		<u>76,126,753</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>
	2,880,811		2,643,881		2,674,407		2,408,851		2,742,791		2,899,751		398,141
	1,068,480		1,012,436		1,167,198		977,562		1,060,857		1,014,471		887,830
	637,426		564,867		793,180		823,135		681,144		768,098		834,182
	1,154,858		962,317		800,669		879,257		1,277,324		1,146,576		998,914
	3,690,114		2,914,280		1,412,939		1,619,726		1,456,230		1,365,793		1,669,416
	2,161,531		2,592,051		2,482,348		2,831,200		2,835,372		3,186,014		3,472,211
	5,730,426		3,303,950		2,670,368		3,373,731		3,287,276		3,218,852		4,773,534
	<u>31,132,043</u>		<u>10,039,908</u>		<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>48,455,689</u>		<u>24,033,690</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>
	12,192,798		12,324,113		12,447,776		12,485,605		13,885,865		16,424,826		18,479,553
	7,558,957		8,134,083		8,132,002		8,358,121		8,977,702		9,270,705		10,071,581
	2,100,371		2,250,182		2,132,715		2,023,047		2,137,694		2,222,932		2,179,625
	2,063,647		2,049,309		2,010,211		1,985,289		2,362,352		2,286,446		2,306,379
	-		-		-		-		190,241		248,928		56,500
	5,498,771		2,693,366		3,025,094		769,923		1,100,855		47,180		3,439,735
	<u>29,414,544</u>		<u>27,451,053</u>		<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>77,870,233</u>		<u>51,484,743</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>
	(15,242,077)		(27,012,948)		(31,415,111)		(38,695,395)		(34,512,367)		(39,594,110)		(43,801,748)
	5,467,629		2,370,938		(1,675,471)		(3,392,027)		(861,875)		(981,110)		3,878,772
\$	<u>(9,774,448)</u>	\$	<u>(24,642,010)</u>	\$	<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>

CITY OF SAN CLEMENTE

CHANGES IN NET POSTION

Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 14,619,234	\$ 19,904,158	\$ 22,663,198
Sales taxes	6,213,258	5,199,568	5,260,019
Sales taxes - in lieu	-	1,625,595	1,375,318
Transient occupancy taxes	1,049,910	1,161,392	1,264,514
Franchise taxes	1,552,704	1,727,451	2,127,233
Other taxes	2,931,927	2,608,978	617,638
Assessments	1,700,901	636,041	668,756
Investment earnings	(189,088)	2,626,787	2,144,246
Miscellaneous	391,678	798,840	4,832
Gain on sale of capital assets	969,853	22,867	(18,819)
Pension side fund payment	-	-	-
Dissolution of the redevelopment agency	-	-	-
Transfers	613,918	692,970	563,630
Total governmental activities	<u>29,854,295</u>	<u>37,004,647</u>	<u>36,670,565</u>
Business-type activities:			
Investment earnings	-	761,419	1,086,795
Gain/Loss on sale of capital assets	-	(2,371)	-
Miscellaneous	-	-	4,266,287
Transfers	(613,918)	(692,970)	(563,630)
Total business-type activities	<u>(613,918)</u>	<u>66,078</u>	<u>4,789,452</u>
Total primary government	<u>\$ 29,240,377</u>	<u>\$ 37,070,725</u>	<u>\$ 41,460,017</u>
Change in Net Assets			
Governmental activities	16,631,174	11,503,015	18,784,576
Business-type activities	6,100,235	3,371,219	6,215,308
Total primary government	<u>\$ 22,731,409</u>	<u>\$ 14,874,234</u>	<u>\$ 24,999,884</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.

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
\$ 25,502,996	\$ 27,691,490	\$ 27,676,009	\$ 27,114,216	\$ 26,543,254	\$ 25,704,056	\$ 25,613,417
5,670,986	5,628,813	4,530,994	4,965,641	5,095,486	5,375,251	5,837,066
1,643,898	1,981,820	2,014,780	1,308,380	1,604,663	1,694,225	1,743,745
1,362,015	1,465,852	1,309,644	1,371,937	1,460,880	1,541,248	1,587,576
3,185,831	2,163,287	2,246,570	2,166,871	2,199,894	2,229,194	2,203,002
533,679	475,611	1,250,768	1,353,846	1,411,471	1,073,325	1,103,570
-	-	-	-	-	-	-
3,061,219	2,070,969	2,155,014	2,152,699	827,900	1,147,655	3,950,829
108,176	306,842	42,135	722,562	150,904	144,473	76,641
-	(2,695,057)	-	-	13,403,427	-	-
-	-	-	-	(4,754,163)	-	-
-	-	-	-	-	(1,767,179)	-
(1,328,980)	49,736	365,757	239,521	450,418	178,765	175,375
<u>39,739,820</u>	<u>39,139,363</u>	<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>
2,822,400	2,747,619	2,208,881	1,406,190	653,997	365,245	131,675
-	(662,391)	-	-	-	-	-
1,409,345	1,376,100	1,418,489	1,381,183	-	-	-
<u>1,328,980</u>	<u>(49,736)</u>	<u>(365,757)</u>	<u>(239,521)</u>	<u>(450,418)</u>	<u>(178,765)</u>	<u>(175,375)</u>
<u>5,560,725</u>	<u>3,411,592</u>	<u>3,261,613</u>	<u>2,547,852</u>	<u>203,579</u>	<u>186,480</u>	<u>(43,700)</u>
<u>\$ 45,300,545</u>	<u>\$ 42,550,955</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>
24,497,743	12,126,415	10,176,560	2,700,278	13,881,767	(2,273,097)	(1,510,527)
<u>11,028,354</u>	<u>5,782,530</u>	<u>1,586,142</u>	<u>(844,175)</u>	<u>(658,296)</u>	<u>(794,630)</u>	<u>3,835,072</u>
<u>\$ 35,526,097</u>	<u>\$ 17,908,945</u>	<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>

(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
2003-2004	\$ 14,619,948	\$ 6,213,258	\$ 1,049,910	\$ 1,552,704	\$ 629,237	\$ 24,065,057
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

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
2003-2004	\$ 14,619,234	\$ 6,213,258	\$ 1,049,910	\$ 1,552,704	\$ 1,859,468	\$ 2,773,360	\$ 28,067,934
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

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			
	2004	2005	2006	2007
General fund				
Reserved	\$ 913,246	\$ 3,057,948	\$ 6,851,143	\$ 7,270,478
Unreserved	13,204,037	24,158,171	21,648,599	18,996,871
Total general fund	<u>\$ 14,117,283</u>	<u>\$ 27,216,119</u>	<u>\$ 28,499,742</u>	<u>\$ 26,267,349</u>
All other governmental funds				
Reserved	\$ 32,265,740	\$ 42,189,068	\$ 56,272,435	\$ 79,299,565
Unreserved, reported in:				
Special revenue funds	5,056,323	4,019,549	(6,233,102)	(6,051,182)
Capital projects funds	14,624,165	17,134,321	15,506,770	748,444
Debt service funds	-	(1,793,022)	(994,400)	(370,320)
Total all other governmental funds	<u>\$ 51,946,228</u>	<u>\$ 61,549,916</u>	<u>\$ 64,551,703</u>	<u>\$ 73,626,507</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					
2008	2009	2010	2011*	2012	2013
\$ 5,144,358	\$ 5,023,665	\$ 4,649,496	\$ -	\$ -	\$ -
20,380,390	20,070,766	18,836,396	-	-	-
<u>\$ 25,524,748</u>	<u>\$ 25,094,431</u>	<u>\$ 23,485,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 81,250,042	\$ 79,749,708	\$ 69,850,312	\$ -	\$ -	\$ -
			-	-	-
654,026	4,370,589	6,190,722	-	-	-
(7,833,364)	(11,345,685)	(1,218,011)	-	-	-
(719,835)	486,740	(2,545,344)	-	-	-
<u>\$ 73,350,869</u>	<u>\$ 73,261,352</u>	<u>\$ 72,277,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
			2011	2012	2013
			\$ 2,169,291	\$ 1,800,743	\$ 2,001,530
			18,923,274	17,754,373	17,450,954
			3,770,456	7,373,427	7,060,897
			4,110,236	1,528,656	3,592,488
			<u>\$ 28,973,257</u>	<u>\$ 28,457,199</u>	<u>\$ 30,105,869</u>
			\$ 2,351,847	\$ 2,120,653	\$ 2,120,653
			31,352,050	46,333,348	47,664,547
			11,792,319	442,650	77,643
			17,517,914	4,209,482	4,356,356
			(2,001,968)	26,091	-
			<u>\$ 61,012,162</u>	<u>\$ 53,132,224</u>	<u>\$ 54,219,199</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 24,065,057	\$ 29,758,524	\$ 33,375,587	\$ 37,703,296
Licenses and permits	4,345,416	3,201,431	3,271,025	2,782,916
Fines and forfeits	872,930	913,447	921,583	896,133
Interest and rentals	1,188,381	4,048,545	3,783,715	6,922,912
Intergovernmental	6,519,475	5,116,208	6,748,776	8,305,713
Charges for services	10,555,824	9,721,047	9,096,580	7,577,287
Developers fees	4,712,400	4,257,756	4,397,324	918,600
Contributions	239,424	600	10,611	-
Other	188,133	125,515	191,600	665,580
Total revenues	<u>52,687,040</u>	<u>57,143,073</u>	<u>61,796,801</u>	<u>65,772,437</u>
Expenditures				
General government	5,281,848	6,062,696	6,506,896	6,868,943
Public safety	13,335,293	14,196,737		
Police			9,569,745	10,091,550
Fire			5,670,855	6,013,151
Economic development	11,033,231	13,766,323		
Public works			8,520,415	6,569,089
Community development			5,194,929	5,689,852
Beaches, parks and recreation	7,024,902	7,281,436	7,763,991	8,633,081
Capital outlay	8,891,849	9,229,162	11,343,516	13,956,352
Debt service:				
Property tax shift	72,464	149,284	152,953	26,852
Principal retirements	156,820	80,000	85,000	95,000
Interest and fiscal charges	356,256	339,956	331,731	321,686
Total expenditures	<u>46,152,663</u>	<u>51,105,594</u>	<u>55,140,031</u>	<u>58,265,556</u>
Excess of revenues over (under) expenditures	6,037,479	6,656,770	7,506,881	7,506,881
Other financing sources (uses)				
Proceeds from debt issue	-	-	-	-
Advance from component unit	-	-	-	-
Sale of capital assets	1,103,924	-	-	-
Transfers in	3,651,763	4,861,030	4,515,034	15,653,591
Transfers out	(3,218,083)	(4,347,450)	(6,886,394)	(16,318,061)
Total other financing sources (uses)	<u>1,537,604</u>	<u>513,580</u>	<u>(2,371,360)</u>	<u>(664,470)</u>
Pension side fund payment	-	-	-	-
Redevelopment agency dissolution	-	-	-	-
Net change in fund balances	<u>\$ 7,575,083</u>	<u>\$ 7,170,350</u>	<u>\$ 5,135,521</u>	<u>\$ 6,842,411</u>
Debt service as a percentage of noncapital expenditures	1%	1%	1%	1%

Source: City of San Clemente

Fiscal Year

	2008	2009	2010	2011	2012	2013
\$	39,381,570	\$ 38,642,481	\$ 35,436,230	\$ 38,098,699	\$ 37,574,489	\$ 40,018,104
	2,095,709	1,714,112	2,083,840	1,903,617	892,486	1,042,511
	880,206	1,033,082	820,170	931,685	879,981	776,634
	6,480,064	5,700,804	3,998,962	2,780,497	2,615,105	2,441,657
	7,555,145	6,987,223	5,975,543	5,767,169	4,830,480	3,800,465
	6,716,282	6,664,560	6,905,663	7,150,212	7,527,717	5,090,503
	444,916	203,899	238,620	700,150	170,071	1,607,964
	-	-	-	-	-	-
	473,262	168,956	892,015	1,152,865	1,755,948	552,873
	<u>64,027,154</u>	<u>61,115,117</u>	<u>56,351,043</u>	<u>58,484,894</u>	<u>56,246,277</u>	<u>55,330,711</u>
	7,169,531	7,311,045	7,740,422	7,274,138	7,308,774	4,962,425
	11,452,808	11,658,831	12,344,203	12,046,529	12,111,299	12,111,439
	6,234,977	6,484,946	6,769,519	6,913,198	7,280,209	7,478,736
	6,996,705	6,477,525	6,995,428	6,863,269	7,124,688	6,553,374
	5,841,406	5,561,874	6,139,496	4,723,758	5,159,664	7,757,417
	8,635,436	9,113,582	8,699,948	8,378,274	9,421,326	10,209,081
	16,702,514	13,515,137	9,353,222	25,632,719	13,793,640	3,059,286
	24,463	504,204	1,052,656	348,788	-	-
	100,000	105,000	115,000	125,000	830,000	95,000
	308,786	291,444	279,293	304,411	226,089	140,683
	<u>63,466,626</u>	<u>61,023,588</u>	<u>59,489,187</u>	<u>72,610,084</u>	<u>63,255,689</u>	<u>52,367,441</u>
	560,528	91,529	(3,138,144)	(14,125,190)	(7,009,412)	2,963,270
	-	-	-	-	-	-
	33,617	35,000	70,952	13,449,123	-	-
	12,485,771	5,154,595	5,967,593	14,490,883	5,603,370	3,617,669
	(14,098,155)	(5,800,958)	(5,492,613)	(14,838,805)	(5,222,775)	(3,845,294)
	<u>(1,578,767)</u>	<u>(611,363)</u>	<u>545,932</u>	<u>13,101,201</u>	<u>380,595</u>	<u>(227,625)</u>
	-	-	-	(4,754,163)	-	-
	-	-	-	-	(1,767,179)	-
	<u>\$ (1,018,239)</u>	<u>\$ (519,834)</u>	<u>\$ (2,592,212)</u>	<u>\$ (5,778,152)</u>	<u>\$ (8,395,996)</u>	<u>\$ 2,735,645</u>
	1%	1%	1%	1%	2%	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		
2003 - 2004	\$ 7,538,235,560	\$ 200,444,368	\$ 7,738,679,928	1.00%
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%

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
\$	7,738,679,928	100%
	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%
	12,425,256,552	100%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Metropolitan Water District	\$ 0.0061	\$ 0.0058	\$ 0.0052	\$ 0.0047
Capistrano Unified School District (various issues)	0.0129	0.0119	0.0108	0.0095
Total Basic Tax Levy per Article 13A of California State Constitution	1.0000	1.0000	1.0000	1.0000
	<u>\$ 1.0190</u>	<u>\$ 1.0177</u>	<u>\$ 1.0160</u>	<u>\$ 1.0142</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					
2008	2009	2010	2011	2012	2013
\$ 0.0045	\$ 0.0043	\$ 0.0043	\$ 0.0037	\$ 0.0037	\$ 0.0035
0.0102	0.0097	0.0108	0.0111	0.0110	0.0117
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>\$ 1.0147</u>	<u>\$ 1.0140</u>	<u>\$ 1.0151</u>	<u>\$ 1.0148</u>	<u>\$ 1.0147</u>	<u>\$ 1.0152</u>

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

Taxpayer	Type of Business	2013			2004		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Suncal Marblehead LLC	Real Estate	\$ 128,995,507	1	1.04%	\$ -		
WNG San Clemente 368 LLC	Real Estate	95,207,663	2	0.77%	-		
Bre Properties Inc	Real Estate	62,635,339	3	0.51%	32,395,468	3	0.42%
Centro Watt Operating Partnership LLC	Real Estate	49,674,000	4	0.40%	21,588,937	8	0.28%
SAF Whispering Winds LLC	Real Estate	35,515,437	5	0.29%	-		
Target Corp	Retail Store	28,793,548	6	0.23%	-		
Talega Village Center LLC	Real Estate	27,986,038	7	0.23%	-		
Cox Communications Inc.	Public Utilities	24,857,970	8	0.20%	24,206,251	7	0.31%
Villa San Clemente LLC	Real Estate	24,632,994	9	0.20%	-		
Won and Jay Inc	Real Estate	22,447,401	10	0.18%	-		
Seacrest San Clemente LP	Real Estate	-			51,916,623	1	0.67%
Reserve North at Forester	Real Estate	-			39,673,349	2	0.51%
ICU Medical, Inc.	Medical	-			32,229,032	4	0.42%
LBK IB Limited Partnership	Real Estate	-			24,937,461	5	0.32%
W Lyons Homes LLC	Real Estate	-			24,521,828	6	0.32%
Golf Investments LLC	Golf Course	-			20,808,000	9	0.27%
Pardee Construction	Construction	-			20,066,612	10	0.26%
		<u>\$ 500,745,897</u>		<u>4.05%</u>	<u>\$ 292,343,561</u>		<u>3.78%</u>

Source: Orange County Assessor's Office

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
2003 - 2004	\$ 15,305,359	\$ 14,844,401	98.95%	\$ 299,444	\$ 15,143,845	98.94%	\$ 216,357	1.42%
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%

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			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Certificates of Participation	Special Assessment Bonds	Capital Leases	Capital Leases			
2003 - 2004	\$ 3,190,000	\$ 31,040,000	\$ 51,576	\$ 6,318	\$ 34,287,894	1.43%	543
2004 - 2005	3,110,000	28,805,000	31,070	-	31,946,070	1.22%	489
2005 - 2006	3,025,000	26,435,000	177,711	-	29,637,711	1.04%	447
2006 - 2007	2,930,000	23,905,000	147,207	-	26,982,207	0.89%	400
2007 - 2008	2,830,000	22,960,000	110,278	-	25,900,278	0.84%	381
2008 - 2009	2,725,000	22,040,000	91,953	-	24,856,953	0.82%	364
2009 - 2010	2,610,000	20,690,000	56,062	-	23,356,062	0.85%	340
2010 - 2011	2,485,000	19,490,000	17,929	-	21,992,929	0.76%	346
2011 - 2012	1,655,000	18,015,000	164,691	-	19,834,691	0.71%	309
2012 - 2013	1,560,000	17,325,000	127,026	-	19,012,026	0.61%	294.57

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
 (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, 2013

Assessed valuation was \$12,506,117,671 in FY 2012-13

	%	Debt
	Applicable	June 30, 2013
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	0.596%	\$ 983,907
Capistrano Unified School District School Facilities Improvement District No. 1	22.74%	8,999,684
Santa Margarita Water District CFD No. 99-1	100%	96,210,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	88,175,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	4,850,000
City of San Clemente 1915 Act Bonds	100%	12,475,000
TOTAL OVERLAPPING TAX AND ASSESSED DEBT		211,693,591
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Orange County General Fund Obligations	2.923%	5,569,660
Orange County Pension Obligations	2.923%	8,952,776
Orange County Board of Education Certificates of Participation	2.923%	460,957
Municipal Water District of Orange County Water Facilities Corporation	3.508%	352,028
Capistrano Unified School District Certificates of Participation	18.914%	3,713,764
City of San Clemente Certificates of Participation	100%	1,560,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		20,609,185
LESS: MWDOC WATER FACILITIES CORPORATION (100% SELF-SUPPORTING)		352,028
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 20,257,157
GROSS COMBINED TOTAL DEBT		232,302,776
NET COMBINED TOTAL DEBT		231,950,748

Note:

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics

CITY OF SAN CLEMENTE
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2004	2005	2006	2007
Assessed valuation	\$ 6,831,695,883	\$ 7,738,679,928	\$ 7,707,375,828	\$ 9,999,403,871
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,707,923,971	1,934,669,982	1,926,843,957	2,499,850,968
Debt limit percentage	15%	15%	15%	15%
Debt limit	256,188,596	290,200,497	289,026,594	374,977,645
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 256,188,596</u>	<u>\$ 290,200,497</u>	<u>\$ 289,026,594</u>	<u>\$ 374,977,645</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.

Source: City Finance Department
Orange County Tax Assessor's Office

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 12,486,975,516	\$ 12,855,038,349	\$ 12,631,336,846	\$ 12,430,204,040	\$ 12,355,909,506	\$ 12,425,256,552	
25%	25%	25%	25%	25%	25%	25%
3,121,743,879	3,213,759,587	3,157,834,212	3,107,551,010	3,088,977,377	3,106,314,138	
15%	15%	15%	15%	15%	15%	15%
468,261,582	482,063,938	473,675,132	466,132,652	463,346,606	465,947,121	
-	-	-	-	-	-	-
<u>\$ 468,261,582</u>	<u>\$ 482,063,938</u>	<u>\$ 473,675,132</u>	<u>\$ 466,132,652</u>	<u>\$ 463,346,606</u>	<u>\$ 465,947,121</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)
2003 - 2004	62,988	\$ 2,399,880	\$ 38,101	38	90%	8,733	2.50%
2004 - 2005	65,031	2,613,696	40,192	38	90%	9,072	3.00%
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%

- 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	2013			2004		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	573	1	1.94%	Not available		
Saddleback Memorial Medical Center	299	2	1.01%			
City of San Clemente	215	3	0.73%			
Walmart	204	4	0.69%			
Fisherman's Restaurants	187	5	0.63%			
Albertsons	181	6	0.61%			
Lowe's Home Improvement	150	7	0.51%			
ICU Medical	146	8	0.49%			
Target Retail Store	130	9	0.44%			
Quest Diagnostics	116	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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	28	30	29	31	31	34	34	33	32	32
Public safety										
Police (contract)	63	55	55	55	56	57	57	55	55	55
Fire (contract)	37	41	42	43	43	43	43	43	42	42
Marine Safety	13	13	7	7	7	7	7	7	7	7
Community Development										
Engineering	22	23	24	24	24	24	22	22	20	20
Building	14	15	22	22	15	15	14	14	11	11
Code Compliance	3	4	4	4	7	5	5	5	5	5
Planning	12	12	12	12	12	12	12	12	10	11
Administration	3	3	3	3	3	3	3	4	3	2
Public Works	3	3	3	3	3	3	3	3	3	3
Maintenance	16	16	17	17	17	17	18	19	18	18
Beaches, Parks, and Recreation	30	31	23	26	28	27	27	27	28	27
Water	23	23	22	22	23	23	25	25	25	25
Sewer	17	18	24	24	24	23	20	21	20	19
Clean Ocean	4	5	7	7	7	4	4	4	3	3
Storm Drain Utility	1	2	2	2	2	2	3	3	3	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	16	16	10	10	10	10	9	9	9	9
Total	<u>306</u>	<u>311</u>	<u>305</u>	<u>311</u>	<u>309</u>	<u>309</u>	<u>306</u>	<u>303</u>	<u>294</u>	<u>293</u>

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2004	2005	2006	2007	2008
Police					
Number of calls for service **	-	-	-	-	27,776
Number of traffic collision reports **	-	-	-	-	358
Parking citations issued	21,947	23,623	22,523	20,331	20,652
Fire					
Number of fire calls	89	77	81	99	84
Number of emergency medical calls	2,262	2,324	2,365	2,114	2,283
Inspections	1,320	1,396	1,647	1,221	1,203
Highways and streets					
Street resurfacing (miles)	4.63	3.48	2.65	5.27	6.06
Beaches, parks and recreation					
Number of recreation classes, activities, and clinics	3,221	3,704	4,033	568	531
Total experiences in classes, activities, and clinics	154,560	174,792	170,015	120,903	86,882
Total number of facility rentals	3,208	3,414	3,398	1,043	1,238
Golf rounds played	86,379	73,847	86,564	95,375	95,898
Water					
New customers	186	95	156	190	24
Average daily consumption (thousands of gallons)	9,226	8,602	10,333	9,833	9,329
Sewer					
New customers	265	117	901	42	33
Average daily sewage treatment (thousands of gallons)	4,450	4,660	4,708	4,206	4,120

N.A. - not available

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

** These operating indicators were added in 2012, no data was available prior to 2008.

Source: City of San Clemente

Fiscal Year				
2009	2010	2011	2012	2013
25,351	26,233	25,008	23,651	24,082
450	404	426	257	487
22,528	17,855	18,591	17,851	13,713
70	72	49	72	55
2,159	2,418	2,084	2,540	2,137
968	1,361	696	171	917
4.24	3.50	2.83	1.79	0.69
514	452	359	519	507
89,464	104,879	106,809	129,682	106,497
1,169	694	664	825	916
95,190	91,834	89,117	90,118	88,177
27	7	34	27	8
9,901	8,396	7,266	7,587	8,144
19	3	5	4	6
4,050	3,971	4,060	3,883	3,859

CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2004	2005	2006	2007	2008
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	132.60	133.10	131.10	131.15	134.00
Streetlights	3,183	3,185	3,259	3,259	3,357
Traffic signals	58	69	68	70	72
Beaches, parks and recreation					
Parks	19	21	21	25	20
Swimming pools	1	2	2	2	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)	172.90	172.90	173.10	173.10	206.40
Fire hydrants	2,179	2,224	2,230	2,230	2,281
Maximum daily capacity (thousands of gallons)	12,500	12,500	13,571	12,297	12,600
Sewer					
Sanitary sewers (miles)	179.15	179.15	179.15	179.15	174.60
Storm sewers (miles)	57.60	57.60	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

Source: City of San Clemente

Fiscal Year				
2009	2010	2011	2012	2013
1	1	1	1	1
3	3	3	3	3
149.68	134.00	134.00	136.00	136.00
3,357	3,360	3,404	3,419	3,428
74	74	74	74	74
20	19	19	20	20
1	1	1	3	3
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
206.40	206.40	206.40	206.40	206.40
2,281	2,281	2,281	2,281	2,281
12,600	12,600	12,600	12,600	86,000
174.60	174.60	174.60	174.60	174.60
62.50	62.50	62.50	62.50	62.50
6,976	6,976	6,976	6,976	6,976

