



# City of San Clemente

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009





### **“Coastal Commute: Eastbound”**

Paul Gavin finds and paints the extraordinary in the ordinary. While pelicans flying in formation along the San Clemente coast are a common sight, Paul watches them carefully and noticed one “sky train” with wings under-lit orange by the setting sun. That was the painting. Similar is the last bit of light on the pier in his “Playa Romantica: sunset Pier” and the catching the offshore breeze in “Poche Beach Flag.” [www.gavinarts.com](http://www.gavinarts.com)

**CITY OF SAN CLEMENTE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**



**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, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal .....	i-v
Principal Officials .....	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	vii
Organization Chart.....	viii
 <u>FINANCIAL SECTION</u>	
Independent Auditors’ Report.....	1
Management’s Discussion and Analysis (unaudited).....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities and Changes in Net Assets.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Assets – Proprietary Funds.....	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds .....	28
Statement of Cash Flows – Proprietary Funds .....	30
Statement of Net Assets – Fiduciary Funds .....	34
Statement of Changes in Plan Net Assets – Pension Trust Fund – Fiduciary Fund...	35
Notes to the Financial Statements .....	37
Required Supplementary Information (unaudited):	
Note to the Required Supplementary Information.....	67
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund.....	69
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Redevelopment Debt Service Fund.....	71
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Public Facilities Construction Capital Projects Fund .....	72

CITY OF SAN CLEMENTE  
 Comprehensive Annual Financial Report (Continued)  
 June 30, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Parks Acquisition and Development Capital Projects Fund.....	73
Nonmajor Governmental Funds:	
Descriptions of Nonmajor Governmental Funds .....	75
Combining Balance Sheet – Nonmajor Governmental Funds.....	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	82
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Gas Tax Special Revenue Fund .....	86
Air Quality Improvement Special Revenue Fund .....	87
Street Improvement Special Revenue Fund .....	88
Police Grants Special Revenue Fund.....	89
Miscellaneous Grants Special Revenue Fund .....	90
RDA Low and Moderate Income Housing Special Revenue Fund .....	91
Reserve Special Revenue Fund.....	92
Talega Joint Powers Authority Special Revenue Fund.....	93
Negocio Building Debt Service Fund.....	94
Local Drainage Facilities Capital Projects Fund .....	95
Developers Improvement Capital Projects Fund.....	96
RCFPP Capital Projects Fund.....	97
Redevelopment Capital Projects Fund.....	98
Nonmajor Proprietary Funds:	
Description of Nonmajor Proprietary Funds .....	99
Combining Statement of Net Assets – Nonmajor Proprietary Funds.....	100
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds.....	101
Combining Statement of Cash Flows – Nonmajor Proprietary Funds .....	102
Internal Service Funds:	
Description of Internal Services Funds .....	103
Combining Statement of Net Assets – Internal Service Funds .....	104
Combining Statement of Revenues, Expenses and Changes in Net Assets – Internal Service Funds.....	106
Combining Statement of Cash Flows – Internal Service Funds .....	108
Agency Funds:	
Description of Agency Funds .....	113
Combining Statement of Assets and Liabilities – Agency Funds.....	114
Statement of Changes in Fiduciary Net Assets – Agency Funds.....	116

CITY OF SAN CLEMENTE  
Comprehensive Annual Financial Report (Continued)  
June 30, 2009

TABLE OF CONTENTS

	<u>PAGE</u>
<u>STATISTICAL SECTION (unaudited)</u>	
Financial Trends:	
Net Assets by Component – Last Ten Fiscal Years.....	120
Changes in Net Assets – Last Ten Fiscal Years.....	122
Governmental Fund Tax Revenues by Source – Last Ten Fiscal Years.....	126
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years.....	127
Fund Balances of Governmental Funds – Last Ten Fiscal Year .....	128
Changes in Fund Balances of Governmental Funds– Last Ten Fiscal Years .....	130
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years .....	132
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years.....	134
Principal Property Taxpayers – Current and Nine Years Ago .....	136
Property Tax Levies and Collections – Last Ten Fiscal Years.....	137
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	138
Computation of Direct and Overlapping Debt.....	139
Legal Debt Margin – Last Ten Fiscal Years.....	140
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years .....	142
Principal Employers – Current and Nine Years Ago .....	143
Operating Information:	
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	144
Operating Indicators by Function – Last Ten Fiscal Years .....	146
Capital Asset Statistics by Function – Last Ten Fiscal Years .....	148







# City of San Clemente

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

November 30, 2009

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, 2009.

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, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2009. The independent auditor's report is presented as the first component of the financial section of this report. The City implemented Government Accounting Standards Board Statement No. 43 in the fiscal year ended June 30, 2008.

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, the Talega Joint Powers Authority 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 68,316, 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 over the past five years. Based on the build out of Talega and the rapid deterioration of the real estate markets, the City should experience a slowing or decline in property and sales tax revenues.



**Priorities for the future.** The City Council's strategic 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 has not been updated since 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.
- **e San Clemente** – The City's Information Technology Action Plan consists of several initiatives designed to expand communication with the residents of San Clemente and to expand on-line services. Communication improvements include the development of a Mayor's blog for direct communication with the mayor, subscription to an eList of e-mail updates of City Council agendas, minutes, reports and press releases and an on-line video library of City Council and Planning Commission meetings. On-line services provided on the City's web-site include the payment of utility bills, recreation class registration and tracking of building permits and inspections.
- **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 during the 2010 fiscal year to address resource conservation, environmental and public health, urban nature, urban design, transportation, community education and civic participation.

**Current capital projects.** City Council approved a \$12.9 million Capital Improvement Program budget for the fiscal year ended June 30, 2009. Significant projects approved included an increase of \$3.2 million for the La Pata/Vista Hermosa Sports Park and \$1.5 million related to pier rehabilitation. Additionally, the City carried forward a capital budget amount of \$66.4 million of Capital Projects into the 2009 fiscal year.

Major projects completed during the current fiscal year were the La Pata Vista Hermosa Park – Phase 1A, the Pedestrian Beach Trail, Urban Runoff Treatment Facility and Avenida Pico Street Enhancements. Major projects that were carried forward into the 2010 fiscal year include the La Pata/Vista Hermosa Park (Phase 1B), and 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 198 street projects have been completed. During the year ended June 30, 2009, 4.24 street miles were completed.

The City completed the first phase of construction for the new 45 acre La Pata/Vista Hermosa Sports Park during the 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 will include sports fields (including soccer, football and baseball), a pool complex, other landscaping and other park improvements. Staff is currently preparing the bid document for the second phase of the project. Construction is expected to begin in 2010, with completion approximately 18 months from the start of construction.



**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 3.9% 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 maintains excess liability insurance to provide coverage beyond the self insured retention of \$30,000 per occurrence for general liability claims and \$300,000 per occurrence for 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. The City has no liability in connection with employee benefits offered through these plans beyond its annual contractual payments. Additional information on these plans can be found in Note 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, 2008. This was the twenty-third 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 Gudgerirsson  
Assistant City Manager, City Treasurer



Thomas Rendina  
Finance Manager

**CITY OF SAN CLEMENTE**

**PRINCIPAL OFFICIALS**

**CITY COUNCIL**

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

**PLANNING COMMISSION**

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

**PARKS AND RECREATION COMMISSION**

Leslie Loy  
Bob Maltinsky  
Bill Osier  
Bill Thomas  
Susan Phillips  
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  
Al King, 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, 2008

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

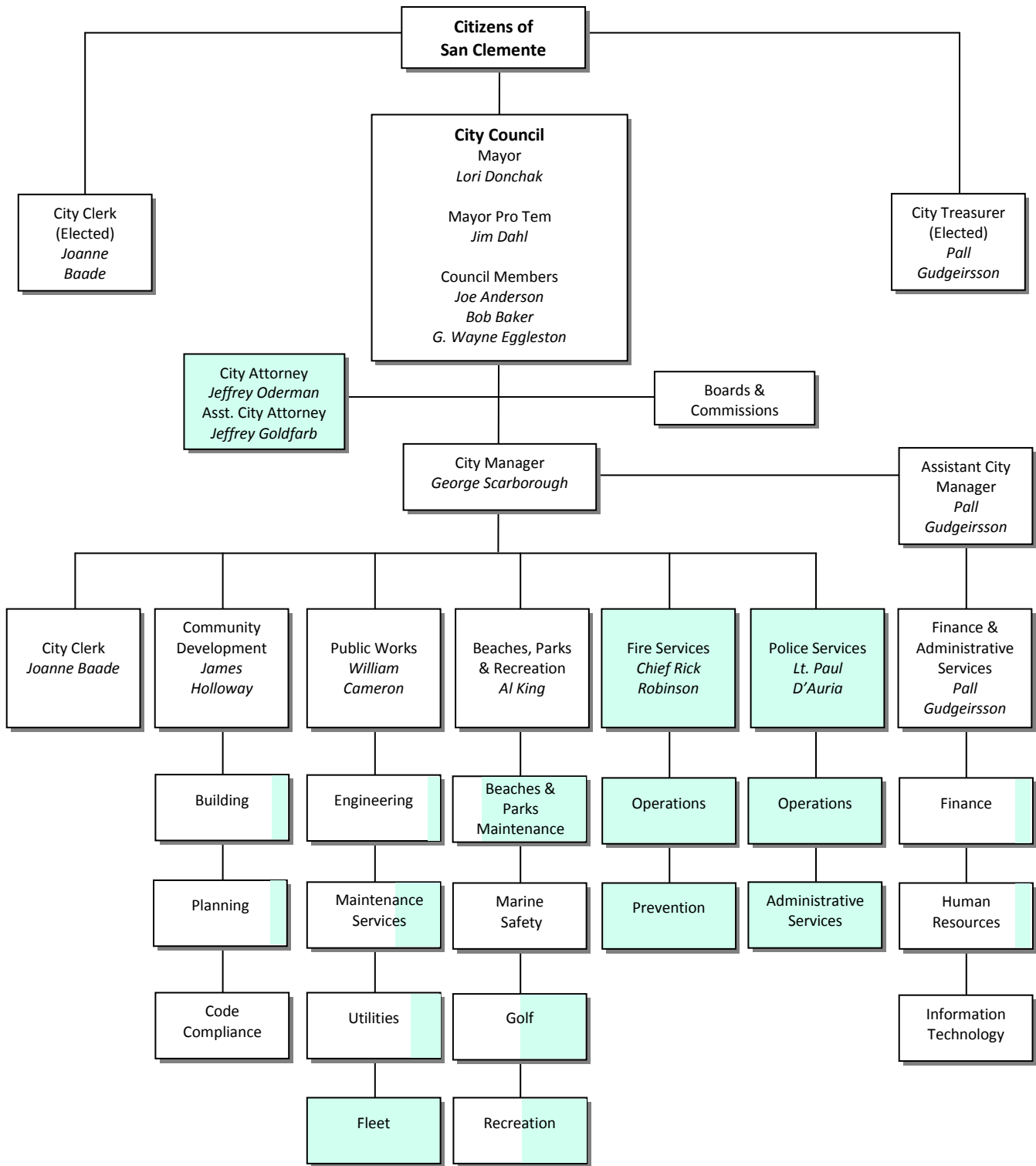


A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "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, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States 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 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.

Subsequent to the basic financial statements date of June 30, 2009 and the year then ended, the State of California (State) has borrowed, deferred paying certain revenues and proposed taking other funds from local governments including cities, counties, districts and agencies. These actions by the State include:

- 8% of Property Taxes borrowed -- to be repaid in 3 years
- Gas Tax payments deferred -- to be paid at a future date
- Redevelopment Agency funds -- prepared to be taken for fiscal year 2010

These above amounts are significant to the City and may affect its ongoing operations. Certain lawsuits are in process to stop such State actions. State legislation is also in process to aid local governments to be able to borrow from a Joint Powers Authority the 8% of property taxes borrowed by the State. For more detailed information, see Note IV.(H) attached in the Notes to the Financial Statements.

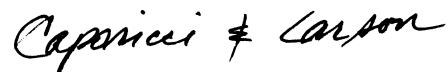
To the Honorable Mayor and Members of the City Council  
of the City of San Clemente  
San Clemente, California  
Page 2

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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2009 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 it.

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.

  
Irvine, California  
November 17, 2009

## 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, 2009 and June 30, 2008. 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 2.6% to \$465.2 million as a result of this year's operations.
- During the year, the City's taxes and other governmental revenues exceeded expenses by \$10.1 million.
- Governmental net assets total \$267.7 million.
- The total revenues from all sources were \$94.6 million.
- The total cost of all City programs, excluding program revenues, was \$82.9 million.
- The General Fund reported excess revenues over expenditures of \$2.2 million.
- For the General Fund, actual resources were less than the final budget by \$1.0 million and actual expenditures were \$5.1 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 over time 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, Public Works, Beaches, Parks and Recreation. The City's Business-type activities include Water Utility, Sewer Utility, Storm Drain Utility, Clean Ocean Utility, Solid Waste Utility, and the Golf Fund.

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), the Talega Joint Powers Authority, 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, 2009 and June 30, 2008.

Table 1  
Net Assets  
(in millions)

	<b>Governmental Activities <u>2009</u></b>	<b>Governmental Activities <u>2008</u></b>	<b>Business-type Activities <u>2009</u></b>	<b>Business-type Activities <u>2008</u></b>	<b>Total <u>2009</u></b>	<b>Total <u>2008</u></b>
Current and other assets	\$ 115.9	\$ 120.0	\$ 53.6	\$ 55.3	\$169.5	\$175.3
Capital assets, net	<u>163.5</u>	<u>53.5</u>	<u>148.1</u>	<u>143.7</u>	<u>311.6</u>	<u>297.2</u>
Total assets	279.4	273.5	201.7	199.0	481.1	472.5
Current liabilities	6.2	10.0	3.6	2.6	9.8	12.6
Long-term liabilities	<u>5.5</u>	<u>5.9</u>	<u>0.6</u>	<u>0.5</u>	<u>6.1</u>	<u>6.4</u>
Total liabilities	11.7	15.9	4.2	3.1	15.9	19.0
Net assets:						
Invested in capital assets, net of related debt	160.7	150.6	148.1	141.2	308.8	291.8
Restricted	70.8	72.6	44.1	45.2	114.9	117.8
Unrestricted	<u>36.2</u>	<u>34.4</u>	<u>5.3</u>	<u>9.5</u>	<u>41.5</u>	<u>43.9</u>
Total Net Assets	<u>\$ 267.7</u>	<u>\$ 257.6</u>	<u>\$ 197.5</u>	<u>\$ 195.9</u>	<u>\$ 465.2</u>	<u>\$ 453.5</u>

City asset's exceeded liabilities by \$465.2 million at June 30, 2009 as compared to \$453.5 million at June 30, 2008. The increase in net assets is largely due to the completion of several major capital improvements, including the Beach trail, park infrastructure, and a treatment facility, which can be found in the invested in capital assets, net of related debt categories.

By far the largest portion of the City's net assets (66 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 \$11.7 million during the current fiscal year. Net assets invested in capital assets increased \$17.0 million. The governmental activities increase was related to trail improvements and capitalized park infrastructure assets. The business-type activities increase was due to the completion of an Urban Runoff treatment facility, improvements to the sewer treatment facility and water lines. The restricted portion of the City's net assets (25 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net assets decreased \$2.9 million due to amounts that were spent related to capital projects. The remaining balance of unrestricted net assets of \$41.5 million may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$5.3 million is held by the business-type activities and \$36.2 million by the governmental activities.

The condensed summary of activities, which follows, shows that net assets increased by \$11.7 million during the year.

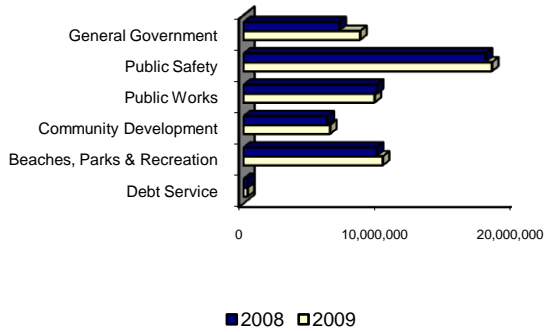
Table 2  
Summary of Activities  
(in millions)

	<b>Governmental Activities <u>2009</u></b>	<b>Governmental Activities <u>2008</u></b>	<b>Business- type Activities <u>2009</u></b>	<b>Business- type Activities <u>2008</u></b>	<b>Total <u>2009</u></b>	<b>Total <u>2008</u></b>
Revenues						
Program revenues:						
Charges for services	\$ 9.3	\$ 10.7	\$ 24.7	\$ 24.8	\$ 34.0	\$ 35.5
Operating grants/contrib.	2.7	3.3			2.7	3.3
Capital grants/contrib.	10.0	10.0	3.0	2.7	13.0	12.7
General revenues:						
Property taxes	27.7	27.7			27.7	27.7
Sales taxes	6.5	5.6			6.5	5.6
Other taxes and fees	4.8	6.1	3.7	4.1	8.5	10.2
Other	2.2	(0.3)		(0.7)	2.2	(1.0)
Total revenues	63.2	63.1	31.4	30.9	94.6	94.0
Expenses:						
General government	8.6	7.1			8.6	7.1
Public safety	18.3	17.8			18.3	17.8
Public works	9.6	9.8			9.6	9.8
Community development	6.4	6.2			6.4	6.2
Beaches, parks & recreation	10.3	9.8			10.3	9.8
Interest and fiscal charges	0.3	0.3			0.3	0.3
Water			14.9	12.3	14.9	12.3
Sewer			10.4	8.5	10.4	8.5
Golf			2.3	2.3	2.3	2.3
Other			1.8	2.0	1.8	2.0
Total expenses	53.5	51.0	29.4	25.1	82.9	76.1
Increase in net assets before transfers	9.7	12.1	2.0	5.8	11.7	17.9
Transfers	0.4	-	(0.4)	-	-	-
Increase in net assets	10.1	12.1	1.6	5.8	11.7	17.9
Net assets – July 1	<u>257.6</u>	<u>245.5</u>	<u>195.9</u>	<u>190.1</u>	<u>453.5</u>	<u>435.6</u>
Net assets – June 30	<u>\$ 267.7</u>	<u>\$ 257.6</u>	<u>\$ 197.5</u>	<u>\$ 195.9</u>	<u>\$ 465.2</u>	<u>\$ 453.5</u>

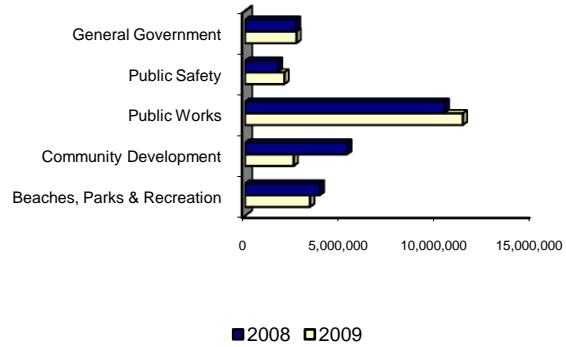
### Governmental activities

Governmental activities increased the City's net assets by \$10.1 million as compared to a \$12.1 million increase in the previous year. Revenues were \$63.2 million in the 2008-09 fiscal year compared to \$63.1 in the prior fiscal year. Although expenses increased by \$2.5 million from the prior fiscal year, expenses were \$9.7 less than revenues. Expenses increased due to claim activities, study costs and general increases to police and fire (public safety) costs.

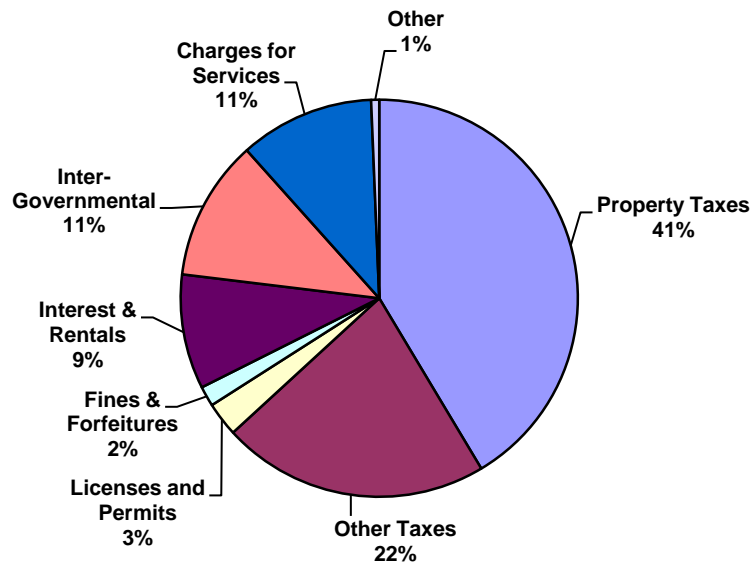
**Expenses – Governmental Activities**



**Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Funds  
Fiscal Year 2008-09**



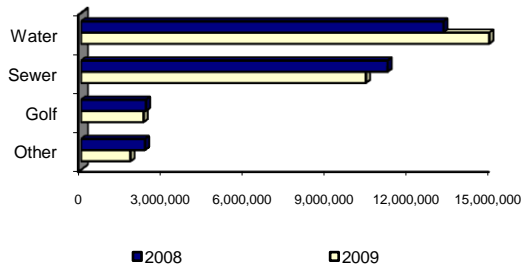
<u>Function</u>	<u>2009</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>	<u>2008</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>
Property Taxes	\$ 25.3	41%	\$27.5	43%
Other Taxes	13.3	22%	11.9	19%
Licenses & Permits	1.7	3%	2.1	3%
Fines & Forfeitures	1.0	2%	0.9	1%
Interest & Rentals	5.7	9%	6.5	10%
Intergovernmental	7.0	11%	7.6	12%
Charges for Services	6.7	11%	6.7	10%
Developer Fees	0.2	.5%	0.4	1%
Other	0.2	.5%	0.5	1%
	<u>\$ 61.1</u>	<u>100%</u>	<u>\$64.1</u>	<u>100%</u>



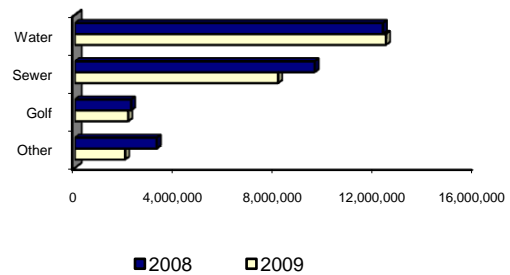
**Business-type activities**

Business-type activities increased the City’s net assets by \$1.6 million as compared to \$5.8 million in the previous year. The overall change is attributed to lower revenues and higher costs in the current year. Revenues decreased based on lower grant revenue and lower investment earnings. Costs also experienced increases, such as higher purchased water rates and depreciation expenses from recent capital additions.

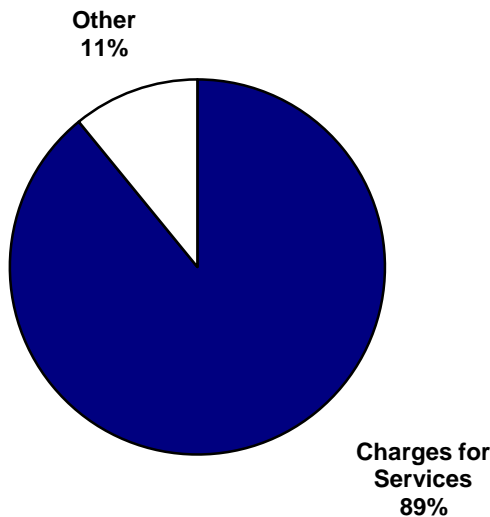
**Expenses – Business-type activities**



**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 \$98.4 million, a decrease of \$0.5 million in comparison with the prior year. Approximately \$13.6 million constitutes unreserved fund balance, which is available for spending at the City's discretion. The unreserved fund balance increased \$1.1 million from the previous year. 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 (\$56.9 million), 2) for public facilities construction (\$12.9 million), and 3) for a variety of other restricted purposes (\$15.0 million). This represents a combined decrease from the previous year of \$1.6 million in reserved fund balance.

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 \$20.1 million, which represents 44% of total General fund expenditures, excluding transfers. Reserved amounts include \$4.1 million that is designated for emergency contingencies and \$10.0 million for economic sustainability. Unreserved fund balance decreased \$0.2 million from the previous year. The total fund balance declined to \$25.1 million which is \$0.4 million lower than the previous year.

The City's General fund balance decreased by \$0.4 million during the current fiscal year compared to a budgeted decrease of \$4.4 million. This variance of \$4.0 million is due to actual revenues not meeting budget expectations by \$1.0 million. Expenditure savings of \$5.1 million were achieved as a result of tight fiscal controls and the timing of cost related to multi-year projects. During the year, a sale of land was not completed. The proceeds from this sale will be transferred to another fund when complete. For budget purposes, the City budgets transfers out for inter-fund loans. These transactions actually affect the balance sheet only and do not impact expenditure accounts.

Significant changes to other governmental fund balances include the Street Improvement fund balance which increased by \$1.2 million due to capital project timing and the RCFPP fund balance decrease of \$2.4 million due to the completion of a capital project in the current fiscal year.

Fund balances in the major governmental funds remained stable during the fiscal year. These funds have major capital projects budgeted (fire station and a new park).

### **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 \$2.4 million, \$1.8 million and (\$3.2) million, respectively. The total change in unrestricted net assets of these funds was (\$1.2) million, (\$0.8) million and (\$2.3) million, respectively. In total, unrestricted net assets for all proprietary funds decreased \$4.3 million from the previous year. Total Enterprise Fund Net Assets increased from \$194.2 million in 2008 to \$196.3 million in 2009.

Significant changes to proprietary fund balances include the Sewer fund net assets which increased by \$5.3 million due to capital contributions of \$3.0 million and a transfer of a capital asset of \$3.4 from the Clean Ocean fund. The Clean Ocean fund had a decrease in net assets of \$2.8 million related to this capital asset transfer.

Other net asset balances in the major proprietary funds remained stable during the fiscal year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The total original budgeted revenues increased by \$0.1 million to the final budgeted amount and can be summarized as follows:

- Charges for services increased due to a minor grant that was received and recorded during the year
- Fine revenues increased related to increases in the parking fines from increased costs passed on from the state

The actual results when compared to the final budget for revenues were 2.9% lower in the taxes category due mainly to a decrease in sales taxes and transient occupancy taxes. License and permit revenues were lower due mostly to slowing development and intergovernmental revenues were due to smaller receipts on the motor vehicle license fees.

The increase of \$2.7 million from the total original budgeted expenditures to the final amount can be summarized as follows:

- Appropriations increased by \$0.1 million for general government due to legal expenses.
- Appropriations increased by \$0.2 million for public works due to increases for beach trail construction costs and other reappropriations
- Appropriation increased by \$0.1 million to pay an increased citation fee to the State
- Capital outlay increased by \$1.1 million due to the reappropriation of multiple year capital projects.

Other financing sources (uses) include the sale of property (\$13.6 million), which did not occur in the current fiscal year, and the corresponding transfer (\$13.6 million) to the Parks Acquisition and Development Capital Project Fund to fund development of a City park.

## 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, 2009, amounts to \$311.6 million (net of accumulated depreciation) as compared to the June 30, 2008 total of \$297.2 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 \$14.4 million (\$10.0 million for governmental activities and \$4.4 million for business-type activities).

Major capital improvements during the fiscal year consisted primarily of street, trails, water and sewer line improvements and infrastructure at a park. Construction in progress totaled \$9.9 million at June 30, 2009, a decrease of \$16.5 million over the previous fiscal year, and depreciation expense during the fiscal year was \$4.5 million for governmental activities and \$4.3 million for business-type activities as compared to \$4.4 million and \$3.8 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-D, Assets, Liabilities, and Net Assets, and III-C, Capital Assets.

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

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>	Business- type Activities <u>2009</u>	Business- type Activities <u>2008</u>	Total <u>2009</u>	Total <u>2008</u>
Land	\$ 37.6	\$ 37.6	\$ 4.1	\$ 4.0	\$ 41.7	\$ 41.6
Infrastructure	90.8	68.8	65.8	60.7	156.6	129.5
Buildings & Improvements	29.6	23.8	70.9	72.5	100.5	96.3
Equipment	2.1	2.5	0.8	0.9	2.9	3.4
Construction-in- progress	<u>3.4</u>	<u>20.8</u>	<u>6.5</u>	<u>5.6</u>	<u>9.9</u>	<u>26.4</u>
Totals	<u>\$ 163.5</u>	<u>\$ 153.5</u>	<u>\$ 148.1</u>	<u>\$ 143.7</u>	<u>\$ 311.6</u>	<u>\$ 297.2</u>

**Long-term Liabilities.** At the end of the current fiscal year, the City had total bonded debt of \$2.7 million outstanding and no significant outstanding balance of capitalized lease obligations. A principal payment of \$105,000 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>2009</u>	Governmental Activities <u>2008</u>	Business-type Activities <u>2009</u>	Business-type Activities <u>2008</u>
Certificates of Participation	<u>\$ 2.7</u>	<u>\$ 2.8</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 2.7</u>	<u>\$ 2.8</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, 2009

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 103,395,864	\$ 5,828,993	\$ 109,224,857
Receivables (net of allowance for uncollectibles)	9,416,726	3,857,429	13,274,155
Due from other governments	581,213	1,312,771	1,893,984
Inventories	-	255,696	255,696
Internal balances	1,989,304	(1,989,304)	-
Prepaid items	25,416	-	25,416
Total Current Assets	<u>115,408,523</u>	<u>9,265,585</u>	<u>124,674,108</u>
Noncurrent Assets:			
Restricted cash and investments	499,915	44,360,964	44,860,879
Loans receivable	54,061	-	54,061
Non-depreciable capital assets	41,014,542	10,577,617	51,592,159
Depreciable capital assets (net of accumulated depreciation)	122,463,989	137,496,086	259,960,075
Total Noncurrent Assets	<u>164,032,507</u>	<u>192,434,667</u>	<u>356,467,174</u>
Total Assets	<u>279,441,030</u>	<u>201,700,252</u>	<u>481,141,282</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	2,136,626	3,150,914	5,287,540
Accrued wages	786,266	133,124	919,390
Unearned revenue	874,147	-	874,147
Deposits payable	945,967	228,922	1,174,889
Current portion of long-term obligations	1,436,211	130,741	1,566,952
Total Current Liabilities	<u>6,179,217</u>	<u>3,643,701</u>	<u>9,822,918</u>
Noncurrent Liabilities:			
Claims and judgments payable	1,245,982	-	1,245,982
Compensated absences	1,382,368	595,597	1,977,965
OPEB obligation	190,196	-	190,196
Noncurrent portion of long-term obligations	2,666,062	-	2,666,062
Total Noncurrent Liabilities	<u>5,484,608</u>	<u>595,597</u>	<u>6,080,205</u>
Total Liabilities	<u>11,663,825</u>	<u>4,239,298</u>	<u>15,903,123</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	160,753,531	148,073,703	308,827,234
Restricted for:			
Public facilities construction	19,169,118	44,132,042	63,301,160
Local drainage facilities	3,854,673	-	3,854,673
Developer improvements	7,069,510	-	7,069,510
Park acquisition and development	20,297,713	-	20,297,713
Other capital	12,861,267	-	12,861,267
Low and moderate income housing	7,536,787	-	7,536,787
Unrestricted	36,234,606	5,255,209	41,489,815
Total Net Assets	<u>\$ 267,777,205</u>	<u>\$ 197,460,954</u>	<u>\$ 465,238,159</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, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 8,590,506	\$ 2,674,407	\$ 15,234	\$ -
Police	11,643,872	1,167,198	96,775	-
Fire	6,646,647	793,180	-	-
Public works	9,651,386	800,669	2,275,126	8,289,817
Community development	6,372,669	1,412,939	260,492	867,644
Beaches, parks & recreation	10,258,139	2,482,348	22,741	892,266
Interest and fiscal charges	302,728	-	-	-
<b>Total governmental activities</b>	<b>53,465,947</b>	<b>9,330,741</b>	<b>2,670,368</b>	<b>10,049,727</b>
<b>Business-type activities:</b>				
Water	14,918,006	12,447,776	-	849
Sewer	10,410,640	8,132,002	-	3,024,245
Golf	2,286,334	2,132,715	-	-
Nonmajor	1,808,289	2,010,211	-	-
<b>Total business-type activities</b>	<b>29,423,269</b>	<b>24,722,704</b>	<b>-</b>	<b>3,025,094</b>
<b>Total</b>	<b>\$ 82,889,216</b>	<b>\$ 34,053,445</b>	<b>\$ 2,670,368</b>	<b>\$ 13,074,821</b>

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
\$ (5,900,865)	\$ (5,900,865)	\$ -	\$ (5,900,865)
(10,379,899)	(10,379,899)	-	(10,379,899)
(5,853,467)	(5,853,467)	-	(5,853,467)
1,714,226	1,714,226	-	1,714,226
(3,831,594)	(3,831,594)	-	(3,831,594)
(6,860,784)	(6,860,784)	-	(6,860,784)
(302,728)	(302,728)	-	(302,728)
<u>(31,415,111)</u>	<u>(31,415,111)</u>	<u>-</u>	<u>(31,415,111)</u>
(2,469,381)	-	(2,469,381)	(2,469,381)
745,607	-	745,607	745,607
(153,619)	-	(153,619)	(153,619)
201,922	-	201,922	201,922
<u>(1,675,471)</u>	<u>-</u>	<u>(1,675,471)</u>	<u>(1,675,471)</u>
<u>\$ (33,090,582)</u>	<u>(31,415,111)</u>	<u>(1,675,471)</u>	<u>(33,090,582)</u>
	27,676,009	-	27,676,009
	4,530,994	-	4,530,994
	2,014,780	-	2,014,780
	1,309,644	-	1,309,644
	2,246,570	-	2,246,570
	1,250,768	-	1,250,768
	2,155,014	2,208,881	4,363,895
	42,135	1,418,489	1,460,624
	365,757	(365,757)	-
	<u>41,591,671</u>	<u>3,261,613</u>	<u>44,853,284</u>
	10,176,560	1,586,142	11,762,702
	<u>257,600,645</u>	<u>195,874,812</u>	<u>453,475,457</u>
	<u>\$ 267,777,205</u>	<u>\$ 197,460,954</u>	<u>\$ 465,238,159</u>

CITY OF SAN CLEMENTE  
Balance Sheet  
Governmental Funds  
June 30, 2009

	Debt Service	
	General	Redevelopment
Assets:		
Cash and investments	\$ 22,587,714	\$ 2,715,534
Receivables (net of allowance for uncollectibles)		
Taxes	2,402,237	143,532
Accounts	361,691	-
Accrued interest	205,222	24,362
Loan	92,777	163,915
Due from other funds	243,059	-
Due from other governments	153,616	-
Prepaid items	18,900	-
Restricted assets:		
Cash and investments with fiscal agent	-	-
Loans receivable	54,061	-
Advances to other funds	2,952,870	-
Total Assets	\$ 29,072,147	\$ 3,047,343
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 1,234,930	\$ 176,783
Accrued wages	377,791	-
Advances from other funds	-	2,315,870
Deferred revenue	868,027	260,107
Unearned revenue	717,716	-
Deposits payable	779,252	-
Due to other funds	-	-
Total Liabilities	3,977,716	2,752,760
Fund Balance (Deficit):		
Reserved for:		
Encumbrances	1,957,079	-
Local drainage	-	-
Low and moderate income housing	-	-
Loans, notes and long term receivables	2,991,586	-
Employee computer purchase loan program	75,000	-
Developer improvements	-	-
Public facilities construction	-	-
Unreserved:		
Designated for contingencies	4,061,640	-
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	6,009,126	-
Special revenue funds	-	-
Debt service funds	-	294,583
Capital projects funds	-	-
Total Fund Balance	25,094,431	294,583
Total Liabilities and Fund Balance	\$ 29,072,147	\$ 3,047,343

See Accompanying Notes to the Financial Statements.

Capital Project Funds			
Public Facilities Construction	Parks Acquisition and Development	Nonmajor Governmental Funds	Total Governmental Funds
\$ 16,550,727	\$ 20,193,951	\$ 30,105,739	\$ 92,153,665
-	-	31,109	2,576,878
-	-	1,583,877	1,945,568
148,481	181,166	271,473	830,704
-	-	3,537,478	3,794,170
-	-	-	243,059
7,979	-	419,618	581,213
3,500	-	-	22,400
-	-	499,915	499,915
-	-	-	54,061
2,500,000	-	-	5,452,870
<u>\$ 19,210,687</u>	<u>\$ 20,375,117</u>	<u>\$ 36,449,209</u>	<u>\$ 108,154,503</u>
\$ 41,569	\$ 77,404	\$ 275,787	\$ 1,806,473
-	-	3,707	381,498
-	-	-	2,315,870
-	-	2,103,572	3,231,706
-	-	156,431	874,147
-	-	166,715	945,967
-	-	243,059	243,059
<u>41,569</u>	<u>77,404</u>	<u>2,949,271</u>	<u>9,798,720</u>
6,285,216	20,297,713	15,500,746	44,040,754
-	-	3,747,402	3,747,402
-	-	5,450,762	5,450,762
-	-	2,208,999	5,200,585
-	-	-	75,000
-	-	556,193	556,193
12,883,902	-	-	12,883,902
-	-	-	4,061,640
-	-	-	10,000,000
-	-	686,179	686,179
-	-	1,075,457	1,075,457
-	-	-	6,009,126
-	-	2,608,953	2,608,953
-	-	192,157	486,740
-	-	1,473,090	1,473,090
<u>19,169,118</u>	<u>20,297,713</u>	<u>33,499,938</u>	<u>98,355,783</u>
<u>\$ 19,210,687</u>	<u>\$ 20,375,117</u>	<u>\$ 36,449,209</u>	<u>\$ 108,154,503</u>

CITY OF SAN CLEMENTE  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Assets  
 June 30, 2009

Fund balances for governmental funds \$ 98,355,783

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. \$161,617,716 are the capital assets (net of depreciation) from the governmental funds; internal service funds provided assets (net of depreciation) of \$1,860,815. 163,478,531

Long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the funds. Governmental fund long-term debt totaled \$4,248,585; internal service long term debt totaled \$2,482,038. (6,730,623)

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net assets. Capital assets and long-term liabilities of the internal service funds are included in total capital assets and long-term liabilities above. 9,441,808

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. 3,231,706

Net assets of governmental activities \$ 267,777,205

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, 2009

	Debt Service	
	General	Redevelopment
Revenues:		
Taxes	\$ 35,494,077	\$ 2,489,125
Licenses and permits	1,714,112	-
Fines and forfeits	1,033,082	-
Investment and rentals	2,553,703	115,389
Intergovernmental	544,552	-
Charges for services	6,313,217	-
Developers fees	-	-
Other	72,066	-
Total Revenues	47,724,809	2,604,514
Expenditures:		
Current:		
General government	7,016,683	-
Police	11,576,622	-
Fire	6,484,946	-
Public works	5,810,871	-
Community development	4,479,410	26,544
Beaches, parks and recreation	9,074,832	-
Capital outlay	1,078,640	-
Debt Service:		
Property tax shift	-	504,204
Principal retirements	-	-
Interest and fiscal charges	-	72,380
Total Expenditures	45,522,004	603,128
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,202,805	2,001,386
Other Financing Sources (Uses):		
Sale of capital assets	35,000	-
Transfers in	988,333	-
Transfers out	(3,656,455)	(858,370)
Total Other Financing Sources (Uses)	(2,633,122)	(858,370)
Net Change in Fund Balances	(430,317)	1,143,016
Fund Balances - Beginning of Year	25,524,748	(848,433)
Fund Balances - End of Year	\$ 25,094,431	\$ 294,583

See Accompanying Notes to the Financial Statements.

Capital Project Funds			
Public Facilities Construction	Parks Acquisition and Development	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 659,279	\$ 38,642,481
-	-	-	1,714,112
-	-	-	1,033,082
790,037	874,885	1,366,790	5,700,804
14,344	-	6,428,327	6,987,223
-	-	351,343	6,664,560
77,607	17,381	108,911	203,899
-	-	96,890	168,956
<u>881,988</u>	<u>892,266</u>	<u>9,011,540</u>	<u>61,115,117</u>
-	-	294,362	7,311,045
-	-	82,209	11,658,831
-	-	-	6,484,946
-	-	666,654	6,477,525
223,309	-	832,611	5,561,874
-	38,750	-	9,113,582
789,587	2,858,096	8,788,814	13,515,137
-	-	-	504,204
-	-	105,000	105,000
-	-	219,064	291,444
<u>1,012,896</u>	<u>2,896,846</u>	<u>10,988,714</u>	<u>61,023,588</u>
<u>(130,908)</u>	<u>(2,004,580)</u>	<u>(1,977,174)</u>	<u>91,529</u>
-	-	-	35,000
-	-	4,166,262	5,154,595
-	-	(1,286,133)	(5,800,958)
-	-	2,880,129	(611,363)
(130,908)	(2,004,580)	902,955	(519,834)
<u>19,300,026</u>	<u>22,302,293</u>	<u>32,596,983</u>	<u>98,875,617</u>
<u>\$ 19,169,118</u>	<u>\$ 20,297,713</u>	<u>\$ 33,499,938</u>	<u>\$ 98,355,783</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, 2009

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

Net change in fund balances - total governmental funds: \$ (519,834)

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. Capital outlay of \$11,962,075 is capitalized and there were developer contributions of \$2,556,022. Depreciation expense for the governmental funds totaled \$4,048,501. The effect of the disposal of capital assets was a loss of \$151,148. The effect of the internal service fund activity is included in the adjustment below. 10,318,448

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The amount of \$854,493 is the net change in the internal service funds that is allocated to the governmental activities of the City, including the loss on the sale of capital assets of \$60,613. The assets and liabilities of the internal service funds are included in the statement of net assets. 854,493

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This includes an increase in governmental fund compensated absences of \$205,741 and governmental principal reduction of \$105,000 for the Certificates of Participation and the governmental portion of the capital lease. (100,741)

In the statement of activities, deferred revenue was recognized as revenue in the amount of \$3,231,706 and reduced by the prior year deferral of \$3,607,512. (375,806)

Change in net assets of governmental activities \$ 10,176,560

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE  
Statement of Net Assets  
Proprietary Funds  
June 30, 2009

Assets:	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Current Assets:			
Cash and investments	\$ 2,363,339	\$ 550,959	\$ 178,473
Receivables (net of allowances for uncollectible accounts)	1,654,552	1,162,204	12,183
Accrued interest	222,266	190,072	13,384
Inventory, at cost	199,958	7,085	48,653
Due from other governments	278,397	1,034,374	-
Prepays	-	-	-
Current restricted assets:			
Cash and investments:			
Water deposits	223,047	-	-
Developer impact fee reserves	8,466,225	8,399,050	-
Capital outlay replacement	13,728,369	12,230,895	1,313,378
<b>Total Current Assets</b>	<b>27,136,153</b>	<b>23,574,639</b>	<b>1,566,071</b>
Capital Assets:			
Land	3,660,761	410,298	2,011
Water, sewer and storm lines	25,723,111	67,398,720	-
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	881,401	751,953
Construction in progress	4,044,131	2,460,416	-
Subtotal	52,487,506	154,733,580	10,444,540
Less accumulated depreciation	(17,275,844)	(50,153,961)	(2,171,675)
Capital Assets (net of accumulated depreciation)	35,211,662	104,579,619	8,272,865
<b>Total Noncurrent Assets</b>	<b>35,211,662</b>	<b>104,579,619</b>	<b>8,272,865</b>
<b>Total Assets</b>	<b>62,347,815</b>	<b>128,154,258</b>	<b>9,838,936</b>

See Accompanying Notes to Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 2,736,222	\$ 5,828,993	\$ 11,242,199
578,221	3,407,160	171,985
24,547	450,269	97,421
-	255,696	-
-	1,312,771	-
-	-	3,016
-	223,047	-
-	16,865,275	-
-	27,272,642	-
<u>3,338,990</u>	<u>55,615,853</u>	<u>11,514,621</u>
-	4,073,070	-
-	93,121,831	-
-	101,651,659	-
-	6,819,014	201,986
-	3,266,622	411,227
54,741	2,283,624	4,609,256
-	6,504,547	44,906
<u>54,741</u>	<u>217,720,367</u>	<u>5,267,375</u>
<u>(45,184)</u>	<u>(69,646,664)</u>	<u>(3,406,560)</u>
<u>9,557</u>	<u>148,073,703</u>	<u>1,860,815</u>
<u>9,557</u>	<u>148,073,703</u>	<u>1,860,815</u>
<u>3,348,547</u>	<u>203,689,556</u>	<u>13,375,436</u>

(Continued)



CITY OF SAN CLEMENTE  
Statement of Net Assets (Continued)  
Proprietary Funds  
June 30, 2009

Liabilities:	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Current Liabilities			
Payable from Current Assets:			
Accounts payable	\$ 2,055,977	\$ 765,733	\$ 130,612
Accrued wages	54,916	49,509	17,687
Long-term liabilities, current portion	36,483	59,811	29,906
Total Current Liabilities			
Payable from Current Assets	<u>2,147,376</u>	<u>875,053</u>	<u>178,205</u>
Payable from Restricted Assets:			
Deposits payable	<u>223,047</u>	<u>-</u>	<u>5,875</u>
Total Current Liabilities	<u>2,370,423</u>	<u>875,053</u>	<u>184,080</u>
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
Compensated absences payable	166,199	272,472	136,236
Claims and judgments payable	-	-	-
Advances from other funds	-	-	3,137,000
Total Noncurrent Liabilities	<u>166,199</u>	<u>272,472</u>	<u>3,273,236</u>
Total Liabilities	<u>2,536,622</u>	<u>1,147,525</u>	<u>3,457,316</u>
Net Assets:			
Invested in capital assets, net of related debt	35,211,662	104,579,619	8,272,865
Restricted	22,194,594	20,629,945	1,307,503
Unrestricted	<u>2,404,937</u>	<u>1,797,169</u>	<u>(3,198,748)</u>
Total Net Assets	<u>\$ 59,811,193</u>	<u>\$ 127,006,733</u>	<u>\$ 6,381,620</u>

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	
\$ 198,592	\$ 3,150,914	\$ 520,349
11,012	133,124	404,768
4,541	130,741	1,046,966
<u>214,145</u>	<u>3,414,779</u>	<u>1,972,083</u>
-	228,922	-
<u>214,145</u>	<u>3,643,701</u>	<u>1,972,083</u>
-	-	56,062
20,690	595,597	133,028
-	-	1,245,982
-	3,137,000	-
<u>20,690</u>	<u>3,732,597</u>	<u>1,435,072</u>
<u>234,835</u>	<u>7,376,298</u>	<u>3,407,155</u>
9,557	148,073,703	1,768,862
-	44,132,042	-
<u>3,104,155</u>	<u>4,107,513</u>	<u>8,199,419</u>
<u>\$ 3,113,712</u>	196,313,258	<u>\$ 9,968,281</u>
	<u>1,147,696</u>	
	<u>\$ 197,460,954</u>	

CITY OF SAN CLEMENTE  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 12,447,776	\$ 8,132,002	\$ 2,132,715
Concessions	-	-	241,883
Other	797,882	48,983	984
Total Operating Revenues	<u>13,245,658</u>	<u>8,180,985</u>	<u>2,375,582</u>
Operating Expenses:			
Salaries and benefits	2,297,157	2,331,095	909,482
Cost of purchased water	6,131,443	-	-
Cost of materials and supplies	294,737	443,698	168,821
Depreciation	944,386	2,976,675	325,947
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	5,163,526	4,414,822	788,977
Total Operating Expenses	<u>14,831,249</u>	<u>10,166,290</u>	<u>2,193,227</u>
Operating Income (Loss)	<u>(1,585,591)</u>	<u>(1,985,305)</u>	<u>182,355</u>
Non-Operating Revenues (Expenses):			
Investment income	1,111,918	910,991	68,085
Interest and fiscal charges	-	-	(74,600)
Gain (Loss) on sale of capital assets	(9,934)	(206,757)	-
Total Non-Operating Revenues (Expenses)	<u>1,101,984</u>	<u>704,234</u>	<u>(6,515)</u>
Income (Loss) Before Operating Transfers and Capital Contributions	<u>(483,607)</u>	<u>(1,281,071)</u>	<u>175,840</u>
Transfers in	11,690	3,630,010	-
Transfers out	(81,518)	(98,829)	-
Total Transfers	<u>(69,828)</u>	<u>3,531,181</u>	<u>-</u>
Capital grants	-	1,034,374	-
Capital contributions	849	1,989,871	-
Total Capital Contributions	<u>849</u>	<u>3,024,245</u>	<u>-</u>
Change in Net Assets	<u>(552,586)</u>	<u>5,274,355</u>	<u>175,840</u>
Net Assets - Beginning of Year	<u>60,363,779</u>	<u>121,732,378</u>	<u>6,205,780</u>
Net Assets - End of Year	<u>\$ 59,811,193</u>	<u>\$ 127,006,733</u>	<u>\$ 6,381,620</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		Internal Service
Nonmajor	Totals	
\$ 2,010,211	\$ 24,722,704	\$ 8,152,701
-	241,883	-
328,757	1,176,606	187,659
<u>2,338,968</u>	<u>26,141,193</u>	<u>8,340,360</u>
506,519	6,044,253	923,776
-	6,131,443	-
70,113	977,369	535,490
31,202	4,278,210	439,376
-	-	3,176,444
-	-	1,663,593
1,147,531	11,514,856	2,273,366
<u>1,755,365</u>	<u>28,946,131</u>	<u>9,012,045</u>
<u>583,603</u>	<u>(2,804,938)</u>	<u>(671,685)</u>
117,887	2,208,881	454,017
-	(74,600)	(11,284)
<u>(53,908)</u>	<u>(270,599)</u>	<u>(60,613)</u>
<u>63,979</u>	<u>1,863,682</u>	<u>382,120</u>
<u>647,582</u>	<u>(941,256)</u>	<u>(289,565)</u>
387,440	4,029,140	1,012,120
(3,827,110)	(4,007,457)	(387,440)
<u>(3,439,670)</u>	<u>21,683</u>	<u>624,680</u>
-	1,034,374	-
-	1,990,720	-
<u>-</u>	<u>3,025,094</u>	<u>-</u>
(2,792,088)	2,105,521	335,115
5,905,800		9,633,166
<u>\$ 3,113,712</u>	<u>2,105,521</u>	<u>\$ 9,968,281</u>
	<u>(519,379)</u>	
	<u>\$ 1,586,142</u>	

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers	\$ 12,583,594	\$ 8,136,014	\$ 2,134,401
Cash paid to other suppliers of goods or services	(10,403,885)	(4,873,151)	(882,652)
Cash payment to employees	(2,230,829)	(2,315,952)	(903,375)
Cash from rents and concessions	-	-	241,883
Cash from other operating revenues	797,882	48,983	984
Net Cash Provided by (Used for) Operating Activities	<u>746,762</u>	<u>995,894</u>	<u>591,241</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from other funds	11,690	222,010	-
Cash paid to other funds	(81,518)	(98,829)	(203,000)
Payment on note receivable	-	23,456	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(69,828)</u>	<u>146,637</u>	<u>(203,000)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions and grants	849	1,989,971	-
Purchase and construction of capital assets	(3,873,047)	(4,517,567)	(164,336)
Sale of capital assets	(9,934)	(206,757)	-
Payment on capital lease payable	-	-	-
Interest and fiscal charges	-	-	(74,600)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(3,882,132)</u>	<u>(2,734,353)</u>	<u>(238,936)</u>
Cash Flows from Investing Activities:			
Investment income received	1,186,537	962,531	68,811
Net Cash Provided by (Used for) Investing Activities	<u>1,186,537</u>	<u>962,531</u>	<u>68,811</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,018,661)	(629,291)	218,116
Cash and Cash Equivalents at Beginning of Year	<u>26,799,641</u>	<u>21,810,195</u>	<u>1,273,735</u>
Cash and Cash Equivalents at End of Year	<u>\$ 24,780,980</u>	<u>\$ 21,180,904</u>	<u>\$ 1,491,851</u>
Reconciliation of Cash Equivalents to the balance sheet:			
Total cash and investments per the balance sheet	\$ 2,363,339	\$ 550,959	\$ 178,473
Total restricted assets per the balance sheet	<u>22,417,641</u>	<u>20,629,945</u>	<u>1,313,378</u>
Cash and Cash Equivalents at the End of Year	<u>\$ 24,780,980</u>	<u>\$ 21,180,904</u>	<u>\$ 1,491,851</u>

See Accompanying Notes to the Financial Statements.

<u>Enterprise Funds</u>		
<u>Nonmajor</u>	<u>Totals</u>	<u>Internal Service</u>
\$ 2,308,593	\$ 25,162,602	\$ 8,100,765
(1,398,431)	(17,558,119)	(8,085,451)
(520,564)	(5,970,720)	(854,714)
-	241,883	-
<u>328,757</u>	<u>1,176,606</u>	<u>187,659</u>
<u>718,355</u>	<u>3,052,252</u>	<u>(651,741)</u>
387,440	621,140	1,212,120
(419,110)	(802,457)	(587,440)
-	23,456	-
<u>(31,670)</u>	<u>(157,861)</u>	<u>624,680</u>
-	1,990,820	-
(162,000)	(8,716,950)	(67,939)
-	(216,691)	(60,613)
-	-	(18,883)
-	(74,600)	(11,284)
<u>(162,000)</u>	<u>(7,017,421)</u>	<u>(158,719)</u>
<u>116,548</u>	<u>2,334,427</u>	<u>474,089</u>
<u>116,548</u>	<u>2,334,427</u>	<u>474,089</u>
641,233	(1,788,603)	288,309
<u>2,094,989</u>	<u>51,978,560</u>	<u>10,953,890</u>
<u>\$ 2,736,222</u>	<u>\$ 50,189,957</u>	<u>\$ 11,242,199</u>
\$ 2,736,222	\$ 5,828,993	\$ 11,242,199
-	44,360,964	-
<u>\$ 2,736,222</u>	<u>\$ 50,189,957</u>	<u>\$ 11,242,199</u>

(Continued)

CITY OF SAN CLEMENTE  
Statement of Cash Flows  
Proprietary Funds (Continued)  
For the Year Ended June 30, 2009

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ (1,585,591)</u>	<u>\$ (1,985,305)</u>	<u>\$ 182,355</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	944,386	2,976,675	325,947
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	136,055	4,012	1,686
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	(19,948)	24,896	1,801
Increase (decrease) in accounts payable	1,205,769	(39,527)	73,345
Increase (decrease) in accrued wages	17,051	2,619	273
Increase (decrease) in deposits payable	(237)	-	-
Increase (decrease) in compensated absences	49,277	12,524	5,834
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	<u>2,332,353</u>	<u>2,981,199</u>	<u>408,886</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 746,762</u>	<u>\$ 995,894</u>	<u>\$ 591,241</u>
Noncash investing, capital, and financing activities:			
Contributions of capital assets from developers	<u>\$ -</u>	<u>\$ 1,962,091</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements.



<u>Enterprise Funds</u>		<u>Internal Service</u>
<u>Nonmajor</u>	<u>Totals</u>	
<u>\$ 583,603</u>	<u>\$ (2,804,938)</u>	<u>\$ (671,685)</u>
31,202	4,278,210	439,376
298,382	440,135	(51,936)
-	-	241,007
-	6,749	-
(180,787)	1,058,800	104,488
(1,685)	18,258	39,245
-	(237)	-
(12,360)	55,275	29,817
<u>-</u>	<u>-</u>	<u>(782,053)</u>
<u>134,752</u>	<u>5,857,190</u>	<u>19,944</u>
<u>\$ 718,355</u>	<u>\$ 3,052,252</u>	<u>\$ (651,741)</u>
<u>\$ -</u>	<u>\$ 1,962,091</u>	<u>\$ -</u>

CITY OF SAN CLEMENTE  
Statement of Net Assets  
Fiduciary Funds  
June 30, 2009

	Pension Trust	Agency Funds
Assets:		
Taxes receivable	\$ -	\$ 44,989
Accounts receivable	-	30,863
Accrued interest receivable	-	41,319
Restricted cash and investments	-	2,883,576
Restricted cash and investments with fiscal agents	-	2,633,041
Investments, at fair value:		
Group annuity contract	3,540,379	-
New England Life International mutual fund	2,655,390	-
New England Life Large Capitalization mutual fund	8,253,395	-
Barclays Capital Aggregate Bond mutual fund	114,115	-
PIMCO Total Return Bond mutual fund	4,617,995	-
New England Life Small Capitalization mutual fund	2,503,764	-
Western Asset Management U.S. Government mutual fund	388,743	-
<b>Total Assets</b>	<b>22,073,781</b>	<b>\$ 5,633,788</b>
Liabilities:		
Accounts payable	-	\$ 58,268
Accrued wages	-	54,267
Deposits payable	-	186,955
Payable to bondholders	-	5,334,298
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 5,633,788</b>
Net Assets:		
Held in trust for employees' retirement system	<b>\$ 22,073,781</b>	

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, 2009

Contributions:	
Employer	\$ 1,625,559
Employee	<u>925,115</u>
Total Contributions	<u>2,550,674</u>
Investment Income:	
Net appreciation (depreciation) in fair value of investments	<u>(2,310,734)</u>
Total Investment Income (Loss)	<u>(2,310,734)</u>
Total Additions	<u>239,940</u>
Deductions:	
Benefits	2,477,562
Administrative expenses	<u>17,500</u>
Total Deductions	<u>2,495,062</u>
Change in net assets	(2,255,122)
Net assets - Beginning of Year	<u>24,328,903</u>
Net assets - End of Year	<u><u>\$ 22,073,781</u></u>

See Accompanying Notes to the Financial Statements.



CITY OF SAN CLEMENTE  
Notes to the Financial Statements  
June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statement 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, 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"), the Talega Joint Powers Authority (the "Talega JPA") and the San Clemente Public Financing Authority ("PFA"). The City has accounted for the Agency, the Talega JPA 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 polices of the City, the Agency, the Talega JPA 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 Clerk.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

The Talega JPA was created in July 1999 pursuant to the State of California Government Code, Section 6500. The City and the County of Orange are member agencies. The Joint Powers Agreement provides for the Authority to jointly exercise the powers of the County and City with respect to the regulations of the planning and development of the Rolling Hills Planned Community prior to the effective date of the amendment of successive portions of the property. The property consists of approximately 792 acres of land located in unincorporated territory of the County adjacent to and within the sphere of influence of the City. The Talega JPA has the power to adopt and enforce building, zoning, planning and other land-use regulations. Separate financial statements for the Talega JPA may be obtained from the City Clerk. On October 21, 2008, an amendment to dissolve the Talega JPA was adopted by the City of San Clemente and the County of Orange.

The San Clemente Public Financing Authority (“PFA”) was created in May 2007 pursuant to the State of California Government Code, Section 6500. The City and the Agency are member agencies. The Agreement provides for the PFA to jointly exercise the powers of the City and the Agency to provide for the financing or refinance of public capital improvements of the City, Agency or other local agencies through the acquisition and or purchase by the Authority of Local Obligations. The PFA has the power to acquire and to finance and refinance the acquisition of public capital improvements necessary or convenient for the operation of the City or the Agency, including the issuance of Revenue Bonds. The PFA was inactive and did not have separate financial statements.

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 rely to a significant extent 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.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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 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.

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.



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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.

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 an 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 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 Governmental Accounting Standards Board (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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

(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 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.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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 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.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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.

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 over the estimated useful lives 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, 2009 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 cost applicable to future accounting periods and are recorded as prepaid items.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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 projects funds have legally adopted budgets as well as the Negocio Building and Redevelopment debt service funds. The City does not adopt an annual budget for the 99-1 A.D. Capital Improvements Capital Projects Fund.

The City made several supplemental budgetary appropriations during the fiscal year, including additional appropriations of \$18,162,228.

B. Deficit Funds Balance and Excess of Expenditures Over Appropriations

The Miscellaneous Grants Fund had a deficit fund balance of \$38,536 due to grant expenditures incurred that have not been reimbursed. This deficit will be eliminated by future grant receipts.

C. Encumbrance

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys 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, 2008 into the 2008/2009 fiscal year was \$59,044,575 which included \$57,548,712 related to capital projects.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

III. DETAILED NOTES ON ALL FUNDS:

A. Cash and Investments:

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

Statement of net assets:	
Cash and investments - unrestricted	\$ 109,224,857
Cash and investments - restricted:	
Cash and investments	44,360,964
Cash and investments held by bond trustee	499,915
Fiduciary funds:	
Cash and investments	2,883,576
Cash and investments held by bond trustee	<u>2,633,041</u>
 Total cash and investments	 <u><u>\$ 159,602,353</u></u>

Cash and investments as of June 30, 2009 consist of the following:

Cash on hand	\$ 4,150
Deposits with financial institutions	1,316,732
Investments	<u>158,281,471</u>
 Total cash and investments	 <u><u>\$ 159,602,353</u></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 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, 2009

<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 trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
Repurchase Agreements	1 year	None	30%
Money Market Mutual Funds	N/A	15%	None
Investment Contracts	30 years	None	None
LAIF	N/A	None	None

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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 trustees) 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	\$ 31,634,871	\$ 9,089,377	\$ 6,751,743	\$ 15,793,751
Federal Agency securities:				
Federal Farm Credit Bank	25,739,378	6,030,625	10,369,690	9,339,063
Federal Home Loan Bank	22,247,186	5,108,439	6,154,236	10,984,511
Federal Home Loan Mortgage Corp.	15,595,675	2,009,252	1,044,576	12,541,847
Federal National Mortgage Assoc.	15,412,190	1,007,188	6,315,001	8,090,001
LAIF	39,919,206	39,919,206	-	-
Money market funds	4,600,009	4,600,009	-	-
Held by bond trustee:				
Money market funds	1,571,793	1,571,793	-	-
U.S. Treasury securities*	518,412	-	-	-
Investment contracts	673,600	673,600	-	-
LAIF	369,151	369,151	-	-
<b>Total</b>	<b>\$ 158,281,471</b>	<b>\$ 70,378,640</b>	<b>\$ 30,635,246</b>	<b>\$ 56,749,173</b>

\*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 rating as of year end for each investment type:



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Rating</u>	<u>Exempt From Rating</u>	<u>Rating as of Year End</u> <u>AAA/AAA</u>
U.S. Treasury securities	\$ 31,634,871	N/A	\$ 31,634,871	\$ -
Federal agency securities:				
FFCB	25,739,378	N/A	25,739,378	-
FHLB	22,247,186	N/A	22,247,186	-
FHLMC	15,595,675	N/A	15,595,675	-
FNMA	15,412,190	N/A	15,412,190	-
LAIF	39,919,206	N/A	39,919,206	-
Money market funds	4,600,009	AAA	-	4,600,009
Held by Bond trustee:				
Money market funds	1,571,793	N/A	-	1,571,793
Investment contracts	673,600	N/A	673,600	-
U.S. Treasury securities	518,412	N/A	518,412	-
Local agency investment fund	369,151	N/A	369,151	-
	<u>\$ 158,281,471</u>		<u>\$ 152,109,669</u>	<u>\$ 6,171,802</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 Total Investments</u>
U.S. Treasury	U.S. Treasury securities	\$ 31,634,871	20 %
Federal Farm Credit Bank	Federal agency securities	25,739,378	16 %
Federal Home Loan Bank	Federal agency securities	22,247,186	14 %
Federal Home Loan Mortgage Corp	Federal agency securities	15,595,675	10 %
FNMA	Federal agency securities	15,412,190	10 %

Custodial Credit Risk:

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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: \$335,088 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

As of June 30, 2009, 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	\$ 31,634,871
Federal agency securities:	
Federal Farm Credit Bank	25,739,378
Federal Home Loan Bank	22,247,186
Federal Home Loan Mortgage Corp	15,595,675
Federal National Mortgage Association	15,412,190

Investment in State Investment Pool:

The City is a voluntary participant in the LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

B. Receivables:

Receivables, including restricted amounts, at June 30, 2009 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Interest</u>	<u>Loans</u>	<u>Total</u>
Governmental Activities:					
General fund	\$ 2,402,237	\$ 361,691	\$ 205,222	\$ 92,777	\$ 3,061,927
Redevelopment debt service	143,532	-	24,362	163,915	331,809
Public facilities fund	-	-	148,481	-	148,481
Parks acquisition and development fund	-	-	181,166	-	181,166
Nonmajor funds	31,109	1,583,877	271,473	3,537,478	5,423,937
Internal service funds	-	171,985	97,421	-	269,406
	<u>\$ 2,576,878</u>	<u>\$ 2,117,553</u>	<u>\$ 928,125</u>	<u>\$ 3,794,170</u>	<u>\$ 9,416,726</u>

	<u>Accounts</u>	<u>Interest</u>	<u>Total</u>
Business-type Activities:			
Water utility	\$ 1,654,552	\$ 222,266	\$ 1,876,818
Sewer utility	1,162,204	190,072	1,352,276
Golf course	12,183	13,384	25,567
Nonmajor funds	578,221	24,547	602,768
	<u>\$ 3,407,160</u>	<u>\$ 450,269</u>	<u>\$ 3,857,429</u>

C. Capital Assets:

In accordance with GASB Statement No. 34, 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, 2009

A summary of changes in capital asset activity for the year ended June 30, 2009 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
Capital Assets Not Being Depreciated:				
Land	\$ 37,629,418	\$ -	\$ -	\$ 37,629,418
Construction in progress	20,804,369	13,059,293	(30,478,538)	3,385,124
 Total Capital Assets, Not Being Depreciated	 58,433,787	 13,059,293	 (30,478,538)	 41,014,542
Capital Assets, Being Depreciated:				
Buildings	16,489,264	-	-	16,489,264
Improvements other than buildings	23,070,453	7,190,822	(7,543)	30,253,732
General equipment	6,463,902	181,444	(222,352)	6,422,994
Infrastructure	106,640,733	24,715,290	(1,712,883)	129,643,140
 Total Capital Assets, Being Depreciated	 152,664,352	 32,087,556	 (1,942,778)	 182,809,130
Less Accumulated Depreciation For:				
Buildings	(7,960,711)	(479,012)	-	(8,439,723)
Improvements other than buildings	(7,793,944)	(985,651)	7,543	(8,772,052)
General equipment	(3,967,372)	(525,177)	140,077	(4,352,472)
Infrastructure	(37,844,592)	(2,498,037)	1,561,735	(38,780,894)
 Total Accumulated Depreciation	 (57,566,619)	 (4,487,877)	 1,709,355	 (60,345,141)
 Net Capital Assets	 95,097,733	 27,599,679	 (233,423)	 122,463,989
 Governmental Activities Capital Assets	 \$ 153,531,520	 \$ 40,658,972	 \$ (30,711,961)	 \$ 163,478,531

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

A summary of property, plant and equipment at June 30, 2009 for the City's business-type activities is as follows:

<u>Business-type Activities</u>	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 4,034,070	\$ 39,000	\$ -	\$ 4,073,070
Construction in progress	5,626,028	6,757,370	(5,878,851)	6,504,547
<b>Total Capital Assets, Not Being Depreciated</b>	<b>9,660,098</b>	<b>6,796,370</b>	<b>(5,878,851)</b>	<b>10,577,617</b>
<b>Capital Assets, Being Depreciated:</b>				
Buildings	6,811,779	7,235	-	6,819,014
Water, sewer, storm lines	86,718,468	6,517,398	(114,035)	93,121,831
Utility assets	100,738,362	1,183,534	(270,237)	101,651,659
Improvements other than buildings	3,175,770	158,934	(68,082)	3,266,622
Machinery and equipment	2,300,455	163,370	(180,201)	2,283,624
<b>Total Capital Assets, Being Depreciated</b>	<b>199,744,834</b>	<b>8,030,471</b>	<b>(632,555)</b>	<b>207,142,750</b>
<b>Less Accumulated Depreciation For:</b>				
Buildings	(474,061)	(145,815)	-	(619,876)
Water, sewer, storm lines	(26,070,244)	(1,299,666)	59,553	(27,310,357)
Utility assets	(36,546,538)	(2,443,220)	108,029	(38,881,729)
Improvements other than buildings	(1,237,062)	(162,427)	68,082	(1,331,407)
Machinery and equipment	(1,388,755)	(227,082)	112,542	(1,503,295)
<b>Total Accumulated Depreciation</b>	<b>(65,716,660)</b>	<b>(4,278,210)</b>	<b>348,206</b>	<b>(69,646,664)</b>
<b>Net Capital Assets</b>	<b>134,028,174</b>	<b>3,752,261</b>	<b>(284,349)</b>	<b>137,496,086</b>
<b>Business-type Activities Capital Assets</b>	<b>\$ 143,688,272</b>	<b>\$ 10,548,631</b>	<b>\$ (6,163,200)</b>	<b>\$ 148,073,703</b>

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

	Governmental Activities	Business-Type Activities
<b>Governmental activities</b>		
General government	\$ 17,198	\$ -
Police	1,712	
Fire	161,701	-
Public works	2,597,563	-
Community development	317,290	-
Beaches, parks and recreation	953,037	-
Internal service	439,376	-
Water	-	944,386
Sewer	-	2,976,675
Golf	-	325,947
Nonmajor	-	31,202
<b>Total depreciation expense</b>	<b>\$ 4,487,877</b>	<b>\$ 4,278,210</b>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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 Redevelopment 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 243,059

Advances from/to other funds:

<u>Advances to</u>	<u>Advances from</u>	<u>Amount</u>
Redevelopment Debt Service	General fund	\$ 2,315,870
Golf fund	General fund	637,000
Golf fund	Public Facilities Construction Capital Project Fund	<u>2,500,000</u>
Total		<u>\$ 5,452,870</u>

On July 1, 2002, the Agency and the City entered into an agreement to advance to the Agency \$3,420,690 at a rate of 2.9% per annum. This advances 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 <u>June 30,</u>	<u>Advance Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 203,135	\$ 66,697
2011	208,985	60,847
2012	215,004	54,828
2013	221,196	48,636
2014	227,566	42,266
2015-2019	<u>1,239,984</u>	<u>109,163</u>
Totals	<u>\$ 2,315,870</u>	<u>\$ 382,437</u>

The Golf Fund advance made from the General Fund of \$984,000 was used to provide amounts for the Golf Course operations. During the year, the Golf fund repaid \$203,000 from golf operations. The advance from the Public Facilities Construction Capital Project Fund of \$2,500,000 was to provide funds for the remaining construction costs of the Golf Course Clubhouse. These amounts 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, 2009

An advance from the Workers Compensation Fund to the General Liability Fund in the amount of \$1,000,000 was made in fiscal year 2006 to provide additional amounts for a settlement. This final payment of \$200,000 on the advance was paid in fiscal year 2009.

Interfund Transfers:

Transfers In	Transfers Out							Total
	General Fund	Redevelopment Agency Debt Service	Nonmajor Governmental Fund	Water Utility Fund	Sewer Utility Fund	Nonmajor Proprietary Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 715,223	\$ 25,000	\$ 25,000	\$ 223,110	\$ -	\$ 988,333
Nonmajor Governmental Funds	2,618,755	858,370	570,910	52,478	65,749	-	-	4,166,262
Water Utility Fund	11,690	-	-	-	-	-	-	11,690
Sewer Utility Fund	26,010	-	-	-	-	3,604,000	-	3,630,010
Nonmajor Proprietary Funds	-	-	-	-	-	-	387,440	387,440
Internal Service Funds	1,000,000	-	-	4,040	8,080	-	-	1,012,120
<b>Total</b>	<b>\$ 3,656,455</b>	<b>\$ 858,370</b>	<b>\$ 1,286,133</b>	<b>\$ 81,518</b>	<b>\$ 98,829</b>	<b>\$ 3,827,110</b>	<b>\$ 387,440</b>	<b>\$ 10,195,855</b>

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, 2009 transfers were made from the Clean Ocean Fund to contribute a capital asset to the Sewer Utility Fund in the amount of \$3,408,000. In addition, a transfer of \$1,000,000 was made from the General Fund to the General Liability Fund to provide resources for a settlement agreement.

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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 \$234,571 from the State of California directly and \$5,343,860 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 \$323,795 during Fiscal Year 2009. The Bond Reserve is fully funded at June 30, 2009.

\$ 2,725,000

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.

\$ 91,953



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

3. Compensated Absences:

The City's policies relating to compensated absences are described in Note I.D.6. This liability will be paid in future years from future resources primarily from the general fund.

\$1,685,814

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, 2009 are as follows:

Year Ending June 30,	Certificates of Participation		Capitalized Lease Obligations	
	Principal	Interest	Principal	Interest
2010	\$ 115,000	\$ 210,780	\$ 35,891	\$ 5,307
2011	120,000	202,045	38,133	3,065
2012	135,000	192,885	9,742	1,298
2013	140,000	182,580	4,238	771
2014	155,000	171,580	3,949	225
2015-2019	975,000	659,724	-	-
2020-2023	1,085,000	219,700	-	-
Totals	<u>\$ 2,725,000</u>	<u>\$ 1,839,294</u>	<u>\$ 91,953</u>	<u>\$ 10,666</u>

Business-type:

1. Compensated Absences:

The City's policies relating to compensated absences are described in Note I.D.6. Compensated absences at June 30, 2009 were obligations of the following funds:

Water Utility Fund	\$ 202,682
Sewer Utility Fund	332,283
Golf Course Fund	166,142
Nonmajor Enterprise Funds	<u>25,231</u>
Total	<u>\$ 726,338</u>

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

Changes in Long-term Liabilities

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Certificates of participation	\$ 2,830,000	\$ -	\$ 105,000	\$ 2,725,000	\$ 115,000
Capital lease obligations	110,278	18,843	37,168	91,953	35,891
Claims and judgments payable (Note IV A)	3,009,908	1,431,637	2,213,689	2,227,856	981,874
Compensated absences	1,450,814	1,013,398	778,398	1,685,814	303,446
Governmental Activities Long-term Liabilities	<u>\$ 7,401,000</u>	<u>\$ 2,463,878</u>	<u>\$ 3,134,255</u>	<u>\$ 6,730,623</u>	<u>\$ 1,436,211</u>

<u>Business-type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 671,063	\$ 305,978	\$ 250,703	\$ 726,338	\$ 130,741
Business-type Activities Long-term Liabilities	<u>\$ 671,063</u>	<u>\$ 305,978</u>	<u>\$ 250,703</u>	<u>\$ 726,338</u>	<u>\$ 130,741</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, 2009

\$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 \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby the Authority is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded 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. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

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 \$164,495,479. 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 \$92,854,598. 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, 2009

Workers' Compensation

The City was self-insured for workers' compensation prior to fiscal year 1996-97. In fiscal year 1996-97, the City became fully insured through California's State Compensation Fund, and remained in that fund through fiscal year 2002-03. In fiscal year 2003-04, 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 California Public Entity 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 2003-04.

Adequacy of Protection

At June 30, 2009, 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	Claims Incurred and Changes in Estimates	Less Claim Payments	Ending Balance
2007-2008	\$ 3,036,361	\$ 320,129	\$ (346,582)	\$ 3,009,908
2008-2009	3,009,908	1,431,637	(2,213,689)	2,227,856

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 had a significant claim paid during the fiscal year ended June 30, 2007 that was not covered under the City's previous insurance policy related to a landslide, a portion of this claim (\$1.6 million) remains accrued at June 30, 2009.

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

create risk pools and to mandate public agency participation in those pools. PERS assigned 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, 2008, the plan had 192 active participants and 97 inactive participants with vested benefits. The plan currently is paying benefits to 69 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 20.2% 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 12.3% of annual covered payroll, an actuarially determined rate.

For 2008-09, the City's annual pension costs of \$132,823 for the PERS Risk Pool and \$2,550,674 for CSCERP were equal to the City's required and actual contributions. The covered payroll was \$353,299 and \$13,359,200, respectively. The required contribution was determined as part of the June 30, 2007 and July 1, 2008, 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, 2009

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>
6/30/07	\$ 91,770	100.00%	-
6/30/08	118,498	100.00%	-
6/30/09	132,823	100.00%	-

The City's retirement plan is part of the CalPERS retirement plan. Information on the risk pool funding of this plan can be obtained from CalPERS Actuarial Valuation Report.

**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>
6/30/04	\$ 1,530,309	100.00%	-
6/30/05	1,628,497	100.00%	-
6/30/06	1,919,957	100.00%	-
6/30/07	2,236,356	100.00%	-
6/30/08	2,343,464	100.00%	-
6/30/09	2,550,674	100.00%	-

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, 2009

**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:						
07/01/06	\$ 22,113,885	\$ 21,456,488	\$ 657,397	103.1%	\$ 10,676,530	n/a
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	6.46%

\*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. This benefit coverage is mandated by the City's participation in Public Employees Medical and Coverage Health Agreement ("PEMCHA") which is administered through PERS. In order to qualify for this coverage eligible employees must complete 10 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, 2009, the City paid \$36,072 of the health insurance benefit with the remaining cost of \$92,778 paid by the retirees. Employers are now required under Governmental Accounting Standards Board accounting principles to account for and report the annual cost of OPEB's 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 period of thirty years.

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:

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

Annual required contribution (ARC)	\$ 128,850
Interest on net OPEB obligation	4,640
Contributions made	<u>(36,072)</u>
Increase in net OPEB obligation	97,418
Net OPEB obligation - beginning of year	<u>92,778</u>
Net OPEB obligation - end of year	<u><u>\$ 190,196</u></u>

The percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2008-09 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

**Funded Status and Funding Progress:**

As of November 1, 2007, the date of the latest actuarial valuation, there were 207 active employees and 27 retirees. The present value of all expected future benefits based on certain actuarial assumptions was \$1,270,647 as of June 30, 2008. 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 \$190,196 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. These actuarially estimates are subject to continual revision as results are compared to past expectation and new estimates are made about the future. The methods and assumptions used in the November 1, 2007 actuarial valuation are summarized as follows:

**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	TCS Unisex table



CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

**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%

\* 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 faith and credit nor taxing power of the City is pledged to the payment of the bonds. Therefore, none of the following obligations are included in the accompanying financial statements.

Issue	Amount of Issue	Outstanding June 30, 2009
City of San Clemente 95-1 Assessment District	\$ 6,929,940	\$ 1,775,000
City of San Clemente 99-1 Assessment District	1,150,000	780,000
City of San Clemente 99-1 Community Facilities District	5,755,000	5,530,000
City of San Clemente Public Financing Authority Reassessment Refunding Revenue Bonds	14,235,000	13,955,000

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

CITY OF SAN CLEMENTE  
Notes to the Financial Statements (Continued)  
June 30, 2009

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 \$4.0 million as of June 30, 2009 related to construction and other contractual arrangements.

H. Subsequent Events:

Subsequent to June 30, 2009, the State of California (State) has decided to borrow, to defer certain revenue payments and to take certain funds from local governments including the City. These amounts are significant to the City and are as follows:

8% of Property Taxes	\$ 2,176,959
Gas Tax Revenues	425,000
Redevelopment Agency	1,053,705

Property Taxes borrowed by the State for fiscal year 2009-2010 were nearly \$2 billion statewide to help the State's budget shortfall. Legislators and the Governor promised to allow local agencies to sell their eventual repayment from the State to investors to cover the property taxes and to pay the full cost of the sale, or securitization.

Gas tax payments will be deferred for a five-month period from November 2009 through March 2010 with payment to occur in April 2010.

Redevelopment Agency funds have been estimated for a two year takeaway by the State. This decision is to be litigated by the California Redevelopment Association and other parties with hope that this will be considered unconstitutional as was last year's State proposed takeaway.



CITY OF SAN CLEMENTE  
Required Supplementary Information  
June 30, 2009

**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 budget to actual comparison for this fund is presented on the following page.



CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
General Fund  
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 36,577,000	\$ 36,577,000	\$ 35,494,077	\$ (1,082,923)
Licenses and permits	2,208,730	2,208,730	1,714,112	(494,618)
Fines and forfeits	960,500	1,001,500	1,033,082	31,582
Investment and rentals	2,009,730	2,009,730	2,553,703	543,973
Intergovernmental	792,060	792,060	544,552	(247,508)
Charges for services	5,931,300	5,981,300	6,313,217	331,917
Other	194,200	194,200	72,066	(122,134)
Total Revenues	<u>48,673,520</u>	<u>48,764,520</u>	<u>47,724,809</u>	<u>(1,039,711)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
<b>Administration</b>				
City council	87,950	89,080	84,422	4,658
City manager	519,130	542,580	521,819	20,761
City clerk	704,600	730,180	661,098	69,082
Finance and administrative services	2,797,720	2,905,090	2,832,057	73,033
City general	3,168,960	3,297,070	2,917,287	379,783
Police	11,846,780	11,916,970	11,576,622	340,348
Fire	6,491,420	6,497,990	6,484,946	13,044
Public works	6,851,620	7,023,950	5,810,871	1,213,079
Community development	5,032,820	5,286,145	4,479,410	806,735
Beaches, parks and recreation	9,399,940	9,675,480	9,074,832	600,648
Capital outlay	1,648,150	2,692,970	1,078,640	1,614,330
Total Expenditures	<u>48,549,090</u>	<u>50,657,505</u>	<u>45,522,004</u>	<u>5,135,501</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>124,430</u>	<u>(1,892,985)</u>	<u>2,202,805</u>	<u>4,095,790</u>
<b>Other Financing Sources (Uses):</b>				
Sale of capital assets	1,720,000	13,620,000	35,000	(13,585,000)
Transfers in	1,294,010	1,314,990	988,333	(326,657)
Transfers out	(3,759,860)	(17,395,010)	(3,656,455)	13,738,555
Total Other Financing Sources (Uses)	<u>(745,850)</u>	<u>(2,460,020)</u>	<u>(2,633,122)</u>	<u>(173,102)</u>
Net Change in Fund Balance	<u>(621,420)</u>	<u>(4,353,005)</u>	<u>(430,317)</u>	<u>3,922,688</u>
Fund Balance, Beginning of Year	<u>25,524,748</u>	<u>25,524,748</u>	<u>25,524,748</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 24,903,328</u>	<u>\$ 21,171,743</u>	<u>\$ 25,094,431</u>	<u>\$ 3,922,688</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 2,334,800	\$ 2,489,125	\$ 154,325
Investment and rentals	117,100	115,389	(1,711)
Total Revenues	<u>2,451,900</u>	<u>2,604,514</u>	<u>152,614</u>
Expenditures:			
Current:			
Community development	20,570	26,544	(5,974)
Debt service:			
Property tax shift	510,020	504,204	5,816
Interest and fiscal charges	269,830	72,380	197,450
Total Expenditures	<u>800,420</u>	<u>603,128</u>	<u>197,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,651,480	2,001,386	349,906
Other Financing Sources (Uses):			
Transfers out	<u>(2,415,000)</u>	<u>(858,370)</u>	<u>1,556,630</u>
Net Change in Fund Balance	(763,520)	1,143,016	1,906,536
Fund Balance (Deficit), Beginning of Year	<u>(848,433)</u>	<u>(848,433)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u><u>\$ (1,611,953)</u></u>	<u><u>\$ 294,583</u></u>	<u><u>\$ 1,906,536</u></u>



CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Public Facilities Construction Capital Projects Fund  
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 568,800	\$ 790,037	\$ 221,237
Intergovernmental	-	14,344	14,344
Developer fees	383,000	77,607	(305,393)
Total Revenues	<u>951,800</u>	<u>881,988</u>	<u>(69,812)</u>
Expenditures:			
Current:			
Community development	1,040,070	223,309	816,761
Capital outlay	6,251,920	789,587	5,462,333
Total Expenditures	<u>7,291,990</u>	<u>1,012,896</u>	<u>6,279,094</u>
Excess of Revenues Over (Under) Expenditures	(6,340,190)	(130,908)	6,209,282
Fund Balance, Beginning of Year	<u>19,300,026</u>	<u>19,300,026</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,959,836</u>	<u>\$ 19,169,118</u>	<u>\$ 6,209,282</u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Parks Acquisition and Development Capital Projects Fund  
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 661,680	\$ 874,885	\$ 213,205
Developer fees	48,000	17,381	(30,619)
Total Revenues	<u>709,680</u>	<u>892,266</u>	<u>182,586</u>
Expenditures:			
Current:			
Beaches, parks, and recreation	93,110	38,750	54,360
Capital outlay	36,096,190	2,858,096	33,238,094
Total Expenditures	<u>36,189,300</u>	<u>2,896,846</u>	<u>33,292,454</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,479,620)	(2,004,580)	33,475,040
Other Financing Sources (Uses):			
Transfers in	<u>13,620,000</u>	<u>-</u>	<u>(13,620,000)</u>
Net Change in Fund Balance	(21,859,620)	(2,004,580)	19,855,040
Fund Balance, Beginning of Year	<u>22,302,293</u>	<u>22,302,293</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 442,673</u>	<u>\$ 20,297,713</u>	<u>\$ 19,855,040</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 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.

The Redevelopment Agency (RDA) Low and Moderate Income Housing 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.

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

The Talega Joint Powers Authority (JPA) Fund is used to account for the revenues and expenditures of the blended component unit.

## 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, 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, 2009

	Special Revenue Funds		
	Gas Tax	Air Quality Improvement	Street Improvement
<b>Assets:</b>			
Cash and investments	\$ 2,707,392	\$ 218,814	\$ 4,713,982
Receivables (net of allowances for uncollectibles):			
Taxes	-	-	31,109
Accounts	942,383	-	-
Accrued interest	24,289	1,963	42,291
Loan	-	-	-
Due from other governments	323,436	21,225	-
Restricted assets:			
Cash and investments with fiscal agent	-	-	-
<b>Total Assets</b>	<b>\$ 3,997,500</b>	<b>\$ 242,002</b>	<b>\$ 4,787,382</b>
 <b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 158,118	\$ 8,653	\$ 19,674
Accrued wages	-	-	-
Deferred revenue	89,583	-	19,952
Unearned revenue	156,431	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>404,132</b>	<b>8,653</b>	<b>39,626</b>
 <b>Fund Balances (Deficits):</b>			
Reserved for:			
Encumbrances	3,678,148	103,373	2,733,474
Local drainage	-	-	-
Low and moderate income housing	-	-	-
Loans, notes, and long term receivables	-	-	-
Developer improvements	-	-	-
Unreserved - designated for:			
Accrued leave	-	-	-
Capital equipment replacement	-	-	-
Unreserved - undesignated	(84,780)	129,976	2,014,282
<b>Total Fund Balances (Deficits)</b>	<b>3,593,368</b>	<b>233,349</b>	<b>4,747,756</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,997,500</b>	<b>\$ 242,002</b>	<b>\$ 4,787,382</b>

Special Revenue Funds					Debt Service Fund	
Police Grants	Miscellaneous Grants	RDA Low and Moderate Income Housing	Reserve	Talega JPA	Negocio Building	
\$ 5,936	\$ -	\$ 2,124,205	\$ 2,813,811	\$ -	\$ -	
-	-	-	-	-	-	
-	-	-	-	-	-	
54	-	19,057	25,244	-	1,386	
-	545,479	1,206,346	-	-	-	
10,801	64,146	10	-	-	-	
-	-	-	-	-	402,442	
<u>\$ 16,791</u>	<u>\$ 609,625</u>	<u>\$ 3,349,618</u>	<u>\$ 2,839,055</u>	<u>\$ -</u>	<u>\$ 403,828</u>	
\$ -	\$ 32,411	\$ 3,101	\$ -	\$ -	\$ 13,015	
-	1,804	1,903	-	-	-	
-	569,543	708,000	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	44,403	-	-	-	198,656	
-	648,161	713,004	-	-	211,671	
16,791	272,500	804,679	216,908	-	-	
-	-	-	-	-	-	
-	-	1,333,589	-	-	-	
-	-	498,346	-	-	-	
-	-	-	-	-	-	
-	-	-	686,179	-	-	
-	-	-	1,075,457	-	-	
-	(311,036)	-	860,511	-	192,157	
<u>16,791</u>	<u>(38,536)</u>	<u>2,636,614</u>	<u>2,839,055</u>	<u>-</u>	<u>192,157</u>	
<u>\$ 16,791</u>	<u>\$ 609,625</u>	<u>\$ 3,349,618</u>	<u>\$ 2,839,055</u>	<u>\$ -</u>	<u>\$ 403,828</u>	

(Continued)



CITY OF SAN CLEMENTE  
Combining Balance Sheet  
Nonmajor Governmental Funds (Continued)  
June 30, 2009

	Capital Projects Funds		
	Local Drainage Facilities	Developers Improvement	RCFPP
<b>Assets:</b>			
Cash and investments	\$ 3,824,296	\$ 9,567,094	\$ 3,504,326
Receivables (net of allowances for uncollectibles):			
Taxes	-	-	-
Accounts	-	-	641,494
Accrued interest	34,309	85,827	31,438
Loan	-	1,785,653	-
Due from other governments	-	-	-
<b>Restricted Assets:</b>			
Cash and investments with fiscal agent	-	-	-
<b>Total Assets</b>	<b>\$ 3,858,605</b>	<b>\$ 11,438,574</b>	<b>\$ 4,177,258</b>
 <u>Liabilities and Fund Balances</u>			
<b>Liabilities:</b>			
Accounts payable	\$ 3,932	\$ 10,176	\$ -
Accrued wages	-	-	-
Deferred revenue	-	75,000	641,494
Unearned revenue	-	-	-
Deposits payable	-	166,715	-
Due to other funds	-	-	-
<b>Total Liabilities</b>	<b>3,932</b>	<b>251,891</b>	<b>641,494</b>
<b>Fund Balances (Deficits):</b>			
Reserved for:			
Encumbrances	5,739	3,995,114	1,759,810
Local drainage	2,939,852	807,550	-
Low and moderate income housing	-	4,117,173	-
Loans, notes, and long term receivables	-	1,710,653	-
Developer improvements	-	556,193	-
Unreserved - designated for:			
Accrued leave	-	-	-
Capital equipment replacement	-	-	-
Unreserved - undesignated	909,082	-	1,775,954
<b>Total Fund Balances (Deficits)</b>	<b>3,854,673</b>	<b>11,186,683</b>	<b>3,535,764</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,858,605</b>	<b>\$ 11,438,574</b>	<b>\$ 4,177,258</b>

<u>Capital Projects Funds</u>		
<u>Redevelopment Project</u>	<u>99-1 AD Capital Improvements</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 367,440	\$ 258,443	\$ 30,105,739
-	-	31,109
-	-	1,583,877
3,296	2,319	271,473
-	-	3,537,478
-	-	419,618
-	97,473	499,915
<u>\$ 370,736</u>	<u>\$ 358,235</u>	<u>\$ 36,449,209</u>
\$ 10,267	\$ 16,440	\$ 275,787
-	-	3,707
-	-	2,103,572
-	-	156,431
-	-	166,715
-	-	243,059
<u>10,267</u>	<u>16,440</u>	<u>2,949,271</u>
1,914,210	-	15,500,746
-	-	3,747,402
-	-	5,450,762
-	-	2,208,999
-	-	556,193
-	-	686,179
-	-	1,075,457
<u>(1,553,741)</u>	<u>341,795</u>	<u>4,274,200</u>
<u>360,469</u>	<u>341,795</u>	<u>33,499,938</u>
<u>\$ 370,736</u>	<u>\$ 358,235</u>	<u>\$ 36,449,209</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, 2009

	Special Revenue Funds		
	Gas Tax	Air Quality Improvement	Street Improvement
Revenues:			
Taxes	\$ -	\$ -	\$ 659,279
Investment and rentals	105,744	9,447	203,725
Intergovernmental	5,584,081	79,277	-
Charges for services	-	-	-
Developer fees	-	-	-
Other	75,229	-	3,917
Total Revenues	5,765,054	88,724	866,921
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Public works	150,129	96,627	247,121
Community development	-	-	-
Capital outlay	4,788,864	-	793,688
Debt service:			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	4,938,993	96,627	1,040,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	826,061	(7,903)	(173,888)
Other Financing Sources (Uses):			
Transfers in	922,405	-	1,360,487
Transfers out	(1,268,435)	-	-
Total Other Financing Sources (Uses)	(346,030)	-	1,360,487
Net Change in Fund Balances	480,031	(7,903)	1,186,599
Fund Balance (Deficit) at Beginning of Year	3,113,337	241,252	3,561,157
Fund Balance (Deficit) at End of Year	\$ 3,593,368	\$ 233,349	\$ 4,747,756

Special Revenue Funds					Debt Service Fund
Police Grants	Miscellaneous Grants	RDA Low and Moderate Income Housing	Reserve	Talega JPA	Negocio Building
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
55	-	88,751	120,184	-	101,720
83,556	431,413	-	-	-	-
-	-	-	239,230	-	-
-	-	-	-	-	-
13,164	570	10	4,000	-	-
<u>96,775</u>	<u>431,983</u>	<u>88,761</u>	<u>363,414</u>	<u>-</u>	<u>101,720</u>
-	-	-	63,708	-	224,244
82,209	-	-	-	-	-
-	-	-	-	-	-
-	257,421	249,681	-	-	-
-	6,038	-	182,924	-	-
-	-	-	-	-	105,000
-	-	-	-	-	218,917
<u>82,209</u>	<u>263,459</u>	<u>249,681</u>	<u>246,632</u>	<u>-</u>	<u>548,161</u>
<u>14,566</u>	<u>168,524</u>	<u>(160,920)</u>	<u>116,782</u>	<u>-</u>	<u>(446,441)</u>
-	-	497,825	160,000	-	510,000
-	(17,088)	-	-	-	-
-	(17,088)	497,825	160,000	-	510,000
14,566	151,436	336,905	276,782	-	63,559
2,225	(189,972)	2,299,709	2,562,273	-	128,598
<u>\$ 16,791</u>	<u>\$ (38,536)</u>	<u>\$ 2,636,614</u>	<u>\$ 2,839,055</u>	<u>\$ -</u>	<u>\$ 192,157</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, 2009

	Capital Projects Funds		
	Local Drainage Facilities	Developers Improvement	RCFPP
Revenues:			
Taxes	\$ -	\$ -	\$ -
Investment and rentals	164,655	400,204	147,121
Intergovernmental	-	-	250,000
Charges for services	-	112,113	-
Developer fees	258	107,313	1,340
Other	-	-	-
Total Revenues	<u>164,913</u>	<u>619,630</u>	<u>398,461</u>
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Public works	67,200	90,931	14,646
Community development	-	-	-
Capital outlay	-	225,864	2,757,010
Debt service:			
Principal retirements	-	-	-
Interest and fiscal charges	-	-	-
Total Expenditures	<u>67,200</u>	<u>316,795</u>	<u>2,771,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>97,713</u>	<u>302,835</u>	<u>(2,373,195)</u>
Other Financing Sources (Uses):			
Transfers in	-	355,000	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>355,000</u>	<u>-</u>
Net Change in Fund Balances	97,713	657,835	(2,373,195)
Fund Balance (Deficit) at Beginning of Year	<u>3,756,960</u>	<u>10,528,848</u>	<u>5,908,959</u>
Fund Balance (Deficit) at End of Year	<u>\$ 3,854,673</u>	<u>\$ 11,186,683</u>	<u>\$ 3,535,764</u>

Capital Projects Funds

Redevelopment Project	99-1 AD Capital Improvements	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 659,279
13,981	11,203	1,366,790
-	-	6,428,327
-	-	351,343
-	-	108,911
-	-	96,890
<u>13,981</u>	<u>11,203</u>	<u>9,011,540</u>
-	6,410	294,362
-	-	82,209
-	-	666,654
325,509	-	832,611
34,426	-	8,788,814
-	-	105,000
-	147	219,064
<u>359,935</u>	<u>6,557</u>	<u>10,988,714</u>
<u>(345,954)</u>	<u>4,646</u>	<u>(1,977,174)</u>
360,545	-	4,166,262
(610)	-	(1,286,133)
<u>359,935</u>	<u>-</u>	<u>2,880,129</u>
13,981	4,646	902,955
<u>346,488</u>	<u>337,149</u>	<u>32,596,983</u>
<u>\$ 360,469</u>	<u>\$ 341,795</u>	<u>\$ 33,499,938</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 46,800	\$ 105,744	\$ 58,944
Intergovernmental	7,717,260	5,584,081	(2,133,179)
Other	-	75,229	75,229
<b>Total Revenues</b>	<b>7,764,060</b>	<b>5,765,054</b>	<b>(1,999,006)</b>
Expenditures:			
Current:			
Public works	533,820	150,129	383,691
Capital outlay	8,942,830	4,788,864	4,153,966
<b>Total Expenditures</b>	<b>9,476,650</b>	<b>4,938,993</b>	<b>4,537,657</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,712,590)	826,061	2,538,651
Other Financing Sources (Uses):			
Transfers in	1,040,960	922,405	(118,555)
Transfers out	(1,197,800)	(1,268,435)	(70,635)
<b>Total Other Financing Sources (Uses)</b>	<b>(156,840)</b>	<b>(346,030)</b>	<b>(189,190)</b>
<b>Net Change in Fund Balance</b>	<b>(1,869,430)</b>	<b>480,031</b>	<b>2,349,461</b>
Fund Balance, Beginning of Year	3,113,337	3,113,337	-
<b>Fund Balance, End of Year</b>	<b>\$ 1,243,907</b>	<b>\$ 3,593,368</b>	<b>\$ 2,349,461</b>

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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 6,500	\$ 9,447	\$ 2,947
Intergovernmental	80,000	79,277	(723)
Total Revenues	<u>86,500</u>	<u>88,724</u>	<u>2,224</u>
Expenditures:			
Current:			
Public works	<u>200,000</u>	<u>96,627</u>	<u>103,373</u>
Total Expenditures	<u>200,000</u>	<u>96,627</u>	<u>103,373</u>
Net Change in Fund Balance	(113,500)	(7,903)	105,597
Fund Balance, Beginning of Year	<u>241,252</u>	<u>241,252</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 127,752</u></u>	<u><u>\$ 233,349</u></u>	<u><u>\$ 105,597</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 671,000	\$ 659,279	\$ (11,721)
Investment and rentals	125,300	203,725	78,425
Other	-	3,917	3,917
Total Revenues	<u>796,300</u>	<u>866,921</u>	<u>70,621</u>
Expenditures:			
Current:			
Public works	476,300	247,121	229,179
Capital outlay	<u>4,096,900</u>	<u>793,688</u>	<u>3,303,212</u>
Total Expenditures	<u>4,573,200</u>	<u>1,040,809</u>	<u>3,532,391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,776,900)	(173,888)	3,603,012
Other Financing Sources (Uses):			
Transfers in	<u>1,537,260</u>	<u>1,360,487</u>	<u>(176,773)</u>
Net Change in Fund Balance	(2,239,640)	1,186,599	3,426,239
Fund Balance, Beginning of Year	<u>3,561,157</u>	<u>3,561,157</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,321,517</u>	<u>\$ 4,747,756</u>	<u>\$ 3,426,239</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 1,000	\$ 55	\$ (945)
Intergovernmental	133,000	83,556	(49,444)
Other	-	13,164	13,164
Total Revenues	134,000	96,775	(37,225)
Expenditures:			
Police	139,160	82,209	56,951
Net Change in Fund Balance	(5,160)	14,566	19,726
Fund Balance, Beginning of Year	2,225	2,225	-
Fund Balance (Deficit), End of Year	\$ (2,935)	\$ 16,791	\$ 19,726

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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 728,865	\$ 431,413	\$ (297,452)
Other	25,000	570	(24,430)
Total Revenues	<u>753,865</u>	<u>431,983</u>	<u>(321,882)</u>
Expenditures:			
Current:			
Community development	328,670	257,421	71,249
Capital outlay	165,840	6,038	159,802
Total Expenditures	<u>494,510</u>	<u>263,459</u>	<u>231,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	259,355	168,524	(90,831)
Other Financing Sources (Uses):			
Transfers out	<u>(45,180)</u>	<u>(17,088)</u>	<u>28,092</u>
Net Change in Fund Balance	214,175	151,436	(62,739)
Fund Balance (Deficit), Beginning of Year	<u>(189,972)</u>	<u>(189,972)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u><u>\$ 24,203</u></u>	<u><u>\$ (38,536)</u></u>	<u><u>\$ (62,739)</u></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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 54,100	\$ 88,751	\$ 34,651
Other	-	10	10
Total Revenues	<u>54,100</u>	<u>88,761</u>	<u>34,661</u>
Expenditures:			
Current:			
Community development	<u>1,049,390</u>	<u>249,681</u>	<u>799,709</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(995,290)	(160,920)	834,370
Other Financing Sources (Uses):			
Transfers in	<u>465,000</u>	<u>497,825</u>	<u>32,825</u>
Net Change in Fund Balance	(530,290)	336,905	867,195
Fund Balance, Beginning of Year	<u>2,299,709</u>	<u>2,299,709</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,769,419</u></u>	<u><u>\$ 2,636,614</u></u>	<u><u>\$ 867,195</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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 91,500	\$ 120,184	\$ 28,684
Charges for services	239,230	239,230	-
Other	-	4,000	4,000
	<u>330,730</u>	<u>363,414</u>	<u>32,684</u>
Total Revenues			
Expenditures:			
Current:			
General government	160,000	63,708	96,292
Capital outlay	430,690	182,924	247,766
	<u>590,690</u>	<u>246,632</u>	<u>344,058</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(259,960)	116,782	376,742
Other Financing Sources (Uses):			
Transfers in	160,000	160,000	-
	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Net Change in Fund Balance	(99,960)	276,782	376,742
Fund Balance, Beginning of Year	<u>2,562,273</u>	<u>2,562,273</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,462,313</u>	<u>\$ 2,839,055</u>	<u>\$ 376,742</u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Talega Joint Powers Authority Special Revenue Fund  
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	\$ 42,900	\$ -	\$ (42,900)
Expenditures:			
Current:			
Community development	42,900	-	42,900
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

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, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 99,600	\$ 101,720	\$ 2,120
Expenditures:			
Current:			
General government	266,480	224,244	42,236
Debt service:			
Principal retirement	105,000	105,000	-
Interest and fiscal charges	223,800	218,917	4,883
Total Expenditures	595,280	548,161	47,119
Excess (Deficiency) of Revenues Over (Under) Expenditures	(495,680)	(446,441)	(44,999)
Other Financing Sources:			
Transfers in	510,000	510,000	-
Net Change in Fund Balance	14,320	63,559	49,239
Fund Balance, Beginning of Year	128,598	128,598	-
Fund Balance, End of Year	\$ 142,918	\$ 192,157	\$ 49,239

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Local Drainage Facilities Capital Projects Fund  
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 135,400	\$ 164,655	\$ 29,255
Developer fees	1,000	258	(742)
Total Revenues	<u>136,400</u>	<u>164,913</u>	<u>28,513</u>
Expenditures:			
Current:			
Public works	<u>72,940</u>	<u>67,200</u>	<u>5,740</u>
Total Expenditures	<u>72,940</u>	<u>67,200</u>	<u>5,740</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	63,460	97,713	34,253
Other Financing Sources (Uses):			
Transfers out	<u>(30,000)</u>	<u>-</u>	<u>(30,000)</u>
Net Change in Fund Balance	93,460	97,713	4,253
Fund Balance, Beginning of Year	<u>3,756,960</u>	<u>3,756,960</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 3,850,420</u></u>	<u><u>\$ 3,854,673</u></u>	<u><u>\$ 4,253</u></u>



CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Developers Improvement Capital Projects Fund  
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 319,600	\$ 400,204	\$ 80,604
Charges for services	290,000	112,113	(177,887)
Developer fees	110,000	107,313	(2,687)
Other	2,100,000	-	(2,100,000)
<b>Total Revenues</b>	<b>2,819,600</b>	<b>619,630</b>	<b>(2,199,970)</b>
Expenditures:			
Current:			
Public works	570,780	90,931	479,849
Capital outlay	3,741,130	225,864	3,515,266
<b>Total Expenditures</b>	<b>4,311,910</b>	<b>316,795</b>	<b>3,995,115</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,492,310)	302,835	1,795,145
Other Financing Sources:			
Transfers in	355,000	355,000	-
<b>Net Change in Fund Balance</b>	<b>(1,137,310)</b>	<b>657,835</b>	<b>1,795,145</b>
Fund Balance, Beginning of Year	10,528,848	10,528,848	-
<b>Fund Balance, End of Year</b>	<b>\$ 9,391,538</b>	<b>\$ 11,186,683</b>	<b>\$ 1,795,145</b>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
RCFPP Capital Projects Fund  
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 238,000	\$ 147,121	\$ (90,879)
Intergovernmental	1,000,000	250,000	(750,000)
Developer fees	5,908,000	1,340	(5,906,660)
Total Revenues	<u>7,146,000</u>	<u>398,461</u>	<u>(6,747,539)</u>
Expenditures:			
Current:			
Public works	5,946,190	14,646	5,931,544
Capital outlay	4,465,320	2,757,010	1,708,310
Total Expenditures	<u>10,411,510</u>	<u>2,771,656</u>	<u>7,639,854</u>
Net Change in Fund Balance	(3,265,510)	(2,373,195)	892,315
Fund Balance, Beginning of Year	<u>5,908,959</u>	<u>5,908,959</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,643,449</u>	<u>\$ 3,535,764</u>	<u>\$ 892,315</u>

CITY OF SAN CLEMENTE  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Redevelopment Project Capital Projects Fund  
For the Year Ended June 30, 2009

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 10,900	\$ 13,981	\$ 3,081
Total Revenues	<u>10,900</u>	<u>13,981</u>	<u>3,081</u>
Expenditures:			
Current:			
Community development	688,220	325,509	362,711
Capital outlay	1,681,700	34,426	1,647,274
Total Expenditures	<u>2,369,920</u>	<u>359,935</u>	<u>2,009,985</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,359,020)</u>	<u>(345,954)</u>	<u>2,013,066</u>
Other Financing Sources (Uses):			
Transfers in	1,950,000	360,545	(1,589,455)
Transfers out	<u>(610)</u>	<u>(610)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,949,390</u>	<u>359,935</u>	<u>(1,589,455)</u>
Net Change in Fund Balance	(409,630)	13,981	423,611
Fund Balance, Beginning of Year	<u>346,488</u>	<u>346,488</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (63,142)</u>	<u>\$ 360,469</u>	<u>\$ 423,611</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, 2009

	Clean Ocean	Solid Waste Management	Totals
Assets:			
Current Assets:			
Cash and investments	\$ 2,216,004	\$ 520,218	\$ 2,736,222
Receivables (net of allowances for uncollectible accounts)	569,472	8,749	578,221
Accrued interest	19,880	4,667	24,547
<b>Total Current Assets</b>	<b>2,805,356</b>	<b>533,634</b>	<b>3,338,990</b>
Capital Assets:			
Machinery and equipment	54,741	-	54,741
<b>Total Capital Assets</b>	<b>54,741</b>	<b>-</b>	<b>54,741</b>
Less accumulated depreciation	(45,184)	-	(45,184)
<b>Net Capital Assets</b>	<b>9,557</b>	<b>-</b>	<b>9,557</b>
<b>Total Assets</b>	<b>2,814,913</b>	<b>533,634</b>	<b>3,348,547</b>
Liabilities:			
Current Liabilities			
Payable from Current Assets:			
Accounts payable	190,020	8,572	198,592
Accrued wages	9,111	1,901	11,012
Long-term liabilities, current portion	2,984	1,557	4,541
<b>Total Current Liabilities</b>	<b>202,115</b>	<b>12,030</b>	<b>214,145</b>
Long-Term Liabilities:			
Compensated absences payable	13,595	7,095	20,690
<b>Total Liabilities</b>	<b>215,710</b>	<b>19,125</b>	<b>234,835</b>
Net Assets:			
Invested in capital assets	9,557	-	9,557
Unrestricted	2,589,646	514,509	3,104,155
<b>Total Net Assets</b>	<b>\$ 2,599,203</b>	<b>\$ 514,509</b>	<b>\$ 3,113,712</b>

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2009

	<u>Clean Ocean</u>	<u>Solid Waste Management</u>	<u>Totals</u>
Operating Revenues:			
Charges for services	\$ 1,867,826	\$ 142,385	\$ 2,010,211
Other	<u>311,083</u>	<u>17,674</u>	<u>328,757</u>
Total Operating Revenues	<u>2,178,909</u>	<u>160,059</u>	<u>2,338,968</u>
Operating Expenses:			
Salaries and benefits	415,483	91,036	506,519
Cost of materials and supplies	58,047	12,066	70,113
Depreciation	31,202	-	31,202
Maintenance and other operating expenses	<u>1,079,458</u>	<u>68,073</u>	<u>1,147,531</u>
Total Operating Expenses	<u>1,584,190</u>	<u>171,175</u>	<u>1,755,365</u>
Operating Income (Loss)	<u>594,719</u>	<u>(11,116)</u>	<u>583,603</u>
Non-Operating Revenues (Expenses):			
Investment income	96,015	21,872	117,887
Gain (Loss) on sale of capital assets	<u>(53,908)</u>	<u>-</u>	<u>(53,908)</u>
Total Non-Operating Revenues	<u>42,107</u>	<u>21,872</u>	<u>63,979</u>
Income (Loss) Before Transfers and Capital Contributions	<u>636,826</u>	<u>10,756</u>	<u>647,582</u>
Transfers:			
Transfers in	387,440	-	387,440
Transfers out	<u>(3,827,110)</u>	<u>-</u>	<u>(3,827,110)</u>
Total Transfers	<u>(3,439,670)</u>	<u>-</u>	<u>(3,439,670)</u>
Change in Net Assets	(2,802,844)	10,756	(2,792,088)
Net Assets - Beginning of Year	<u>5,402,047</u>	<u>503,753</u>	<u>5,905,800</u>
Net Assets - End of Year	<u>\$ 2,599,203</u>	<u>\$ 514,509</u>	<u>\$ 3,113,712</u>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2009

	Clean Ocean	Solid Waste Management	Totals
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,166,082	\$ 142,511	\$ 2,308,593
Cash paid to other suppliers of goods or services	(1,319,734)	(78,697)	(1,398,431)
Cash payment to employees	(430,934)	(89,630)	(520,564)
Cash from other operating revenues	311,083	17,674	328,757
Net Cash Provided by (Used for) Operating Activities	<u>726,497</u>	<u>(8,142)</u>	<u>718,355</u>
Cash Flows from Noncapital Financing Activities:			
Cash received from other funds	387,440	-	387,440
Cash paid to other funds	(419,110)	-	(419,110)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(31,670)</u>	<u>-</u>	<u>(31,670)</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase and construction of capital assets	(162,000)	-	(162,000)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(162,000)</u>	<u>-</u>	<u>(162,000)</u>
Cash Flows from Investing Activities:			
Investment income received	93,743	22,805	116,548
Net Cash Provided by (Used for) Investing Activities	<u>93,743</u>	<u>22,805</u>	<u>116,548</u>
Net Increase (Decrease) in Cash and Cash Equivalents	626,570	14,663	641,233
Cash and Cash Equivalents at Beginning of Year	<u>1,589,434</u>	<u>505,555</u>	<u>2,094,989</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,216,004</u>	<u>\$ 520,218</u>	<u>\$ 2,736,222</u>
Reconciliation of Cash and Cash Equivalents to the balance sheet:			
Total cash and investments per the balance sheet	<u>\$ 2,216,004</u>	<u>\$ 520,218</u>	<u>\$ 2,736,222</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 594,719</u>	<u>\$ (11,116)</u>	<u>\$ 583,603</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	31,202	-	31,202
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	298,256	126	298,382
Increase (decrease) in accounts payable	(182,229)	1,442	(180,787)
Increase (decrease) in accrued wages	(1,951)	266	(1,685)
Increase (decrease) in compensated absences	(13,500)	1,140	(12,360)
Total Adjustments	<u>131,778</u>	<u>2,974</u>	<u>134,752</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 726,497</u>	<u>\$ (8,142)</u>	<u>\$ 718,355</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, 2009

	Employee Benefits	Central Services
Assets:		
Current Assets:		
Cash and investments	\$ 382,880	\$ 288,902
Receivables (net of allowances for uncollectible accounts):		
Accounts	13,123	208
Accrued interest	-	2,592
Prepaid expense	-	3,016
Total Current Assets	396,003	294,718
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	539,015
Construction in progress	-	-
Total Capital Assets	-	539,015
Less accumulated depreciation	-	(296,918)
Net Capital Assets	-	242,097
Noncurrent Assets:		
Advances to other funds	-	-
Total Noncurrent Assets	-	242,097
Total Assets	396,003	536,815
Liabilities:		
Current Liabilities:		
Accounts payable	8,918	33,627
Accrued wages	385,213	3,845
Long-term liabilities, current portion	-	36,811
Total Current Liabilities	394,131	74,283
Noncurrent Liabilities:		
Capitalized lease obligations	-	56,062
Compensated absences payable	-	4,189
Claims and judgments payable	-	-
Total Noncurrent Liabilities	-	60,251
Total Liabilities	394,131	134,534
Net Assets:		
Invested in capital assets, net of related debt	-	150,144
Unrestricted	1,872	252,137
Total Net Assets	\$ 1,872	\$ 402,281

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 338,463	\$ 4,921,962	\$ 304,658	\$ 2,490,199	\$ 2,515,135	\$ 11,242,199
-	2,695	3,698	-	152,261	171,985
3,036	44,156	2,733	22,340	22,564	97,421
-	-	-	-	-	3,016
<u>341,499</u>	<u>4,968,813</u>	<u>311,089</u>	<u>2,512,539</u>	<u>2,689,960</u>	<u>11,514,621</u>
-	201,986	-	-	-	201,986
-	411,227	-	-	-	411,227
384,770	3,685,471	-	-	-	4,609,256
-	42,180	-	-	2,726	44,906
<u>384,770</u>	<u>4,340,864</u>	<u>-</u>	<u>-</u>	<u>2,726</u>	<u>5,267,375</u>
<u>(346,620)</u>	<u>(2,763,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,406,560)</u>
<u>38,150</u>	<u>1,577,842</u>	<u>-</u>	<u>-</u>	<u>2,726</u>	<u>1,860,815</u>
-	-	-	-	-	-
<u>38,150</u>	<u>1,577,842</u>	<u>-</u>	<u>-</u>	<u>2,726</u>	<u>1,860,815</u>
<u>379,649</u>	<u>6,546,655</u>	<u>311,089</u>	<u>2,512,539</u>	<u>2,692,686</u>	<u>13,375,436</u>
40,238	113,507	207,976	4,400	111,683	520,349
13,514	-	-	-	2,196	404,768
26,762	-	-	257,895	725,498	1,046,966
<u>80,514</u>	<u>113,507</u>	<u>207,976</u>	<u>262,295</u>	<u>839,377</u>	<u>1,972,083</u>
-	-	-	-	-	56,062
121,918	-	-	-	6,921	133,028
-	-	-	327,264	918,718	1,245,982
<u>121,918</u>	<u>-</u>	<u>-</u>	<u>327,264</u>	<u>925,639</u>	<u>1,435,072</u>
<u>202,432</u>	<u>113,507</u>	<u>207,976</u>	<u>589,559</u>	<u>1,765,016</u>	<u>3,407,155</u>
38,150	1,577,842	-	-	2,726	1,768,862
<u>139,067</u>	<u>4,855,306</u>	<u>103,113</u>	<u>1,922,980</u>	<u>924,944</u>	<u>8,199,419</u>
<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>

CITY OF SAN CLEMENTE  
Combining Statement of Revenues, Expenses  
and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2009

	<u>Employee Benefits</u>	<u>Central Services</u>
Operating Revenues:		
Charges for current services	\$ -	\$ 597,719
Other	-	-
	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>-</u>	<u>597,719</u>
Operating Expenses:		
Salaries and benefits	-	168,528
Cost of materials and supplies	-	50,306
Depreciation	-	63,230
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	-	554,881
	<u>-</u>	<u>836,945</u>
Total Operating Expenses	<u>-</u>	<u>836,945</u>
Operating Income (Loss)	<u>-</u>	<u>(239,226)</u>
Nonoperating Revenues (Expenses):		
Investment income	-	14,117
Interest and fiscal charges	-	(4,684)
Gain (loss) on sale of property	-	-
	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>9,433</u>
Income (Loss) Before Transfers	<u>-</u>	<u>(229,793)</u>
Transfers:		
Transfers in	-	-
Transfers out	-	-
	<u>-</u>	<u>-</u>
Total Transfers	<u>-</u>	<u>-</u>
Change in Net Assets	<u>-</u>	<u>(229,793)</u>
Net Assets - Beginning of Year	<u>1,872</u>	<u>632,074</u>
Net Assets - End of Year	<u>\$ 1,872</u>	<u>\$ 402,281</u>

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,280,950	\$ 1,666,870	\$ 2,487,986	\$ 503,280	\$ 1,615,896	\$ 8,152,701
6,438	18,453	9,867	-	152,901	187,659
<u>1,287,388</u>	<u>1,685,323</u>	<u>2,497,853</u>	<u>503,280</u>	<u>1,768,797</u>	<u>8,340,360</u>
666,385	-	-	-	88,863	923,776
84,914	388,209	-	-	12,061	535,490
16,098	360,048	-	-	-	439,376
-	-	-	70,322	-	70,322
-	-	2,349,019	-	-	2,349,019
-	-	-	-	757,103	757,103
-	-	235,324	365,981	1,062,288	1,663,593
527,730	675,206	70,678	71,094	373,777	2,273,366
<u>1,295,127</u>	<u>1,423,463</u>	<u>2,655,021</u>	<u>507,397</u>	<u>2,294,092</u>	<u>9,012,045</u>
<u>(7,739)</u>	<u>261,860</u>	<u>(157,168)</u>	<u>(4,117)</u>	<u>(525,295)</u>	<u>(671,685)</u>
12,350	209,083	6,922	106,960	104,585	454,017
-	-	-	-	(6,600)	(11,284)
-	(60,613)	-	-	-	(60,613)
<u>12,350</u>	<u>148,470</u>	<u>6,922</u>	<u>106,960</u>	<u>97,985</u>	<u>382,120</u>
<u>4,611</u>	<u>410,330</u>	<u>(150,246)</u>	<u>102,843</u>	<u>(427,310)</u>	<u>(289,565)</u>
12,120	-	-	-	1,000,000	1,012,120
-	(387,440)	-	-	-	(387,440)
<u>12,120</u>	<u>(387,440)</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>624,680</u>
16,731	22,890	(150,246)	102,843	572,690	335,115
<u>160,486</u>	<u>6,410,258</u>	<u>253,359</u>	<u>1,820,137</u>	<u>354,980</u>	<u>9,633,166</u>
<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>

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2009

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Cash received from customers	\$ (4,045)	\$ 597,511
Cash paid to other suppliers of goods or services	4,005	(606,932)
Cash payment to employees	35,294	(164,832)
Cash from other operating revenues	-	-
	-	-
Net Cash Provided by (Used for) Operating Activities	35,254	(174,253)
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	-
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	(18,844)
Sale of capital assets	-	-
Payment on capital lease payable	-	(18,883)
Interest and fiscal charges	-	(4,684)
	-	(42,411)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(42,411)
Cash Flows from Investing Activities:		
Investment income received	-	16,938
	-	16,938
Net Cash Provided by (Used for) Investing Activities	-	16,938
Net Increase (Decrease) in Cash and Cash Equivalents	35,254	(199,726)
Cash and Cash Equivalents at Beginning of Year	347,626	488,628
Cash and Cash Equivalents at End of Year	\$ 382,880	\$ 288,902

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,280,950	\$ 1,664,245	\$ 2,495,222	\$ 503,280	\$ 1,563,602	\$ 8,100,765
(645,175)	(1,089,269)	(2,560,842)	(266,956)	(2,920,282)	(8,085,451)
(638,758)	-	-	-	(86,418)	(854,714)
6,438	18,453	9,867	-	152,901	187,659
<u>3,455</u>	<u>593,429</u>	<u>(55,753)</u>	<u>236,324</u>	<u>(1,290,197)</u>	<u>(651,741)</u>
12,120	-	-	200,000	1,000,000	1,212,120
-	(387,440)	-	-	(200,000)	(587,440)
<u>12,120</u>	<u>(387,440)</u>	<u>-</u>	<u>200,000</u>	<u>800,000</u>	<u>624,680</u>
(28,280)	(18,089)	-	-	(2,726)	(67,939)
-	(60,613)	-	-	-	(60,613)
-	-	-	-	-	(18,883)
-	-	-	-	(6,600)	(11,284)
<u>(28,280)</u>	<u>(78,702)</u>	<u>-</u>	<u>-</u>	<u>(9,326)</u>	<u>(158,719)</u>
<u>13,060</u>	<u>215,653</u>	<u>8,089</u>	<u>106,196</u>	<u>114,153</u>	<u>474,089</u>
<u>13,060</u>	<u>215,653</u>	<u>8,089</u>	<u>106,196</u>	<u>114,153</u>	<u>474,089</u>
355	342,940	(47,664)	542,520	(385,370)	288,309
<u>338,108</u>	<u>4,579,022</u>	<u>352,322</u>	<u>1,947,679</u>	<u>2,900,505</u>	<u>10,953,890</u>
<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>

(Continued)

CITY OF SAN CLEMENTE  
Combining Statement of Cash Flows  
Internal Service Funds (Continued)  
For the Year Ended June 30, 2009

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	Employee Benefits	Central Service
Operating Income (Loss)	\$ -	\$ (239,226)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	63,230
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(4,045)	(208)
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	4,005	(1,745)
Increase (decrease) in accrued wages	35,294	968
Increase (decrease) in compensated absences	-	2,728
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	35,254	64,973
Net Cash Provided by (Used for) Operating Activities	\$ 35,254	\$ (174,253)
Noncash investing, capital, and financing activities:		
Capital financing of lease	\$ -	\$ 18,843

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ (7,739)	\$ 261,860	\$ (157,168)	\$ (4,117)	\$ (525,295)	\$ (671,685)
16,098	360,048	-	-	-	439,376
-	(2,625)	7,236	-	(52,294)	(51,936)
-	-	-	-	241,007	241,007
(32,531)	(25,854)	94,179	4,400	62,034	104,488
2,461	-	-	-	522	39,245
25,166	-	-	-	1,923	29,817
-	-	-	236,041	(1,018,094)	(782,053)
11,194	331,569	101,415	240,441	(764,902)	19,944
\$ 3,455	\$ 593,429	\$ (55,753)	\$ 236,324	\$ (1,290,197)	\$ (651,741)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,843

(Concluded)





## AGENCY FUNDS

The SPREAD Collection Fund is used to record collections and payments to the holders of the 1915 Act Assessment.

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

The 98-1 AD Collection Fund is used to record collections and payments to the holders of the 1915 Act Assessment Bonds.

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

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, 2009

Assets:	<u>SPREAD Collection</u>	<u>Street Assessment Collection</u>	<u>98-1 A D Collection</u>
Taxes receivable	\$ -	\$ 11,551	\$ -
Accounts receivable	-	-	-
Accrued interest receivable	-	28,701	-
Restricted cash and investments	-	1,442,639	-
Restricted cash and investments with fiscal agents	-	673,600	-
Total Assets	<u>\$ -</u>	<u>\$ 2,156,491</u>	<u>\$ -</u>
Liabilities:			
Accounts payable	\$ -	\$ 2,085	\$ -
Accrued wages	-	-	-
Deposits payable	-	-	-
Payable to bondholders	-	2,154,406	-
Total Liabilities	<u>\$ -</u>	<u>\$ 2,156,491</u>	<u>\$ -</u>

<u>99-1 A D Collection</u>	<u>99-1 CFD Collection</u>	<u>98-1 RAD PFA Collection</u>	<u>Coastal Animal Services Authority</u>	<u>Totals</u>
\$ 1,310	\$ 260	\$ 31,868	\$ -	\$ 44,989
-	-	-	30,863	30,863
621	6,212	5,785	-	41,319
69,271	464,167	644,835	262,664	2,883,576
92,000	734,894	1,132,547	-	2,633,041
<u>\$ 163,202</u>	<u>\$ 1,205,533</u>	<u>\$ 1,815,035</u>	<u>\$ 293,527</u>	<u>\$ 5,633,788</u>
\$ 960	\$ 1,151	\$ 1,767	\$ 52,305	\$ 58,268
-	-	-	54,267	54,267
-	-	-	186,955	186,955
162,242	1,204,382	1,813,268	-	5,334,298
<u>\$ 163,202</u>	<u>\$ 1,205,533</u>	<u>\$ 1,815,035</u>	<u>\$ 293,527</u>	<u>\$ 5,633,788</u>

CITY OF SAN CLEMENTE  
Statement of Changes in  
Fiduciary Net Assets  
Agency Funds  
For the Fiscal Year Ended  
June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<b><u>SPREAD COLLECTION</u></b>				
Assets				
Taxes receivable	\$ 7	\$ -	\$ 7	\$ -
Accrued interest receivable	576	-	576	-
Cash and investments	51,984	1,622	53,606	-
Total Assets	<u>\$ 52,567</u>	<u>\$ 1,622</u>	<u>\$ 54,189</u>	<u>\$ -</u>
Liabilities				
Payable to bondholders	\$ 52,567	\$ 1,622	\$ 54,189	\$ -
Total Liabilities	<u>\$ 52,567</u>	<u>\$ 1,622</u>	<u>\$ 54,189</u>	<u>\$ -</u>
<b><u>STREET ASSESSMENT COLLECTION</u></b>				
Assets				
Taxes receivable	\$ 9,862	\$ 11,551	\$ 9,862	\$ 11,551
Accrued interest receivable	30,197	34,354	35,850	28,701
Cash and investments	1,998,203	814,621	696,585	2,116,239
Total Assets	<u>\$ 2,038,262</u>	<u>\$ 860,526</u>	<u>\$ 742,297</u>	<u>\$ 2,156,491</u>
Liabilities				
Accounts payable	\$ 2,544	\$ 670,024	\$ 670,483	\$ 2,085
Payable to bondholders	2,035,718	794,001	675,313	2,154,406
Total Liabilities	<u>\$ 2,038,262</u>	<u>\$ 1,464,025</u>	<u>\$ 1,345,796</u>	<u>\$ 2,156,491</u>
<b><u>98-1 A D COLLECTION</u></b>				
Assets				
Taxes receivable	\$ -	\$ -	\$ -	\$ -
Accrued interest receivable	271	-	271	-
Cash and investments	24,494	2,704	27,198	-
Total Assets	<u>\$ 24,765</u>	<u>\$ 2,704</u>	<u>\$ 27,469</u>	<u>\$ -</u>
Liabilities				
Accounts payable	\$ -	\$ 2,264	\$ 2,264	\$ -
Payable to bondholders	24,765	439	25,204	-
Total Liabilities	<u>\$ 24,765</u>	<u>\$ 2,703</u>	<u>\$ 27,468</u>	<u>\$ -</u>

(Continued)

CITY OF SAN CLEMENTE  
Statement of Changes in  
Fiduciary Net Assets  
Agency Funds  
For the Fiscal Year Ended  
June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<u>99-1 A D COLLECTION</u>				
Assets				
Taxes receivable	\$ 1,308	\$ 1,310	\$ 1,308	\$ 1,310
Accrued interest receivable	911	-	290	621
Cash and investments	174,989	206,853	220,571	161,271
Total Assets	<u>\$ 177,208</u>	<u>\$ 208,163</u>	<u>\$ 222,169</u>	<u>\$ 163,202</u>
Liabilities				
Accounts payable	\$ 782	\$ 109,559	\$ 109,381	\$ 960
Payable to bondholders	176,426	108,734	122,918	162,242
Total Liabilities	<u>\$ 177,208</u>	<u>\$ 218,293</u>	<u>\$ 232,299</u>	<u>\$ 163,202</u>
<u>99-1 C F D COLLECTION</u>				
Assets				
Taxes receivable	\$ 13,083	\$ 260	\$ 13,083	\$ 260
Accrued interest receivable	15,773	-	9,561	6,212
Cash and investments	1,107,477	961,183	869,599	1,199,061
Total Assets	<u>\$ 1,136,333</u>	<u>\$ 961,443</u>	<u>\$ 892,243</u>	<u>\$ 1,205,533</u>
Liabilities				
Accounts payable	\$ 946	\$ 435,137	\$ 434,932	\$ 1,151
Payable to bondholders	1,135,387	512,085	443,090	1,204,382
Total Liabilities	<u>\$ 1,136,333</u>	<u>\$ 947,222</u>	<u>\$ 878,022</u>	<u>\$ 1,205,533</u>
<u>98-1 R A D PFA COLLECTION</u>				
Assets				
Taxes receivable	\$ 24,269	\$ 31,868	\$ 24,269	\$ 31,868
Accrued interest receivable	6,467	271	953	5,785
Cash and investments	1,605,725	2,124,207	1,952,550	1,777,382
Total Assets	<u>\$ 1,636,461</u>	<u>\$ 2,156,346</u>	<u>\$ 1,977,772</u>	<u>\$ 1,815,035</u>
Liabilities				
Accounts payable	\$ 1,865	\$ 1,033,252	\$ 1,033,350	\$ 1,767
Payable to bondholders	1,634,596	1,116,122	937,450	1,813,268
Total Liabilities	<u>\$ 1,636,461</u>	<u>\$ 2,149,374</u>	<u>\$ 1,970,800</u>	<u>\$ 1,815,035</u>

(Continued)

CITY OF SAN CLEMENTE  
Statement of Changes in  
Fiduciary Net Assets  
Agency Funds  
For the Fiscal Year Ended  
June 30, 2009

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<u>COASTAL ANIMAL SERVICES AUTHORITY</u>				
Assets				
Accounts receivable	\$ 48,386	\$ 34,563	\$ 52,086	\$ 30,863
Cash and investments	280,545	1,328,494	1,346,375	262,664
Total Assets	<u>\$ 328,931</u>	<u>\$ 1,363,057</u>	<u>\$ 1,398,461</u>	<u>\$ 293,527</u>
Liabilities				
Accounts payable	\$ 47,983	\$ 912,640	\$ 908,318	\$ 52,305
Accrued wages	27,984	864,500	838,217	54,267
Deposits payable	252,964	1,634,065	1,700,074	186,955
Total Liabilities	<u>\$ 328,931</u>	<u>\$ 3,411,205</u>	<u>\$ 3,446,609</u>	<u>\$ 293,527</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Taxes receivable	\$ 48,529	\$ 44,989	\$ 48,529	\$ 44,989
Accounts receivable	48,386	34,563	52,086	30,863
Accrued interest receivable	54,195	34,625	47,501	41,319
Cash and investments	5,243,417	5,439,684	5,166,484	5,516,617
Total Assets	<u>\$ 5,394,527</u>	<u>\$ 5,553,861</u>	<u>\$ 5,314,600</u>	<u>\$ 5,633,788</u>
Liabilities				
Accounts payable	\$ 54,120	\$ 3,162,876	\$ 3,158,728	\$ 58,268
Accrued wages	27,984	864,500	838,217	54,267
Deposits payable	252,964	1,634,065	1,700,074	186,955
Payable to bondholders	5,059,459	2,533,003	2,258,164	5,334,298
Total Liabilities	<u>\$ 5,394,527</u>	<u>\$ 8,194,444</u>	<u>\$ 7,955,183</u>	<u>\$ 5,633,788</u>

(Concluded)

# 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.

<b>Contents</b>	<b>Page</b>
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>	120
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	132
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>	138
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>	142
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>	144



CITY OF SAN CLEMENTE

NET ASSETS BY COMPONENT

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year		
	2002	2003	2004
Governmental Activities			
Invested in capital assets, net of related debt	\$ 82,997,831	\$ 93,841,428	\$ 101,368,966
Restricted	19,628,964	24,022,643	25,407,502
Unrestricted	52,706,971	56,409,911	64,128,688
Total governmental activities net assets	<u>\$ 155,333,766</u>	<u>\$ 174,273,982</u>	<u>\$ 190,905,156</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 112,120,717	\$ 119,918,074	\$ 122,398,385
Restricted	-	-	34,288,047
Unrestricted	43,630,047	43,459,092	12,790,969
Total business-type activities net assets	<u>\$ 155,750,764</u>	<u>\$ 163,377,166</u>	<u>\$ 169,477,401</u>
Primary Government			
Invested in capital assets, net of related debt	\$ 195,118,548	\$ 213,759,502	\$ 223,767,351
Restricted	19,628,964	24,022,643	59,695,549
Unrestricted	96,337,018	99,869,003	76,919,657
Total primary government net assets	<u>\$ 311,084,530</u>	<u>\$ 337,651,148</u>	<u>\$ 360,382,557</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				
2005	2006	2007	2008	2009
\$ 107,200,967	\$ 120,396,154	\$ 139,240,988	\$ 150,591,242	\$ 160,753,531
60,646,071	63,848,558	73,257,751	72,576,665	70,789,068
34,344,873	36,731,775	32,975,491	34,432,738	36,234,606
<u>\$ 202,191,911</u>	<u>\$ 220,976,487</u>	<u>\$ 245,474,230</u>	<u>\$ 257,600,645</u>	<u>\$ 267,777,205</u>
\$ 122,528,356	\$ 128,145,144	\$ 138,419,739	\$ 141,188,272	\$ 148,073,703
35,045,918	37,706,913	43,020,332	45,175,807	44,132,042
15,274,346	13,211,871	7,061,711	9,510,733	5,255,209
<u>\$ 172,848,620</u>	<u>\$ 179,063,928</u>	<u>\$ 188,501,782</u>	<u>\$ 195,874,812</u>	<u>\$ 197,460,954</u>
\$ 229,729,323	\$ 248,541,298	\$ 277,660,727	\$ 291,779,514	\$ 308,827,234
95,691,989	101,555,471	116,278,083	117,752,472	114,921,110
49,619,219	49,943,646	40,037,202	43,943,471	41,489,815
<u>\$ 375,040,531</u>	<u>\$ 400,040,415</u>	<u>\$ 433,976,012</u>	<u>\$ 453,475,457</u>	<u>\$ 465,238,159</u>

CITY OF SAN CLEMENTE

CHANGES IN NET ASSETS

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year		
	2002	2003	2004
<b>Expenses</b>			
Governmental activities:			
General government	\$ 4,810,896	\$ 7,864,392	\$ 5,271,633
Public safety <sup>1</sup>	11,252,691	12,675,190	13,378,603
Police			
Fire			
Economic development <sup>2</sup>	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>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	1,505,745	3,662,307	3,438,615
Public safety <sup>1</sup>	3,105,344	2,690,730	2,699,963
Police			
Fire			
Economic development <sup>2</sup>	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			
\$	6,714,032	\$	9,648,050	\$	8,618,717	\$	7,067,972	\$	8,590,506
	14,217,552		9,565,635		10,111,028		11,432,223		11,643,872
			5,710,457		6,193,700		6,396,679		6,646,647
	16,654,803		9,070,583		22,373,476		9,824,925		9,651,386
			5,396,690		6,515,898		6,180,679		6,372,669
	8,316,082		8,725,821		9,519,314		9,817,651		10,258,139
	345,345		334,736		365,633		326,509		302,728
	<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>
	10,636,696		11,829,322		12,039,439		12,347,470		14,918,006
	7,798,634		8,761,770		8,261,682		8,544,283		10,410,640
	1,934,882		2,197,204		2,152,574		2,260,402		2,286,334
	1,207,503		1,461,065		1,493,220		1,927,960		1,808,289
	<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>67,825,529</u>		<u>72,701,333</u>		<u>87,644,681</u>		<u>76,126,753</u>		<u>82,889,216</u>
	4,734,491		2,537,862		2,880,811		2,643,881		2,674,407
	2,039,859		1,180,869		1,068,480		1,012,436		1,167,198
			582,914		637,426		564,867		793,180
	7,167,035		1,320,339		1,154,858		962,317		800,669
			4,585,546		3,690,114		2,914,280		1,412,939
	5,521,121		1,899,328		2,161,531		2,592,051		2,482,348
	956,864		3,901,444		5,730,426		3,303,950		2,670,368
	326,812		14,557,681		31,132,043		10,039,908		10,049,727
	<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>
	12,236,707		10,216,817		12,192,798		12,324,113		12,447,776
	7,276,394		7,285,939		7,558,957		8,134,083		8,132,002
	2,034,533		2,057,159		2,100,371		2,250,182		2,132,715
	2,428,837		1,985,933		2,063,647		2,049,309		2,010,211
	-		-		-		-		-
	906,385		4,129,369		5,498,771		2,693,366		3,025,094
	<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>45,629,038</u>		<u>56,241,200</u>		<u>77,870,233</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)
	3,305,141		1,425,856		5,467,629		2,370,938		(1,675,471)
\$	<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>

(Continued)

CITY OF SAN CLEMENTE

CHANGES IN NET ASSETS

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

	Fiscal Year		
	2002	2003	2004
<b>General Revenues and Other Changes in Net Assets</b>			
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>
<b>Change in Net Assets</b>			
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:

<sup>1</sup> Public safety was separated for reporting purposes into police and fire in fiscal year 2006.

<sup>2</sup> Economic development was separated for reporting purposes into public works and community development in fiscal year 2006.

<sup>3</sup> 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			
\$	19,904,158 <sup>3</sup>	\$	22,663,198	\$	25,502,996	\$	27,691,490	\$	27,676,009
	5,199,568		5,260,019		5,670,986		5,628,813		4,530,994
	1,625,595		1,375,318		1,643,898		1,981,820		2,014,780
	1,161,392		1,264,514		1,362,015		1,465,852		1,309,644
	1,727,451		2,127,233		3,185,831		2,163,287		2,246,570
	2,608,978		617,638		533,679		475,611		1,250,768
	636,041		668,756		-		-		-
	2,626,787		2,144,246		3,061,219		2,070,969		2,155,014
	798,840		4,832		108,176		306,842		42,135
	22,867		(18,819)		-		(2,695,057)		-
	692,970		563,630		(1,328,980)		49,736		365,757
	<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>
	761,419		1,086,795		2,822,400		2,747,619		2,208,881
	(2,371)		-		-		(662,391)		-
	-		4,266,287		1,409,345		1,376,100		1,418,489
	(692,970)		(563,630)		1,328,980		(49,736)		(365,757)
	<u>66,078</u>		<u>4,789,452</u>		<u>5,560,725</u>		<u>3,411,592</u>		<u>3,261,613</u>
\$	<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>
	11,503,015		18,784,576		24,497,743		12,126,415		10,176,560
	3,371,219		6,215,308		11,028,354		5,782,530		1,586,142
\$	<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>

(Concluded)

CITY OF SAN CLEMENTE

GOVERNMENTAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years  
(modified accrual basis of accounting)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Transient Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Total</b>
1999-2000	\$ 8,802,429	\$ 4,550,231	\$ 988,286	\$ 1,118,133	\$ 453,385	\$ 15,912,464
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	652,683	39,381,570
2008-2009	27,784,818	6,627,774	1,309,644	2,260,967	659,279	38,642,481

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)

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Transient Occupancy Tax</b>	<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Motor Vehicle Tax</b>	<b>Total</b>
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

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			
	2000	2001	2002	2003
General fund				
Reserved	\$ 635,586	\$ 840,084	\$ 913,246	\$ 655,693
Unreserved	8,963,611	15,678,694	13,204,037	16,920,044
Total general fund	<u>\$ 9,599,197</u>	<u>\$ 16,518,778</u>	<u>\$ 14,117,283</u>	<u>\$ 17,575,737</u>
All other governmental funds				
Reserved	\$ 26,676,350	\$ 35,866,450	\$ 32,265,740	\$ 34,587,366
Unreserved, reported in:				
Special revenue funds	3,975,204	5,628,202	5,056,323	5,420,890
Capital projects funds	9,396,953	(1,722,777)	14,624,165	19,797,413
Debt service funds	(1,097,763)	-	-	(2,309,871)
Total all other governmental funds	<u>\$ 38,950,744</u>	<u>\$ 39,771,875</u>	<u>\$ 51,946,228</u>	<u>\$ 57,495,798</u>

Source: City of San Clemente

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 913,246	\$ 3,057,948	\$ 6,851,143	\$ 7,270,478	\$ 5,144,358	\$ 5,023,665
13,204,037	24,158,171	21,648,599	18,996,871	20,380,390	20,070,766
<u>\$ 14,117,283</u>	<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>
\$ 32,265,740	\$ 42,189,068	\$ 56,272,435	\$ 79,299,565	\$ 81,250,042	\$ 79,749,708
5,056,323	4,019,549	(6,233,102)	(6,051,182)	654,026	4,370,589
14,624,165	17,134,321	15,506,770	748,444	(7,833,364)	(11,345,685)
<u>-</u>	<u>(1,793,022)</u>	<u>(994,400)</u>	<u>(370,320)</u>	<u>(719,835)</u>	<u>486,740</u>
<u>\$ 51,946,228</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>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2000	2001	2002	2003
<b>Revenues</b>				
Taxes	\$ 16,122,937	\$ 18,363,313	\$ 19,089,136	\$ 21,345,336
Licenses and permits	3,881,645	5,361,788	4,774,658	3,860,693
Fines and forfeits	906,319	956,556	960,459	996,500
Interest and rentals	4,268,074	5,507,379	5,721,366	4,072,323
Intergovernmental	6,244,652	6,600,977	10,905,720	6,913,673
Charges for services	6,500,963	7,812,347	7,973,166	7,762,794
Developers fees	4,753,461	10,259,902	17,538,825	7,276,576
Contributions	7,302,877	-	-	1,683,347
Other	339,603	421,206	1,036,922	1,330,126
Total revenues	<u>50,320,531</u>	<u>55,283,468</u>	<u>68,000,252</u>	<u>55,241,368</u>
<b>Expenditures</b>				
General government	5,373,998	5,199,048	5,521,902	4,970,714
Public safety	10,550,937	10,636,471	11,212,588	12,635,091
Police				
Fire				
Economic development	8,911,931	9,634,966	9,832,234	9,708,155
Public works				
Community development				
Beaches, parks and recreation	4,004,865	5,003,671	5,535,420	6,358,051
Capital outlay	15,809,239	17,853,001	17,184,889	17,879,090
Debt service:				
Property tax shift	-	-	-	40,957
Principal retirements	278,197	291,540	772,199	93,748
Interest and fiscal charges	590,175	554,090	543,426	369,162
Total expenditures	<u>45,519,342</u>	<u>49,172,787</u>	<u>50,602,658</u>	<u>52,054,968</u>
Excess of revenues over (under) expenditures	6,110,681	17,397,594	3,186,400	6,534,377
<b>Other financing sources (uses)</b>				
Transfers in	4,363,371	3,632,371	4,773,789	10,957,023
Transfers out	(4,171,001)	(2,700,273)	(9,188,219)	(4,719,729)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>192,370</u>	<u>932,098</u>	<u>(4,414,430)</u>	<u>6,237,294</u>
Net change in fund balances	<u>\$ 6,303,051</u>	<u>\$ 18,329,692</u>	<u>\$ (1,228,030)</u>	<u>\$ 12,771,671</u>
Debt service as a percentage of noncapital expenditures	3%	3%	4%	1%

Source: City of San Clemente

Fiscal Year

	2004	2005	2006	2007	2008	2009
\$	24,065,057	\$ 29,758,524	\$ 33,375,587	\$ 37,703,296	\$ 39,381,570	\$ 38,642,481
	4,345,416	3,201,431	3,271,025	2,782,916	2,095,709	1,714,112
	872,930	913,447	921,583	896,133	880,206	1,033,082
	1,188,381	4,048,545	3,783,715	6,922,912	6,480,064	5,700,804
	6,519,475	5,116,208	6,748,776	8,305,713	7,555,145	6,987,223
	10,555,824	9,721,047	9,096,580	7,577,287	6,716,282	6,664,560
	4,712,400	4,257,756	4,397,324	918,600	444,916	203,899
	239,424	600	10,611	-	-	-
	188,133	125,515	191,600	665,580	473,262	168,956
	<u>52,687,040</u>	<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>
	5,281,848	6,062,696	6,506,896	6,868,943	7,169,531	7,311,045
	13,335,293	14,196,737				
			9,569,745	10,091,550	11,452,808	11,658,831
			5,670,855	6,013,151	6,234,977	6,484,946
	11,033,231	13,766,323				
			8,520,415	6,569,089	6,996,705	6,477,525
			5,194,929	5,689,852	5,841,406	5,561,874
	7,024,902	7,281,436	7,763,991	8,633,081	8,635,436	9,113,582
	8,891,849	9,229,162	11,343,516	13,956,352	16,702,514	13,515,137
	72,464	149,284	152,953	26,852	24,463	504,204
	156,820	80,000	85,000	95,000	100,000	105,000
	356,256	339,956	331,731	321,686	308,786	291,444
	<u>46,152,663</u>	<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>
	6,037,479	6,656,770	7,506,881	7,506,881	560,528	91,529
	3,651,763	4,861,030	4,515,034	15,653,591	12,485,771	5,154,595
	(3,218,083)	(4,347,450)	(6,886,394)	(16,318,061)	(14,098,155)	(5,800,958)
	1,103,924	-	-	-	33,617	35,000
	<u>1,537,604</u>	<u>513,580</u>	<u>(2,371,360)</u>	<u>(664,470)</u>	<u>(1,578,767)</u>	<u>(611,363)</u>
\$	<u>7,575,083</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>

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		
1999 - 2000	4,489,427,283	125,775,162	4,615,202,445	1.00%
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%

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.

Source: Orange County Auditor Controller's Office

Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Taxable Actual Value
4,615,202,445	100%
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%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>
Orange County Flood Control District	\$ -	\$ -	\$ -	\$ -
Metropolitan Water District	.0089	.0088	.0077	.0067
Capistrano Unified School District (various issues)	-	.0086	.0083	.0105
Tri-Cities Municipal Water District	-	-	-	-
Capistrano Beach Sanitary District	-	-	-	-
Total Basic Tax Levy per Article 13A of California State Constitution	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
	<u>\$ 1.0089</u>	<u>\$ 1.0174</u>	<u>\$ 1.0160</u>	<u>\$ 1.0172</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.

<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
.0061	.0058	.0052	.0047	.0045	.0043
.0129	.0119	.0108	.0095	.0102	.0097
-	-	-	-	-	-
-	-	-	-	-	-
<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>\$ 1.0190</u>	<u>\$ 1.0177</u>	<u>\$ 1.0160</u>	<u>\$ 1.0142</u>	<u>\$ 1.0147</u>	<u>\$ 1.0140</u>



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

Taxpayer	Type of Business	2009			2000		
		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	\$ 123,352,712	1	0.96%	\$ -		
Seacrest Apartment Holding Company	Real Estate	89,337,300	2	0.70%	20,775,654	2	0.45%
Villa San Clemente LLC	Real Estate	61,700,103	3	0.48%	-		
Bre Properties, Inc.	Real Estate	60,241,227	4	0.47%	-		
SAF Whispering Winds LLC	Real Estate	49,301,201	5	0.38%	-		
Centro Watt Operating Partnership LLC	Real Estate	40,367,872	6	0.31%	-		
Jerome F. Forster Trust	Real Estate	30,241,063	7	0.24%	-		
Cox Communications Inc.	Public Utilities	25,896,642	8	0.20%	15,487,030	9	0.34%
Batido I LLC	Real Estate	23,730,300	9	0.18%	-		
Raymond Taccolini Trust	Real Estate	21,782,238	10	0.17%	-		
Pacific Golf Club, Inc.	Golf Club	-			22,978,380	1	0.50%
Standard Pacific Corporation	Real Estate	-			20,438,149	3	0.44%
M & H Realty Partners	Real Estate	-			19,425,649	4	0.42%
Talega Associates Inc.	Real Estate	-			18,353,792	5	0.40%
Mt No 1 LLC	Real Estate	-			16,622,408	6	0.36%
Samaritan Health System	Hospital	-			16,263,762	7	0.36%
Laing Forster Ranch LLC	Real Estate	-			15,994,118	8	0.35%
Whispering Winds Apartments	Real Estate	-			14,907,626	10	0.32%
		<u>\$ 525,950,658</u>		<u>4.09%</u>	<u>\$ 181,246,568</u>		<u>3.94%</u>

Source: Orange County Assessor's Office

CITY OF SAN CLEMENTE  
PROPERTY TAX LEVIES AND COLLECTIONS (1)

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	
		Amount	Percent of Levy		Amount	Percent of Levy	Amount	Percent of Levy
1999 - 2000	9,611,137	9,386,921	97.67%	194,126	9,581,047	99.69%	252,919	2.63%
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%

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.

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			
1999 - 2000	3,460,000	39,090,000	1,025,963	340,452	43,916,415	2.58%	873
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

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, 2009

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, 2009
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>		
Metropolitan Water District	0.684%	\$ 2,007,027
Capistrano Unified School District School Facilities Improvement District No. 1	22.69%	12,180,098
Santa Margarita Water District CFD No. 99-1	99.89%	101,435,249
Capistrano Unified School District Community Facilities District No. 90-2	99.99%	92,453,413
City of San Clemente Community Facilities District No. 99-1	100%	5,530,000
City of San Clemente 1915 Act Bonds	100%	<u>16,515,000</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSED DEBT</b>		<u>230,120,787</u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>		
Orange County General Fund Obligations	3.325%	15,366,554
Orange County Pension Obligations	3.325%	2,317,957
Orange County Board of Education Certificates of Participation	3.325%	646,048
Orange County Fire Authority	6.467%	455,277
Municipal Water District of Orange County Water Facilities Corporation	3.948%	698,204
South Coast Water District Revenue Bonds	2.565%	75,924
South Orange County Community College District Certificates of Participation	7.721%	2,538,279
Capistrano Unified School District Certificates of Participation	19.067%	6,579,068
City of San Clemente Certificates of Participation	100%	<u>2,725,000</u>
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<u>31,402,311</u>
<b>LESS: MWDOC WATER FACILITIES CORPORATION (100% SELF-SUPPORTING)</b>		698,204
<b>LESS: SOUTH COAST WATER DISTRICT (100% SELF-SUPPORTING)</b>		<u>75,924</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		<u>\$ 30,628,183</u>
<b>GROSS COMBINED TOTAL DEBT</b>		261,523,098
<b>NET COMBINED TOTAL DEBT</b>		260,748,970

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			
	2000	2001	2002	2003
Assessed valuation	\$ 4,180,180,893	\$ 4,615,202,445	\$ 5,138,525,807	\$ 5,886,511,281
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,045,045,223	1,153,800,611	1,284,631,452	1,471,627,820
Debt limit percentage	15%	15%	15%	15%
Debt limit	156,756,783	173,070,092	192,694,718	220,744,173
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 156,756,783</u>	<u>\$ 173,070,092</u>	<u>\$ 192,694,718</u>	<u>\$ 220,744,173</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					
2004	2005	2006	2007	2008	2009
\$ 6,831,695,883	\$ 7,738,679,928	\$ 7,707,375,828	\$ 9,999,403,871	\$ 12,486,975,516	\$ 12,855,038,349
25%	25%	25%	25%	25%	25%
1,707,923,971	1,934,669,982	1,926,843,957	2,499,850,968	3,121,743,879	3,213,759,587
15%	15%	15%	15%	15%	15%
256,188,596	290,200,497	289,026,594	374,977,645	468,261,582	482,063,938
-	-	-	-	-	-
<u>\$ 256,188,596</u>	<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>
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)
1999 - 2000	50,302	1,702,722	33,850	36	N/A	7,538	2.0%
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%

- 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	2009			2000		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Saddleback Memorial Medical Center	339	1	1.24%	Not available		
Wal-Mart	225	2	0.82%			
City of San Clemente	208	3	0.76%			
Ralph's	206	4	0.75%			
Albertson's	205	5	0.75%			
Fisherman's Restaurant	197	6	0.72%			
San Clemente High School	169	7	0.62%			
Lowe's Home Improvement	130	8	0.48%			
Bunker Energy Suspension	120	9	0.44%			
ICU Medical	108	10	0.40%			

"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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	27	28	28	28	28	30	29	31	31	34
Public safety										
Police (contract)	57	62	63	63	63	55	55	55	56	57
Fire (contract)	37	37	37	37	37	41	42	43	43	43
Marine Safety	13	13	13	13	13	13	7	7	7	7
Community Development										
Engineering	20	22	22	22	22	23	24	24	24	24
Building	14	12	13	13	14	15	22	22	15	15
Code Compliance	-	3	3	3	3	4	4	4	7	5
Planning	10	10	10	10	12	12	12	12	12	12
Administration	4	3	3	3	3	3	3	3	3	3
Public Works	3	3	3	3	3	3	3	3	3	3
Maintenance	15	16	16	15	16	16	17	17	17	17
Beaches, Parks, and Recreation	20	25	25	27	30	31	23	26	28	27
Water	16	20	23	23	23	23	22	22	23	23
Sewer	13	15	17	17	17	18	24	24	24	23
Clean Ocean	-	-	-	4	4	5	7	7	7	4
Storm Drain Utility	2	1	1	1	1	2	2	2	2	2
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	16	16	16	16	16	16	10	10	10	10
Total	<u>268</u>	<u>287</u>	<u>292</u>	<u>299</u>	<u>306</u>	<u>311</u>	<u>305</u>	<u>311</u>	<u>309</u>	<u>309</u>

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2000	2001	2002	2003	2004
<b>Police</b>					
Arrests - adult/juvenile	N.A.	1,910	2,216	1,519	1,951
Parking citations issued	23,298	21,128	24,347	22,742	21,947
<b>Fire</b>					
Number of fire calls	101	110	99	86	89
Number of emergency medical calls	1,610	1,713	1,689	1,937	2,262
Inspections	2,799	2,557	2,700	1,786	1,320
<b>Highways and streets</b>					
Street resurfacing (miles)	28.58	31.90	40.38	40.83	45.46
<b>Beaches, parks and recreation</b>					
Number of recreation classes, activities, and clinics	242	434	N.A.	2,187	3,221
Total experiences in classes, activities, and clinics	70,288	157,544	N.A.	152,538	154,560
Total number of facility rentals	1,242	2,572	N.A.	3,173	3,208
Golf rounds played	109,884	100,887	96,298	77,985	86,379
<b>Water</b>					
New customers	114	344	547	320	186
Average daily consumption (thousands of gallons)	8,905	8,519	9,398	9,127	9,226
<b>Sewer</b>					
New customers	114	131	584	243	265
Average daily sewage treatment (thousands of gallons)	4,410	4,380	4,360	4,430	4,450

N.A. - not available

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

Source: City of San Clemente

Fiscal Year				
2005	2006	2007	2008	2009
2,192	2,492	3,608	3,312	3,662
23,623	22,523	20,331	20,652	22,528
77	81	99	84	70
2,324	2,365	2,114	2,283	2,159
1,396	1,647	1,221	1,203	968
48.94	51.59	56.86	62.92	149.68
3,704	4,033	568	531	514 *
174,792	170,015	120,903	86,882	89,464 *
3,414	3,398	1,043	1,238	1,169 *
73,847	86,564	95,375	95,898	95,190
95	156	190	24	27
8,602	10,333	9,833	9,329	9,901
117	901	42	33	19
4,660	4,708	4,206	4,120	4,050

CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS  
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2000	2001	2002	2003	2004
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	122.08	122.08	127.14	131.76	132.60
Streetlights	3,115	2,956	2,967	3,039	3,183
Traffic signals	44	44	48	51	58
Beaches, parks and recreation					
Parks	18	18	19	19	19
Swimming pools	1	1	1	1	1
Libraries	1	1	1	1	1
Community centers	1	1	1	1	1
Municipal golf courses	1	1	1	1	1
Water					
Water mains (miles)	166.44	167.90	170.60	172.80	172.90
Fire hydrants	2,009	2,051	2,093	2,135	2,179
Maximum daily capacity (thousands of gallons)	12,500	12,500	12,500	12,500	12,500
Sewer					
Sanitary sewers (miles)	175.82	176.90	178.40	179.15	179.15
Storm sewers (miles)	49.30	51.40	53.50	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

Source: City of San Clemente

Fiscal Year				
2005	2006	2007	2008	2009
1	1	1	1	1
3	3	3	3	3
133.10	131.10	131.15	134.00	149.68
3,185	3,259	3,259	3,357	3,357
69	68	70	72	74
21	21	25	20	20
2	2	2	1	1
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
172.90	173.10	173.10	206.40	206.40
2,224	2,230	2,230	2,281	2,281
12,500	13,571	12,297	12,600	12,600
179.15	179.15	179.15	174.60	174.60
57.60	62.50	62.50	62.50	62.50
6,976	6,976	6,976	6,976	6,976