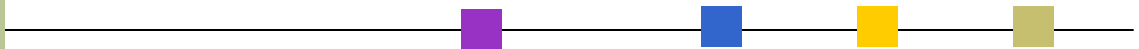


City of San Clemente

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2010



CITY OF SAN CLEMENTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010



Prepared By:
Finance and Administrative Services
Pall Gudgeirsson, Assistant City Manager, Treasurer
Thomas Rendina, Finance Manager

CITY OF SAN CLEMENTE
 Comprehensive Annual Financial Report
 June 30, 2010

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City of San Clemente

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

December 22, 2010

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, 2010.

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 Caporicci & Larson, Inc., a subsidiary of Marcum 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, 2010. 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 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, for overseeing the day-to-day operations of the City, and for 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 Redevelopment Agency and the San Clemente Public Financing Authority; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 A 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.

Local economy. The City, with a current population of 68,763, 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. 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. Property taxes increased significantly during the last ten years based on the Talega development that is approaching build out. Recently though, the rapid deterioration of the real estate market and the overall instability in the economy (including housing) has resulted in the City experiencing weakness in property and sales tax revenues.



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

- **General Plan Update** – The General Plan identifies goals, policies and implementation strategies for the City. The City's General Plan was last updated in 1993. The General Plan Update will incorporate information from the strategic vision of the community and use these to develop the guiding principles for land use, urban design, housing, mobility, economic development, public health and safety, environmental resources, utilities, recreation and historic and cultural resources. This process is currently underway and should be completed by 2012.
- **Sustainability Action Plan** – A coordinated city-wide approach for implementing sustainable practices and technologies will be developed with specific measures, commitments and implementation timelines for the City to pursue. A formal action plan for City Council consideration will be presented to address resource conservation, environmental and public health, urban nature, urban design, transportation, community education and civic participation. This plans implementation is anticipated to occur over time as specific policies or ordinances, programs and projects are developed.
- **Facilities Management** – The City is in the process of performing evaluations of various City locations, taking into consideration the accessibility, use and the aging of city facilities. This evaluation will include allocating funds for the eventual replacement and rehabilitation requirements. This process will be facilitated through the Long Term Financial Plan.

Current capital projects. City Council approved an \$11.1 million Capital Improvement Program budget for the fiscal year ended June 30, 2010. Significant projects approved included an increase of \$1.9 million for the Recycled Water Expansion project and \$4.1 million related to street rehabilitation. Additionally, the City carried forward a capital budget amount of \$82.8 million of Capital Projects into the 2011 fiscal year.

Major projects completed during the current fiscal year were the design of Recycled Water System Expansion, rehabilitation of the City's pier, and Golf Course Master Plan Update. Major projects that were carried forward into the 2011 fiscal year include the La Pata/Vista Hermosa Park (Phase 1B), Recycled Water Expansion, and construction of the Downtown Fire Station and Senior Center.

In July, 1995, the City Council adopted the Street Improvement Program to restore approximately 60 miles of the City's street system over an 18 year period. The program is funded by a combination of revenues from (1) Street Assessment District 95-1, which assesses all developed properties; (2) the General Fund; and (3) the Gas Tax Fund. Since the approval of the program, a total of 200 street projects have been completed. During the year ended June 30, 2010, 3.5 street miles were completed.

The City completed the first phase of construction for the new 45 acre La Pata/Vista Hermosa Sports Park in the 2009 Fiscal Year. The first phase constructed the Park infrastructure, including water, sewer and storm drain lines, as well as interior park roads and parking lots. The second phase of construction which was awarded in May 2010 includes sports fields (including soccer, football and baseball), a pool complex, universally accessible playground, landscaping and other park improvements. The 18 month construction activity is expected to be completed with the park opening occurring in late 2011 or early 2012 calendar year.



Long-term financial planning. The City conducts an annual long term financial strategic planning process, which is presented to the City Council for review and consideration. 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 extremely broad in scope and analyzes various critical issues facing the City, such as revenue and fee analysis and funding for major City facilities, as well as presentation of financial trends and a five-year financial forecast. The financial forecast provides a frame of reference for evaluating the City’s financial condition as a basis of 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.

Cash management policies and practices. Cash temporarily idle during the year was invested principally in federal agency and treasury securities and the State of California Local Agency Investment Fund (LAIF). The maturities of the investments do not exceed 5 years, with the average maturity not exceeding two years. All securities, exclusive of repurchase agreements, were held in third party safekeeping by Union Bank as agent for the City. Overnight investments, including collateral from repurchase agreements and money market sweep accounts, were held by Union Bank in its Trust Department. All transactions originated and authorized by the City are transacted on a delivery versus payment (DVP) basis in order to perfect delivery. The average return on the investments was 2.34% for the fiscal year.

Risk management. Risk exposures to the assets of the City are managed through a combination of self-insured retention and insurance coverage. The City is fully-funded for known liability and workers’ compensation claims, and also for estimated claims incurred but not reported. The City obtains its general liability insurance through the California Joint Powers Insurance Authority (CJPIA). The City obtains excess liability insurance to provide coverage for general liability claims. The City purchases workers’ compensation excess insurance for amounts that exceed \$300,000 per occurrence on workers’ compensation claims.

Pension benefits. The City provides pension benefits for Marine Safety employees through a statewide plan managed by the California Public Employees Retirement System (CalPERS) and all other employees are covered under a private retirement plan which is reciprocal with CalPERS. Additional information on these plans can be found in Note IV B in the Notes to the Financial Statements.

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, 2009. This was the twenty-fourth 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.

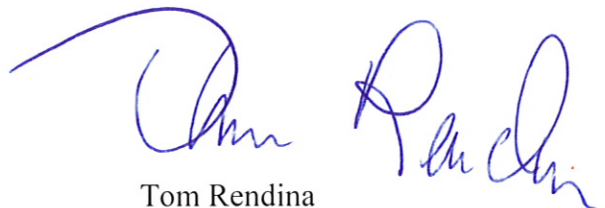
These awards are valid for a period of one year only. We believe that our current CAFR continues to meet the GFOA requirements. The City will submit the CAFR to GFOA again this year.

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 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,



Pall Gudgeirsson
Assistant City Manager, City Treasurer



Tom Rendina
Finance Manager

CITY OF SAN CLEMENTE

PRINCIPAL OFFICIALS

CITY COUNCIL

Jim Dahl, Mayor
Bob Baker, Mayor Pro Tem
Joe Anderson
Lori Donchak
G. Wayne Eggleston

PLANNING COMMISSION

Nesa Anderson
Lewis Avera
Cynthia Baker
Michael Kaupp
Julia Darden
Mitchell Thomson
Brenda Miller

PARKS AND RECREATION COMMISSION

John Alpay
Bob Maltinsky
Bill Osier
Bill Thomas
Eric Swartz
Steven Streger
Thomas Wicks

CITY STAFF

George Scarborough, City Manager
Pall Gudgeirsson, Assistant City Manager/City Treasurer
Joanne Baade, City Clerk
Jeffery M. Oderman, City Attorney
William E. Cameron, City Engineer/Public Works Director
Sharon Heider, Beaches, Parks & Recreation Director
James S. Holloway, Community Development Director
Lt. Paul D'Auria, Chief of Police Services/Lieutenant
Rick Robinson, Division Fire Chief

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, 2009

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

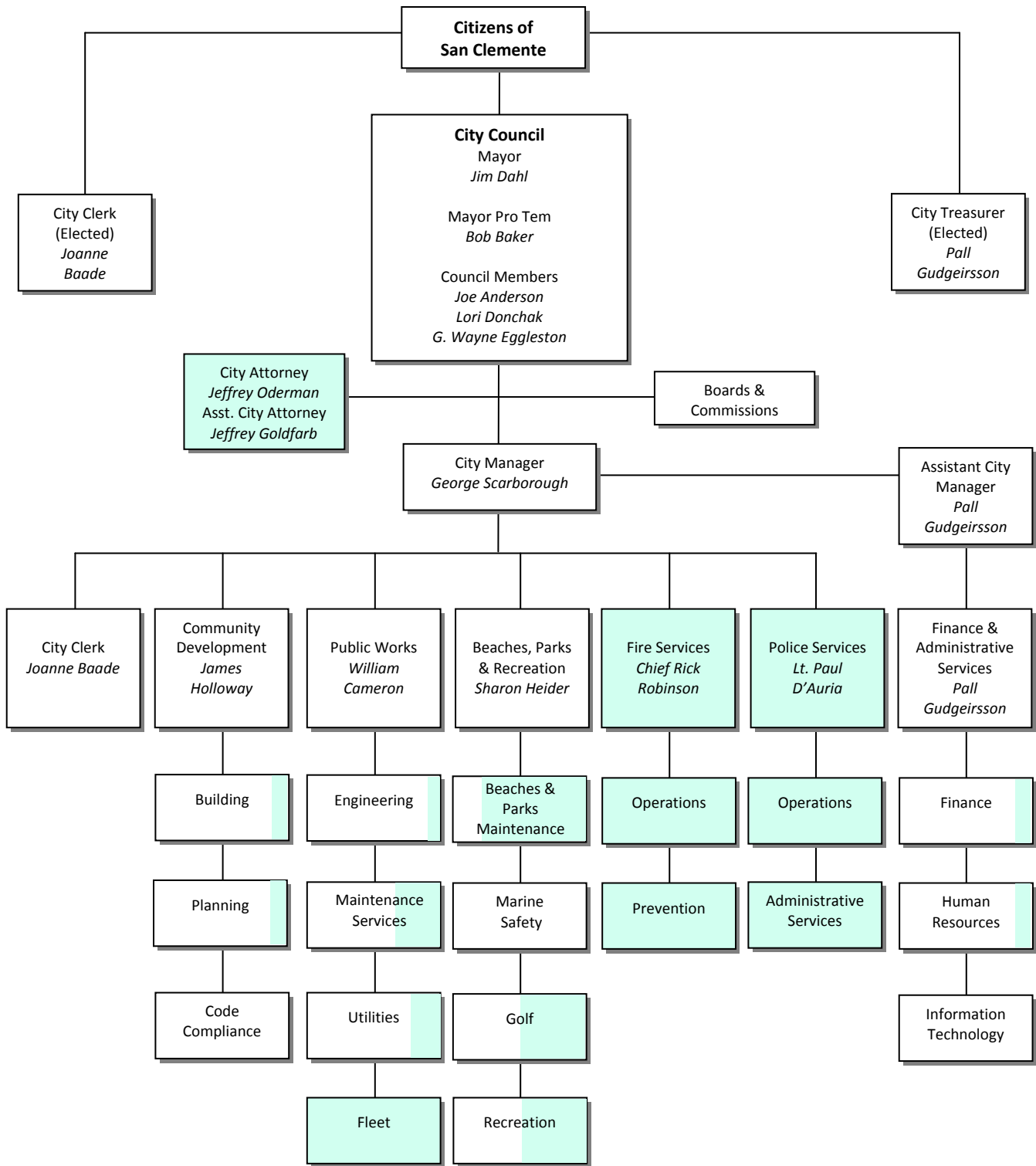



A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

President

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

Executive Director



 Shading indicates contracted services

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of San Clemente
San Clemente, California

We have audited the accompanying 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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

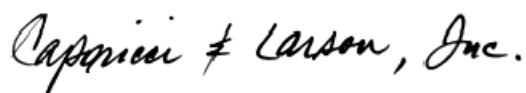
In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members of the City Council
of the City of San Clemente
San Clemente, California
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 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 grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis and other information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on the Required Supplementary 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 accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.



Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
December 22, 2010

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, 2010 and June 30, 2009. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal beginning on page i and the City's financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The City's net assets increased 0.4% to \$467.0 million as a result of this year's operations.
- During the year, the City's taxes and other governmental revenues exceeded expenses by \$2.7 million.
- Governmental net assets total \$270.5 million.
- The total program revenues and general revenues were \$86.9 million.
- The total cost of all City programs, excluding program revenues, was \$85.1 million.
- The General Fund reported excess revenues over expenditures of \$1.1 million.
- For the General Fund, actual resources were greater than the final budget by \$0.3 million and actual expenditures were \$9.2 million less than final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 statements 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. The Government-wide Financial Statements separate **Governmental Activities** that are principally supported by taxes and revenues from other agencies, from **Business-type Activities** that are intended to recover all, or a significant portion of their costs, through user fees and charges.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference reported as net assets. This statement is based on the fund activities and report governmental activities and business-type activities on the full accrual basis of accounting. These statements are not presented as part of the budget process, but are used to allow users of the City's financial statements to access a government's operational and fiscal accountability at the end of

each fiscal year. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or declining.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also provides information on the net cost of each governmental function (activity) during the fiscal year and identifies the amount of general revenues needed to fully fund each governmental function.

The Governmental Activities of the City include General Government, Public Safety (Police and Fire), Public Works, Community Development, and Beaches, Parks and Recreation. The City's 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, but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the City's Redevelopment Agency (RDA) 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.

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

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The various fund Balance Sheets and the Statement of Revenues, Expenditures and Changes in Fund Balances, require a reconciliation to facilitate the comparison between fund statements and the government-wide statements. This reconciliation is required because the government-wide statements are prepared 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 18 and 22, 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 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 assets and of changes in net assets are presented for the fiscal years ended June 30, 2010 and June 30, 2009.

Table 1
Net Assets
(in millions)

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>	Business-type Activities <u>2010</u>	Business-type Activities <u>2009</u>	Total <u>2010</u>	Total <u>2009</u>
Current and other assets	\$ 114.5	\$ 115.9	\$ 54.3	\$ 53.6	\$168.8	\$169.5
Capital assets, net	<u>168.0</u>	<u>163.5</u>	<u>145.9</u>	<u>148.1</u>	<u>313.9</u>	<u>311.6</u>
Total assets	282.5	279.4	200.2	201.7	482.7	481.1
Current liabilities	7.3	6.2	3.0	3.6	10.3	9.8
Long-term liabilities	<u>4.7</u>	<u>5.5</u>	<u>0.6</u>	<u>0.6</u>	<u>5.3</u>	<u>6.1</u>
Total liabilities	12.0	11.7	3.6	4.2	15.6	15.9
Net assets:						
Invested in capital assets, net of related debt	165.0	160.7	145.9	148.1	310.9	308.8
Restricted	72.4	70.8	48.2	44.1	120.6	114.9
Unrestricted	<u>33.1</u>	<u>36.2</u>	<u>2.5</u>	<u>5.3</u>	<u>35.6</u>	<u>41.5</u>
Total Net Assets	<u>\$ 270.5</u>	<u>\$ 267.7</u>	<u>\$ 196.6</u>	<u>\$ 197.5</u>	<u>\$ 467.1</u>	<u>\$ 465.2</u>

City asset's exceeded liabilities by \$467.1 million at June 30, 2010 as compared to \$465.2 million at June 30, 2009. The change in net assets is minor in most categories

By far the largest portion of the City's net assets (65 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 City's total net assets increased \$1.9 million during the current fiscal year. Net assets invested in capital assets increased \$2.1 million. The increase in the capital assets is due mostly to capital projects that are in progress which include a fire station, senior center and park infrastructure. The business-type activities decrease was due to depreciation costs exceeding the additions for the year. The restricted portion of the City's net assets (26 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net assets increased \$5.7 million due to amounts restricted for other capital costs which primarily include amounts for street projects. The remaining balance of unrestricted net assets of \$35.6 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$2.5 million is held by the business-type activities and \$33.1 million by the governmental activities.

The condensed summary of activities, which follows, shows that net assets increased by \$2.0 million during the year.

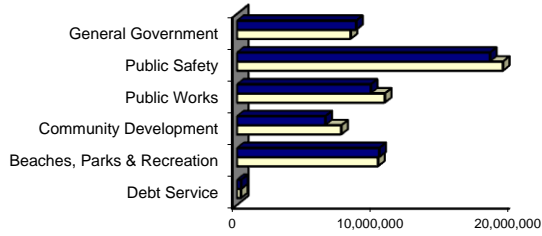
Table 2
Summary of Activities
(in millions)

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>	Business- type Activities <u>2010</u>	Business- type Activities <u>2009</u>	Total <u>2010</u>	Total <u>2009</u>
Revenues						
Program revenues:						
Charges for services	\$ 9.6	\$ 9.3	\$ 24.8	\$ 24.7	\$ 34.4	\$ 34.0
Operating grants/contrib.	3.4	2.7			3.4	2.7
Capital grants/contrib.	4.5	10.0	0.8	3.0	5.3	13.0
General revenues:						
Property taxes	27.1	27.7			27.1	27.7
Sales taxes	6.3	6.5			6.3	6.5
Other taxes and fees	4.9	4.8			4.9	4.8
Other	2.9	2.2	2.8	3.7	5.7	5.9
Total revenues	58.7	63.2	28.4	31.4	87.1	94.6
Expenses:						
General government	8.2	8.6			8.2	8.6
Public safety	19.2	18.3			19.2	18.3
Public works	10.7	9.6			10.7	9.6
Community development	7.5	6.4			7.5	6.4
Beaches, parks & recreation	10.2	10.3			10.2	10.3
Interest and fiscal charges	0.3	0.3			0.3	0.3
Water			15.1	14.9	15.1	14.9
Sewer			9.7	10.4	9.7	10.4
Golf			2.2	2.3	2.2	2.3
Other			2.0	1.8	2.0	1.8
Total expenses	56.1	53.5	29.0	29.4	85.1	82.9
Change in net assets before transfers	2.6	9.7	(0.6)	2.0	2.0	11.7
Transfers	0.2	0.4	(0.2)	(0.4)	-	-
Change in net assets	2.8	10.1	(0.8)	1.6	2.0	11.7
Net assets – July 1	<u>267.7</u>	<u>257.6</u>	<u>197.5</u>	<u>195.9</u>	<u>465.2</u>	<u>453.5</u>
Net assets – June 30	<u>\$ 270.5</u>	<u>\$ 267.7</u>	<u>\$ 196.7</u>	<u>\$ 197.5</u>	<u>\$ 467.2</u>	<u>\$ 465.2</u>

Governmental activities

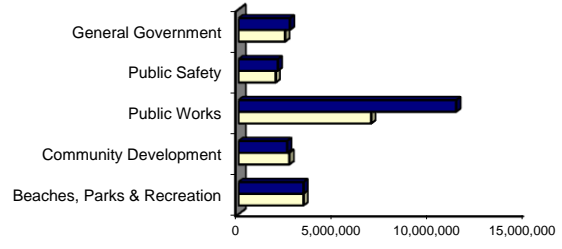
Governmental activities increased the City's net assets by \$2.8 million as compared to a \$10.1 million increase in the previous year. Revenues were \$58.7 million in the 2010 fiscal year compared to \$63.2 in the prior fiscal year. The City received less in capital grants during the year and experienced minor decreases in property taxes and sales taxes. Expenses increased by \$2.6 million from the prior fiscal year, and expenses were \$2.6 less than revenues for the current year. Police and fire contracts increased and costs were higher in public works and community development related to the maintenance projects and studies, such as the General Plan update.

Expenses – Governmental Activities



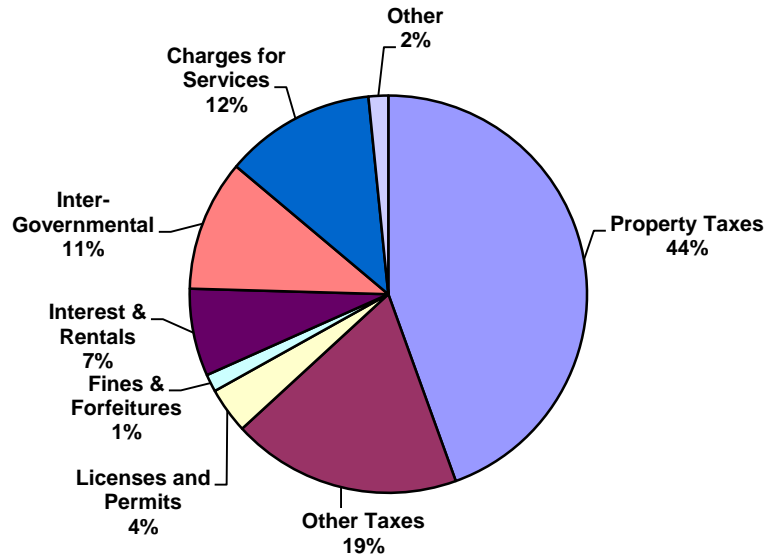
■ 2009 □ 2010

Program Revenues – Governmental Activities



■ 2009 □ 2010

**Revenues by Source – Governmental Funds
Fiscal Year 2010**

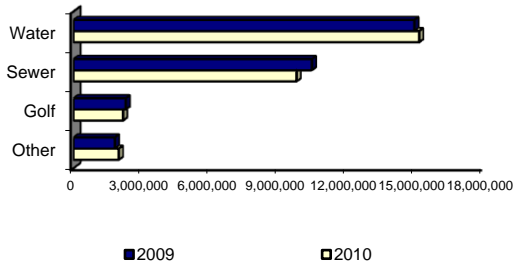


<u>Function</u>	<u>2010</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>	<u>2009</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>
Property Taxes	\$ 25.0	44 %	\$25.3	41 %
Other Taxes	10.5	19 %	13.3	22 %
Licenses & Permits	2.1	4 %	1.7	3 %
Fines & Forfeitures	0.8	1 %	1.0	2 %
Interest & Rentals	4.0	7 %	5.7	9 %
Intergovernmental	6.0	11 %	7.0	11 %
Charges for Services	6.9	12 %	6.7	11 %
Other	1.1	2 %	0.4	1 %
	<u>\$ 56.4</u>	<u>100 %</u>	<u>\$61.1</u>	<u>100 %</u>

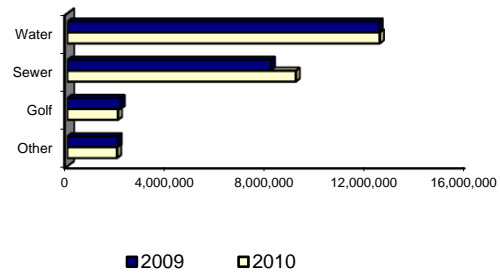
Business-type activities

Business-type activities net assets decreased by (\$0.8) million as compared to an increase of \$1.6 million in the previous year. The overall change is attributed to lower revenues of \$2.2 million in program revenues. Revenues decreased in the capital grant revenues due to the completion of a project. Costs remained stable with a minor increase in purchased water and depreciation expenses which were offset by a decrease in maintenance and other operating expenses.

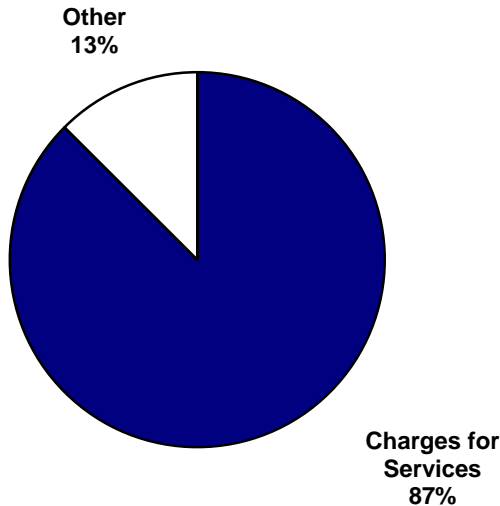
Expenses – Business-type activities



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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$95.8 million, a decrease of \$2.6 million in comparison with the prior year. Approximately \$21.3 million constitutes unreserved fund balance, which is available for spending at the City's discretion. The unreserved fund balance decreased \$5.1 million from the previous year as a result of capital project activity. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$47.3 million), 2) for public facilities construction (\$13.9 million), and 3) for a variety of other restricted purposes (\$13.3 million).

The General fund is the main operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$18.8 million, which represents 41% of total General fund expenditures, excluding transfers. Unreserved fund balance includes \$4.2 million designated for contingencies and \$10.0 million for economic sustainability. Unreserved fund balance decreased \$1.3 million from the previous year. The total General fund balance declined to \$23.5 million which is \$1.6 million lower than the previous year.

The City's General fund balance decreased by \$1.6 million during the current fiscal year compared to a budgeted decrease of \$1.4 million. This variance of \$0.2 million is due to two factors, savings from budgeted expenditures and the absence of a transfer in of proceeds from the sale of a parcel of land. Expenditure savings of \$9.2 million were achieved as a result of continued cost discipline and costs to be incurred upon the transfer in of sale proceeds. During the fiscal year, a sale of land was not completed.

Significant changes to other governmental fund balances include a \$1.1 million increase in the Gas Tax Special Revenue fund due to timing on capital project activity. In addition, there was a decrease of \$1.6 million in the Redevelopment Agency Debt Service fund due to transfers to fund the pier rehabilitation capital project in the current fiscal year.

Fund balances, in total, remained stable for the major governmental funds during the fiscal year. A large portion of the other governmental fund balances will be used for major capital projects that are budgeted. These capital projects include a fire station, senior center, street projects and a new park that includes an aquatic facility.

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 assets of the Water, Sewer and Golf operations at the end of the year amounted to \$0.6 million, \$0.6 million and (\$3.0) million, respectively. The total change in unrestricted net assets of these funds was (\$1.8) million, (\$1.2) million and \$0.2 million, respectively. In total, unrestricted net assets for all proprietary funds decreased \$2.7 million from the previous year. Total Enterprise Fund Net Assets decreased from \$196.3 million to \$195.7 million in 2010. Overall, net asset balances in the major proprietary funds remained stable during the fiscal year.

Significant changes to proprietary fund balances include a decrease of \$1.4 million in the Water Fund as purchased water costs continue to increase. Other changes to proprietary fund net assets were small. These changes included increases of \$0.4 million in the Sewer fund, \$0.2 million to the Golf fund and \$0.1 million to the non-major proprietary funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total original budgeted revenues decreased by \$2.8 million to the final budgeted amount. Revenue changes occurred in the taxes and can be summarized as follows:

- Property taxes decreased by \$2.2 million due to the State borrowing property taxes under Proposition 1A.
- Sales taxes decreased by \$0.6 million due to lower taxable sales being expected

The actual results were mostly comparable with the final budgeted amounts in total. The largest variance was in license and permits which exceeded the budgeted amount by \$0.4 million due to positive results in business license. Decreases were noted in taxes due to lower sales taxes and in fines and forfeits due to lower parking citation revenues.

The increase of \$7.4 million from the total original budgeted expenditures to the final budgeted amount can be summarized as follows:

- Appropriations increased by \$4.6 million in city general as a payment on an unfunded pension liability for past service cost was budget based on anticipated resources.
- Appropriations increased by \$1.2 million for public works due to increases for sidewalk repairs and other maintenance projects.
- Capital outlay increased by \$1.2 million due to the reappropriation of multiple year capital projects.

Other financing sources (uses) include a transfer in of \$9.15 million that was to be transferred in upon the sale of certain property, which did not occur in the current fiscal year. This sale was completed subsequent to year end as stated in the Notes to the Financial Statements.

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, 2010, amounts to \$313.9 million (net of accumulated depreciation) as compared to the June 30, 2009 total of \$311.6 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The total increase in the City's net investment in capital assets for the current fiscal year was \$2.2 million (\$4.4 million for governmental activities and (\$2.2) million for business-type activities).

Major capital improvements during the fiscal year consisted primarily of streets, fleet vehicles and equipment. Construction in progress totaled \$18.1 million at June 30, 2010, an increase of \$8.2 million over the previous fiscal year, with projects under construction for a fire station, senior center, a new park and multiple projects related to infrastructure, including streets and water and sewer lines. Depreciation expense during the fiscal year was \$6.0 million for governmental activities and \$4.5 million for business-type activities as compared to \$4.5 million and \$4.3 million respectively in the previous fiscal year. Further information can be found related to the Capital Assets in the Notes to the Financial Statements, Notes I-C, Assets, Liabilities, Net Assets, and Capital Assets.

Table 3
City of San Clemente
Capital Assets
(Net of Depreciation, in millions)

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>	Business- type Activities <u>2010</u>	Business- type Activities <u>2009</u>	Total <u>2010</u>	Total <u>2009</u>
Land	\$ 37.6	\$ 37.6	\$ 4.1	\$ 4.1	\$ 41.7	\$ 41.7
Infrastructure	89.5	90.8	64.6	65.8	154.1	156.6
Buildings & Improvements	27.9	29.6	68.0	70.9	95.9	100.5
Equipment	3.5	2.1	0.6	0.8	4.1	2.9
Construction-in- progress	<u>9.5</u>	<u>3.4</u>	<u>8.6</u>	<u>6.5</u>	<u>18.1</u>	<u>9.9</u>
Totals	<u>\$ 168.0</u>	<u>\$ 163.5</u>	<u>\$ 145.9</u>	<u>\$ 148.1</u>	<u>\$ 313.9</u>	<u>\$ 311.6</u>

Long-term Liabilities. At the end of the current fiscal year, the City had total bonded debt of \$2.6 million outstanding and no significant outstanding balance of capitalized lease obligations. A principal payment of \$115,000 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, Note III-E, Long Term Liabilities.

Table 4
City of San Clemente
Outstanding Debt
(in millions)

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>	Business-type Activities <u>2010</u>	Business-type Activities <u>2009</u>
Certificates of Participation	<u>\$ 2.6</u>	<u>\$ 2.7</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 2.6</u>	<u>\$ 2.7</u>	<u>\$ -</u>	<u>\$ -</u>

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 Assets
June 30, 2010

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 100,591,716	\$ 3,199,096	\$ 103,790,812
Receivables (net of allowance for uncollectibles)	10,751,596	3,850,928	14,602,524
Due from other governments	616,139	404,137	1,020,276
Inventories	-	360,355	360,355
Internal balances	1,933,204	(1,933,204)	-
Prepaid items	99,386	-	99,386
Total Current Assets	<u>113,992,041</u>	<u>5,881,312</u>	<u>119,873,353</u>
Noncurrent Assets:			
Restricted cash and investments	406,259	48,454,660	48,860,919
Loans receivable	22,754	-	22,754
Non-depreciable capital assets	47,177,792	12,714,203	59,891,995
Depreciable capital assets (net of accumulated depreciation)	<u>120,842,479</u>	<u>133,147,830</u>	<u>253,990,309</u>
Total Noncurrent Assets	<u>168,449,284</u>	<u>194,316,693</u>	<u>362,765,977</u>
Total Assets	<u>282,441,325</u>	<u>200,198,005</u>	<u>482,639,330</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	3,666,276	2,234,700	5,900,976
Accrued wages	849,883	145,685	995,568
Unearned revenue	579,012	252,007	831,019
Deposits payable	1,230,530	235,097	1,465,627
Current portion of long-term obligations	<u>962,010</u>	<u>128,472</u>	<u>1,090,482</u>
Total Current Liabilities	<u>7,287,711</u>	<u>2,995,961</u>	<u>10,283,672</u>
Noncurrent Liabilities:			
Claims and judgments payable	501,739	-	501,739
Compensated absences	1,366,754	585,265	1,952,019
OPEB obligation	299,709	-	299,709
Noncurrent portion of long-term obligations	<u>2,507,929</u>	<u>-</u>	<u>2,507,929</u>
Total Noncurrent Liabilities	<u>4,676,131</u>	<u>585,265</u>	<u>5,261,396</u>
Total Liabilities	<u>11,963,842</u>	<u>3,581,226</u>	<u>15,545,068</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	164,975,785	145,862,033	310,837,818
Restricted for:			
Public facilities construction	19,145,907	48,219,563	67,365,470
Local drainage facilities	3,947,726	-	3,947,726
Developer improvements	8,042,878	-	8,042,878
Park acquisition and development	20,444,345	-	20,444,345
Other capital	14,102,359	-	14,102,359
Low and moderate income housing	6,674,889	-	6,674,889
Unrestricted	<u>33,143,594</u>	<u>2,535,183</u>	<u>35,678,777</u>
Total Net Assets	<u>\$ 270,477,483</u>	<u>\$ 196,616,779</u>	<u>\$ 467,094,262</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,197,612	\$ 2,408,851	\$ 29,199	\$ -
Police	12,295,976	977,562	144,495	-
Fire	6,931,220	823,135	-	-
Public works	10,665,664	879,257	2,614,463	3,438,329
Community development	7,524,036	1,619,726	531,219	511,855
Beaches, parks & recreation	10,173,361	2,831,200	54,355	513,441
Interest and fiscal charges	284,613	-	-	-
Total governmental activities	56,072,482	9,539,731	3,373,731	4,463,625
Business-type activities:				
Water	15,128,156	12,485,605	-	4,076
Sewer	9,739,844	8,358,121	-	765,847
Golf	2,163,580	2,023,047	-	-
Nonmajor	1,982,432	1,985,289	-	-
Total business-type activities	29,014,012	24,852,062	-	769,923
Total	\$ 85,086,494	\$ 34,391,793	\$ 3,373,731	\$ 5,233,548

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 Assets

Net Assets - Beginning of Year

Net Assets - End of Year

See Accompanying Notes to the Financial Statements.

Net (Expense) Revenue and
Changes in Net Assets

Net (Expense) Revenue	Governmental Activities	Business-type Activities	Total
\$ (5,759,562)	\$ (5,759,562)	\$ -	\$ (5,759,562)
(11,173,919)	(11,173,919)	-	(11,173,919)
(6,108,085)	(6,108,085)	-	(6,108,085)
(3,733,615)	(3,733,615)	-	(3,733,615)
(4,861,236)	(4,861,236)	-	(4,861,236)
(6,774,365)	(6,774,365)	-	(6,774,365)
(284,613)	(284,613)	-	(284,613)
<u>(38,695,395)</u>	<u>(38,695,395)</u>	<u>-</u>	<u>(38,695,395)</u>
(2,638,475)	-	(2,638,475)	(2,638,475)
(615,876)	-	(615,876)	(615,876)
(140,533)	-	(140,533)	(140,533)
2,857	-	2,857	2,857
<u>(3,392,027)</u>	<u>-</u>	<u>(3,392,027)</u>	<u>(3,392,027)</u>
<u>\$ (42,087,422)</u>	<u>(38,695,395)</u>	<u>(3,392,027)</u>	<u>(42,087,422)</u>
	27,114,216	-	27,114,216
	4,965,641	-	4,965,641
	1,308,380	-	1,308,380
	1,371,937	-	1,371,937
	2,166,871	-	2,166,871
	1,353,846	-	1,353,846
	2,152,699	1,406,190	3,558,889
	722,562	1,381,183	2,103,745
	239,521	(239,521)	-
	<u>41,395,673</u>	<u>2,547,852</u>	<u>43,943,525</u>
	2,700,278	(844,175)	1,856,103
	<u>267,777,205</u>	<u>197,460,954</u>	<u>465,238,159</u>
<u>\$ 270,477,483</u>	<u>\$ 196,616,779</u>	<u>\$ 467,094,262</u>	

CITY OF SAN CLEMENTE
Balance Sheet
Governmental Funds
June 30, 2010

	General	Special Revenue RDA Low/Moderate Income Housing
Assets:		
Cash and investments	\$ 21,436,929	\$ 1,387,838
Receivables (net of allowance for uncollectibles)		
Taxes	4,542,921	-
Accounts	399,579	-
Accrued interest	182,705	11,133
Loans	62,192	2,261,307
Due from other funds	370,369	-
Due from other governments	142,120	-
Prepaid items	18,900	-
Restricted assets:		
Cash and investments with fiscal agent	-	-
Loans receivable	22,754	-
Advances to other funds	2,506,740	-
Total Assets	\$ 29,685,209	\$ 3,660,278
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,253,521	\$ 20,596
Accrued wages	380,475	2,126
Advances from other funds	-	-
Deferred revenue	3,059,427	1,762,961
Unearned revenue	463,181	-
Deposits payable	1,042,713	-
Due to other funds	-	-
Total Liabilities	6,199,317	1,785,683
Fund Balance (Deficit):		
Reserved for:		
Encumbrances	2,057,810	-
Local drainage	-	-
Low and moderate income housing	-	1,376,249
Loans, notes and long term receivables	2,591,686	498,346
Developer improvements	-	-
Public facilities construction	-	-
Unreserved:		
Designated for contingencies	4,168,640	-
Designated for sustainability	10,000,000	-
Designated in special revenue fund - accrued leave	-	-
Designated in special revenue fund - capital replacement	-	-
Undesignated, reported in:		
General Fund	4,667,756	-
Special revenue funds	-	-
Debt service funds	-	-
Capital projects funds	-	-
Total Fund Balance	23,485,892	1,874,595
Total Liabilities and Fund Balance	\$ 29,685,209	\$ 3,660,278

See Accompanying Notes to the Financial Statements.

Debt Service		Capital Project Funds		Nonmajor Governmental Funds	Total Governmental Funds
Redevelopment	Public Facilities Construction	Parks Acquisition and Development			
\$ 1,005,259	\$ 16,118,211	\$ 20,354,794	\$ 32,288,022	\$ 92,591,053	
88,684	-	-	24,190	4,655,795	
-	-	-	10,175	409,754	
8,064	129,298	163,283	259,565	754,048	
148,027	-	-	2,348,071	4,819,597	
-	-	-	-	370,369	
-	-	-	474,019	616,139	
-	3,500	-	-	22,400	
-	-	-	406,259	406,259	
-	-	-	-	22,754	
-	2,500,000	-	-	5,006,740	
<u>\$ 1,250,034</u>	<u>\$ 18,751,009</u>	<u>\$ 20,518,077</u>	<u>\$ 35,810,301</u>	<u>\$ 109,674,908</u>	
\$ 178,768	\$ 39,586	\$ 73,732	\$ 1,832,575	\$ 3,398,778	
-	-	-	19,248	401,849	
2,112,740	-	-	-	2,112,740	
219,616	-	-	776,055	5,818,059	
-	-	-	115,831	579,012	
-	-	-	187,817	1,230,530	
-	-	-	370,369	370,369	
<u>2,511,124</u>	<u>39,586</u>	<u>73,732</u>	<u>3,301,895</u>	<u>13,911,337</u>	
-	4,785,020	24,084,030	16,335,227	47,262,087	
-	-	-	4,770,121	4,770,121	
-	-	-	1,251,680	2,627,929	
-	-	-	1,710,653	4,800,685	
-	-	-	1,112,583	1,112,583	
-	13,926,403	-	-	13,926,403	
-	-	-	-	4,168,640	
-	-	-	-	10,000,000	
-	-	-	658,644	658,644	
-	-	-	1,244,595	1,244,595	
-	-	-	-	4,667,756	
-	-	-	4,287,483	4,287,483	
(1,261,090)	-	-	43,079	(1,218,011)	
-	-	(3,639,685)	1,094,341	(2,545,344)	
<u>(1,261,090)</u>	<u>18,711,423</u>	<u>20,444,345</u>	<u>32,508,406</u>	<u>95,763,571</u>	
<u>\$ 1,250,034</u>	<u>\$ 18,751,009</u>	<u>\$ 20,518,077</u>	<u>\$ 35,810,301</u>	<u>\$ 109,674,908</u>	

CITY OF SAN CLEMENTE
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Assets
 June 30, 2010

Fund balances for governmental funds		\$ 95,763,571
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>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 \$3,475,009.</p>		
Governmental capital assets	225,897,707	
Less: accumulated depreciation	<u>(61,352,445)</u>	164,545,262
<p>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 \$167,276.</p>		
Certificates of participation	(2,610,000)	
Compensated absences	<u>(1,499,497)</u>	(4,109,497)
<p>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.</p>		
Capital assets, net of depreciation	3,475,009	
Long term liabilities, current and noncurrent portion	(1,528,644)	
Other internal service assets (liabilities)	<u>6,439,753</u>	8,386,118
<p>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.</p>		5,818,059
<p>Deferred charges represent costs that are prepayments in nature and are to be amortized over the period which the benefit is received.</p>		73,970
		\$ 270,477,483
<p>Net assets of governmental activities</p>		\$ 270,477,483

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, 2010

	General	Special Revenue RDA Low/Moderate Income Housing
Revenues:		
Taxes	\$ 32,241,335	\$ -
Licenses and permits	2,083,840	-
Fines and forfeits	820,170	-
Investment and rentals	2,036,938	49,572
Intergovernmental	665,422	-
Charges for services	6,572,949	-
Developers fees	-	-
Other	853,291	-
Total Revenues	45,273,945	49,572
Expenditures:		
Current:		
General government	7,201,023	-
Police	12,226,361	-
Fire	6,769,519	-
Public works	6,375,018	-
Community development	4,108,687	1,308,609
Beaches, parks and recreation	8,652,278	-
Capital outlay	1,090,032	-
Debt Service:		
Property tax shift	-	-
Principal retirements	-	-
Interest and fiscal charges	-	-
Total Expenditures	46,422,918	1,308,609
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,148,973)	(1,259,037)
Other Financing Sources (Uses):		
Sale of capital assets	70,952	-
Transfers in	811,610	497,018
Transfers out	(1,342,128)	-
Total Other Financing Sources (Uses)	(459,566)	497,018
Net Change in Fund Balances	(1,608,539)	(762,019)
Fund Balances - Beginning of Year	25,094,431	2,636,614
Fund Balances - End of Year	\$ 23,485,892	\$ 1,874,595

See Accompanying Notes to the Financial Statements.

Debt Service	Capital Project Funds				
Redevelopment	Public Facilities Construction	Parks Acquisition and Development	Nonmajor Governmental Funds	Total Governmental Funds	
\$ 2,477,589	\$ -	\$ -	\$ 717,306	\$ 35,436,230	
-	-	-	-	2,083,840	
-	-	-	-	820,170	
47,225	424,659	498,387	942,181	3,998,962	
-	-	-	5,310,121	5,975,543	
-	-	-	332,714	6,905,663	
-	87,196	15,054	136,370	238,620	
-	-	-	38,724	892,015	
<u>2,524,814</u>	<u>511,855</u>	<u>513,441</u>	<u>7,477,416</u>	<u>56,351,043</u>	
-	-	-	539,399	7,740,422	
-	-	-	117,842	12,344,203	
-	-	-	-	6,769,519	
-	-	-	620,410	6,995,428	
28,696	139,991	-	553,513	6,139,496	
-	-	47,670	-	8,699,948	
-	829,559	354,647	7,078,984	9,353,222	
1,052,656	-	-	-	1,052,656	
-	-	-	115,000	115,000	
66,700	-	-	212,593	279,293	
<u>1,148,052</u>	<u>969,550</u>	<u>402,317</u>	<u>9,237,741</u>	<u>59,489,187</u>	
<u>1,376,762</u>	<u>(457,695)</u>	<u>111,124</u>	<u>(1,760,325)</u>	<u>(3,138,144)</u>	
-	-	-	-	70,952	
-	-	35,508	4,623,457	5,967,593	
<u>(2,932,435)</u>	<u>-</u>	<u>-</u>	<u>(1,218,050)</u>	<u>(5,492,613)</u>	
<u>(2,932,435)</u>	<u>-</u>	<u>35,508</u>	<u>3,405,407</u>	<u>545,932</u>	
(1,555,673)	(457,695)	146,632	1,645,082	(2,592,212)	
294,583	19,169,118	20,297,713	30,863,324	98,355,783	
<u>\$ (1,261,090)</u>	<u>\$ 18,711,423</u>	<u>\$ 20,444,345</u>	<u>\$ 32,508,406</u>	<u>\$ 95,763,571</u>	

CITY OF SAN CLEMENTE
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds: \$ (2,592,212)

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	9,353,222	
Other maintenance activities	(798,899)	
Gain (loss) on removal of capital asset	(17,732)	
Depreciation expense (net of Internal Service Funds of \$377,912)	<u>(5,609,047)</u>	2,927,544

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. (434,467)

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

Principal repayments	115,000	
Compensated absences change (governmental)	<u>24,090</u>	139,090

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	(3,231,706)	
Current year deferral	<u>5,818,059</u>	2,586,353

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. 73,970

Change in net assets of governmental activities \$ 2,700,278

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE
Statement of Net Assets
Proprietary Funds
June 30, 2010

Assets:	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Current Assets:			
Cash and investments	\$ 76,675	\$ -	\$ 4,949
Receivables (net of allowances for uncollectible accounts)	1,754,536	1,236,389	32,488
Accrued interest	183,869	191,998	13,183
Inventory, at cost	303,456	7,230	49,669
Due from other governments	273,151	130,986	-
Prepays	-	-	-
Current restricted assets:			
Cash and investments:			
Water deposits	229,222	-	-
Developer impact fee reserves	8,284,797	9,050,250	-
Capital outlay replacement	14,330,382	14,921,595	1,638,414
Total Current Assets	<u>25,436,088</u>	<u>25,538,448</u>	<u>1,738,703</u>
Capital Assets:			
Land	3,660,761	410,298	2,011
Water, sewer and storm lines	25,723,111	67,545,128	-
Utility assets	18,280,798	83,370,861	-
Buildings	183,176	211,884	6,423,954
Improvements other than buildings	-	-	3,266,622
Machinery and equipment	595,529	616,619	751,953
Construction in progress	4,976,868	3,656,919	-
Subtotal	<u>53,420,243</u>	<u>155,811,709</u>	<u>10,444,540</u>
Less accumulated depreciation	<u>(18,228,679)</u>	<u>(53,099,867)</u>	<u>(2,496,098)</u>
Capital Assets (net of accumulated depreciation)	<u>35,191,564</u>	<u>102,711,842</u>	<u>7,948,442</u>
Total Noncurrent Assets	<u>35,191,564</u>	<u>102,711,842</u>	<u>7,948,442</u>
Total Assets	<u>60,627,652</u>	<u>128,250,290</u>	<u>9,687,145</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 3,117,472	\$ 3,199,096	\$ 8,000,663
413,457	3,436,870	51,393
25,008	414,058	61,009
-	360,355	-
-	404,137	-
-	-	3,016
-	229,222	-
-	17,335,047	-
-	30,890,391	-
<u>3,555,937</u>	<u>56,269,176</u>	<u>8,116,081</u>
-	4,073,070	-
-	93,268,239	-
-	101,651,659	-
-	6,819,014	201,986
-	3,266,622	411,227
54,741	2,018,842	5,397,988
7,346	8,641,133	238,484
<u>62,087</u>	<u>219,738,579</u>	<u>6,249,685</u>
<u>(51,902)</u>	<u>(73,876,546)</u>	<u>(2,774,676)</u>
<u>10,185</u>	<u>145,862,033</u>	<u>3,475,009</u>
<u>10,185</u>	<u>145,862,033</u>	<u>3,475,009</u>
<u>3,566,122</u>	<u>202,131,209</u>	<u>11,591,090</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Net Assets (Continued)
Proprietary Funds
June 30, 2010

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Liabilities:			
Current Liabilities			
Payable from Current Assets:			
Accounts payable	\$ 1,691,169	\$ 412,834	\$ 58,632
Accrued wages	59,876	55,003	18,765
Unearned revenue	-	-	-
Long-term liabilities, current portion	39,326	56,481	27,862
Total Current Liabilities			
Payable from Current Assets	1,790,371	524,318	105,259
Payable from Restricted Assets:			
Deposits payable	229,222	-	-
Total Current Liabilities	2,019,593	524,318	105,259
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
OPEB obligation	-	-	-
Compensated absences payable	179,156	257,303	126,925
Claims and judgments payable	-	-	-
Advances from other funds	-	-	2,894,000
Total Noncurrent Liabilities	179,156	257,303	3,020,925
Total Liabilities	2,198,749	781,621	3,126,184
Net Assets:			
Invested in capital assets, net of related debt	35,191,564	102,711,842	7,948,442
Restricted for capital projects	22,615,179	24,177,797	1,638,414
Unrestricted	622,160	579,030	(3,025,895)
Total Net Assets	\$ 58,428,903	\$ 127,468,669	\$ 6,560,961

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

Net assets of business-type activities

See Accompanying Notes to the Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 77,940	\$ 2,240,575	\$ 267,498
12,041	145,685	448,034
252,007	252,007	-
4,803	128,472	571,040
<u>346,791</u>	<u>2,766,739</u>	<u>1,286,572</u>
-	229,222	-
<u>346,791</u>	<u>2,995,961</u>	<u>1,286,572</u>
-	-	17,929
-	-	299,709
21,881	585,265	137,167
-	-	502,799
-	2,894,000	-
<u>21,881</u>	<u>3,479,265</u>	<u>957,604</u>
<u>368,672</u>	<u>6,475,226</u>	<u>2,244,176</u>
10,185	145,862,033	3,418,947
-	48,431,390	-
3,187,265	1,362,560	5,927,967
<u>\$ 3,197,450</u>	195,655,983	<u>\$ 9,346,914</u>
	<u>960,796</u>	
	<u>\$ 196,616,779</u>	

(Concluded)

CITY OF SAN CLEMENTE
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 12,485,605	\$ 8,358,121	\$ 2,023,047
Concessions	-	-	235,062
Other	746,652	34,388	9,336
Total Operating Revenues	<u>13,232,257</u>	<u>8,392,509</u>	<u>2,267,445</u>
Operating Expenses:			
Salaries and benefits	2,535,073	2,372,657	797,202
Cost of purchased water	6,512,626	-	-
Cost of materials and supplies	199,354	479,614	173,608
Depreciation	952,835	3,175,456	324,423
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	4,915,071	3,710,666	834,971
Total Operating Expenses	<u>15,114,959</u>	<u>9,738,393</u>	<u>2,130,204</u>
Operating Income (Loss)	<u>(1,882,702)</u>	<u>(1,345,884)</u>	<u>137,241</u>
Non-Operating Revenues (Expenses):			
Investment income	533,314	600,584	42,825
Grant income	-	-	-
Interest and fiscal charges	-	-	(34,425)
Gain (Loss) on sale of capital assets	-	(5,363)	-
Total Non-Operating Revenues (Expenses)	<u>533,314</u>	<u>595,221</u>	<u>8,400</u>
Income (Loss) Before Operating Transfers and Capital Contributions	<u>(1,349,388)</u>	<u>(750,663)</u>	<u>145,641</u>
Transfers in	82,700	501,617	33,700
Transfers out	(119,678)	(54,865)	-
Total Transfers	<u>(36,978)</u>	<u>446,752</u>	<u>33,700</u>
Capital grants	-	646,250	-
Capital contributions	4,076	119,597	-
Total Capital Contributions	<u>4,076</u>	<u>765,847</u>	<u>-</u>
Change in Net Assets	(1,382,290)	461,936	179,341
Net Assets - Beginning of Year	<u>59,811,193</u>	<u>127,006,733</u>	<u>6,381,620</u>
Net Assets - End of Year	<u>\$ 58,428,903</u>	<u>\$ 127,468,669</u>	<u>\$ 6,560,961</u>

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

Change in net assets of business-type activities

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 1,985,289	\$ 24,852,062	\$ 7,933,438
-	235,062	-
355,745	1,146,121	77,821
<u>2,341,034</u>	<u>26,233,245</u>	<u>8,011,259</u>
482,008	6,186,940	939,405
-	6,512,626	-
64,135	916,711	491,866
6,718	4,459,432	377,912
-	-	3,142,332
-	-	1,127,751
1,443,687	10,904,395	2,385,164
<u>1,996,548</u>	<u>28,980,104</u>	<u>8,464,430</u>
<u>344,486</u>	<u>(2,746,859)</u>	<u>(453,171)</u>
81,474	1,258,197	148,746
147,993	147,993	-
-	(34,425)	(13,675)
-	(5,363)	124,972
<u>229,467</u>	<u>1,366,402</u>	<u>260,043</u>
<u>573,953</u>	<u>(1,380,457)</u>	<u>(193,128)</u>
13,300	631,317	71,761
(503,515)	(678,058)	(500,000)
<u>(490,215)</u>	<u>(46,741)</u>	<u>(428,239)</u>
-	646,250	-
-	123,673	-
<u>-</u>	<u>769,923</u>	<u>-</u>
83,738	(657,275)	(621,367)
3,113,712		9,968,281
<u>\$ 3,197,450</u>	<u>(657,275)</u>	<u>\$ 9,346,914</u>
	<u>(186,900)</u>	
	<u>\$ (844,175)</u>	

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers	\$ 12,390,867	\$ 8,512,324	\$ 2,002,742
Cash paid to other suppliers of goods or services	(12,089,183)	(4,543,324)	(1,087,450)
Cash payment to employees	(2,514,313)	(2,385,662)	(807,479)
Cash from rents and concessions	-	-	235,062
Cash from other operating revenues	746,652	34,388	9,336
Net Cash Provided by (Used for) Operating Activities	<u>(1,465,977)</u>	<u>1,617,726</u>	<u>352,211</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from other funds	347,700	691,617	33,700
Cash paid to other funds	(384,678)	(244,865)	(243,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(36,978)</u>	<u>446,752</u>	<u>(209,300)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions and grants	4,076	1,440,847	-
Purchase and construction of capital assets	(948,100)	(1,536,610)	-
Cash proceeds from sale of capital assets	15,364	223,568	-
Payment on capital lease payable	-	-	-
Interest and fiscal charges	-	-	(34,425)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(928,660)</u>	<u>127,805</u>	<u>(34,425)</u>
Cash Flows from Investing Activities:			
Purchase of investments	(15,357,121)	(16,061,136)	(1,096,104)
Investment income received	571,711	598,658	43,026
Net Cash Provided by (Used for) Investing Activities	<u>(14,785,410)</u>	<u>(15,462,478)</u>	<u>(1,053,078)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,217,025)	(13,270,195)	(944,592)
Cash and Cash Equivalents at Beginning of Year	<u>24,780,980</u>	<u>21,180,904</u>	<u>1,491,851</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,563,955</u>	<u>\$ 7,910,709</u>	<u>\$ 547,259</u>
Reconciliation of Cash Equivalents to the balance sheet:			
Cash and cash equivalents	\$ 7,563,955	\$ 7,910,709	\$ 547,259
Investments	15,357,121	16,061,136	1,096,104
Total cash and investments per the balance sheet	<u>\$ 22,921,076</u>	<u>\$ 23,971,845</u>	<u>\$ 1,643,363</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 2,150,053	\$ 25,055,986	\$ 8,054,030
(1,376,467)	(19,096,424)	(8,622,223)
(479,526)	(6,186,980)	(590,462)
-	235,062	-
355,745	1,146,121	77,821
649,805	1,153,765	(1,080,834)
13,300	1,086,317	71,761
(503,515)	(1,376,058)	(500,000)
(490,215)	(289,741)	(428,239)
147,993	1,592,916	-
(7,346)	(2,492,056)	(2,384,164)
-	238,932	517,030
-	-	(36,812)
-	(34,425)	(13,675)
140,647	(694,633)	(1,917,621)
(2,088,706)	(34,603,067)	(5,360,445)
81,013	1,294,408	185,158
(2,007,693)	(33,308,659)	(5,175,287)
(1,707,456)	(33,139,268)	(8,601,981)
2,736,222	50,189,957	11,242,199
\$ 1,028,766	\$ 17,050,689	\$ 2,640,218
\$ 1,028,766	\$ 17,050,689	\$ 2,640,218
2,088,706	34,603,067	5,360,445
\$ 3,117,472	\$ 51,653,756	\$ 8,000,663

(Continued)

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2010

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ (1,882,702)	\$ (1,345,884)	\$ 137,241
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	952,835	3,175,456	324,423
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	(94,739)	154,203	(20,305)
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(103,498)	(145)	(1,016)
Increase (decrease) in accounts payable	(364,808)	(352,899)	(77,855)
Increase (decrease) in accrued wages	4,960	5,494	1,078
Increase (decrease) in deposits payable	6,175	-	-
Increase (decrease) in OPEB obligation			
Increase (decrease) in compensated absences	15,800	(18,499)	(11,355)
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	416,725	2,963,610	214,970
Net Cash Provided by (Used for) Operating Activities	\$ (1,465,977)	\$ 1,617,726	\$ 352,211
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 47,116	\$ 111,065	\$ 7,135

See Accompanying Notes to the Financial Statements.

<u>Enterprise Funds</u>		<u>Internal Service</u>
<u>Nonmajor</u>	<u>Totals</u>	
\$ 344,486	\$ (2,746,859)	\$ (453,171)
6,718	4,459,432	377,912
164,764	203,923	120,592
-	-	-
-	(104,659)	-
131,355	(664,207)	(252,851)
1,029	12,561	43,266
-	6,175	-
-	-	299,709
1,453	(12,601)	5,968
-	-	(1,222,259)
<u>305,319</u>	<u>3,900,624</u>	<u>(627,663)</u>
<u>\$ 649,805</u>	<u>\$ 1,153,765</u>	<u>\$ (1,080,834)</u>

\$ 14,774 \$ 180,090 \$ (19,220)

(Concluded)

CITY OF SAN CLEMENTE
Statement of Net Assets
Fiduciary Funds
June 30, 2010

	Pension Trust	Agency Funds
Assets:		
Taxes receivable	\$ -	\$ 36,255
Accounts receivable	-	57,042
Accrued interest receivable	-	38,964
Restricted cash and investments	-	2,829,750
Restricted cash and investments with fiscal agents	-	2,635,948
Investments, at fair value:		
Group annuity contract	5,196,676	-
New England Life International mutual fund	3,897,507	-
New England Life Large Capitalization mutual fund	9,094,183	-
PIMCO Total Return Bond mutual fund	5,980,062	-
New England Life Small Capitalization mutual fund	1,299,169	-
Western Asset Management U.S. Government mutual fund	519,667	-
	25,987,264	\$ 5,597,959
 Total Assets	 25,987,264	 \$ 5,597,959
Liabilities:		
Accounts payable	-	\$ 54,273
Accrued wages	-	31,536
Deposits payable	-	185,526
Payable to bondholders	-	5,326,624
	-	\$ 5,326,624
 Total Liabilities	 -	 \$ 5,597,959
Net Assets:		
Held in trust for employees' retirement system	\$ 25,987,264	

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Changes in Plan Net Assets
Pension Trust Fund - Fiduciary Fund
For the Year Ended June 30, 2010

Contributions:	
Employer	\$ 1,863,810
Employee	<u>912,355</u>
Total Contributions	<u>2,776,165</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	<u>2,906,867</u>
Total Investment Income (Loss)	<u>2,906,867</u>
Total Additions	<u>5,683,032</u>
Deductions:	
Benefits	1,741,389
Administrative expenses	<u>28,160</u>
Total Deductions	<u>1,769,549</u>
Change in net assets	3,913,483
Net assets - Beginning of Year	<u>22,073,781</u>
Net assets - End of Year	<u><u>\$ 25,987,264</u></u>

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE
Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic 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. The more significant of the City's policies are described as follows:

A. Description of the 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, 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 San Clemente Redevelopment Agency (the "Agency") and the San Clemente Public Financing Authority ("PFA"). The City has accounted for the Agency and the PFA as "blended" component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are reported with the interfund data of the City. The accounting policies of the City, the Agency and the PFA conform to generally accepted accounting principles applicable to governments.

The Agency was established in January 1975 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law". Its purpose is to eliminate blighted areas by encouraging the development of residential, commercial, industrial, recreational and public facilities. The Agency has the same governing board as the City. Separate financial statements for the Agency may be obtained from the City.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

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. Separate financial statement for the PFA may be obtained from the City.

B. Government-wide and Fund Financial Statements:

Government-wide 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 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year for which all eligibility requirements have been satisfied.

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 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 recognized as expenditures to the extent they have matured. 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, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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.

The Redevelopment Agency (RDA) Low and Moderate Income Housing Fund – this special revenue fund is used to account for the 20% set aside property tax increment revenues and the associated expenditures to be used for increasing or improving low and moderate income housing, as required by Section 33334.2 of the Health and Safety Code.

Redevelopment Debt Service Fund – This debt service fund is used to account for the accumulation of funds for the payment of interest and principal on advances from the City and other long-term debt. Debt service is financed through property tax revenues.

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

Parks Acquisition and Development Fund – This capital projects 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.

Additionally, the City reports the following fund types:

Special Revenue Funds - The 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.

Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs, other than capitalized leases and compensated absences, which are paid from the governmental funds.

Capital Projects Funds - The capital projects funds are used to account for the purchase or construction of major capital facilities which are not financed by proprietary funds.

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

Internal Service Funds - The internal service funds are used to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis.

Fiduciary Funds - The fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governments. These funds included the Pension Trust fund and the Agency funds. The Pension Trust fund accumulates resources for benefits for all non-public safety employees of the City. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations, therefore, they have no measurement focus. 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 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 contradict 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.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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.

The City reports the following major proprietary funds and internal service funds:

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

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

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

Internal Service Funds - The internal service funds are used to 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.

C. Assets, Liabilities, and Net Assets:

1. Cash and Cash Equivalents:

For the purpose of the Statement of Cash Flows, the propriety funds consider all cash and investments 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

portfolio in the California Local Agency Investment Fund, which can be converted to cash within 24 hours notice.

2. Cash and Investments:

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as interest income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

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

3. Inventories:

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.

4. 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.

5. 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

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.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

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

6. 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, 2010 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.

7. 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.

8. Prepays:

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

9. 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

certain reported amounts and disclosures. Accordingly, actual results could be different from those estimates.

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 an annual budget for the 99-1 A.D. Capital Improvements Capital Project Fund.

The City made several supplemental budgetary appropriations during the fiscal year, including additional appropriations of \$29,816,130.

B. Deficit Funds Balance and Excess of Expenditures Over Appropriations

The Miscellaneous Grants Fund and the Redevelopment Agency Debt Service Fund had a deficit fund balance. The Miscellaneous Grants Fund deficit of \$70,593 is due to grant expenditures incurred but not reimbursed and will be eliminated by future grant receipts. The Redevelopment Agency Debt Service Fund deficit of \$1,261,090 is due to project expenditures and will be eliminated by future tax increment revenues.

The Negocio Building Debt Service Fund expenditures exceeded appropriations by \$1,209 due to rehabilitation costs related to building operations and facility improvements.

C. Encumbrance

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the general fund, special revenue funds and capital projects funds. Unexpended appropriations of the governmental funds automatically lapse at the end of the fiscal year. Encumbrances at year-end are recorded as a reserve of fund balance and then reapportioned the following year by City Council action. The reappropriated amount from the year ended June 30, 2010 into the 2010/2011 fiscal year was \$87,287,765 which included \$82,816,641 related to capital projects.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

III. DETAILED NOTES ON ALL FUNDS:

A. Cash and Investments:

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments - unrestricted	\$ 103,790,812
Cash and investments - restricted:	
Cash and investments	48,454,660
Cash and investments held by bond trustee	406,259
Fiduciary funds:	
Cash and investments	2,829,750
Cash and investments held by bond trustee	2,635,948
Pension trust investments	<u>25,987,264</u>
Total cash and investments	<u>\$ 184,104,693</u>

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 4,150
Deposits with financial institutions	3,039,491
Investments held by City and bond trustee	155,073,788
Pension trust investments	<u>25,987,264</u>
Total cash and investments	<u>\$ 184,104,693</u>

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 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

<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	40 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 the 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

Disclosures Relating to Interest Rate Risk:

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

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	\$ 38,851,090	\$ 7,680,617	\$ 14,557,974	\$ 16,612,499
Federal Agency securities:				
Federal Farm Credit Bank	21,511,562	8,146,875	6,229,687	7,135,000
Federal Home Loan Bank	19,845,719	4,051,250	4,177,188	11,617,281
Federal Home Loan Mortgage Corp.	19,724,353	3,007,122	6,295,000	10,422,231
Federal National Mortgage Assoc.	19,718,120	9,106,875		10,611,245
LAIF	31,311,845	31,311,845	-	-
Medium Term Note	1,068,891	-	-	1,068,891
Held by bond trustee:				
Money market funds	1,448,848	1,448,848	-	-
U.S. Treasury securities*	547,181	-	-	-
Investment contracts	673,600	673,600	-	-
LAIF	372,579	372,579	-	-
Total	\$ 155,073,788	\$ 65,799,611	\$ 31,259,849	\$ 57,467,147

*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 and Moody's.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Rating</u>	<u>Exempt From Rating</u>	<u>Ratings as of Year End</u>	
				<u>AAA/AAA</u>	<u>AA2/AA</u>
U.S. Treasury securities	\$ 38,851,090	N/A	\$ 38,851,090	\$ -	\$ -
Federal agency securities:					
FFCB	21,511,562	N/A	21,511,562	-	-
FHLB	19,845,719	N/A	19,845,719	-	-
FHLMC	19,724,353	N/A	19,724,353	-	-
FNMA	19,718,120	N/A	19,718,120	-	-
LAIF	31,311,845	N/A	31,311,845	-	-
Medium Term Notes	1,068,891	A2/A	-	-	1,068,891
Held by Bond trustee:					
Money market funds	1,448,848	N/A	-	1,448,848	-
U.S. Treasury securities	547,181	N/A	547,181	-	-
Investment contracts	673,600	N/A	673,600	-	-
Local agency investment fund	372,579	N/A	372,579	-	-
	<u>\$ 155,073,788</u>		<u>\$ 152,556,049</u>	<u>\$ 1,448,848</u>	<u>\$ 1,068,891</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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>% of City Investments</u>
U.S. Treasury	U.S. Treasury securities	\$ 39,398,271	25%
Federal Farm Credit Bank	Federal agency securities	21,511,562	14%
Federal Home Loan Bank	Federal agency securities	19,845,719	13%
Federal Home Loan Mortgage Corp	Federal agency securities	19,724,353	13%
FNMA	Federal agency securities	19,718,120	13%

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.,

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes 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: \$2,282,887 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2010, City investments in the following investment types were held by the safekeeping department of Union Bank and the City uses other broker-dealers to buy the securities:

<u>Investment Type</u>	<u>Reported Amount</u>
U.S. Treasury securities	\$ 38,851,090
Federal agency securities:	
Federal Farm Credit Bank	21,511,562
Federal Home Loan Bank	19,845,719
Federal Home Loan Mortgage Corp	19,724,353
Federal National Mortgage Association	19,718,120

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, 2010, 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

As of June 30, 2010, the City had \$31,311,845 invested in LAIF and \$372,579 held by a Bond Trustee invested in LAIF, which had invested 5.42% of the pool investment funds in Structured Notes and Asset Backed Securities. The LAIF fair value factor of 1.001643776 was used to calculate the fair value of the investments in LAIF.

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, 2010 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>		
New England Life International mutual fund	\$ 3,897,507	15%
New England Life Large Capitalization mutual fund	9,094,183	35%
New England Life Small Capitalization mutual fund	1,299,169	5%
<i>Fixed Income Investments (35% of pension investments)</i>		
Group annuity contract	5,196,676	20%
PIMCO Total Return Bond mutual fund	5,980,062	23%
Western Asset Mgmt U.S. Government mutual fund	519,667	2%
Total pension trust investments (fair value)	<u>\$ 25,987,264</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, 2010

B. Receivables:

Receivables, including restricted amounts, at June 30, 2010 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Interest</u>	<u>Loans</u>	<u>Total</u>
Governmental Activities:					
General fund	\$ 4,542,921	\$ 399,579	\$ 182,705	\$ 62,192	\$ 5,187,397
Low and moderate income housing fund	-	-	11,133	2,261,307	2,272,440
Redevelopment debt service	88,684	-	8,064	148,027	244,775
Public facilities fund	-	-	129,298	-	129,298
Parks acquisition and development fund	-	-	163,283	-	163,283
Nonmajor funds	24,190	10,175	259,565	2,348,071	2,642,001
Internal service funds	-	51,393	61,009	-	112,402
	<u>\$ 4,655,795</u>	<u>\$ 461,147</u>	<u>\$ 815,057</u>	<u>\$ 4,819,597</u>	<u>\$ 10,751,596</u>

	<u>Accounts</u>	<u>Interest</u>	<u>Total</u>
Business-type Activities:			
Water utility	\$ 1,754,536	\$ 183,869	\$ 1,938,405
Sewer utility	1,236,389	191,998	1,428,387
Golf course	32,488	13,183	45,671
Nonmajor funds	413,457	25,008	438,465
	<u>\$ 3,436,870</u>	<u>\$ 414,058</u>	<u>\$ 3,850,928</u>

C. 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

A summary of changes in capital asset activity for the year ended June 30, 2010 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital Assets Not Being Depreciated:				
Land	\$ 37,629,418	\$ -	\$ -	\$ 37,629,418
Construction in progress	<u>3,385,124</u>	<u>9,426,959</u>	<u>(3,263,709)</u>	<u>9,548,374</u>
Total Capital Assets, Not Being Depreciated	<u>41,014,542</u>	<u>9,426,959</u>	<u>(3,263,709)</u>	<u>47,177,792</u>
Capital Assets, Being Depreciated:				
Buildings	16,489,264	-	-	16,489,264
Improvements other than buildings	30,253,732	-	-	30,253,732
General equipment	6,422,994	1,979,392	(1,106,756)	7,295,630
Infrastructure	<u>129,643,140</u>	<u>2,452,660</u>	<u>(1,164,826)</u>	<u>130,930,974</u>
Total Capital Assets, Being Depreciated	<u>182,809,130</u>	<u>4,432,052</u>	<u>(2,271,582)</u>	<u>184,969,600</u>
Less Accumulated Depreciation For:				
Buildings	(8,439,723)	(479,013)	-	(8,918,736)
Improvements other than buildings	(8,772,052)	(1,194,334)	-	(9,966,386)
General equipment	(4,352,472)	(458,467)	1,057,885	(3,753,054)
Infrastructure	<u>(38,780,894)</u>	<u>(3,855,145)</u>	<u>1,147,094</u>	<u>(41,488,945)</u>
Total Accumulated Depreciation	<u>(60,345,141)</u>	<u>(5,986,959)</u>	<u>2,204,979</u>	<u>(64,127,121)</u>
Net Capital Assets, Being Depreciated	<u>122,463,989</u>	<u>(1,554,907)</u>	<u>(66,603)</u>	<u>120,842,479</u>
Governmental Activities Capital Assets	<u>\$ 163,478,531</u>	<u>\$ 7,872,052</u>	<u>\$ (3,330,312)</u>	<u>\$ 168,020,271</u>

Construction in progress consists primarily of street improvements and buildings under construction.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

A summary of property, plant and equipment at June 30, 2010 for the City's business-type activities is as follows:

<u>Business-type Activities</u>	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital Assets Not Being Depreciated:				
Land	\$ 4,073,070	\$ -	\$ -	\$ 4,073,070
Construction in progress	6,504,547	2,364,517	(227,931)	8,641,133
 Total Capital Assets, Not Being Depreciated	 <u>10,577,617</u>	 <u>2,364,517</u>	 <u>(227,931)</u>	 <u>12,714,203</u>
Capital Assets, Being Depreciated:				
Buildings	6,819,014	-	-	6,819,014
Water, sewer, storm lines	93,121,831	154,040	(7,632)	93,268,239
Utility assets	101,651,659	-	-	101,651,659
Improvements other than buildings	3,266,622	-	-	3,266,622
Machinery and equipment	2,283,624	-	(264,782)	2,018,842
 Total Capital Assets, Being Depreciated	 <u>207,142,750</u>	 <u>154,040</u>	 <u>(272,414)</u>	 <u>207,024,376</u>
Less Accumulated Depreciation For:				
Buildings	(619,876)	(146,357)	-	(766,233)
Water, sewer, storm lines	(27,310,357)	(1,353,849)	2,595	(28,661,611)
Utility assets	(38,881,729)	(2,525,797)	-	(41,407,526)
Improvements other than buildings	(1,331,407)	(246,396)	-	(1,577,803)
Machinery and equipment	(1,503,295)	(187,033)	226,955	(1,463,373)
 Total Accumulated Depreciation	 <u>(69,646,664)</u>	 <u>(4,459,432)</u>	 <u>229,550</u>	 <u>(73,876,546)</u>
 Net Capital Assets, Being Depreciated	 <u>137,496,086</u>	 <u>(4,305,392)</u>	 <u>(42,864)</u>	 <u>133,147,830</u>
 Business-type Activities Capital Assets	 <u>\$ 148,073,703</u>	 <u>\$ (1,940,875)</u>	 <u>\$ (270,795)</u>	 <u>\$ 145,862,033</u>

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

	Governmental Activities	Business-Type Activities
Governmental activities		
General government	\$ 17,198	\$ -
Police	3,343	
Fire	161,701	-
Public works	3,620,083	-
Community development	309,222	-
Beaches, parks and recreation	1,497,500	-
Internal service	377,912	-
Water	-	952,835
Sewer	-	3,175,456
Golf	-	324,423
Nonmajor	-	6,718
 Total depreciation expense	 <u>\$ 5,986,959</u>	 <u>\$ 4,459,432</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

D. Interfund receivables, payables, 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, the advances are for longer term financing.

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 370,369

Advances from/to other funds:

Advances to	Advances from	Amount
Redevelopment Debt Service	General fund	\$ 2,112,740
Golf fund	General fund	394,000
Golf fund	Public Facilities Construction Capital Project Fund	2,500,000
Total		\$ 5,006,740

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 is to be repaid to the City from future tax increment revenues. Annual installments are \$269,832, including principal and interest. A debt service schedule is as follows:

Year Ending June 30,	Advance Payable	
	Principal	Interest
2011	\$ 208,985	\$ 60,847
2012	215,004	54,828
2013	221,196	48,636
2014	227,566	42,266
2015	234,120	35,712
2016-2020	1,005,869	73,451
Totals	\$ 2,112,740	\$ 315,740

The Golf Fund advance made from the General Fund of \$984,000 provided funds for the Golf Course operations. During the year, the Golf fund repaid \$243,000 from golf revenues based on annual debt service amount. The outstanding balance at June 30, 2010 is \$394,000. In addition, an advance from the Public Facilities Construction Capital Project Fund of \$2,500,000 provided funds for the remaining construction costs of the Golf Course Clubhouse. This advance will be repaid with funds from future operations or through the issuance of a new future debt.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

Interfund Transfers:

<u>Transfers In</u>	<u>Transfers Out</u>							Total
	General Fund	Redevelopment Agency Debt Service	Nonmajor Governmental Fund	Water Utility Fund	Sewer Utility Fund	Nonmajor Proprietary Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 588,500	\$ 25,000	\$ 25,000	\$ 173,110	\$ -	\$ 811,610
Low/Moderate Income Housing Fund	-	495,518	-	-	-	-	1,500	497,018
Parks Acquisition and Development	35,508	-	-	-	-	-	-	35,508
Nonmajor Governmental Funds	1,255,920	2,436,917	587,409	45,326	21,785	-	276,100	4,623,457
Water Utility Fund	16,000	-	-	-	-	-	66,700	82,700
Sewer Utility Fund	34,700	-	-	45,312	-	330,405	91,200	501,617
Golf	-	-	-	-	-	-	33,700	33,700
Nonmajor Proprietary Funds	-	-	-	-	-	-	13,300	13,300
Internal Service Funds	-	-	42,141	4,040	8,080	-	17,500	71,761
Total	<u>\$ 1,342,128</u>	<u>\$ 2,932,435</u>	<u>\$ 1,218,050</u>	<u>\$ 119,678</u>	<u>\$ 54,865</u>	<u>\$ 503,515</u>	<u>\$ 500,000</u>	<u>\$ 6,670,671</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, 2010 a transfer was made from the General Fund to the Street Improvement Special Revenue Fund in the amount of \$692,120 to provide monies for the funding of street related capital projects. The General Fund also made a transfer of \$510,000 to fund debt service and other operations and maintenance costs in the Negocio Debt Service Fund. The Redevelopment Agency Debt Service Fund had transfers of \$2,436,917 to the Redevelopment Agency Capital Projects Fund to provide funding for the pier rehabilitation.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

E. 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%.

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 can not currently be estimated. However, the City received Motor Vehicle Fee amounts of \$203,928 from the State of California directly and \$5,222,756 of property taxes in Lieu of the Motor Vehicle Fee through the County during the fiscal year. The debt service principal and interest payments under the Lease-leaseback totaled \$325,780 during Fiscal Year 2010. The Bond Reserve is fully funded at June 30, 2010.

\$ 2,610,000

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 \$177,070. The terms of the leases include 60 monthly payments which include interest. The last lease matures in April 2014. The monthly lease payments are \$417 and \$3,016. The lease payable amounts are recorded on the statement of net assets with the amount applicable to governmental-type activities.

\$ 56,062

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

3. Compensated Absences:

The City's policies relating to compensated absences are described in Note I-D6. This liability will be paid in future years from future resources primarily from the general fund.

\$1,666,773

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, 2010 are as follows:

Year Ending June 30,	Certificates of Participation		Capitalized Lease Obligations	
	Principal	Interest	Principal	Interest
2011	\$ 120,000	\$ 202,045	\$ 38,133	\$ 31,456
2012	135,000	192,885	9,742	6,802
2013	140,000	182,580	4,238	1,060
2014	155,000	171,580	3,949	4,174
2015	170,000	159,975	-	-
2016-2020	1,045,000	584,225	-	-
2021-2023	845,000	135,225	-	-
Totals	<u>\$ 2,610,000</u>	<u>\$ 1,628,515</u>	<u>\$ 56,062</u>	<u>\$ 43,492</u>

Business-type:

1. Compensated Absences:

The City's policies relating to compensated absences are described in Note I-D6. Compensated absences at June 30, 2010 were obligations of the following funds:

Water Utility Fund	\$ 218,482
Sewer Utility Fund	313,784
Golf Course Fund	154,787
Nonmajor Enterprise Funds	<u>26,684</u>
Total	<u>\$ 713,737</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

Changes in Long-term Liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Certificates of participation	\$ 2,725,000	\$ -	\$ 115,000	\$ 2,610,000	\$ 120,000
Capital lease obligations	91,953	-	35,891	56,062	38,133
Claims and judgments payable (Note IV-A)	2,227,856	566,022	1,788,281	1,005,597	503,858
Compensated absences	1,685,814	684,234	703,275	1,666,773	300,019
Governmental Activities Long-term Liabilities	<u>\$ 6,730,623</u>	<u>\$ 1,250,256</u>	<u>\$ 2,642,447</u>	<u>\$ 5,338,432</u>	<u>\$ 962,010</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
Compensated absences	\$ 726,338	\$ 210,230	\$ 222,831	\$ 713,737	\$ 128,472
Business-type Activities Long-term Liabilities	<u>\$ 726,338</u>	<u>\$ 210,230</u>	<u>\$ 222,831</u>	<u>\$ 713,737</u>	<u>\$ 128,472</u>

IV. OTHER INFORMATION

A. Insurance:

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 9-member Executive Committee. Copies of the Authority annual financial report may be obtained from their office at 8081 Moody Street, La Palma, CA 90622.

Self-Insurance Programs of the Authority

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member’s primary deposit; (2) costs from \$30,000 to

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

\$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance and excess insurance policies and are subject to a \$2,500,000 annual aggregate deductible; (4b) cost of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated are estimated using actuarial models and prefunded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

Purchased Insurance

Environmental 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 \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 sub-limit during the 3-year term of the policy.

Property Insurance – The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. San Clemente's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$172,658,387. 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 \$93,508,015. 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

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.

Adequacy of Protection

At June 30, 2010, 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 claims and general liability claims for the past two fiscal years.

	Beginning Balance	Incurred and Changes in Estimates	Less Claim Payments	Ending Balance
2008-2009	\$ 3,009,908	\$ 1,431,637	\$ (2,213,681)	\$ 2,227,856
2009-2010	2,227,856	566,022	(1,788,281)	1,005,597

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. The City paid a significant claim during the fiscal year ended June 30, 2007 that was not covered under the previous insurance which related to a landslide.

B. Pension Plans:

Plan Descriptions:

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.

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. Recently there have been modifications to the California Government Code which allowed PERS to create risk pools and to mandate public agency participation in those pools. PERS assigns

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

plans to risk pools based on their service retirement formula and public agency 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.

CSCERP is a single-employer defined benefit pension plan and is included in the City's financial statements. At July 1, 2009, the plan had 191 active participants and 97 inactive participants with vested benefits. The plan currently is paying benefits to 73 participants. Stand-alone financial statements are not issued for the CSCERP.

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 and for their account. The City is required to contribute at an actuarially determined rate, which is 23.66% of annual covered payroll for marine safety personnel. The contribution requirements of plan members and the City are established and may be amended by PERS. CSCERP participants are required to contribute 7% of their annual covered salary. The City makes these contributions on behalf of the employees. The City additionally contributes 14.3% of annual covered payroll, an actuarially determined rate.

For 2010, the City's annual pension costs of \$151,500 for the PERS Risk Pool and \$2,776,165 for CSCERP were equal to the City's required and actual contributions. The covered payroll was \$367,718 and \$13,033,638, respectively. The required contribution was determined as part of the June 30, 2008 and July 1, 2009, actuarial valuations using the entry age normal actuarial cost method for PERS and the aggregate actuarial cost method for CSCERP. The actuarial assumptions for CSCERP, included a) investment rate of return (net of administrative expenses) of 7.75%, b) projected annual salary increases that vary by duration of service, and c) 2% per year cost-of-living adjustments. Both a) and b) included an inflation component of 4.5% for CSCERP.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

Annual Pension Cost:

**THREE-YEAR TREND INFORMATION
FOR PERS 3% AT 55 RISK POOL**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/08	\$118,498	100%	\$ -
6/30/09	132,823	100%	-
6/30/10	151,500	100%	-

The City's retirement plan is part of the CalPERS risk pool retirement plan. Information on the risk pool funding of this plan can be obtained from the CalPERS Actuarial Valuation Report. However, information is not available specifically for the City.

SIX-YEAR TREND INFORMATION FOR CSCERP

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 1,628,497	100%	\$ -
6/30/06	1,919,957	100%	-
6/30/07	2,236,356	100%	-
6/30/08	2,343,464	100%	-
6/30/09	2,550,674	100%	-
6/30/10	2,776,165	100%	-

CSCERP uses the Aggregate Actuarial Method in completing its actuarial valuation. Under this method, the plan's actuarial accrued liability is considered to be equal to the plan assets. The actuarial present value of future normal costs is calculated by subtracting the plan assets and the net balance of any mandatory amortization basis being maintained from the actuarial present value of future benefit payments under the plan. If there is a credit balance in the funding standard account, that amount is subtracted from the actuarial value of the assets (or any funding deficiency is added). The normal cost is then obtained by dividing the actuarial present value of future normal costs by the weighted average temporary annuity. The Aggregate Actuarial Cost Method does not identify or separately amortize unfunded actuarial liabilities. Information on the funded status and funding progress is presented using the entry age actuarial cost method.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

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
CSCERP:						
07/01/07	\$ 24,093,212	\$ 23,246,071	\$ 847,141	103.6%	\$ 11,375,587	n/a
07/01/08	24,949,357	25,812,485	(863,128)	96.7%	13,359,200	6.5%
07/01/09	25,911,607	28,534,162	(2,622,555)	90.8%	13,033,638	20.1%

*Most recent information available

C. 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 Coverage Health Agreement ("PEMCHA") which is administered through PERS. In order to qualify for this coverage eligible employees must complete up to ten years of service with the City 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, 2010, the City paid \$23,165 of the health insurance benefit with the remaining cost of \$123,178 paid by the retirees. Employers are now required under GASB accounting principles to report the annual cost of OPEB's and account for and accrue any outstanding obligations and commitments in essentially 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

Annual Pension 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)	\$ 123,178
Interest on net OPEB obligation	9,500
Contributions made	<u>(23,165)</u>
Increase in net OPEB obligation	109,513
Net OPEB obligation - beginning of year	<u>190,196</u>
Net OPEB obligation - end of year	<u>\$ 299,709</u>

The percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2008	\$124,080	25.3%	\$ 92,778
06/30/2009	128,850	27.9%	190,196
06/30/2010	123,178	18.8%	299,709

Funded Status and Funding Progress:

As of May 1, 2010, the date of the latest actuarial valuation, there were 192 active employees and 16 retirees. The present value of all expected future benefits based on certain actuarial assumptions was \$299,709 as of June 30, 2010. The City is currently funding the program on a pay-as-you-go basis. The Net Pension Obligation (NPO) is accrued in the amount of \$299,709 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 pattern of sharing of costs between the employee and plan members. The methods and assumptions used in the May 1, 2010 actuarial valuation are summarized as follows:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

ACTUARIAL ASSUMPTIONS

Actuarial cost method	Entry age normal
Interest rate assumption	5%
Projected salary increase assumption	3%
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
11/01/07	\$ -	\$1,270,647	\$1,270,647	0.0%	\$15,357,889	8.27%
05/01/10*	\$ -	\$1,784,647	\$1,784,217	0.0%	\$13,401,356	13.31%

* Most recent information available

D. 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.

E. Assessment District Bonds:

The following bond issues were issued to finance public improvement projects in certain assessment districts. They are the 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 remittance of such monies to the bondholders. The City has no obligation or duty to pay any delinquency out of any available funds of the City. 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

Issue	Amount of Issue	Outstanding June 30, 2010
City of San Clemente 95-1 Assessment District	\$ 6,929,940	\$ 1,200,000
City of San Clemente 99-1 Assessment District	1,150,000	635,000
City of San Clemente 99-1 Community Facilities District	5,755,000	5,275,000
City of San Clemente Public Financing Authority Reassessment Refunding Revenue Bonds	14,235,000	13,565,000

F. 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.

Separate financial statements are prepared for the Coastal Animal Services Authority and are on file within the City Clerk's office at the City.

G. 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 opinion of the City 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 \$17.1 million as of June 30, 2010 related to construction and other contractual arrangements.

H. State of California Impacts

The State of California (State) has decided to borrow, to defer certain revenue payments and to take certain funds from local governments. Under the provisions of Proposition 1A and as part of the 2009 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2010

tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$2,175,000 and is recorded as a property tax receivable.

The borrowing by the State of California was recognized as a receivable in the financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California (expected in fiscal year 2013). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2010).

Also, an amount to be taken away from funds held by the Agency, a component unit of the City, during the fiscal year ending June 30, 2011 is estimated to be \$179,800. The takeaway of Redevelopment Agency funds is currently on appeal by the California Redevelopment Association and other parties that hope this will be considered unconstitutional along with last years takeaway of \$874,656.

I. Subsequent Event:

On October 13, 2010, the City completed the sale of a 14.7 acre parcel to Target Corporation for \$13.8 million. The cost of this land is recorded at a historical value of \$434,484 within the land amount of the capital assets at June 30, 2010.



CITY OF SAN CLEMENTE
Required Supplementary Information
June 30, 2010

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 RDA Low and Moderate Income Housing Special Revenue Fund has a legally adopted budget. The original budget, final budget and actual amounts are presented on the following pages for General Fund and Special Revenue major funds.

The RDA Debt Service Fund, the Public Facilities Construction Capital Project Fund and the Parks Acquisition and Development Capital Project Fund major funds have legally adopted budgets. These debt service and 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, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 35,361,800	\$ 32,421,800	\$ 32,241,335	\$ (180,465)
Licenses and permits	1,815,590	1,673,590	2,083,840	410,250
Fines and forfeits	1,106,500	1,016,500	820,170	(196,330)
Investment and rentals	1,872,700	1,952,400	2,036,938	84,538
Intergovernmental	648,000	668,280	665,422	(2,858)
Charges for services	6,492,790	6,524,465	6,572,949	48,484
Other	461,130	736,390	853,291	116,901
Total Revenues	<u>47,758,510</u>	<u>44,993,425</u>	<u>45,273,945</u>	<u>280,520</u>
Expenditures:				
Current:				
General government:				
Administration				
City council	86,750	91,750	74,996	16,754
City manager	932,840	959,350	714,438	244,912
City clerk	652,550	658,920	616,583	42,337
Finance and administrative services	2,910,320	3,021,920	2,861,057	160,863
City general	3,293,760	7,796,130	2,933,949	4,862,181
Police	12,151,420	12,189,780	12,226,361	(36,581)
Fire	6,764,690	6,764,690	6,769,519	(4,829)
Public works	6,045,450	7,246,000	6,375,018	870,982
Community development	4,352,580	4,592,887	4,108,687	484,200
Beaches, parks and recreation	9,250,730	9,407,540	8,652,278	755,262
Capital outlay	1,713,500	2,859,050	1,090,032	1,769,018
Total Expenditures	<u>48,154,590</u>	<u>55,588,017</u>	<u>46,422,918</u>	<u>9,165,099</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(396,080)</u>	<u>(10,594,592)</u>	<u>(1,148,973)</u>	<u>9,445,619</u>
Other Financing Sources (Uses):				
Sale of capital assets	35,000	70,775	70,952	177
Transfers in	1,033,110	10,536,352	811,610	(9,724,742)
Transfers out	(1,306,620)	(1,455,895)	(1,342,128)	113,767
Total Other Financing Sources (Uses)	<u>(238,510)</u>	<u>9,151,232</u>	<u>(459,566)</u>	<u>(9,610,798)</u>
Net Change in Fund Balance	<u>(634,590)</u>	<u>(1,443,360)</u>	<u>(1,608,539)</u>	<u>(165,179)</u>
Fund Balance, Beginning of Year	<u>25,094,431</u>	<u>25,094,431</u>	<u>25,094,431</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 24,459,841</u>	<u>\$ 23,651,071</u>	<u>\$ 23,485,892</u>	<u>\$ (165,179)</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
RDA Low and Moderate Income Housing Special Revenue Fund
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Investment and rentals	\$ 35,390	\$ 35,390	\$ 49,572	\$ 14,182
Expenditures:				
Current:				
Community development	1,933,780	2,758,370	1,308,609	1,449,761
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,898,390)	(2,722,980)	(1,259,037)	1,463,943
Other Financing Sources (Uses):				
Transfers in	516,500	516,500	497,018	(19,482)
Net Change in Fund Balance	(1,381,890)	(2,206,480)	(762,019)	1,444,461
Fund Balance, Beginning of Year	2,636,614	2,636,614	2,636,614	-
Fund Balance, End of Year	<u>\$ 1,254,724</u>	<u>\$ 430,134</u>	<u>\$ 1,874,595</u>	<u>\$ 1,444,461</u>



CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Redevelopment Debt Service Fund
For the Year Ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 2,331,500	\$ 2,477,589	\$ 146,089
Investment and rentals	73,980	47,225	(26,755)
Total Revenues	<u>2,405,480</u>	<u>2,524,814</u>	<u>119,334</u>
Expenditures:			
Current:			
Community development	24,030	28,696	(4,666)
Debt service:			
Property tax shift	1,072,660	1,052,656	20,004
Interest and fiscal charges	66,700	66,700	-
Total Expenditures	<u>1,163,390</u>	<u>1,148,052</u>	<u>15,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,242,090	1,376,762	134,672
Other Financing Sources (Uses):			
Transfers out	<u>(4,018,130)</u>	<u>(2,932,435)</u>	<u>1,085,695</u>
Net Change in Fund Balance	(2,776,040)	(1,555,673)	1,220,367
Fund Balance (Deficit), Beginning of Year	<u>294,583</u>	<u>294,583</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (2,481,457)</u>	<u>\$ (1,261,090)</u>	<u>\$ 1,220,367</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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 248,650	\$ 424,659	\$ 176,009
Developer fees	99,510	87,196	(12,314)
	348,160	511,855	163,695
Expenditures:			
Current:			
Community development	891,035	139,991	751,044
Public safety	60,940	-	60,940
Capital outlay	5,462,335	829,559	4,632,776
	6,414,310	969,550	5,444,760
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,066,150)	(457,695)	5,608,455
Other Financing Sources:			
Transfers in	60,940	-	(60,940)
	(6,005,210)	(457,695)	5,547,515
Fund Balance, Beginning of Year	19,169,118	19,169,118	-
Fund Balance, End of Year	\$ 13,163,908	\$ 18,711,423	\$ 5,547,515

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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 309,180	\$ 498,387	\$ 189,207
Developer fees	10,800	15,054	4,254
Total Revenues	<u>319,980</u>	<u>513,441</u>	<u>193,461</u>
Expenditures:			
Current:			
Beaches, parks, and recreation	47,670	47,670	-
Capital outlay	<u>33,152,265</u>	<u>354,647</u>	<u>32,797,618</u>
Total Expenditures	<u>33,199,935</u>	<u>402,317</u>	<u>32,797,618</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,879,955)	111,124	32,991,079
Other Financing Sources (Uses):			
Sale of property	13,800,000	-	(13,800,000)
Transfers in	35,775	35,508	(267)
Transfers out	<u>(9,150,000)</u>	<u>-</u>	<u>9,150,000</u>
Total Other Financing (Uses)	<u>4,685,775</u>	<u>35,508</u>	<u>(4,650,267)</u>
Net Change in Fund Balance	(28,194,180)	146,632	28,340,812
Fund Balance, Beginning of Year	<u>20,297,713</u>	<u>20,297,713</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (7,896,467)</u></u>	<u><u>\$ 20,444,345</u></u>	<u><u>\$ 28,340,812</u></u>



NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

DEBT SERVICE FUND

The Debt Service Fund is 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 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 Developers Improvement 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.

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 Redevelopment Project Capital Projects Fund is used to account for the proceeds of notes, advances and other forms of indebtedness, and the expenditure of these funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the San Clemente Redevelopment Agency.

The 99-1 AD Capital Improvements Fund is used to account for the proceeds of Assessment District bonds and the expenditures which are incurred in connection with the improvements within the district.

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds		
	Gas Tax	Air Quality Improvement	Street Improvement
Assets:			
Cash and investments	\$ 4,630,065	\$ 288,344	\$ 6,143,205
Receivables (net of allowances for uncollectibles):			
Taxes	-	-	24,190
Accounts	-	504	9,671
Accrued interest	37,142	2,313	49,280
Loans	-	-	-
Due from other governments	367,421	20,773	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
Total Assets	\$ 5,034,628	\$ 311,934	\$ 6,226,346
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 140,634	\$ -	\$ 1,284,479
Accrued wages	-	-	-
Deferred revenue	93,828	-	15,964
Unearned revenue	115,831	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	350,293	-	1,300,443
Fund Balances (Deficits):			
Reserved for:			
Encumbrances	2,518,480	258,870	3,508,260
Local drainage	-	-	-
Low and moderate income housing	-	-	-
Loans, notes, and long term receivables	-	-	-
Developer improvements	-	-	-
Unreserved - designated for:			
Accrued leave	-	-	-
Park asset replacement	-	-	-
Capital equipment replacement	-	-	-
Unreserved - undesignated	2,165,855	53,064	1,417,643
Total Fund Balances (Deficits)	4,684,335	311,934	4,925,903
Total Liabilities and Fund Balances	\$ 5,034,628	\$ 311,934	\$ 6,226,346

Special Revenue Funds			Debt Service Fund	
Police Grants	Miscellaneous Grants	Reserve	Negocio Building	
\$ 9,983	\$ -	\$ 3,213,249	\$ -	
-	-	-	-	
-	-	-	-	
120	-	25,776	516	
-	562,418	-	-	
33,737	52,088	-	-	
-	-	-	406,259	
<u>\$ 43,840</u>	<u>\$ 614,506</u>	<u>\$ 3,239,025</u>	<u>\$ 406,775</u>	
\$ 396	\$ 34,892	\$ -	\$ 30,019	
-	2,252	16,996	-	
-	591,263	-	-	
-	-	-	-	
-	-	-	20,000	
-	56,692	-	313,677	
<u>396</u>	<u>685,099</u>	<u>16,996</u>	<u>363,696</u>	
2,900	286,290	351,530	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	658,644	-	
-	-	276,100	-	
-	-	968,495	-	
40,544	(356,883)	967,260	43,079	
<u>43,444</u>	<u>(70,593)</u>	<u>3,222,029</u>	<u>43,079</u>	
<u>\$ 43,840</u>	<u>\$ 614,506</u>	<u>\$ 3,239,025</u>	<u>\$ 406,775</u>	

(Continued)

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2010

	Capital Projects Funds		
	Local Drainage Facilities	Developers Improvement	RCFPP
Assets:			
Cash and investments	\$ 3,916,310	\$ 9,405,872	\$ 4,038,003
Receivables (net of allowances for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	-
Accrued interest	31,416	75,452	32,392
Loans	-	1,785,653	-
Due from other governments	-	-	-
Restricted Assets:			
Cash and investments with fiscal agent	-	-	-
Total Assets	\$ 3,947,726	\$ 11,266,977	\$ 4,070,395
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ -	\$ 18,949	\$ -
Accrued wages	-	-	-
Deferred revenue	-	75,000	-
Unearned revenue	-	-	-
Deposits payable	-	167,817	-
Due to other funds	-	-	-
Total Liabilities	-	261,766	-
Fund Balances (Deficits):			
Reserved for:			
Encumbrances	4,650	6,103,250	2,505,760
Local drainage	3,943,076	827,045	-
Low and moderate income housing	-	1,251,680	-
Loans, notes, and long term receivables	-	1,710,653	-
Developer improvements	-	1,112,583	-
Unreserved - designated for:			
Accrued leave	-	-	-
Park asset replacement	-	-	-
Capital equipment replacement	-	-	-
Unreserved - undesignated	-	-	1,564,635
Total Fund Balances (Deficits)	3,947,726	11,005,211	4,070,395
Total Liabilities and Fund Balances	\$ 3,947,726	\$ 11,266,977	\$ 4,070,395

<u>Capital Projects Funds</u>		
<u>Redevelopment Project</u>	<u>99-1 AD Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 380,858	\$ 262,133	\$ 32,288,022
-	-	24,190
-	-	10,175
3,055	2,103	259,565
-	-	2,348,071
-	-	474,019
-	-	406,259
<u>\$ 383,913</u>	<u>\$ 264,236</u>	<u>\$ 35,810,301</u>
\$ 306,657	\$ 16,549	\$ 1,832,575
-	-	19,248
-	-	776,055
-	-	115,831
-	-	187,817
-	-	370,369
<u>306,657</u>	<u>16,549</u>	<u>3,301,895</u>
795,237	-	16,335,227
-	-	4,770,121
-	-	1,251,680
-	-	1,710,653
-	-	1,112,583
-	-	658,644
-	-	276,100
-	-	968,495
(717,981)	247,687	5,424,903
<u>77,256</u>	<u>247,687</u>	<u>32,508,406</u>
<u>\$ 383,913</u>	<u>\$ 264,236</u>	<u>\$ 35,810,301</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, 2010

	Special Revenue Funds		
	Gas Tax	Air Quality Improvement	Street Improvement
Revenues:			
Taxes	\$ -	\$ -	\$ 717,306
Investment and rentals	132,609	7,584	163,632
Intergovernmental	3,391,102	77,353	600,000
Charges for services	-	-	-
Developer fees	-	-	-
Other	549	-	9,671
Total Revenues	3,524,260	84,937	1,490,609
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Public works	272,186	6,352	222,947
Community development	-	-	-
Capital outlay	1,023,678	-	2,394,014
Debt service:			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	1,295,864	6,352	2,616,961
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,228,396	78,585	(1,126,352)
Other Financing Sources (Uses):			
Transfers in	13,800	-	1,346,640
Transfers out	(1,151,229)	-	(42,141)
Total Other Financing Sources (Uses)	(1,137,429)	-	1,304,499
Net Change in Fund Balances	1,090,967	78,585	178,147
Fund Balance (Deficit) at Beginning of Year	3,593,368	233,349	4,747,756
Fund Balance (Deficit) at End of Year	\$ 4,684,335	\$ 311,934	\$ 4,925,903

<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>
<u>Police Grants</u>	<u>Miscellaneous Grants</u>	<u>Reserve</u>	<u>Negocio Building</u>
\$ -	\$ -	\$ -	\$ -
-	-	82,838	114,940
135,809	464,363	-	-
-	-	229,570	-
-	-	-	-
8,686	9,362	-	2,451
<u>144,495</u>	<u>473,725</u>	<u>312,408</u>	<u>117,391</u>
-	-	87,556	448,876
117,842	-	-	-
-	-	-	-
-	220,414	-	-
-	260,688	157,978	-
-	-	-	115,000
-	-	-	212,593
<u>117,842</u>	<u>481,102</u>	<u>245,534</u>	<u>776,469</u>
<u>26,653</u>	<u>(7,377)</u>	<u>66,874</u>	<u>(659,078)</u>
-	-	316,100	510,000
-	(24,680)	-	-
-	(24,680)	316,100	510,000
26,653	(32,057)	382,974	(149,078)
<u>16,791</u>	<u>(38,536)</u>	<u>2,839,055</u>	<u>192,157</u>
<u>\$ 43,444</u>	<u>\$ (70,593)</u>	<u>\$ 3,222,029</u>	<u>\$ 43,079</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2010

	<u>Capital Projects Funds</u>		
	<u>Local Drainage Facilities</u>	<u>Developers Improvement</u>	<u>RCFPP</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Investment and rentals	96,462	228,765	103,887
Intergovernmental	-	-	641,494
Charges for services	-	103,144	-
Developer fees	643	134,387	1,340
Other	-	1,000	-
Total Revenues	<u>97,105</u>	<u>467,296</u>	<u>746,721</u>
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Public works	4,052	-	17,400
Community development	-	139,138	-
Capital outlay	-	509,630	194,690
Debt service:			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>4,052</u>	<u>648,768</u>	<u>212,090</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>93,053</u>	<u>(181,472)</u>	<u>534,631</u>
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	93,053	(181,472)	534,631
Fund Balance (Deficit) at Beginning of Year	<u>3,854,673</u>	<u>11,186,683</u>	<u>3,535,764</u>
Fund Balance (Deficit) at End of Year	<u>\$ 3,947,726</u>	<u>\$ 11,005,211</u>	<u>\$ 4,070,395</u>

<u>Capital Projects Funds</u>		
<u>Redevelopment Project</u>	<u>99-1 AD Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 717,306
5,132	6,332	942,181
-	-	5,310,121
-	-	332,714
-	-	136,370
7,005	-	38,724
<u>12,137</u>	<u>6,332</u>	<u>7,477,416</u>
-	2,967	539,399
-	-	117,842
-	97,473	620,410
193,961	-	553,513
2,538,306	-	7,078,984
-	-	115,000
-	-	212,593
<u>2,732,267</u>	<u>100,440</u>	<u>9,237,741</u>
<u>(2,720,130)</u>	<u>(94,108)</u>	<u>(1,760,325)</u>
2,436,917	-	4,623,457
-	-	(1,218,050)
<u>2,436,917</u>	<u>-</u>	<u>3,405,407</u>
(283,213)	(94,108)	1,645,082
<u>360,469</u>	<u>341,795</u>	<u>30,863,324</u>
<u>\$ 77,256</u>	<u>\$ 247,687</u>	<u>\$ 32,508,406</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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 45,960	\$ 132,609	\$ 86,649
Intergovernmental	3,780,225	3,391,102	(389,123)
Other	-	549	549
Total Revenues	<u>3,826,185</u>	<u>3,524,260</u>	<u>(301,925)</u>
Expenditures:			
Current:			
Public works	666,040	272,186	393,854
Capital outlay	4,613,410	1,023,678	3,589,732
Total Expenditures	<u>5,279,450</u>	<u>1,295,864</u>	<u>3,983,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,453,265)</u>	<u>2,228,396</u>	<u>3,681,661</u>
Other Financing Sources (Uses):			
Transfers in	122,300	13,800	(108,500)
Transfers out	(1,280,410)	(1,151,229)	129,181
Total Other Financing Sources (Uses)	<u>(1,158,110)</u>	<u>(1,137,429)</u>	<u>20,681</u>
Net Change in Fund Balance	(2,611,375)	1,090,967	3,702,342
Fund Balance, Beginning of Year	<u>3,593,368</u>	<u>3,593,368</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 981,993</u>	<u>\$ 4,684,335</u>	<u>\$ 3,702,342</u>

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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 4,460	\$ 7,584	\$ 3,124
Intergovernmental	159,000	77,353	(81,647)
Total Revenues	<u>163,460</u>	<u>84,937</u>	<u>(78,523)</u>
Expenditures:			
Current:			
Public works	363,750	6,352	357,398
Total Expenditures	<u>363,750</u>	<u>6,352</u>	<u>357,398</u>
Net Change in Fund Balance	(200,290)	78,585	278,875
Fund Balance, Beginning of Year	<u>233,349</u>	<u>233,349</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 33,059</u></u>	<u><u>\$ 311,934</u></u>	<u><u>\$ 278,875</u></u>

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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 661,000	\$ 717,306	\$ 56,306
Investment and rentals	89,910	163,632	73,722
Intergovernmental	1,000,000	600,000	(400,000)
Other	-	9,671	9,671
Total Revenues	<u>1,750,910</u>	<u>1,490,609</u>	<u>(260,301)</u>
Expenditures:			
Current:			
Public works	483,300	222,947	260,353
Capital outlay	<u>7,730,670</u>	<u>2,394,014</u>	<u>5,336,656</u>
Total Expenditures	<u>8,213,970</u>	<u>2,616,961</u>	<u>5,597,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,463,060)</u>	<u>(1,126,352)</u>	<u>5,336,708</u>
Other Financing Sources (Uses):			
Transfers in	1,574,530	1,346,640	(227,890)
Transfers Out	<u>(42,141)</u>	<u>(42,141)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,532,389</u>	<u>1,304,499</u>	<u>(227,890)</u>
Net Change in Fund Balance	(4,930,671)	178,147	5,108,818
Fund Balance, Beginning of Year	<u>4,747,756</u>	<u>4,747,756</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (182,915)</u>	<u>\$ 4,925,903</u>	<u>\$ 5,108,818</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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 500	\$ -	\$ (500)
Intergovernmental	163,610	135,809	(27,801)
Other	-	8,686	8,686
Total Revenues	164,110	144,495	(19,615)
Expenditures:			
Police	140,190	117,842	22,348
Net Change in Fund Balance	23,920	26,653	2,733
Fund Balance, Beginning of Year	16,791	16,791	-
Fund Balance, End of Year	\$ 40,711	\$ 43,444	\$ 2,733

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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 771,163	\$ 464,363	\$ (306,800)
Other	-	9,362	9,362
Total Revenues	<u>771,163</u>	<u>473,725</u>	<u>(297,438)</u>
Expenditures:			
Current:			
Community development	304,783	220,414	84,369
Capital outlay	<u>445,807</u>	<u>260,688</u>	<u>185,119</u>
Total Expenditures	<u>750,590</u>	<u>481,102</u>	<u>269,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,573	(7,377)	(27,950)
Other Financing Sources (Uses):			
Transfers in	23,000	-	(23,000)
Transfers out	<u>(27,112)</u>	<u>(24,680)</u>	<u>2,432</u>
Total Other Financing Sources (Uses)	<u>(4,112)</u>	<u>(24,680)</u>	<u>(20,568)</u>
Net Change in Fund Balance	16,461	(32,057)	(48,518)
Fund Balance (Deficit), Beginning of Year	<u>(38,536)</u>	<u>(38,536)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u><u>\$ (22,075)</u></u>	<u><u>\$ (70,593)</u></u>	<u><u>\$ (48,518)</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Reserve Special Revenue Fund
For the Year Ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 53,750	\$ 82,838	\$ 29,088
Charges for services	229,570	229,570	-
Total Revenues	<u>283,320</u>	<u>312,408</u>	<u>29,088</u>
Expenditures:			
Current:			
General government	150,000	87,556	62,444
Capital outlay	510,100	157,978	352,122
Total Expenditures	<u>660,100</u>	<u>245,534</u>	<u>414,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(376,780)	66,874	443,654
Other Financing Sources (Uses):			
Transfers in	316,100	316,100	-
Net Change in Fund Balance	(60,680)	382,974	443,654
Fund Balance, Beginning of Year	<u>2,839,055</u>	<u>2,839,055</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 2,778,375</u></u>	<u><u>\$ 3,222,029</u></u>	<u><u>\$ 443,654</u></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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 98,600	\$ 114,940	\$ 16,340
Other	-	2,451	2,451
Total Revenues	<u>98,600</u>	<u>117,391</u>	<u>18,791</u>
Expenditures:			
Current:			
General government	444,980	448,876	(3,896)
Debt service:			
Principal retirement	115,000	115,000	-
Interest and fiscal charges	<u>215,280</u>	<u>212,593</u>	<u>2,687</u>
Total Expenditures	<u>775,260</u>	<u>776,469</u>	<u>(1,209)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(676,660)	(659,078)	17,582
Other Financing Sources:			
Transfers in	<u>510,000</u>	<u>510,000</u>	<u>-</u>
Net Change in Fund Balance	(166,660)	(149,078)	17,582
Fund Balance, Beginning of Year	<u>192,157</u>	<u>192,157</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 25,497</u></u>	<u><u>\$ 43,079</u></u>	<u><u>\$ 17,582</u></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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 74,830	\$ 96,462	\$ 21,632
Developer fees	500	643	143
Total Revenues	<u>75,330</u>	<u>97,105</u>	<u>21,775</u>
Expenditures:			
Current:			
Public works	<u>8,700</u>	<u>4,052</u>	<u>4,648</u>
Total Expenditures	<u>8,700</u>	<u>4,052</u>	<u>4,648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,630	93,053	26,423
Other Financing Sources (Uses):			
Transfers out	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Net Change in Fund Balance	36,630	93,053	56,423
Fund Balance, Beginning of Year	<u>3,854,673</u>	<u>3,854,673</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,891,303</u></u>	<u><u>\$ 3,947,726</u></u>	<u><u>\$ 56,423</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Developers Improvement Capital Project Fund
For the Year Ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 178,330	\$ 228,765	\$ 50,435
Charges for services	112,000	103,144	(8,856)
Developer fees	1,326,000	134,387	(1,191,613)
Other	2,100,000	1,000	(2,099,000)
Total Revenues	<u>3,716,330</u>	<u>467,296</u>	<u>(3,249,034)</u>
Expenditures:			
Current:			
Community development	3,518,390	139,138	3,379,252
Capital outlay	3,515,270	509,630	3,005,640
Total Expenditures	<u>7,033,660</u>	<u>648,768</u>	<u>6,384,892</u>
Net Change in Fund Balance	(3,317,330)	(181,472)	3,135,858
Fund Balance, Beginning of Year	<u>11,186,683</u>	<u>11,186,683</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 7,869,353</u></u>	<u><u>\$ 11,005,211</u></u>	<u><u>\$ 3,135,858</u></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, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 82,390	\$ 103,887	\$ 21,497
Intergovernmental	1,641,494	641,494	(1,000,000)
Developer fees	-	1,340	1,340
Total Revenues	<u>1,723,884</u>	<u>746,721</u>	<u>(977,163)</u>
Expenditures:			
Current:			
Public works	108,900	17,400	91,500
Capital outlay	2,708,310	194,690	2,513,620
Total Expenditures	<u>2,817,210</u>	<u>212,090</u>	<u>2,605,120</u>
Net Change in Fund Balance	(1,093,326)	534,631	1,627,957
Fund Balance, Beginning of Year	<u>3,535,764</u>	<u>3,535,764</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,442,438</u>	<u>\$ 4,070,395</u>	<u>\$ 1,627,957</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Redevelopment Project Capital Project Fund
For the Year Ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 6,410	\$ 5,132	\$ (1,278)
Other	-	7,005	7,005
Total Revenues	<u>6,410</u>	<u>12,137</u>	<u>5,727</u>
Expenditures:			
Current:			
Community development	886,110	193,961	692,149
Capital outlay	2,938,970	2,538,306	400,664
Total Expenditures	<u>3,825,080</u>	<u>2,732,267</u>	<u>1,092,813</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,818,670)</u>	<u>(2,720,130)</u>	<u>1,098,540</u>
Other Financing Sources (Uses):			
Transfers in	3,305,000	2,436,917	(868,083)
Transfers out	(100,000)	-	100,000
Total Other Financing Sources (Uses)	<u>3,205,000</u>	<u>2,436,917</u>	<u>(768,083)</u>
Net Change in Fund Balance	(613,670)	(283,213)	330,457
Fund Balance, Beginning of Year	<u>360,469</u>	<u>360,469</u>	-
Fund Balance, End of Year	<u><u>\$ (253,201)</u></u>	<u><u>\$ 77,256</u></u>	<u><u>\$ 330,457</u></u>

NONMAJOR PROPRIETARY FUNDS

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

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

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

CITY OF SAN CLEMENTE
Combining Statement of Net Assets
Nonmajor Proprietary Funds
June 30, 2010

	Clean Ocean	Solid Waste Management	Totals
Assets:			
Current Assets:			
Cash and investments	\$ 2,323,543	\$ 793,929	\$ 3,117,472
Receivables (net of allowances for uncollectible accounts)	396,323	17,134	413,457
Accrued interest	18,639	6,369	25,008
Total Current Assets	2,738,505	817,432	3,555,937
Capital Assets:			
Machinery and equipment	54,741	-	54,741
Construction in progress	7,346	-	7,346
Total Capital Assets	62,087	-	62,087
Less accumulated depreciation	(51,902)	-	(51,902)
Net Capital Assets	10,185	-	10,185
Total Assets	2,748,690	817,432	3,566,122
Liabilities:			
Current Liabilities			
Payable from Current Assets:			
Accounts payable	60,885	17,055	77,940
Accrued wages	10,005	2,036	12,041
Unearned revenue	-	252,007	252,007
Long-term liabilities, current portion	3,249	1,554	4,803
Total Current Liabilities	74,139	272,652	346,791
Long-Term Liabilities:			
Compensated absences payable	14,803	7,078	21,881
Total Liabilities	88,942	279,730	368,672
Net Assets:			
Invested in capital assets	10,185	-	10,185
Unrestricted	2,649,563	537,702	3,187,265
Total Net Assets	\$ 2,659,748	\$ 537,702	\$ 3,197,450

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Proprietary Funds
For the Year Ended June 30, 2010

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ 1,869,740	\$ 115,549	\$ 1,985,289
Other	320,621	35,124	355,745
Total Operating Revenues	<u>2,190,361</u>	<u>150,673</u>	<u>2,341,034</u>
Operating Expenses:			
Salaries and benefits	388,466	93,542	482,008
Cost of materials and supplies	49,186	14,949	64,135
Depreciation	6,718	-	6,718
Maintenance and other operating expenses	1,252,979	190,708	1,443,687
Total Operating Expenses	<u>1,697,349</u>	<u>299,199</u>	<u>1,996,548</u>
Operating Income (Loss)	<u>493,012</u>	<u>(148,526)</u>	<u>344,486</u>
Non-Operating Revenues (Expenses):			
Investment income	58,148	23,326	81,474
Grant income	-	147,993	147,993
Total Non-Operating Revenues	<u>58,148</u>	<u>171,319</u>	<u>229,467</u>
Income (Loss) Before Transfers and Capital Contributions	<u>551,160</u>	<u>22,793</u>	<u>573,953</u>
Transfers:			
Transfers in	12,900	400	13,300
Transfers out	(503,515)	-	(503,515)
Total Transfers	<u>(490,615)</u>	<u>400</u>	<u>(490,215)</u>
Change in Net Assets	60,545	23,193	83,738
Net Assets - Beginning of Year	<u>2,599,203</u>	<u>514,509</u>	<u>3,113,712</u>
Net Assets - End of Year	<u>\$ 2,659,748</u>	<u>\$ 537,702</u>	<u>\$ 3,197,450</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2010

	Clean Ocean	Solid Waste Management	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,042,889	\$ 107,164	\$ 2,150,053
Cash paid to other suppliers of goods or services	(1,431,300)	54,833	(1,376,467)
Cash payment to employees	(386,099)	(93,427)	(479,526)
Cash from other operating revenues	320,621	35,124	355,745
Net Cash Provided by (Used for) Operating Activities	<u>546,111</u>	<u>103,694</u>	<u>649,805</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from other funds	12,900	400	13,300
Cash paid to other funds	(503,515)	-	(503,515)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(490,615)</u>	<u>400</u>	<u>(490,215)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital grants	-	147,993	147,993
Purchase and construction of capital assets	(7,346)	-	(7,346)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(7,346)</u>	<u>147,993</u>	<u>140,647</u>
Cash Flows from Investing Activities:			
Purchase of investments	(1,556,774)	(531,932)	(2,088,706)
Investment income received	59,389	21,624	81,013
Net Cash Provided by (Used for) Investing Activities	<u>(1,497,385)</u>	<u>(510,308)</u>	<u>(2,007,693)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,449,235)	(258,221)	(1,707,456)
Cash and Cash Equivalents at Beginning of Year	2,216,004	520,218	2,736,222
Cash and Cash Equivalents at End of Year	<u>\$ 766,769</u>	<u>\$ 261,997</u>	<u>\$ 1,028,766</u>
Reconciliation of Cash and Cash Equivalents to the balance sheet:			
Cash and cash equivalents	\$ 766,769	\$ 261,997	\$ 1,028,766
Investments	1,556,774	531,932	2,088,706
Total cash and investments per the balance sheet	<u>\$ 2,323,543</u>	<u>\$ 793,929</u>	<u>\$ 3,117,472</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 493,012</u>	<u>\$ (148,526)</u>	<u>\$ 344,486</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	6,718	-	6,718
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	173,149	(8,385)	164,764
Increase (decrease) in accounts payable	(129,135)	260,490	131,355
Increase (decrease) in accrued wages	894	135	1,029
Increase (decrease) in compensated absences	1,473	(20)	1,453
Total Adjustments	<u>53,099</u>	<u>252,220</u>	<u>305,319</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 546,111</u>	<u>\$ 103,694</u>	<u>\$ 649,805</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 data/word processing system and to 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 Assets
Internal Service Funds
June 30, 2010

	Employee Benefits	Central Services
Assets:		
Current Assets:		
Cash and investments	\$ 427,906	\$ 31,476
Receivables (net of allowances for uncollectible accounts):		
Accounts	13,151	-
Accrued interest	-	253
Prepaid expense	-	3,016
Total Current Assets	441,057	34,745
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	539,015
Construction in progress	-	-
Total Capital Assets	-	539,015
Less accumulated depreciation	-	(356,060)
Net Capital Assets	-	182,955
Total Assets	441,057	217,700
Liabilities:		
Current Liabilities:		
Accounts payable	13,215	43,264
Accrued wages	425,970	4,236
Long-term liabilities, current portion	-	39,590
Total Current Liabilities	439,185	87,090
Noncurrent Liabilities:		
Capitalized lease obligations	-	17,929
OPEB obligation	-	-
Compensated absences payable	-	6,640
Claims and judgments payable	-	-
Total Noncurrent Liabilities	-	24,569
Total Liabilities	439,185	111,659
Net Assets:		
Invested in capital assets, net of related debt	-	126,893
Unrestricted	1,872	(20,852)
Total Net Assets	\$ 1,872	\$ 106,041

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 359,306	\$ 3,957,003	\$ 319,464	\$ 2,084,421	\$ 821,087	\$ 8,000,663
-	5,586	10,493	22,163	-	51,393
2,882	32,003	2,563	16,721	6,587	61,009
-	-	-	-	-	3,016
<u>362,188</u>	<u>3,994,592</u>	<u>332,520</u>	<u>2,123,305</u>	<u>827,674</u>	<u>8,116,081</u>
-	201,986	-	-	-	201,986
-	411,227	-	-	-	411,227
442,867	4,416,106	-	-	-	5,397,988
-	238,484	-	-	-	238,484
<u>442,867</u>	<u>5,267,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,249,685</u>
<u>(356,979)</u>	<u>(2,061,637)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,774,676)</u>
<u>85,888</u>	<u>3,206,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,475,009</u>
<u>448,076</u>	<u>7,200,758</u>	<u>332,520</u>	<u>2,123,305</u>	<u>827,674</u>	<u>11,591,090</u>
31,229	142,910	23,335	5,897	7,648	267,498
15,186	-	-	-	2,642	448,034
26,932	-	-	213,040	291,478	571,040
<u>73,347</u>	<u>142,910</u>	<u>23,335</u>	<u>218,937</u>	<u>301,768</u>	<u>1,286,572</u>
-	-	-	-	-	17,929
-	-	299,709	-	-	299,709
122,689	-	-	-	7,838	137,167
-	-	-	213,041	289,758	502,799
<u>122,689</u>	<u>-</u>	<u>299,709</u>	<u>213,041</u>	<u>297,596</u>	<u>957,604</u>
<u>196,036</u>	<u>142,910</u>	<u>323,044</u>	<u>431,978</u>	<u>599,364</u>	<u>2,244,176</u>
85,888	3,206,166	-	-	-	3,418,947
<u>166,152</u>	<u>3,851,682</u>	<u>9,476</u>	<u>1,691,327</u>	<u>228,310</u>	<u>5,927,967</u>
<u>\$ 252,040</u>	<u>\$ 7,057,848</u>	<u>\$ 9,476</u>	<u>\$ 1,691,327</u>	<u>\$ 228,310</u>	<u>\$ 9,346,914</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 601,308
Other	-	31
Total Operating Revenues	-	601,339
Operating Expenses:		
Salaries and benefits	-	176,773
Cost of materials and supplies	-	50,143
Depreciation	-	59,142
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	-	607,956
Total Operating Expenses	-	894,014
Operating Income (Loss)	-	(292,675)
Nonoperating Revenues (Expenses):		
Investment income	-	-
Interest and fiscal charges	-	(7,465)
Gain (loss) on sale of property	-	-
Total Nonoperating Revenues (Expenses)	-	(7,465)
Income (Loss) Before Transfers	-	(300,140)
Transfers:		
Transfers in	-	3,900
Transfers out	-	-
Total Transfers	-	3,900
Change in Net Assets	-	(296,240)
Net Assets - Beginning of Year	1,872	402,281
Net Assets - End of Year	\$ 1,872	\$ 106,041

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,286,030	\$ 1,716,250	\$ 2,621,813	\$ 408,037	\$ 1,300,000	\$ 7,933,438
-	31,043	24,018	22,729	-	77,821
<u>1,286,030</u>	<u>1,747,293</u>	<u>2,645,831</u>	<u>430,766</u>	<u>1,300,000</u>	<u>8,011,259</u>
668,787	-	-	-	93,845	939,405
40,295	400,651	-	-	777	491,866
10,359	308,411	-	-	-	377,912
-	-	-	77,212	-	77,212
-	-	2,454,875	-	-	2,454,875
-	-	-	-	610,245	610,245
-	-	217,576	56,020	854,155	1,127,751
526,535	630,060	69,065	74,979	476,569	2,385,164
<u>1,245,976</u>	<u>1,339,122</u>	<u>2,741,516</u>	<u>208,211</u>	<u>2,035,591</u>	<u>8,464,430</u>
40,054	408,171	(95,685)	222,555	(735,591)	(453,171)
9,349	91,557	2,048	45,792	-	148,746
-	-	-	-	(6,210)	(13,675)
-	124,972	-	-	-	124,972
<u>9,349</u>	<u>216,529</u>	<u>2,048</u>	<u>45,792</u>	<u>(6,210)</u>	<u>260,043</u>
49,403	624,700	(93,637)	268,347	(741,801)	(193,128)
25,420	-	-	-	42,441	71,761
-	-	-	(500,000)	-	(500,000)
<u>25,420</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>42,441</u>	<u>(428,239)</u>
74,823	624,700	(93,637)	(231,653)	(699,360)	(621,367)
<u>177,217</u>	<u>6,433,148</u>	<u>103,113</u>	<u>1,922,980</u>	<u>927,670</u>	<u>9,968,281</u>
<u>\$ 252,040</u>	<u>\$ 7,057,848</u>	<u>\$ 9,476</u>	<u>\$ 1,691,327</u>	<u>\$ 228,310</u>	<u>\$ 9,346,914</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

	Employee Benefits	Central Service
	<u> </u>	<u> </u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ (28)	\$ 601,516
Cash paid to other suppliers of goods or services	4,297	(648,462)
Cash payment to employees	40,757	(172,473)
Cash from other operating revenues	-	31
Net Cash Provided by (Used for) Operating Activities	<u>45,026</u>	<u>(219,388)</u>
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	-	3,900
Cash paid to other funds	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>3,900</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	-
Sale of capital assets	-	-
Payment on capital lease payable	-	(36,812)
Interest and fiscal charges	-	(7,465)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(44,277)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(286,698)	(21,089)
Investment income received	-	2,339
Net Cash Provided by (Used for) Investing Activities:	<u>(286,698)</u>	<u>(18,750)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(241,672)	(278,515)
Cash and Cash Equivalents at Beginning of Year	<u>382,880</u>	<u>288,902</u>
Cash and Cash Equivalents at End of Year	<u>\$ 141,208</u>	<u>\$ 10,387</u>
Reconciliation of Cash and Cash Equivalents to the balance sheet:		
Cash and cash equivalents	\$ 141,208	\$ 10,387
Investments	286,698	21,089
Total cash and investments per the balance sheet	<u>\$ 427,906</u>	<u>\$ 31,476</u>

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,286,030	\$ 1,713,359	\$ 2,615,018	\$ 385,874	\$ 1,452,261	\$ 8,054,030
(575,839)	(1,001,308)	(2,926,157)	(365,792)	(3,108,962)	(8,622,223)
(666,174)	-	299,709	-	(92,281)	(590,462)
-	31,043	24,018	22,729	-	77,821
<u>44,017</u>	<u>743,094</u>	<u>12,588</u>	<u>42,811</u>	<u>(1,748,982)</u>	<u>(1,080,834)</u>
25,420	-	-	-	42,441	71,761
-	-	-	(500,000)	-	(500,000)
<u>25,420</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>	<u>42,441</u>	<u>(428,239)</u>
(58,097)	(1,985,608)	-	-	(340,459)	(2,384,164)
-	173,845	-	-	343,185	517,030
-	-	-	-	-	(36,812)
-	-	-	-	(6,210)	(13,675)
<u>(58,097)</u>	<u>(1,811,763)</u>	<u>-</u>	<u>-</u>	<u>(3,484)</u>	<u>(1,917,621)</u>
(240,735)	(2,651,192)	(214,041)	(1,396,562)	(550,128)	(5,360,445)
9,503	103,710	2,218	51,411	15,977	185,158
<u>(231,232)</u>	<u>(2,547,482)</u>	<u>(211,823)</u>	<u>(1,345,151)</u>	<u>(534,151)</u>	<u>(5,175,287)</u>
(219,892)	(3,616,151)	(199,235)	(1,802,340)	(2,244,176)	(8,601,981)
<u>338,463</u>	<u>4,921,962</u>	<u>304,658</u>	<u>2,490,199</u>	<u>2,515,135</u>	<u>11,242,199</u>
<u>\$ 118,571</u>	<u>\$ 1,305,811</u>	<u>\$ 105,423</u>	<u>\$ 687,859</u>	<u>\$ 270,959</u>	<u>\$ 2,640,218</u>
\$ 118,571	\$ 1,305,811	\$ 105,423	\$ 687,859	\$ 270,959	\$ 2,640,218
240,735	2,651,192	214,041	1,396,562	550,128	5,360,445
<u>\$ 359,306</u>	<u>\$ 3,957,003</u>	<u>\$ 319,464</u>	<u>\$ 2,084,421</u>	<u>\$ 821,087</u>	<u>\$ 8,000,663</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2010

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	Employee Benefits	Central Service
Operating Income (Loss)	\$ -	\$ (292,675)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	59,142
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(28)	208
Increase (decrease) in accounts payable	4,297	9,637
Increase (decrease) in accrued wages	40,757	391
Increase (decrease) in OPEB Obligation	-	-
Increase (decrease) in compensated absences	-	3,909
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	45,026	73,287
Net Cash Provided by (Used for) Operating Activities	\$ 45,026	\$ (219,388)
Noncash investing, capital, and financing activities:		
Unrealized gain(loss) on investments	\$ -	\$ (3,302)

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 40,054	\$ 408,171	\$ (95,685)	\$ 222,555	\$ (735,591)	\$ (453,171)
10,359	308,411	-	-	-	377,912
-	(2,891)	(6,795)	(22,163)	152,261	120,592
(9,009)	29,403	(184,641)	1,497	(104,035)	(252,851)
1,672	-	-	-	446	43,266
-	-	299,709	-	-	299,709
941	-	-	-	1,118	5,968
-	-	-	(159,078)	(1,063,181)	(1,222,259)
<u>3,963</u>	<u>334,923</u>	<u>108,273</u>	<u>(179,744)</u>	<u>(1,013,391)</u>	<u>(627,663)</u>
<u>\$ 44,017</u>	<u>\$ 743,094</u>	<u>\$ 12,588</u>	<u>\$ 42,811</u>	<u>\$ (1,748,982)</u>	<u>\$ (1,080,834)</u>
\$ 1,398	\$ 148	\$ 1,194	\$ 1,152	\$ (19,810)	\$ (19,220)



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, 2010

Assets:	Street Assessment Collection	99-1 AD Collection	99-1 CFD Collection
	<u> </u>	<u> </u>	<u> </u>
Taxes receivable	\$ 7,122	\$ 30	\$ 5,797
Accounts receivable	-	-	-
Accrued interest receivable	28,044	523	5,648
Restricted cash and investments	1,517,593	65,130	448,776
Restricted cash and investments with fiscal agents	<u>673,600</u>	<u>92,573</u>	<u>601,017</u>
Total Assets	<u>\$ 2,226,359</u>	<u>\$ 158,256</u>	<u>\$ 1,061,238</u>
Liabilities:			
Accounts payable	\$ 4,247	\$ 907	\$ 1,154
Accrued wages	-	-	-
Deposits payable	-	-	-
Payable to bondholders	<u>2,222,112</u>	<u>157,349</u>	<u>1,060,084</u>
Total Liabilities	<u>\$ 2,226,359</u>	<u>\$ 158,256</u>	<u>\$ 1,061,238</u>

<u>98-1 RAD PFA Collection</u>	<u>Coastal Animal Services Authority</u>	<u>Totals</u>
\$ 23,306	\$ -	\$ 36,255
-	57,042	57,042
4,749	-	38,964
592,026	206,225	2,829,750
1,268,758	-	2,635,948
<u>\$ 1,888,839</u>	<u>\$ 263,267</u>	<u>\$ 5,597,959</u>
\$ 1,760	\$ 46,205	\$ 54,273
-	31,536	31,536
-	185,526	185,526
1,887,079	-	5,326,624
<u>\$ 1,888,839</u>	<u>\$ 263,267</u>	<u>\$ 5,597,959</u>

CITY OF SAN CLEMENTE
Statement of Changes in
Fiduciary Net Assets
Agency Funds
For the Fiscal Year Ended
June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>STREET ASSESSMENT COLLECTION</u>				
Assets				
Taxes receivable	\$ 11,551	\$ 7,122	\$ 11,551	\$ 7,122
Accrued interest receivable	28,701	45,804	46,461	28,044
Cash and investments	2,116,239	747,861	672,907	2,191,193
Total Assets	<u>\$ 2,156,491</u>	<u>\$ 800,787</u>	<u>\$ 730,919</u>	<u>\$ 2,226,359</u>
Liabilities				
Accounts payable	\$ 2,085	\$ 666,311	\$ 664,149	\$ 4,247
Payable to bondholders	2,154,406	739,133	671,427	2,222,112
Total Liabilities	<u>\$ 2,156,491</u>	<u>\$ 1,405,444</u>	<u>\$ 1,335,576</u>	<u>\$ 2,226,359</u>
<u>99-1 AD COLLECTION</u>				
Assets				
Taxes receivable	\$ 1,310	\$ 30	\$ 1,310	\$ 30
Accrued interest receivable	621	-	98	523
Cash and investments	161,271	295,978	299,546	157,703
Total Assets	<u>\$ 163,202</u>	<u>\$ 296,008</u>	<u>\$ 300,954</u>	<u>\$ 158,256</u>
Liabilities				
Accounts payable	\$ 960	\$ 105,941	\$ 105,994	\$ 907
Payable to bondholders	162,242	198,257	203,150	157,349
Total Liabilities	<u>\$ 163,202</u>	<u>\$ 304,198</u>	<u>\$ 309,144</u>	<u>\$ 158,256</u>
<u>99-1 CFD COLLECTION</u>				
Assets				
Taxes receivable	\$ 260	\$ 5,797	\$ 260	\$ 5,797
Accrued interest receivable	6,212	-	564	5,648
Cash and investments	1,199,061	917,354	1,066,622	1,049,793
Total Assets	<u>\$ 1,205,533</u>	<u>\$ 923,151</u>	<u>\$ 1,067,446</u>	<u>\$ 1,061,238</u>
Liabilities				
Accounts payable	\$ 1,151	\$ 448,860	\$ 448,857	\$ 1,154
Payable to bondholders	1,204,382	485,266	629,564	1,060,084
Total Liabilities	<u>\$ 1,205,533</u>	<u>\$ 934,126</u>	<u>\$ 1,078,421</u>	<u>\$ 1,061,238</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Changes in
Fiduciary Net Assets
Agency Funds
For the Fiscal Year Ended
June 30, 2010

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>98-1 RAD PFA COLLECTION</u>				
Assets				
Taxes receivable	\$ 31,868	\$ 23,306	\$ 31,868	\$ 23,306
Accrued interest receivable	5,785	-	1,036	4,749
Cash and investments	1,777,382	2,255,767	2,172,365	1,860,784
Total Assets	<u>\$ 1,815,035</u>	<u>\$ 2,279,073</u>	<u>\$ 2,205,269</u>	<u>\$ 1,888,839</u>
Liabilities				
Accounts payable	\$ 1,767	\$ 1,156,313	\$ 1,156,320	\$ 1,760
Payable to bondholders	1,813,268	1,103,568	1,029,757	1,887,079
Total Liabilities	<u>\$ 1,815,035</u>	<u>\$ 2,259,881</u>	<u>\$ 2,186,077</u>	<u>\$ 1,888,839</u>
<u>COASTAL ANIMAL SERVICES AUTHORITY</u>				
Assets				
Accounts receivable	\$ 30,863	\$ 61,482	\$ 35,303	\$ 57,042
Cash and investments	262,664	1,323,805	1,380,244	206,225
Total Assets	<u>\$ 293,527</u>	<u>\$ 1,385,287</u>	<u>\$ 1,415,547</u>	<u>\$ 263,267</u>
Liabilities				
Accounts payable	\$ 52,305	\$ 892,087	\$ 898,187	\$ 46,205
Accrued wages	54,267	793,107	815,838	31,536
Deposits payable	186,955	1,657,428	1,658,857	185,526
Total Liabilities	<u>\$ 293,527</u>	<u>\$ 3,342,622</u>	<u>\$ 3,372,882</u>	<u>\$ 263,267</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Taxes receivable	\$ 44,989	\$ 36,255	\$ 44,989	\$ 36,255
Accounts receivable	30,863	61,482	35,303	57,042
Accrued interest receivable	41,319	45,804	48,159	38,964
Cash and investments	5,516,617	5,540,765	5,591,684	5,465,698
Total Assets	<u>\$ 5,633,788</u>	<u>\$ 5,684,306</u>	<u>\$ 5,720,135</u>	<u>\$ 5,597,959</u>
Liabilities				
Accounts payable	\$ 58,268	\$ 3,269,512	\$ 3,273,507	\$ 54,273
Accrued wages	54,267	793,107	815,838	31,536
Deposits payable	186,955	1,657,428	1,658,857	185,526
Payable to bondholders	5,334,298	2,526,224	2,533,898	5,326,624
Total Liabilities	<u>\$ 5,633,788</u>	<u>\$ 8,246,271</u>	<u>\$ 8,282,100</u>	<u>\$ 5,597,959</u>

(Concluded)



**INDEPENDENT AUDITORS' 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**

Honorable Mayor and Members of the City Council
of the City of San Clemente
San Clemente, California

We have audited the accompanying 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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor and Members of the City Council
of the City of San Clemente
San Clemente, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Caporicci & Larson, Inc.

Caporicci & Larson, Inc.
A Subsidiary of Marcum LLP
Certified Public Accountants
Irvine, California
December 22, 2010

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>	122
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	134
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>	140
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>	144
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>	146

CITY OF SAN CLEMENTE

NET ASSETS BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
Governmental Activities				
Invested in capital assets, net of related debt	\$ 82,997,831	\$ 93,841,428	\$ 101,368,966	\$ 107,200,967
Restricted	19,628,964	24,022,643	25,407,502	60,646,071
Unrestricted	52,706,971	56,409,911	64,128,688	34,344,873
Total governmental activities net assets	<u>\$ 155,333,766</u>	<u>\$ 174,273,982</u>	<u>\$ 190,905,156</u>	<u>\$ 202,191,911</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 112,120,717	\$ 119,918,074	\$ 122,398,385	\$ 122,528,356
Restricted	-	-	34,288,047	35,045,918
Unrestricted	43,630,047	43,459,092	12,790,969	15,274,346
Total business-type activities net assets	<u>\$ 155,750,764</u>	<u>\$ 163,377,166</u>	<u>\$ 169,477,401</u>	<u>\$ 172,848,620</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 195,118,548	\$ 213,759,502	\$ 223,767,351	\$ 229,729,323
Restricted	19,628,964	24,022,643	59,695,549	95,691,989
Unrestricted	96,337,018	99,869,003	76,919,657	49,619,219
Total primary government net assets	<u>\$ 311,084,530</u>	<u>\$ 337,651,148</u>	<u>\$ 360,382,557</u>	<u>\$ 375,040,531</u>

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				
2006	2007	2008	2009	2010
\$ 120,396,154	\$ 139,240,988	\$ 150,591,242	\$ 160,753,531	\$ 164,975,785
63,848,558	73,257,751	72,576,665	70,789,068	72,358,104
36,731,775	32,975,491	34,432,738	36,234,606	33,143,594
<u>\$ 220,976,487</u>	<u>\$ 245,474,230</u>	<u>\$ 257,600,645</u>	<u>\$ 267,777,205</u>	<u>\$ 270,477,483</u>
\$ 128,145,144	\$ 138,419,739	\$ 141,188,272	\$ 148,073,703	\$ 145,862,033
37,706,913	43,020,332	45,175,807	44,132,042	48,219,563
13,211,871	7,061,711	9,510,733	5,255,209	2,535,183
<u>\$ 179,063,928</u>	<u>\$ 188,501,782</u>	<u>\$ 195,874,812</u>	<u>\$ 197,460,954</u>	<u>\$ 196,616,779</u>
\$ 248,541,298	\$ 277,660,727	\$ 291,779,514	\$ 308,827,234	\$ 310,837,818
101,555,471	116,278,083	117,752,472	114,921,110	120,577,667
49,943,646	40,037,202	43,943,471	41,489,815	35,678,777
<u>\$ 400,040,415</u>	<u>\$ 433,976,012</u>	<u>\$ 453,475,457</u>	<u>\$ 465,238,159</u>	<u>\$ 467,094,262</u>

CITY OF SAN CLEMENTE

CHANGES IN NET ASSETS

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2002	2003	2004
Expenses			
Governmental activities:			
General government	\$ 4,810,896	\$ 7,864,392	\$ 5,271,633
Public safety ¹	11,252,691	12,675,190	13,378,603
Police			
Fire			
Economic development ²	13,025,687	15,154,477	13,807,963
Public works			
Community development			
Beaches, parks & recreation	6,141,525	6,893,752	7,193,450
Interest and fiscal charges	543,426	369,162	360,154
Total governmental activities expenses	<u>35,774,225</u>	<u>42,956,973</u>	<u>40,011,803</u>
Business-type activities:			
Water	9,732,719	10,128,995	10,244,563
Sewer	6,102,476	6,416,001	6,621,163
Golf	1,779,326	1,762,402	1,897,026
Other	114,468	700,328	1,001,525
Total business-type activities expenses	<u>17,728,989</u>	<u>19,007,726</u>	<u>19,764,277</u>
Total primary government expenses	<u>53,503,214</u>	<u>61,964,699</u>	<u>59,776,080</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	1,505,745	3,662,307	3,438,615
Public safety ¹	3,105,344	2,690,730	2,699,963
Police			
Fire			
Economic development ²	10,282,248	10,500,301	11,962,370
Public works			
Community development			
Beaches, parks & recreation	2,398,244	5,361,753	4,542,378
Operating grants and contributions	1,364,145	705,628	677,916
Capital grants and contributions	18,693,004	4,185,328	3,467,440
Total governmental activities program revenues	<u>37,348,730</u>	<u>27,106,047</u>	<u>26,788,682</u>
Business-type activities:			
Charges for services:			
Water	11,640,686	11,635,122	12,668,783
Sewer	7,400,557	7,133,464	7,090,001
Golf	2,234,317	1,859,841	2,227,188
Other	106,412	960,404	2,352,116
Operating grants and contributions	-	4,922,145	2,140,342
Capital grants and contributions	187,134	-	-
Total business-type activities program revenues	<u>21,569,106</u>	<u>26,510,976</u>	<u>26,478,430</u>
Total primary government program revenues	<u>58,917,836</u>	<u>53,617,023</u>	<u>53,267,112</u>
Net (expense)/revenue:			
Governmental activities	1,574,505	(15,850,926)	(13,223,121)
Business-type activities	3,840,117	7,503,250	6,714,153
Total primary government net expense	<u>\$ 5,414,622</u>	<u>\$ (8,347,676)</u>	<u>\$ (6,508,968)</u>

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 6,714,032	\$ 9,648,050	\$ 8,618,717	\$ 7,067,972	\$ 8,590,506	\$ 8,197,612
14,217,552	9,565,635	10,111,028	11,432,223	11,643,872	12,295,976
	5,710,457	6,193,700	6,396,679	6,646,647	6,931,220
16,654,803	9,070,583	22,373,476	9,824,925	9,651,386	10,665,664
	5,396,690	6,515,898	6,180,679	6,372,669	7,524,036
8,316,082	8,725,821	9,519,314	9,817,651	10,258,139	10,173,361
345,345	334,736	365,633	326,509	302,728	284,613
<u>46,247,814</u>	<u>48,451,972</u>	<u>63,697,766</u>	<u>51,046,638</u>	<u>53,465,947</u>	<u>56,072,482</u>
10,636,696	11,829,322	12,039,439	12,347,470	14,918,006	15,128,156
7,798,634	8,761,770	8,261,682	8,544,283	10,410,640	9,739,844
1,934,882	2,197,204	2,152,574	2,260,402	2,286,334	2,163,580
<u>1,207,503</u>	<u>1,461,065</u>	<u>1,493,220</u>	<u>1,927,960</u>	<u>1,808,289</u>	<u>1,982,432</u>
<u>21,577,715</u>	<u>24,249,361</u>	<u>23,946,915</u>	<u>25,080,115</u>	<u>29,423,269</u>	<u>29,014,012</u>
<u>67,825,529</u>	<u>72,701,333</u>	<u>87,644,681</u>	<u>76,126,753</u>	<u>82,889,216</u>	<u>85,086,494</u>
4,734,491	2,537,862	2,880,811	2,643,881	2,674,407	2,408,851
2,039,859	1,180,869	1,068,480	1,012,436	1,167,198	977,562
	582,914	637,426	564,867	793,180	823,135
7,167,035	1,320,339	1,154,858	962,317	800,669	879,257
	4,585,546	3,690,114	2,914,280	1,412,939	1,619,726
5,521,121	1,899,328	2,161,531	2,592,051	2,482,348	2,831,200
956,864	3,901,444	5,730,426	3,303,950	2,670,368	3,373,731
326,812	14,557,681	31,132,043	10,039,908	10,049,727	4,463,625
<u>20,746,182</u>	<u>30,565,983</u>	<u>48,455,689</u>	<u>24,033,690</u>	<u>22,050,836</u>	<u>17,377,087</u>
12,236,707	10,216,817	12,192,798	12,324,113	12,447,776	12,485,605
7,276,394	7,285,939	7,558,957	8,134,083	8,132,002	8,358,121
2,034,533	2,057,159	2,100,371	2,250,182	2,132,715	2,023,047
2,428,837	1,985,933	2,063,647	2,049,309	2,010,211	1,985,289
-	-	-	-	-	-
906,385	4,129,369	5,498,771	2,693,366	3,025,094	769,923
<u>24,882,856</u>	<u>25,675,217</u>	<u>29,414,544</u>	<u>27,451,053</u>	<u>27,747,798</u>	<u>25,621,985</u>
<u>45,629,038</u>	<u>56,241,200</u>	<u>77,870,233</u>	<u>51,484,743</u>	<u>51,484,743</u>	<u>51,484,743</u>
(25,501,632)	(17,885,989)	(15,242,077)	(27,012,948)	(31,415,111)	(38,695,395)
3,305,141	1,425,856	5,467,629	2,370,938	(1,675,471)	(3,392,027)
<u>\$ (22,196,491)</u>	<u>\$ (16,460,133)</u>	<u>\$ (9,774,448)</u>	<u>\$ (24,642,010)</u>	<u>\$ (33,090,582)</u>	<u>\$ (42,087,422)</u>

(Continued)

CITY OF SAN CLEMENTE

CHANGES IN NET ASSETS

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

	Fiscal Year		
	2002	2003	2004
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 10,965,899	\$ 12,814,927	\$ 14,619,234
Sales taxes	5,065,266	5,473,506	6,213,258
Sales taxes - in lieu	-	-	-
Transient occupancy taxes	1,018,697	980,666	1,049,910
Franchise taxes	1,378,642	1,408,820	1,552,704
Other taxes	4,535,265	4,885,626	2,931,927
Assessments	664,291	6,501,604	1,700,901
Investment earnings	4,276,421	2,594,358	(189,088)
Miscellaneous	273,685	247,250	391,678
Gain on sale of capital assets	204,126	7,537	969,853
Transfers	(2,370,642)	(123,152)	613,918
Total governmental activities	<u>26,011,650</u>	<u>34,791,142</u>	<u>29,854,295</u>
Business-type activities:			
Investment earnings	-	-	-
Gain/Loss on sale of capital assets	-	-	-
Miscellaneous	-	-	-
Transfers	2,370,642	123,152	(613,918)
Total business-type activities	<u>2,370,642</u>	<u>123,152</u>	<u>(613,918)</u>
Total primary government	<u>\$ 28,382,292</u>	<u>\$ 34,914,294</u>	<u>\$ 29,240,377</u>
Change in Net Assets			
Governmental activities	27,586,155	18,940,216	16,631,174
Business-type activities	6,210,759	7,626,402	6,100,235
Total primary government	<u>\$ 33,796,914</u>	<u>\$ 26,566,618</u>	<u>\$ 22,731,409</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						
2005	2006	2007	2008	2009	2010	
\$ 19,904,158	\$ 22,663,198	\$ 25,502,996	\$ 27,691,490	\$ 27,676,009	\$ 27,114,216	
5,199,568	5,260,019	5,670,986	5,628,813	4,530,994	4,965,641	
1,625,595	1,375,318	1,643,898	1,981,820	2,014,780	1,308,380	
1,161,392	1,264,514	1,362,015	1,465,852	1,309,644	1,371,937	
1,727,451	2,127,233	3,185,831	2,163,287	2,246,570	2,166,871	
2,608,978	617,638	533,679	475,611	1,250,768	1,353,846	
636,041	668,756	-	-	-	-	
2,626,787	2,144,246	3,061,219	2,070,969	2,155,014	2,152,699	
798,840	4,832	108,176	306,842	42,135	722,562	
22,867	(18,819)	-	(2,695,057)	-	-	
692,970	563,630	(1,328,980)	49,736	365,757	239,521	
<u>37,004,647</u>	<u>36,670,565</u>	<u>39,739,820</u>	<u>39,139,363</u>	<u>41,591,671</u>	<u>41,395,673</u>	
761,419	1,086,795	2,822,400	2,747,619	2,208,881	1,406,190	
(2,371)	-	-	(662,391)	-	-	
-	4,266,287	1,409,345	1,376,100	1,418,489	1,381,183	
<u>(692,970)</u>	<u>(563,630)</u>	<u>1,328,980</u>	<u>(49,736)</u>	<u>(365,757)</u>	<u>(239,521)</u>	
66,078	4,789,452	5,560,725	3,411,592	3,261,613	2,547,852	
<u>\$ 37,070,725</u>	<u>\$ 41,460,017</u>	<u>\$ 45,300,545</u>	<u>\$ 42,550,955</u>	<u>\$ 44,853,284</u>	<u>\$ 43,943,525</u>	
11,503,015	18,784,576	24,497,743	12,126,415	10,176,560	2,700,278	
3,371,219	6,215,308	11,028,354	5,782,530	1,586,142	(844,175)	
<u>\$ 14,874,234</u>	<u>\$ 24,999,884</u>	<u>\$ 35,526,097</u>	<u>\$ 17,908,945</u>	<u>\$ 11,762,702</u>	<u>\$ 1,856,103</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
2000-2001	8,356,636	5,267,552	994,902	1,229,028	964,218	16,812,336
2001-2002	10,976,969	5,065,266	1,018,697	1,378,642	649,562	19,089,136
2002-2003	12,812,601	5,473,506	980,667	1,408,820	669,742	21,345,336
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

Note:

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

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
2001-2002	\$ 10,965,899	\$ 5,065,266	\$ 1,018,697	\$ 1,378,642	\$ 2,262,765	\$ 2,936,791	\$ 23,628,060
2002-2003	12,814,927	5,473,506	980,666	1,408,820	8,201,476	3,185,754	32,065,149
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

Note:

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

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.

CITY OF SAN CLEMENTE

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
General fund				
Reserved	\$ 840,084	\$ 913,246	\$ 655,693	\$ 913,246
Unreserved	15,678,694	13,204,037	16,920,044	13,204,037
Total general fund	<u>\$ 16,518,778</u>	<u>\$ 14,117,283</u>	<u>\$ 17,575,737</u>	<u>\$ 14,117,283</u>
All other governmental funds				
Reserved	\$ 35,866,450	\$ 32,265,740	\$ 34,587,366	\$ 32,265,740
Unreserved, reported in:				
Special revenue funds	5,628,202	5,056,323	5,420,890	5,056,323
Capital projects funds	(1,722,777)	14,624,165	19,797,413	14,624,165
Debt service funds	-	-	(2,309,871)	-
Total all other governmental funds	<u>\$ 39,771,875</u>	<u>\$ 51,946,228</u>	<u>\$ 57,495,798</u>	<u>\$ 51,946,228</u>

Source: City of San Clemente

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 3,057,948	\$ 6,851,143	\$ 7,270,478	\$ 5,144,358	\$ 5,023,665	\$ 4,649,496
24,158,171	21,648,599	18,996,871	20,380,390	20,070,766	18,836,396
<u>\$ 27,216,119</u>	<u>\$ 28,499,742</u>	<u>\$ 26,267,349</u>	<u>\$ 25,524,748</u>	<u>\$ 25,094,431</u>	<u>\$ 23,485,892</u>
\$ 42,189,068	\$ 56,272,435	\$ 79,299,565	\$ 81,250,042	\$ 79,749,708	\$ 69,850,312
4,019,549	(6,233,102)	(6,051,182)	654,026	4,370,589	6,190,722
17,134,321	15,506,770	748,444	(7,833,364)	(11,345,685)	(1,218,011)
<u>(1,793,022)</u>	<u>(994,400)</u>	<u>(370,320)</u>	<u>(719,835)</u>	<u>486,740</u>	<u>(2,545,344)</u>
<u>\$ 61,549,916</u>	<u>\$ 64,551,703</u>	<u>\$ 73,626,507</u>	<u>\$ 73,350,869</u>	<u>\$ 73,261,352</u>	<u>\$ 72,277,679</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
Taxes	\$ 18,363,313	\$ 19,089,136	\$ 21,345,336	\$ 24,065,057
Licenses and permits	5,361,788	4,774,658	3,860,693	4,345,416
Fines and forfeits	956,556	960,459	996,500	872,930
Interest and rentals	5,507,379	5,721,366	4,072,323	1,188,381
Intergovernmental	6,600,977	10,905,720	6,913,673	6,519,475
Charges for services	7,812,347	7,973,166	7,762,794	10,555,824
Developers fees	10,259,902	17,538,825	7,276,576	4,712,400
Contributions	-	-	1,683,347	239,424
Other	421,206	1,036,922	1,330,126	188,133
Total revenues	<u>55,283,468</u>	<u>68,000,252</u>	<u>55,241,368</u>	<u>52,687,040</u>
Expenditures				
General government	5,199,048	5,521,902	4,970,714	5,281,848
Public safety	10,636,471	11,212,588	12,635,091	13,335,293
Police				
Fire				
Economic development	9,634,966	9,832,234	9,708,155	11,033,231
Public works				
Community development				
Beaches, parks and recreation	5,003,671	5,535,420	6,358,051	7,024,902
Capital outlay	17,853,001	17,184,889	17,879,090	8,891,849
Debt service:				
Property tax shift	-	-	40,957	72,464
Principal retirements	291,540	772,199	93,748	156,820
Interest and fiscal charges	554,090	543,426	369,162	356,256
Total expenditures	<u>49,172,787</u>	<u>50,602,658</u>	<u>52,054,968</u>	<u>46,152,663</u>
Excess of revenues over (under) expenditures	17,397,594	3,186,400	6,534,377	6,037,479
Other financing sources (uses)				
Transfers in	3,632,371	4,773,789	10,957,023	3,651,763
Transfers out	(2,700,273)	(9,188,219)	(4,719,729)	(3,218,083)
Sale of capital assets	-	-	-	1,103,924
Total other financing sources (uses)	<u>932,098</u>	<u>(4,414,430)</u>	<u>6,237,294</u>	<u>1,537,604</u>
Net change in fund balances	<u>\$ 18,329,692</u>	<u>\$ (1,228,030)</u>	<u>\$ 12,771,671</u>	<u>\$ 7,575,083</u>
Debt service as a percentage of noncapital expenditures	3%	4%	1%	1%

Source: City of San Clemente

Fiscal Year

	2005	2006	2007	2008	2009	2010
\$	29,758,524	\$ 33,375,587	\$ 37,703,296	\$ 39,381,570	\$ 38,642,481	\$ 35,436,230
	3,201,431	3,271,025	2,782,916	2,095,709	1,714,112	2,083,840
	913,447	921,583	896,133	880,206	1,033,082	820,170
	4,048,545	3,783,715	6,922,912	6,480,064	5,700,804	3,998,962
	5,116,208	6,748,776	8,305,713	7,555,145	6,987,223	5,975,543
	9,721,047	9,096,580	7,577,287	6,716,282	6,664,560	6,905,663
	4,257,756	4,397,324	918,600	444,916	203,899	238,620
	600	10,611	-	-	-	-
	125,515	191,600	665,580	473,262	168,956	892,015
	<u>57,143,073</u>	<u>61,796,801</u>	<u>65,772,437</u>	<u>64,027,154</u>	<u>61,115,117</u>	<u>56,351,043</u>
	6,062,696	6,506,896	6,868,943	7,169,531	7,311,045	7,740,422
	14,196,737	9,569,745	10,091,550	11,452,808	11,658,831	12,344,203
		5,670,855	6,013,151	6,234,977	6,484,946	6,769,519
	13,766,323	8,520,415	6,569,089	6,996,705	6,477,525	6,995,428
		5,194,929	5,689,852	5,841,406	5,561,874	6,139,496
	7,281,436	7,763,991	8,633,081	8,635,436	9,113,582	8,699,948
	9,229,162	11,343,516	13,956,352	16,702,514	13,515,137	9,353,222
	149,284	152,953	26,852	24,463	504,204	1,052,656
	80,000	85,000	95,000	100,000	105,000	115,000
	339,956	331,731	321,686	308,786	291,444	279,293
	<u>51,105,594</u>	<u>55,140,031</u>	<u>58,265,556</u>	<u>63,466,626</u>	<u>61,023,588</u>	<u>59,489,187</u>
	6,656,770	7,506,881	7,506,881	560,528	91,529	(3,138,144)
	4,861,030	4,515,034	15,653,591	12,485,771	5,154,595	5,967,593
	(4,347,450)	(6,886,394)	(16,318,061)	(14,098,155)	(5,800,958)	(5,492,613)
	-	-	-	33,617	35,000	70,952
	<u>513,580</u>	<u>(2,371,360)</u>	<u>(664,470)</u>	<u>(1,578,767)</u>	<u>(611,363)</u>	<u>545,932</u>
\$	<u>7,170,350</u>	<u>5,135,521</u>	<u>6,842,411</u>	<u>(1,018,239)</u>	<u>(519,834)</u>	<u>(2,592,212)</u>
	1%	1%	1%	1%	1%	1%

CITY OF SAN CLEMENTE

ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	City and Redevelopment Agency		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured Value	Unsecured Value		
2000 - 2001	5,025,254,373	113,271,434	5,138,525,807	1.00%
2001 - 2002	5,750,130,638	136,380,643	5,886,511,281	1.00%
2002 - 2003	6,672,182,748	159,513,135	6,831,695,883	1.00%
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%

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
5,138,525,807	100%
5,886,511,281	100%
6,831,695,883	100%
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%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2001	2002	2003	2004
Orange County Flood Control District	\$ -	\$ -	\$ -	\$ -
Metropolitan Water District	.0088	.0077	.0067	.0061
Capistrano Unified School District (various issues)	.0086	.0083	.0105	.0129
Tri-Cities Municipal Water District	-	-	-	-
Capistrano Beach Sanitary District	-	-	-	-
Total Basic Tax Levy per Article 13A of California State Constitution	1.0000	1.0000	1.0000	1.0000
	<u>\$ 1.0174</u>	<u>\$ 1.0160</u>	<u>\$ 1.0172</u>	<u>\$ 1.0190</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					
2005	2006	2007	2008	2009	2010
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
.0058	.0052	.0047	.0045	.0043	.0043
.0119	.0108	.0095	.0102	.0097	.0108
-	-	-	-	-	-
-	-	-	-	-	-
<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
<u>\$ 1.0177</u>	<u>\$ 1.0160</u>	<u>\$ 1.0142</u>	<u>\$ 1.0147</u>	<u>\$ 1.0140</u>	<u>\$ 1.0151</u>

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

Taxpayer	Type of Business	2010			2001		
		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	\$ 125,819,682	1	1.00%	\$ -		
Seacrest San Clemente LP	Real Estate	91,124,046	2	0.72%	21,694,849	7	0.42%
Villa San Clemente LLC	Real Estate	62,934,099	3	0.50%	-		
BRE-FMCA LLC	Real Estate	60,901,561	4	0.48%	-		
SAF Whispering Winds LLC	Real Estate	50,278,041	5	0.40%	-		
Centro Watt Operating Partnership LLC	Real Estate	41,191,262	6	0.33%	-		
Cox Communications Inc.	Public Utilities	26,419,738	7	0.21%	-		
Batido I LLC	Real Estate	24,204,906	8	0.19%	-		
Raymond Taccolini Trust	Real Estate	22,791,214	9	0.18%	-		
New Alberton's Inc.	Grocery	21,493,817	10	0.17%			
Catellus Residential Group, Inc.	Real Estate	-			32,203,739	1	0.63%
Standard Pacific Corporation	Real Estate	-			31,830,635	2	0.62%
LBK IB Limited Partnership	Real Estate	-			27,622,216	3	0.54%
ICU Medical, Inc.	Medical	-			26,321,243	4	0.51%
Pacific Golf Club, Inc.	Golf Course	-			23,427,330	5	0.46%
Talega Associates	Real Estate	-			23,364,651	6	0.45%
M & H Realty Partners III	Real Estate	-			19,994,944	8	0.39%
OBSHP Company No. 2, LLC	Agricultural	-			19,685,000	9	0.38%
Shea Homes Limited Partnership	Real Estate	-			17,000,000	10	0.33%
		<u>\$ 527,158,366</u>		<u>4.17%</u>	<u>\$ 243,144,607</u>		<u>4.73%</u>

CITY OF SAN CLEMENTE

PROPERTY TAX LEVIES AND COLLECTIONS (1)

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percent of Levy		Amount	Percent of Levy	Amount	Percent of Levy
2000 - 2001	11,354,546	11,138,314	98.10%	228,028	11,366,342	100.10%	270,748	2.38%
2001 - 2002	12,103,606	11,516,653	95.15%	188,043	11,704,696	96.70%	235,679	1.95%
2002 - 2003	13,836,882	13,412,596	96.93%	237,488	13,650,084	98.65%	297,012	2.15%
2003 - 2004	15,305,359	15,143,845	98.95%	299,444	15,443,289	100.91%	216,357	1.42%
2004 - 2005	16,559,037	21,306,966	128.67%	216,894	21,523,860	129.98%	281,451	1.70%
2005 - 2006	20,652,249	26,157,146	126.66%	248,893	26,406,039	127.86%	440,028	2.13%
2006 - 2007	29,847,548	29,460,098	98.70%	407,428	29,867,526	100.07%	800,561	2.68%
2007 - 2008	32,658,925	32,141,936	98.42%	534,706	32,676,641	100.05%	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%

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.

Source: Orange County Auditor Controller's Office

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			
2000 - 2001	3,400,000	37,355,000	1,091,349	85,531	41,931,880	2.18%	799
2001 - 2002	3,335,000	35,370,000	310,451	64,223	39,079,674	1.90%	712
2002 - 2003	3,265,000	33,140,000	226,863	48,031	36,679,894	1.57%	604
2003 - 2004	3,190,000	31,040,000	51,576	6,318	34,287,894	1.45%	543
2004 - 2005	3,110,000	28,805,000	31,070	-	31,946,070	1.28%	489
2005 - 2006	3,025,000	26,435,000	177,711	-	29,637,711	1.13%	447
2006 - 2007	2,930,000	23,905,000	147,207	-	26,982,207	0.98%	400
2007 - 2008	2,830,000	22,960,000	110,278	-	25,900,278	0.68%	381
2008 - 2009	2,725,000	22,040,000	91,953	-	24,856,953	0.85%	364
2009 - 2010	2,610,000	20,690,000	56,062	-	23,356,062	0.72%	340

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, 2010

2008-09 assessed valuation was \$12,614,040,547 (\$12,855,038,349 plus
Redevelopment Agency incremental valuation of \$240,997,802)

	%	Debt
	Applicable	June 30, 2010
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	0.685%	\$ 1,809,907
Capistrano Unified School District School Facilities Improvement District No. 1	23.14%	11,843,414
Santa Margarita Water District CFD No. 99-1	100%	100,090,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	91,615,000
City of San Clemente Community Facilities District No. 99-1	100%	5,455,000
City of San Clemente 1915 Act Bonds	100%	15,415,000
TOTAL OVERLAPPING TAX AND ASSESSED DEBT		226,228,321
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Orange County General Fund Obligations	3.309%	12,939,083
Orange County Pension Obligations	3.309%	1,963,342
Orange County Board of Education Certificates of Participation	3.309%	636,321
Orange County Fire Authority	6.452%	231,627
Municipal Water District of Orange County Water Facilities Corporation	3.912%	624,551
South Coast Water District Revenue Bonds	2.558%	71,112
South Orange County Community College District Certificates of Participation	7.675%	1,446,354
Capistrano Unified School District Certificates of Participation	19.254%	4,588,228
City of San Clemente Certificates of Participation	100%	2,610,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		25,110,618
LESS: MWDOC WATER FACILITIES CORPORATION (100% SELF-SUPPORTING)		624,551
LESS: SOUTH COAST WATER DISTRICT (100% SELF-SUPPORTING)		71,112
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 24,414,955
GROSS COMBINED TOTAL DEBT		251,338,939
NET COMBINED TOTAL DEBT		250,643,276

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.

CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2001	2002	2003	2004
Assessed valuation	\$ 4,615,202,445	\$ 5,138,525,807	\$ 5,886,511,281	\$ 6,831,695,883
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,153,800,611	1,284,631,452	1,471,627,820	1,707,923,971
Debt limit percentage	15%	15%	15%	15%
Debt limit	173,070,092	192,694,718	220,744,173	256,188,596
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 173,070,092</u>	<u>\$ 192,694,718</u>	<u>\$ 220,744,173</u>	<u>\$ 256,188,596</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						
2005	2006	2007	2008	2009	2010	
\$ 7,738,679,928	\$ 7,707,375,828	\$ 9,999,403,871	\$ 12,486,975,516	\$ 12,855,038,349	\$ 12,631,336,846	
25%	25%	25%	25%	25%	25%	
1,934,669,982	1,926,843,957	2,499,850,968	3,121,743,879	3,213,759,587	3,157,834,212	
15%	15%	15%	15%	15%	15%	
290,200,497	289,026,594	374,977,645	468,261,582	482,063,938	473,675,132	
-	-	-	-	-	-	
<u>\$ 290,200,497</u>	<u>\$ 289,026,594</u>	<u>\$ 374,977,645</u>	<u>\$ 468,261,582</u>	<u>\$ 482,063,938</u>	<u>\$ 473,675,132</u>	
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)
2000 - 2001	52,455	1,921,531	36,632	37	N/A	8,287	2.0%
2001 - 2002	54,919	2,062,044	37,547	38	N/A	8,104	3.2%
2002 - 2003	60,701	2,343,726	38,611	38	90%	8,487	3.1%
2003 - 2004	63,100	2,367,512	37,520	38	90%	8,733	2.50%
2004 - 2005	65,338	2,493,102	38,157	38	90%	9,072	3.00%
2005 - 2006	66,280	2,617,529	39,492	38	90%	9,361	2.70%
2006 - 2007	67,373	2,749,626	40,812	38	90%	9,468	2.70%
2007 - 2008	67,892	3,835,898	56,500	38	90%	9,550	3.90%
2008 - 2009	68,316	2,939,706	43,031	40	94%	9,659	6.40%
2009 - 2010	68,763	3,237,224	47,078	40	90%	9,700	7.56%

- Sources:
- (1) State Department of Finance
 - (2) Office of Economic Development
 - (3) 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	2010			2001		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District	553	1	2.97%	Not available		
ICU Medical	400	2	2.15%			
City of San Clemente	306	3	1.64%			
Cross Section Ventures	300	4	1.61%			
Ethical Nutrients	280	5	1.50%			
Ralph's	266	6	1.43%			
Albertson's	249	7	1.34%			
Fisherman's Restaurants	195	8	1.05%			
Walmart	190	9	1.02%			
Inspirational Films	180	10	0.97%			

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

Source: State Department of Commerce
 City of San Clemente
 InfoUSA

CITY OF SAN CLEMENTE

FULL-TIME EQUIVALENT CITY
GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Years									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	28	28	28	28	30	29	31	31	34	34
Public safety										
Police (contract)	62	63	63	63	55	55	55	56	57	57
Fire (contract)	37	37	37	37	41	42	43	43	43	43
Marine Safety	13	13	13	13	13	7	7	7	7	7
Community Development										
Engineering	22	22	22	22	23	24	24	24	24	22
Building	12	13	13	14	15	22	22	15	15	14
Code Compliance	3	3	3	3	4	4	4	7	5	5
Planning	10	10	10	12	12	12	12	12	12	12
Administration	3	3	3	3	3	3	3	3	3	3
Public Works	3	3	3	3	3	3	3	3	3	3
Maintenance	16	16	15	16	16	17	17	17	17	18
Beaches, Parks, and Recreation	25	25	27	30	31	23	26	28	27	27
Water	20	23	23	23	23	22	22	23	23	25
Sewer	15	17	17	17	18	24	24	24	23	20
Clean Ocean	-	-	4	4	5	7	7	7	4	4
Storm Drain Utility	1	1	1	1	2	2	2	2	2	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	16	16	16	16	16	10	10	10	10	9
Total	287	292	299	306	311	305	311	309	309	306

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2001	2002	2003	2004	2005
Police					
Arrests - adult/juvenile	1,910	2,216	1,519	1,951	2,192
Parking citations issued	21,128	24,347	22,742	21,947	23,623
Fire					
Number of fire calls	110	99	86	89	77
Number of emergency medical calls	1,713	1,689	1,937	2,262	2,324
Inspections	2,557	2,700	1,786	1,320	1,396
Highways and streets					
Street resurfacing (miles) **	N.A.	8.48	0.45	4.63	3.48
Beaches, parks and recreation					
Number of recreation classes, activities, and clinics	434	N.A.	2,187	3,221	3,704
Total experiences in classes, activities, and clinics	157,544	N.A.	152,538	154,560	174,792
Total number of facility rentals	2,572	N.A.	3,173	3,208	3,414
Golf rounds played	100,887	96,298	77,985	86,379	73,847
Water					
New customers	344	547	320	186	95
Average daily consumption (thousands of gallons)	8,519	9,398	9,127	9,226	8,602
Sewer					
New customers	131	584	243	265	117
Average daily sewage treatment (thousands of gallons)	4,380	4,360	4,430	4,450	4,660

N.A. - not available

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

** Changed amounts during 2010 and was not able to estimate the measurement as of FY 2001.

Source: City of San Clemente

Fiscal Year				
2006	2007	2008	2009	2010
2,492	3,608	3,312	3,662	1,771
22,523	20,331	20,652	22,528	17,855
81	99	84	70	72
2,365	2,114	2,283	2,159	2,418
1,647	1,221	1,203	968	1,361
2.65	5.27	6.06	4.24	3.50
4,033	568	531	514	452
170,015	120,903	86,882	89,464	104,879
3,398	1,043	1,238	1,169	694
86,564	95,375	95,898	95,190	91,834
156	190	24	27	7
10,333	9,833	9,329	9,901	8,396
901	42	33	19	3
4,708	4,206	4,120	4,050	3,971

CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2001	2002	2003	2004	2005
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	122.08	127.14	131.76	132.60	133.10
Streetlights	2,956	2,967	3,039	3,183	3,185
Traffic signals	44	48	51	58	69
Beaches, parks and recreation					
Parks	18	19	19	19	21
Swimming pools	1	1	1	1	2
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)	167.90	170.60	172.80	172.90	172.90
Fire hydrants	2,051	2,093	2,135	2,179	2,224
Maximum daily capacity (thousands of gallons)	12,500	12,500	12,500	12,500	12,500
Sewer					
Sanitary sewers (miles)	176.90	178.40	179.15	179.15	179.15
Storm sewers (miles)	51.40	53.50	57.60	57.60	57.60
Maximum daily treatment capacity (thousands of gallons)	6,976	6,976	6,976	6,976	6,976

N.A. - not available

Fiscal Year				
2006	2007	2008	2009	2010
1	1	1	1	1
3	3	3	3	3
131.10	131.15	134.00	149.68	134.00
3,259	3,259	3,357	3,357	3,360
68	70	72	74	74
21	25	20	20	19
2	2	1	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
173.10	173.10	206.40	206.40	206.40
2,230	2,230	2,281	2,281	2,281
13,571	12,297	12,600	12,600	12,600
179.15	179.15	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