



San Clemente

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2019

CITY OF SAN CLEMENTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Prepared By:
Finance and Administrative Services

CITY OF SAN CLEMENTE
 Comprehensive Annual Financial Report
 June 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
TABLE OF CONTENTS	5
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	11
Principal Officials	15
Organization Chart.....	16
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	17
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	21
Management's Discussion and Analysis (unaudited)	25
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	35
Statement of Activities	36
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
Statement of Net Position – Proprietary Funds.....	42
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	46
Statement of Cash Flows – Proprietary Funds	48
Statement of Net Position – Fiduciary Funds.....	52
Statement of Changes in Fiduciary Net Position – Pension Trust Fund and Successor Agency to the San Clemente Redevelopment Agency Private Purpose Trust Fund	54
Notes to the Financial Statements.....	57
Required Supplementary Information (unaudited):	
Notes to the Required Supplementary Information	97
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund	98
CalPERS Miscellaneous Plan - Schedule of Changes in the Net Pension Liability and Related Ratios.....	100
CalPERS Miscellaneous Plan - Schedule of Contributions.....	102
CalPERS Cost Sharing Plan - Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Contributions.....	104
CSCERP - Schedule of Changes in the Total Pension Liability and Related Ratios	106
CSCERP - Schedule of Contributions and Investment Returns.....	108

CITY OF SAN CLEMENTE
 Comprehensive Annual Financial Report (Continued)
 June 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
OPEB - Schedule of Changes in the Net OPEB Liability and Related Ratios	110
OPEB - Schedule of Contributions	111
Supplementary Information:	
Nonmajor Governmental Funds:	
Descriptions of Nonmajor Governmental Funds	115
Combining Balance Sheet – Nonmajor Governmental Funds	118
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Nonmajor Governmental Funds	122
Schedule of Revenues, Expenditures and Changes	
in Fund Balance – Budget and Actual:	
Gas Tax Special Revenue Fund.....	126
Air Quality Improvement Special Revenue Fund	127
Street Improvement Special Revenue Fund.....	128
Police Grants Special Revenue Fund	129
Miscellaneous Grants Special Revenue Fund.....	130
Local Cable Infrastructure Special Revenue Fund	131
Reserve Capital Project Fund	132
Developers Improvement Capital Project Fund.....	133
Public Facilities Construction Capital Project Fund	134
Low/Moderate Income Housing Fund Capital Project Fund	135
Local Drainage Facilities Capital Project Fund	136
RCFPP Capital Project Fund	137
Parks Acquisition and Development Capital Project Fund	138
Nonmajor Proprietary Funds:	
Description of Nonmajor Proprietary Funds.....	139
Combining Statement of Net Position – Nonmajor Proprietary Funds	140
Combining Statement of Revenues, Expenses and Changes in	
Fund Net Position – Nonmajor Proprietary Funds	141
Combining Statement of Cash Flows – Nonmajor Proprietary Funds.....	142
Internal Service Funds:	
Description of Internal Services Funds	143
Combining Statement of Net Position – Internal Service Funds.....	144
Combining Statement of Revenues, Expenses and	
Changes in Net Position – Internal Service Funds	146
Combining Statement of Cash Flows – Internal Service Funds.....	148
Agency Funds:	
Description of Agency Funds	153
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	154

CITY OF SAN CLEMENTE
 Comprehensive Annual Financial Report (Continued)
 June 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
<u>STATISTICAL SECTION (unaudited)</u>	
Financial Trends:	
Net Position by Component – Last Ten Fiscal Years	160
Changes in Net Position – Last Ten Fiscal Years	162
Governmental Fund Tax Revenues by Source – Last Ten Fiscal Years.....	166
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years	167
Fund Balances of Governmental Funds – Last Ten Fiscal Years	168
Changes in Fund Balances of Governmental Funds– Last Ten Fiscal Years	170
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	172
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years.....	174
Principal Property Taxpayers – Current and Nine Years Ago	176
Property Tax Levies and Collections – Last Ten Fiscal Years.....	177
Debt Capacity:	
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	178
Pledged-Revenue Coverage	179
Computation of Direct and Overlapping Debt	180
Legal Debt Margin – Last Ten Fiscal Years	182
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Fiscal Years.....	184
Principal Employers – Current and Nine Years Ago	185
Operating Information:	
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	186
Capital Asset Statistics by Function – Last Ten Fiscal Years	188
Operating Indicators by Function – Last Ten Fiscal Years	190



INTRODUCTORY SECTION



City of San Clemente

910 Calle Negocio
San Clemente CA 92673
Phone: 949-361-8200

December 10, 2019

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, 2019.

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 Lance, Soll & Lunghard, LLP, certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2019. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the City of San Clemente

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

The City operates under a council-manager form of government, with a five-member council elected at large for four-year overlapping terms. The mayor is elected by the City Council for a one-year

term and is the presiding officer of the Council. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing day-to-day City operations, and appointing the heads of the various departments. The Council is elected on a non-partisan basis.

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

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

Financial Overview and Policies

Local economy. The City, with a current population of 65,405, 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 2 million visitors annually.

Property taxes and sales taxes are the main sources of revenue for the General Fund. The City experienced a period of rapid growth during the development of Talega, a planned community annexed into the City from the County of Orange. The Talega development reached build out in FY 2015. In addition, the City's last undeveloped area, Marblehead Coastal, is partially developed. The residential portion of the development, is anticipated to be completed within a year, with over 300 housing units completed. The retail portion (Outlets at San Clemente) has been opened, however additional future phases and construction are planned. These developments increased property taxes significantly during the last ten years. This revenue growth allows the City to maintain a sound financial base and contributes to a strong housing market. The retail and residential development, with its trail system, attracts visitors and are anticipated to grow both property taxes and sales tax revenues into the future.

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

Long-term financial planning. The City conducts an annual financial planning process, with results presented to the City Council for review and consideration each February. The plan is a well thought-out analysis of issues that affect the finances of the City of San Clemente. The Long Term Financial Plan (the "LTFP") is broad in scope and includes analysis of various items, including a five year



financial forecast, trends history, reserves, financial policies, capital project funding, and other strategic issues. The financial forecast provides a frame of reference for evaluating the City's financial condition on an on-going basis to assist with decision making. The forecast is developed using a baseline environment, that is, revenues and expenditures are projected based primarily on key economic indicators, local growth patterns, and the present level of services provided by the City.

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

The City of San Clemente received the GFOA's Distinguished Budget Presentation Award for its annual budget document for Fiscal Year (FY) 2018-19 and is anticipated to earn this budget award for the FY 2019-20 budget. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Capital planning. Major capital projects are also considered as part of the LTFP process, to assure funds are available not only for the construction of facilities, but also available to maintain and operate these facilities in the future.

The City is in the process of consolidating certain City operations at a single location. Consolidation of operations at one location required a redesign and construction of an entire floor, this project is being done in three phases. The first phase is completed and the other phases are anticipated to be completed during calendar year 2020. Once completed, the administrative functions of the City, including Administration (City Manager, City Clerk, and the Finance and Administrative Services), Engineering, and Community Development (Building/Planning) will operate from this City Hall.

The most notable projects completed in FY 2019 are pier construction, mobility and street projects, and utilities capital projects. The mobility and street projects include sidewalk improvements by Concordia and Shorecliff schools, Camino Del Rio and Camino Vera Cruz intersection improvements and multiple streets throughout the City. The utilities projects completed include reservoir improvements, and storm drain sections.

Capital projects in process at the end of year include a variety of street related projects, water reservoir improvements and rehabilitation, and other utilities projects to meet the citizen's needs.

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

- **General Plan** – The City continues the process of implementing various elements of the General Plan which sets comprehensive, long-term goals and policies for achieving San Clemente's vision. The City is updating zoning ordinances, continues to adoption of a new Local Coastal Program, is working on preparing a Sea Level Rise assessment, and working on specific plans including the North Beach Area.
- **Utilities Cost-of-Service Study** – The City initiated a sewer cost-of-service study to review and fully recover the cost to operate the City's sewer system. The sewer cost of service study has been started and is anticipated to be completed in FY 2020. Once completed, the sewer rate structure will change based on the study results.

- **Environmental Stewardship** – The City is a community that cares about and for the environment. The City is fighting for the environment in two major ways, through the renewal of the Clean Ocean Fee and opposing a local Toll Road. The Clean Ocean fee has been in place since 2003 and has been renewed three times. The fee is set to expire on June 30, 2020 and resources from this fee have been used to prevent runoff contaminates, fund inspections, build capital projects, perform education outreach, and complete water quality monitoring.



The City continues to work to prevent a Toll Road from destroying open space within the City and deteriorating air quality. The Toll Road project is being promoted by the Orange County Transportation Authority but is not supported by San Clemente or its citizens.

- **Quality of Life** – The City, like most other cities, has been affected by decisions at the State, County and other levels. Increases to the homeless population, sober living housings, and other law changes have started to change the City’s environment. These factors have necessitated an increase to outreach efforts, code compliance, and enforcement efforts. During the year, the City implemented an emergency ordinance to limit camping within the City. The City created a designated area for camping and is working with the population in the designated area to provide resources, contacts and assistance. The City realizes this is only a temporary solution but is hopeful these additional efforts will improve the quality of life for all citizens, while longer term solutions are being sought.

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, 2018. This was the fourteenth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. This award is valid for a period of one year only. We believe that our current CAFR continues to meet the GFOA requirements. The City will submit the CAFR to GFOA again this year.

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

Respectfully submitted,

Erik Sund
Assistant City Manager

CITY OF SAN CLEMENTE

PRINCIPAL OFFICIALS

CITY COUNCIL

Dan Bane, Mayor Pro Tem
Laura Ferguson
Chris Hamm
Kathleen Ward
Vacant

PLANNING COMMISSION

Michael Blackwell
Don Brown
Barton Crandell
Jim Ruehlin
Chris Kuczynski
Jason Talley
Zhen Wu

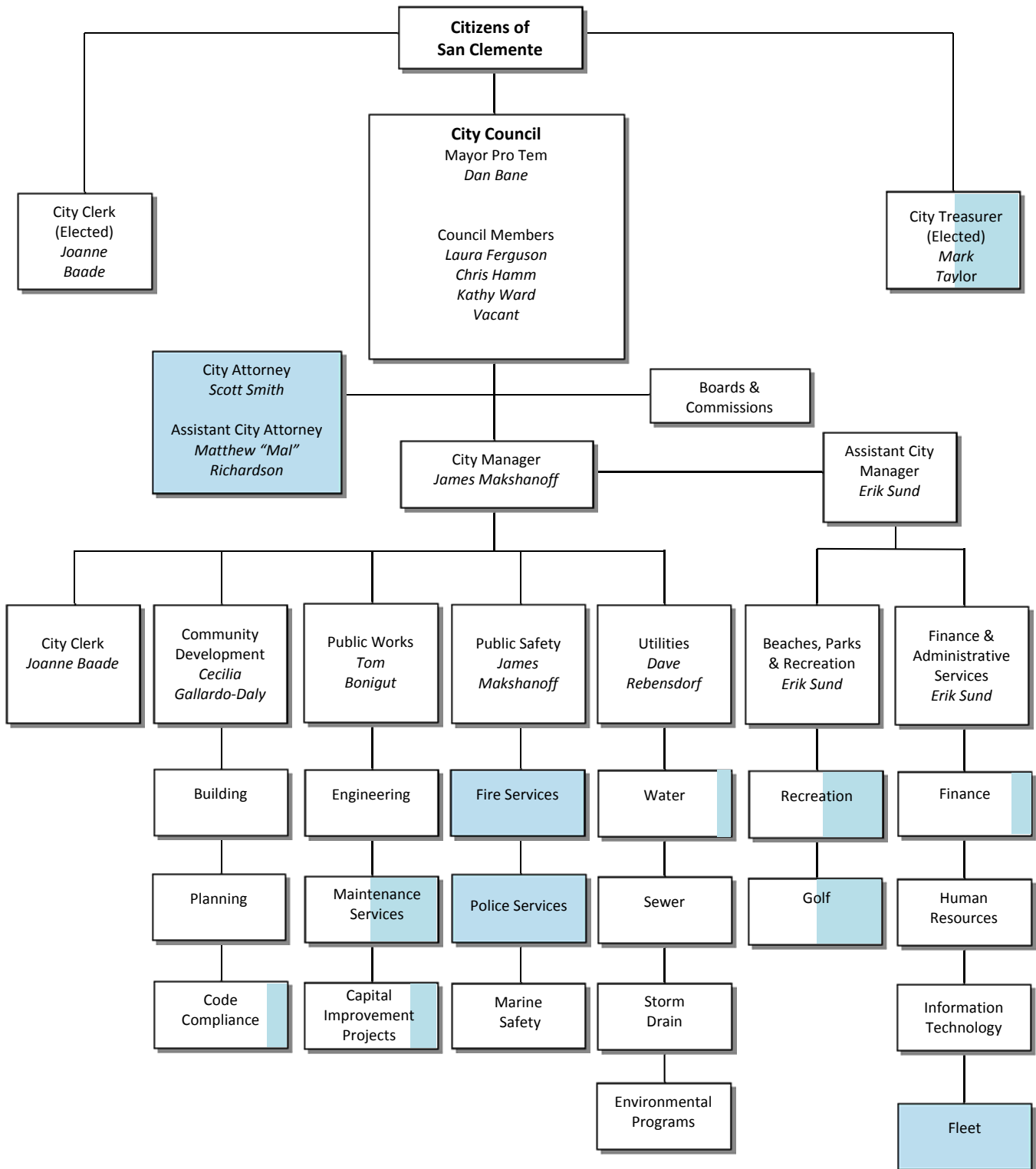
PARKS AND RECREATION COMMISSION


Richard Ayer
John Bandaruk
John Dorey
Nicholas Gates
Charlie Smith
Steven Streger
Bernie Wohlforth

CITY STAFF

James Makshanoff, City Manager
Erik Sund, Assistant City Manager/Parks & Recreation Director
Mark Taylor, City Treasurer
Joanne Baade, City Clerk
Scott Smith, City Attorney
Tom Bonigut, City Engineer/Public Works Director
Cecilia Gallardo-Daly, Community Development Director
Lt. Edward Manhart, Chief of Police Services/Lieutenant
Robert Capobianco, Division Fire Chief

San Clemente Organization Chart



 Shading indicates contracted services



Government Finance Officers Association

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

Presented to

**City of San Clemente
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 City of San Clemente, California, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Clemente, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City retained a qualified actuary to determine the total other post-employment benefits (OPEB) liability as of the measurement date as required by GASB Statement No. 75. The total OPEB liability is calculated by the actuary using estimates and actuarial techniques under actuarial standards of practice in the actuarial valuation as of June 30, 2017. The actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practice No. 6, as revised, and determined that age-adjusted rates are not necessary and therefore, the implicit rate subsidy is not applicable in calculating the total projection of benefits payments. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the General Fund, the schedule of changes in net pension liability and related ratios, the schedule of the proportionate share of the net pension liability and related ratios, the schedule of changes in net OPEB liability and related ratios, the schedules of plan contributions, and the schedule of investment returns be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.



CPAs AND ADVISORS

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Solt & Lughard, LLP

Brea, California
December 6, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of San Clemente, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the Fiscal Year (FY) ended June 30, 2019 and June 30, 2018. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal beginning on page 11 and the City's financial statements, which begin on page 35.

FINANCIAL HIGHLIGHTS

- The City's net position increased \$4.5 million (including a restatement) or 0.9% to \$499.0 million as a result of operations and a restatement.
- Net position totals \$296.5 million for governmental and \$202.5 for business-type funds.
- The total program revenues and general revenues were \$113.3 million.
- The net expense of all governmental activities was \$52,348,428. The net revenue of all business activities was \$6,221.
- During the year, the City's governmental fund revenues exceeded expenditures by \$3.9 million.
- The General Fund reported a net change in fund balance of \$0.6 million.
- For the General Fund, actual resources were greater than the final budget by \$1.3 million and actual expenditures were \$8.3 million less than final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

activities). Governmental activities of the City include general government, public safety (police and fire), public works, community development, and beaches, parks and recreation. Business-type activities include water, sewer, and storm drain utilities, and the clean ocean, solid waste management, and golf course funds.

The government-wide financial statements include not only the City of San Clemente itself (known as the primary government), but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the Successor Agency of the San Clemente Redevelopment Agency (RDA) and the San Clemente Public Financing Authority, which is currently inactive, 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 are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. These reconciliations can be found on pages 39 and 41, immediately following the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

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

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

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

Notes to the Financial Statements

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

Other Information

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following summaries of net position and of changes in net position are presented for the fiscal years ended June 30, 2019 and June 30, 2018.

Table 1
Net Position
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 116.2	\$ 109.0	\$ 57.8	\$ 54.3	\$ 174.0	\$163.3
Capital assets, net	<u>219.9</u>	<u>222.9</u>	<u>166.7</u>	<u>169.3</u>	<u>386.6</u>	<u>392.2</u>
Total assets	336.1	331.9	224.5	223.6	560.6	555.5
Deferred outflows of resources	7.9	9.6	1.8	2.1	9.7	11.7
Current liabilities	9.8	8.9	4.4	4.9	14.2	13.8
Long-term liabilities	<u>35.9</u>	<u>36.9</u>	<u>19.1</u>	<u>19.7</u>	<u>55.0</u>	<u>56.6</u>
Total liabilities	45.7	45.8	23.5	24.6	69.2	70.4
Deferred inflow of resources	1.8	2.2	0.3	0.1	2.1	2.3
Net position:						
Net investment in capital assets	219.8	222.8	154.7	156.6	374.5	379.4
Restricted	47.3	47.1	10.4	10.2	57.7	57.3
Unrestricted	<u>29.4</u>	<u>23.6</u>	<u>37.4</u>	<u>34.2</u>	<u>66.8</u>	<u>57.8</u>
Total Net Position	<u>\$ 296.5</u>	<u>\$ 293.5</u>	<u>\$ 202.5</u>	<u>\$ 201.0</u>	<u>\$ 499.0</u>	<u>\$ 494.5</u>

City asset's and deferred outflows exceeded liabilities and deferred inflows by \$499.0 million at June 30, 2019 as compared to \$494.5 million at June 30, 2018. The City's net position increased over \$4.5 million from the prior fiscal year.

The largest portion of the City's net position (75 percent) is its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that are still outstanding. Capital assets are used to provide services to citizens: consequently, these assets are not available for future spending. The City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Capital assets decreased \$5.6 million, while the total investment in capital assets (net position) decreased \$4.9 million.

The restricted portion of the City’s net position (12 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position increased \$0.4 million due to amounts restricted for affordable housing; which is partially offset by a decrease in amounts restricted for street improvements.

The unrestricted net position balance of \$66.8 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$37.4 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$29.4 million by the governmental activities. This amount increased by \$3.2 million from the prior year related to business-type activities and by \$5.8 million for governmental activities.

A condensed summary of activities follows that net position increased by \$4.5 million during the year.

Table 2
Summary of Activities
(in millions)

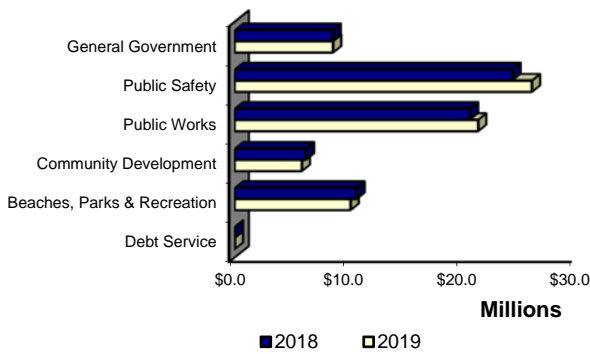
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 11.5	\$ 11.9	\$ 37.4	\$ 36.8	\$ 48.9	\$ 48.7
Operating grants/contrib.	4.3	2.1	-	-	4.3	2.1
Capital grants/contrib.	4.1	6.6	0.3	0.7	4.4	7.3
General revenues:						
Property taxes	34.5	32.8	-	-	34.5	32.8
Sales taxes	10.6	9.6	-	-	10.6	9.6
Other taxes and fees	6.8	6.8	-	-	6.8	6.8
Other	<u>2.0</u>	<u>0.3</u>	<u>1.8</u>	<u>0.9</u>	<u>3.8</u>	<u>1.2</u>
Total revenues	73.8	70.1	39.5	38.4	113.3	108.5
Expenses:						
General government	8.6	8.6	-	-	8.6	8.6
Public safety	26.1	24.4	-	-	26.1	24.4
Public works	21.4	20.7	-	-	21.4	20.7
Community development	5.9	6.2	-	-	5.9	6.2
Beaches, parks & recreation	10.2	10.7	-	-	10.2	10.7
Interest and fiscal charges	-	-	-	-	-	-
Water	-	-	19.4	20.6	19.4	20.6
Sewer	-	-	14.1	13.3	14.1	13.3
Golf	-	-	2.1	2.4	2.1	2.4
Clean Ocean	-	-	1.9	2.2	1.9	2.2
Solid Waste	-	-	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total expenses	72.2	70.6	37.7	38.7	109.9	109.3
Net position change						
before transfers	1.6	(0.5)	1.8	(0.3)	3.4	(0.8)
Transfers	<u>0.3</u>	<u>0.3</u>	<u>(0.3)</u>	<u>(0.3)</u>	-	-
Change in net position	<u>1.9</u>	<u>(0.2)</u>	<u>1.5</u>	<u>(0.6)</u>	<u>3.4</u>	<u>(0.8)</u>
Net position–July 1	293.5	294.2	201.0	201.9	494.5	496.1
Restatement (<i>see Note 12</i>)	<u>1.1</u>	<u>(0.5)</u>	-	<u>(0.3)</u>	<u>1.1</u>	<u>(0.8)</u>
Net position–July 1, as restated	<u>294.6</u>	<u>293.7</u>	<u>201.0</u>	<u>201.6</u>	<u>495.6</u>	<u>495.3</u>
Net position–June 30	<u>\$ 296.5</u>	<u>\$ 293.5</u>	<u>\$ 202.5</u>	<u>\$ 201.0</u>	<u>\$ 499.0</u>	<u>\$ 494.5</u>

Governmental activities

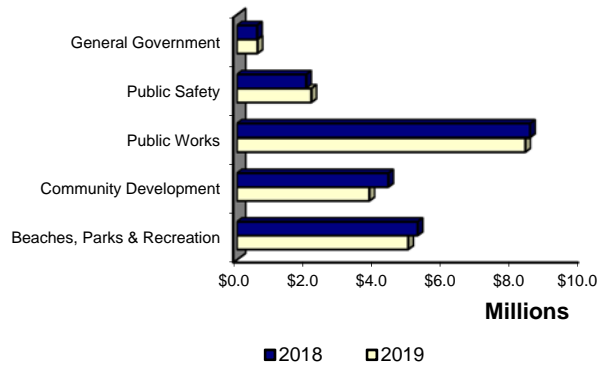
The City’s governmental activities net position increased by \$3.0 million as compared to a decrease of \$0.7 million in the prior year. This increase is mostly the result of higher increases to revenues with not as much of an increase in expenditures from the prior year. Revenues were \$73.8 million in FY 2019 as compared to \$70.1 million in FY 2018. This increase was a result of operating grant contributions for Safe Routes to School State grant and increases in property and sales taxes.

Expenses increased by \$1.6 million from FY 2018 and were \$1.6 million less than revenues in the current year. The expense increases are the result of 1) increases to public safety, 2) increases to public works due to costs for both street activity and sidewalk related activity; and 3) other pension cost increases as a result of prior year changes to assumptions.

Expenses – Governmental Activities



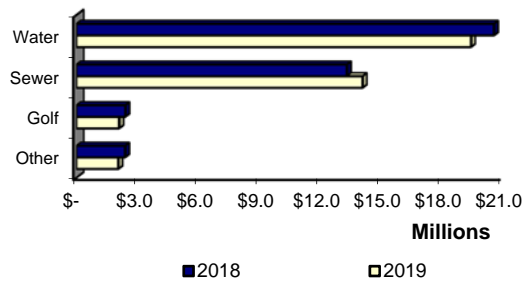
Program Revenues – Governmental Activities



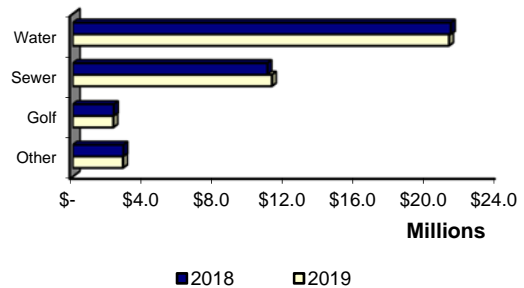
Business-type activities

Business-type activities net position increased by \$1.5 million as compared to a decrease of \$0.9 million in the previous year. The overall change is attributed to higher charges for services in sewer, storm drain and solid waste and lower relating to water, golf and clean ocean.

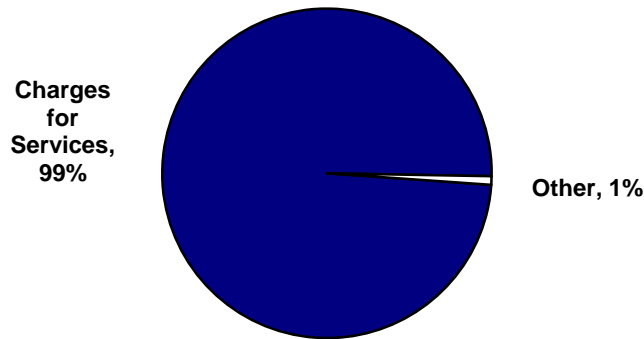
Expenses – Business-type activities



Program Revenues – Business-type activities



Revenues by Source – Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

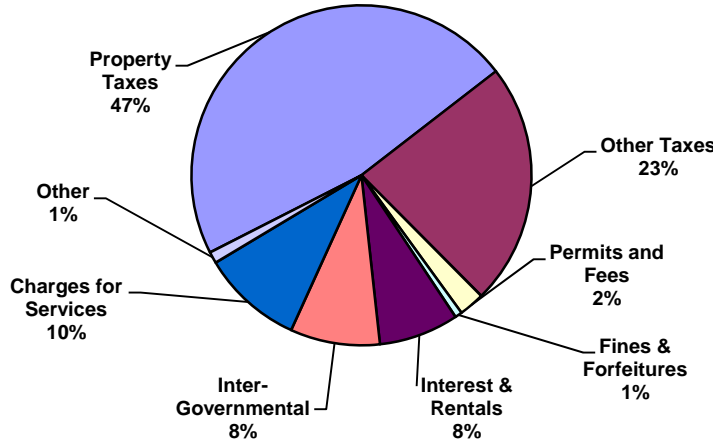
The City's governmental funds reported combined ending fund balances of \$91.3 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$6.2 million. The remainder of fund balance is not available for new spending because it has already been either: 1) in a non-spendable form such as loans receivable (\$2.0 million), 2) restricted based on legislation or under agreements with external parties (\$47.1 million), 3) committed based on City Council action (\$14.8 million), or 4) assigned by a Council appointed designee for specific purposes (\$21.3 million). Governmental fund balances, in total, increased by \$4.2 million during the fiscal year due to higher property taxes, intergovernmental revenues, and investment and rental income.

Governmental funds, in total, had \$73.8 million of revenues and taxes represented 70% of the revenues. The change from the prior year amount of \$69.1 million was due primarily to the following factors: 1) an increase in property taxes due to higher valuations and addition taxes from the new residential development sales (Sea Summit), 2) intergovernmental revenues increased due to state funding of Safe Routes to School grant, and 3) interest and rentals increased due to an increasing interest rate environment, a gain on investments and rental activity.

Total governmental fund expenditures were \$69.9 million this year. When compared to last year's amount of \$66.8 million there was an increase of \$3.1 million. Overall, general government, police, fire, public works, community development and beaches, parks and recreation expenditures all increased from FY 2018. General government increased based on legal costs; police and fire increase based on public safety contract costs; public works increased due to increases in operational staffing, other contractual services and development related costs; community development increased due to increases in other legal services and grant expenditures; and beaches, parks and recreation increased due to a variety of activities.

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

**Revenues by Source – Governmental Funds
Fiscal Year 2019**



<u>Function</u>	<u>2019</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>	<u>2018</u> <u>Amounts</u>	<u>% of</u> <u>Total</u>
Property Taxes	\$ 34.7	47 %	\$ 32.8	47 %
Other Taxes	17.0	23 %	16.4	24 %
Permits & Fees	1.8	2 %	2.0	3 %
Fines & Forfeitures	0.5	1 %	0.5	1 %
Investment & Rentals	5.6	8 %	3.6	5 %
Intergovernmental	6.3	8 %	5.0	7 %
Charges for Services	7.1	10 %	7.3	11 %
Other	0.8	1 %	1.5	2 %
	<u>\$ 73.8</u>	<u>100 %</u>	<u>\$ 69.1</u>	<u>100 %</u>

Proprietary Funds

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

Unrestricted net position of the Water, Sewer and Golf operations at the end of the year amounted to \$15.3 million, \$15.2 million and \$1.7 million, respectively. In total, unrestricted net position for all proprietary funds increased from the previous year. Approximately \$36.3 million of these unrestricted net position are set aside for infrastructure asset replacement. The total Enterprise Fund’s Net Position increased from \$200.4 million to \$201.4 million or by 0.5%.

Last year’s change in net position was a decrease of \$1.3 million and this year has an increase of \$1.0 million. Total operating revenues increased by \$0.5 million. Total operating expenses decreased from \$38.5 million to \$37.9 million, which was primarily the result of decreases in salary and benefits, mainly in the water fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General fund is the main operating fund of the City. At the end of the current fiscal year, the General Fund’s fund balance was \$30.5 million. Unassigned fund balance represents \$6.3 million or 21% of the total fund balance. In total, the General Fund balance increased by \$0.6 million over the prior year and represents 33% of all governmental fund balances.

The original budget for General Fund revenues was \$63.0 million. When this amount is compared to the final budgeted amount of \$64.5 million there was a \$1.5 million increase. The budget increase is due to increases in property taxes. The budget for taxes increased due to property valuation increases and additional housing units within the City.

Actual fiscal year revenues were higher than the final budget amounts in taxes, licenses and permits, investment and rentals, charges for services and other, and was lower than budgeted in fines and forfeits and intergovernmental revenues.

Taxes and charges for services were the revenues with the largest positive budget variances. Taxes were higher due mostly to higher growth in property valuations than anticipated and additional housing units placed in service. Service charges exceeded expectations due to increases in class fees, as well as plan check fees and other community development related charges based on the Sea Summit development. Intergovernmental revenues are under budget due to certain grants not being completed and revenues not received or recognized. Fines and forfeits was under budget due to lower parking violations, vehicle code fines and admin citations.

The budgeted expenditures increased from the original \$71.0 million to final budget amount of \$72.2 million in the General Fund. Capital outlay and general government had the largest changes. Capital outlay increased by \$0.6 million due in part to budgeted increases for the Negocio city hall renovation costs. City general budget increased by \$0.1 million due primarily to additional costs for legal services. City Administration increased primarily due to additional funds budgeted for a special election due the passing of the Mayor and the need to fill a vacant Council seat. This special election is set for November 2019.

Actual expenditures in the General Fund ended the year \$8.3 million lower than the final budget, \$6.1 million of this amount will be reappropriated in FY 2020 Budget. Police, Fire, and Beaches, parks and recreation were generally in line with budgeted amounts. Actual variances were notable in the following areas:

- Community development came in lower by \$0.7 million as a result of the delays to implementation of General Plan items, such as the Local Coastal Plan, temporary contract assistance, and the upgrade of the City's permitting and licensing system.
- Public Works came in \$1.5 million lower than anticipated due the timeframe for a pilot program called SC Rides, which is a subsidized transit program, and various other professions services and studies.
- Capital outlay was lower by \$4.8 million as a result of capital projects that are multiple year projects and will be started next fiscal year or completed next fiscal year, including sidewalk and road projects.

Other financing sources (uses) include transfers in of \$2.7 million and transfers out of \$4.0 million. The only significant item remaining to be transferred is \$0.3 million from the Developer Improvement Capital Projects fund.

Other significant fund changes include 1) additional intergovernmental revenues in the Air Quality Improvement Revenue fund due to an increase in the Vehicle Pollution Reduction fees and other county grants for the purchase of additional summer trolleys, 2) increases to investment and rentals in all non-major funds due to an increase in interest rates from FY 2018 and the allocation of an unrealized gain on investments, and 3) An increase in Miscellaneous Grants revenue due to the completion of Avenida Palizada sidewalk improvements.

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, 2019, amounts to \$386.6 million (net of accumulated depreciation) as compared to the June 30, 2018 total of \$392.2 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, and construction-in-progress. The net decrease in the City’s capital assets (net of depreciation) for the current fiscal year was \$5.6 million, with a \$3.0 million decrease in governmental activities and a \$2.6 million decrease in business-type activities.

Major capital improvements during the fiscal year included street projects for the governmental type activities and water and sewer line capital projects and Utilities equipment for business type activities. Governmental activities infrastructure amounts capitalized totaled \$11.6 million. This \$11.6 million includes \$7.9 million of road network improvements, of which \$7.5 million related to improvements which include pavement, sidewalks, and curb improvements. The business type activities largest increase was \$4.2 million for reservoir facilities.

Depreciation expense during the fiscal year was \$9.5 million for governmental activities and \$5.9 million for business-type activities as compared to \$9.4 million and \$5.7 million respectively in the previous fiscal year. There were no significant changes from depreciation amounts.

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

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 51.4	\$ 51.4	\$ 4.3	\$ 4.3	\$ 55.7	\$ 55.7
Infrastructure	108.0	106.3	76.3	77.5	184.3	183.8
Buildings & Improvements	54.3	54.8	77.8	76.8	132.1	131.6
Equipment	2.5	2.5	5.5	5.9	8.0	8.4
Construction-in- progress	<u>3.7</u>	<u>7.9</u>	<u>2.8</u>	<u>4.8</u>	<u>6.5</u>	<u>12.7</u>
Totals	<u>\$ 219.9</u>	<u>\$ 222.9</u>	<u>\$ 166.7</u>	<u>\$ 169.3</u>	<u>\$ 386.6</u>	<u>\$ 392.2</u>

Long-term Liabilities. At the end of the current fiscal year, the City’s governmental activities had no bonded debt outstanding and \$81,377 of capitalized lease obligations. Business-type activities had an outstanding loan from the State of California related to the construction and expansion of recycled water treatment facilities in the amount of \$12.0 million. During the year, a principal payment was made on the loan in the amount of \$622,111.

Further information on the Long Term Liabilities can be found in the Notes to the Financial Statements, Long Term Liabilities (Note 7). The following table summarizes the outstanding amounts related to loans and leases at the end of the 2019 and 2018 Fiscal Years.

Outstanding Loans and Leases
(in millions)

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>	Business-type Activities <u>2019</u>	Business-type Activities <u>2018</u>
State Revolving Fund Loan	-	-	12.0	12.7
Capitalized Leases	<u>0.1</u>	<u>0.1</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 0.1</u>	<u>\$ 0.1</u>	<u>\$ 12.0</u>	<u>\$ 12.7</u>

SIGNIFICANT MATTERS

As of June 30, 2019, the City has outstanding commitments in the amount of \$8.5 million relating to construction and other contractual arrangements. In addition, the City is involved as a defendant in various legal proceedings. These legal proceedings include a variety of issues. While it is not feasible to predict or determine the outcome in these cases, it is the City's opinion that the outcome of the majority of these cases will have no material adverse effect on the net financial position of the City.

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

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Assistant City Manager, 910 Calle Negocio, San Clemente, CA 92673.

CITY OF SAN CLEMENTE

Statement of Net Position

June 30, 2019

	Governmental	Business-type	Total
<u>ASSETS</u>			
Cash and investments	\$ 96,796,545	\$ 40,052,558	\$ 136,849,103
Taxes receivable	3,396,227	-	3,396,227
Accounts receivable	2,358,670	4,935,726	7,294,396
Interest receivable	484,101	253,286	737,387
Due from other governments	1,090,557	476,125	1,566,682
Internal balances	(1,108,455)	1,108,455	-
Inventories	-	304,350	304,350
Prepaid items	23,900	-	23,900
Loans receivable	13,180,598	-	13,180,598
Restricted cash and investments	-	10,698,096	10,698,096
Capital assets, non-depreciable	55,117,786	7,099,912	62,217,698
Capital assets, net of accumulated depreciation	164,734,795	159,593,992	324,328,787
Total Assets	<u>336,074,724</u>	<u>224,522,500</u>	<u>560,597,224</u>
Deferred Outflows of Resources:			
OPEB deferral	135,972	-	135,972
Pension deferral	7,812,113	1,768,390	9,580,503
Total Deferred Outflows of Resources	<u>7,948,085</u>	<u>1,768,390</u>	<u>9,716,475</u>
<u>LIABILITIES</u>			
Accounts payable	4,532,196	3,079,995	7,612,191
Accrued wages	713,640	139,647	853,287
Accrued liability	-	132,402	132,402
Unearned revenue	660,835	-	660,835
Deposits payable	2,556,153	258,591	2,814,744
Long term liabilities:			
Portion due in one year:			
Compensated absences	268,684	138,161	406,845
Capital lease obligation	34,021	-	34,021
Loan payable	-	635,797	635,797
Claims payable	1,054,438	-	1,054,438
Portion due in more than one year:			
Compensated absences	899,506	462,539	1,362,045
Capital lease obligation	47,356	-	47,356
Loan payable	-	11,400,794	11,400,794
Claims payable	1,237,818	-	1,237,818
Net OPEB obligation	972,763	-	972,763
Net pension liability	32,707,230	7,259,366	39,966,596
Total Liabilities	<u>45,684,640</u>	<u>23,507,292</u>	<u>69,191,932</u>
Deferred Inflows of Resources:			
Pension deferral	1,881,205	259,292	2,140,497
<u>NET POSITION</u>			
Net investment in capital assets	219,771,204	154,657,313	374,428,517
Restricted for:			
Public facilities construction	5,990,494	-	5,990,494
Local drainage facilities	4,614,430	-	4,614,430
Streets/roadway/traffic	17,027,584	-	17,027,584
Affordable housing	13,007,590	-	13,007,590
Other capital	5,204,992	9,538,902	14,743,894
Other purposes	1,448,930	900,603	2,349,533
Unrestricted	29,391,740	37,427,488	66,819,228
Total Net Position	<u>\$ 296,456,964</u>	<u>\$ 202,524,306</u>	<u>\$ 498,981,270</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 8,638,794	\$ 459,192	\$ 138,881	\$ -
Police	15,816,595	531,818	158,216	-
Fire	10,294,194	1,462,039	-	-
Public works	21,390,909	1,498,848	3,425,513	3,415,080
Community development	5,891,062	2,785,652	504,650	537,760
Beaches, parks & recreation	10,179,695	4,749,332	30,607	168,896
Interest and fiscal charges	3,663	-	-	-
Total governmental activities	72,214,912	11,486,881	4,257,867	4,121,736
Business-type activities:				
Water	19,430,379	21,257,248	-	3,582
Sewer	14,070,190	10,984,033	-	279,648
Golf	2,104,304	2,300,476	-	-
Clean Ocean	1,852,443	2,564,506	-	-
Solid Waste	209,275	250,346	32,973	-
Total business-type activities	37,666,591	37,356,609	32,973	283,230
Total	\$ 109,881,503	\$ 48,843,490	\$ 4,290,840	\$ 4,404,966

General Revenue

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Investment earnings

Miscellaneous

Transfers

Total General Revenue and Transfers

Change in Net Position

Net Position - Beginning of Year, As Restated

Net Position - End of Year

See Accompanying Notes to the Financial Statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (8,040,721)	\$ -	\$ (8,040,721)
(15,126,561)	-	(15,126,561)
(8,832,155)	-	(8,832,155)
(13,051,468)	-	(13,051,468)
(2,063,000)	-	(2,063,000)
(5,230,860)	-	(5,230,860)
(3,663)	-	(3,663)
<u>(52,348,428)</u>	<u>-</u>	<u>(52,348,428)</u>
-	1,830,451	1,830,451
-	(2,806,509)	(2,806,509)
-	196,172	196,172
-	712,063	712,063
-	74,044	74,044
<u>-</u>	<u>6,221</u>	<u>6,221</u>
<u>(52,348,428)</u>	<u>6,221</u>	<u>(52,342,207)</u>
34,522,402	-	34,522,402
10,582,298	-	10,582,298
2,630,519	-	2,630,519
2,675,367	-	2,675,367
1,450,353	-	1,450,353
1,915,078	1,779,542	3,694,620
127,908	-	127,908
266,740	(266,740)	-
<u>54,170,665</u>	<u>1,512,802</u>	<u>55,683,467</u>
1,822,237	1,519,023	3,341,260
<u>294,634,727</u>	<u>201,005,283</u>	<u>495,640,010</u>
<u>\$ 296,456,964</u>	<u>\$ 202,524,306</u>	<u>\$ 498,981,270</u>

CITY OF SAN CLEMENTE
Balance Sheet
Governmental Funds
June 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 30,813,522	\$ 50,093,666	\$ 80,907,188
Taxes receivable	3,396,227	-	3,396,227
Accounts receivable	1,401,013	479,175	1,880,188
Interest receivable	155,592	250,005	405,597
Due from other funds	36,519	-	36,519
Due from other governments	462,418	628,139	1,090,557
Prepaid items	23,900	-	23,900
Loans receivable	1,933,563	11,247,035	13,180,598
Total assets	<u>\$ 38,222,754</u>	<u>\$ 62,698,020</u>	<u>\$ 100,920,774</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 3,163,082	\$ 1,156,859	\$ 4,319,941
Accrued wages	348,965	-	348,965
Unearned revenue	660,835	-	660,835
Deposits payable	2,377,051	179,102	2,556,153
Due to other funds	-	36,519	36,519
Total liabilities	<u>6,549,933</u>	<u>1,372,480</u>	<u>7,922,413</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - receivables	1,167,325	576,862	1,744,187
Total deferred inflows of resources	<u>1,167,325</u>	<u>576,862</u>	<u>1,744,187</u>
<u>FUND BALANCES</u>			
Nonspendable	1,957,463	-	1,957,463
Restricted	-	47,087,058	47,087,058
Committed	14,752,106	26,751	14,778,857
Assigned	7,453,364	13,797,271	21,250,635
Unassigned	6,342,563	(162,402)	6,180,161
Total fund balance	<u>30,505,496</u>	<u>60,748,678</u>	<u>91,254,174</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 38,222,754</u>	<u>\$ 62,698,020</u>	<u>\$ 100,920,774</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2019

Fund balances for governmental funds \$ 91,254,174

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The following is net of the Internal Service Funds of \$2,524,076.

Governmental capital assets	334,289,216	
Less: accumulated depreciation	(116,960,711)	217,328,505

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. The following is net of the Internal Service Funds compensated absences balance of \$136,451.

Compensated absences	(1,031,739)	
Net pension liability	(32,707,230)	(33,738,969)

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

Deferred inflows of resources - pension related	(1,881,205)	
Deferred outflows of resources - pension related	7,812,113	5,930,908

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 position.

Capital assets, net of depreciation	2,524,076	
Deferred outflows of resources - OPEB related	135,972	
Long term liabilities, current and noncurrent portion	(3,346,396)	
Other internal service assets (liabilities)	14,624,507	13,938,159

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

1,744,187

Net position of governmental activities

\$ 296,456,964

CITY OF SAN CLEMENTE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 51,493,213	\$ 219,196	\$ 51,712,409
Permits and fees	1,838,700	-	1,838,700
Fines and forfeits	499,151	-	499,151
Investment and rentals	3,626,945	1,998,372	5,625,317
Intergovernmental	1,772,686	4,480,374	6,253,060
Charges for services	6,400,567	712,851	7,113,418
Developers fees	-	533,088	533,088
Other	158,664	73,646	232,310
Total Revenues	<u>65,789,926</u>	<u>8,017,527</u>	<u>73,807,453</u>
Expenditures:			
Current:			
General government	9,045,523	123,981	9,169,504
Police	15,718,308	101,104	15,819,412
Fire	10,094,718	-	10,094,718
Public works	12,885,733	1,040,888	13,926,621
Community development	5,291,196	332,623	5,623,819
Beaches, parks and recreation	6,675,763	7,150	6,682,913
Capital outlay	4,220,621	4,342,825	8,563,446
Total Expenditures	<u>63,931,862</u>	<u>5,948,571</u>	<u>69,880,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,858,064</u>	<u>2,068,956</u>	<u>3,927,020</u>
Other Financing Sources (Uses):			
Transfers in	2,677,023	4,051,825	6,728,848
Transfers out	(3,956,195)	(2,505,913)	(6,462,108)
Total Other Financing Sources (Uses)	<u>(1,279,172)</u>	<u>1,545,912</u>	<u>266,740</u>
Net Change in Fund Balances	578,892	3,614,868	4,193,760
Fund Balances - Beginning of Year	<u>29,926,604</u>	<u>57,133,810</u>	<u>87,060,414</u>
Fund Balances - End of Year	<u>\$ 30,505,496</u>	<u>\$ 60,748,678</u>	<u>\$ 91,254,174</u>

See Accompanying Notes to the Financial Statements.

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, 2019

Net change in fund balances - total governmental funds: \$ 4,193,760

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

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

Capital outlay	8,563,446	
Donated capital assets	296,839	
Other maintenance activities included in capital outlay above	(2,043,618)	
Gain (loss) on capital assets	(910,812)	
Depreciation expense (net of Internal Service Funds of \$486,487)	<u>(9,023,195)</u>	(3,117,340)

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The net revenue (expense) of internal service funds is reported with governmental activities. 1,580,852

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

Change in compensated absences liability (governmental)	123,069	
Pension actuarial amounts - outflows	(1,676,498)	
Pension actuarial amounts - inflows	607,264	
Change in net pension liability	<u>337,394</u>	(608,771)

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

Prior year deferral	(1,970,451)	
Current year deferral	<u>1,744,187</u>	<u>(226,264)</u>

Change in net position of governmental activities \$ 1,822,237

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE

Statement of Net Position

Proprietary Funds

June 30, 2019

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 16,881,073	\$ 16,828,539	\$ 2,580,617
Accounts receivable	2,777,296	1,573,320	76,023
Accrued interest	102,182	119,448	12,879
Due from other governments	475,726	399	-
Inventory, at cost	269,700	-	34,650
Prepays	-	-	-
Cash and investments - restricted	3,592,960	7,105,136	-
Total Current Assets	<u>24,098,937</u>	<u>25,626,842</u>	<u>2,704,169</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,912,097	410,298	2,011
Water, sewer and storm lines	42,324,494	75,894,841	-
Utility assets	37,982,892	100,982,286	-
Buildings	205,662	234,370	6,423,954
Improvements other than buildings	-	-	3,266,622
Machinery and equipment	3,278,529	4,035,245	1,116,265
Construction in progress	947,409	1,604,853	223,244
Total Capital assets	<u>88,651,083</u>	<u>183,161,893</u>	<u>11,032,096</u>
Less accumulated depreciation	<u>(28,267,591)</u>	<u>(82,604,399)</u>	<u>(5,279,178)</u>
Net Capital Assets	<u>60,383,492</u>	<u>100,557,494</u>	<u>5,752,918</u>
Total Noncurrent Assets	<u>60,383,492</u>	<u>100,557,494</u>	<u>5,752,918</u>
Total Assets	<u>84,482,429</u>	<u>126,184,336</u>	<u>8,457,087</u>
Deferred Outflows of Resources:			
OPEB deferral	-	-	-
Pension deferral	829,150	713,380	225,860
Total Deferred Outflows	<u>829,150</u>	<u>713,380</u>	<u>225,860</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 3,762,329	\$ 40,052,558	\$ 15,889,357
509,087	4,935,726	478,482
18,777	253,286	78,504
-	476,125	-
-	304,350	-
-	-	-
-	10,698,096	-
<u>4,290,193</u>	<u>56,720,141</u>	<u>16,446,343</u>
-	4,324,406	-
-	118,219,335	-
-	138,965,178	-
-	6,863,986	443,134
-	3,266,622	1,027,470
15,000	8,445,039	6,787,588
-	2,775,506	-
<u>15,000</u>	<u>282,860,072</u>	<u>8,258,192</u>
<u>(15,000)</u>	<u>(116,166,168)</u>	<u>(5,734,116)</u>
-	166,693,904	2,524,076
-	166,693,904	2,524,076
<u>4,290,193</u>	<u>223,414,045</u>	<u>18,970,419</u>
-	-	135,972
-	1,768,390	-
<u>-</u>	<u>1,768,390</u>	<u>135,972</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2019

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 2,083,893	\$ 800,845	\$ 81,522
Accrued wages	59,248	58,998	14,472
Compensated absences payable	55,325	38,705	40,986
Interest payable	132,402	-	-
Loan payable	635,797	-	-
Capital lease obligation	-	-	-
Claims and judgements payable	-	-	-
Deposits payable - restricted assets	258,591	-	-
Total Current Liabilities	3,225,256	898,548	136,980
Noncurrent Liabilities:			
Capitalized lease obligations	-	-	-
Compensated absences payable	185,220	129,577	137,214
Claims and judgments payable	-	-	-
Loan payable	11,400,794	-	-
Net OPEB liability	-	-	-
Net pension liability	3,382,180	2,918,778	958,408
Total Noncurrent Liabilities	14,968,194	3,048,355	1,095,622
Total Liabilities	18,193,450	3,946,903	1,232,602
Deferred Inflow of Resources:			
Pension deferral	121,599	104,611	33,082
<u>NET POSITION</u>			
Net investment in capital assets	48,346,901	100,557,494	5,752,918
Restricted for debt service	900,602	-	-
Restricted for capital projects	2,433,767	7,105,136	-
Unrestricted	15,315,260	15,183,572	1,664,345
Total Net Position	\$ 66,996,530	\$ 122,846,202	\$ 7,417,263

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

Net position of business-type activities

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ 113,735	\$ 3,079,995	\$ 212,255
6,929	139,647	364,675
3,145	138,161	31,383
-	132,402	-
-	635,797	-
-	-	34,021
-	-	1,054,438
-	258,591	-
<u>123,809</u>	<u>4,384,593</u>	<u>1,696,772</u>
-	-	47,356
10,528	462,539	105,068
-	-	1,237,818
-	11,400,794	-
-	-	972,763
-	7,259,366	-
<u>10,528</u>	<u>19,122,699</u>	<u>2,363,005</u>
<u>134,337</u>	<u>23,507,292</u>	<u>4,059,777</u>
-	259,292	-
-	154,657,313	2,447,857
-	900,602	-
-	9,538,903	-
<u>4,155,856</u>	<u>36,319,033</u>	<u>12,598,757</u>
<u>\$ 4,155,856</u>	<u>201,415,851</u>	<u>\$ 15,046,614</u>
	<u>1,108,455</u>	
	<u>\$ 202,524,306</u>	

(Concluded)

CITY OF SAN CLEMENTE
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 20,149,097	\$ 10,952,054	\$ 1,829,623
Concessions	-	-	470,589
Other	1,108,151	31,979	264
Total Operating Revenues	<u>21,257,248</u>	<u>10,984,033</u>	<u>2,300,476</u>
Operating Expenses:			
Salaries and benefits	3,897,040	3,725,331	863,842
Cost of purchased water	7,763,012	-	-
Cost of materials and supplies	536,951	835,985	139,108
Depreciation	1,577,986	3,972,563	334,988
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	5,602,424	5,732,577	803,400
Total Operating Expenses	<u>19,377,413</u>	<u>14,266,456</u>	<u>2,141,338</u>
Operating Income (Loss)	<u>1,879,835</u>	<u>(3,282,423)</u>	<u>159,138</u>
Non-Operating Revenues (Expenses):			
Investment income	705,275	850,136	89,036
Grant income	-	-	-
Interest and fiscal charges	(271,649)	-	-
Gain (Loss) on sale of capital assets	(384)	(964)	-
Total Non-Operating Revenues (Expenses)	<u>433,242</u>	<u>849,172</u>	<u>89,036</u>
Income (Loss) Before Transfers and Capital Contributions	<u>2,313,077</u>	<u>(2,433,251)</u>	<u>248,174</u>
Capital contributions	3,582	279,648	-
Total Capital Contributions	<u>3,582</u>	<u>279,648</u>	<u>-</u>
Transfers in	202,000	387,000	-
Transfers out	(67,410)	(234,220)	-
Total Transfers	<u>134,590</u>	<u>152,780</u>	<u>-</u>
Change in Net Position	2,451,249	(2,000,823)	248,174
Net Position - Beginning of Year, as restated	<u>64,545,281</u>	<u>124,847,025</u>	<u>7,169,089</u>
Net Position - End of Year	<u>\$ 66,996,530</u>	<u>\$ 122,846,202</u>	<u>\$ 7,417,263</u>
Adjustment to reflect the consolidation of internal service fund activities to related enterprise funds			
Change in net position of business-type activities			

See Accompanying Notes to the Financial Statements.

Enterprise Funds			
Nonmajor	Totals		Internal Service
\$ 2,549,415	\$ 35,480,189	\$ 10,877,815	
-	470,589	-	
265,437	1,405,831	55,115	
<u>2,814,852</u>	<u>37,356,609</u>	<u>10,932,930</u>	
374,962	8,861,175	1,074,039	
-	7,763,012	-	
66,299	1,578,343	371,192	
-	5,885,537	486,487	
-	-	4,669,697	
-	-	124,145	
1,647,470	13,785,871	2,732,029	
<u>2,088,731</u>	<u>37,873,938</u>	<u>9,457,589</u>	
<u>726,121</u>	<u>(517,329)</u>	<u>1,475,341</u>	
135,095	1,779,542	493,581	
32,973	32,973	-	
-	(271,649)	(3,663)	
-	(1,348)	95,937	
<u>168,068</u>	<u>1,539,518</u>	<u>585,855</u>	
<u>894,189</u>	<u>1,022,189</u>	<u>2,061,196</u>	
-	283,230	-	
-	283,230	-	
-	589,000	-	
(554,110)	(855,740)	-	
<u>(554,110)</u>	<u>(266,740)</u>	<u>-</u>	
340,079	1,038,679	2,061,196	
3,815,777		12,985,418	
<u>\$ 4,155,856</u>		<u>\$ 15,046,614</u>	
	480,344		
	<u>\$ 1,519,023</u>		

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers	\$ 20,163,938	\$ 10,912,379	\$ 1,811,711
Receipts from interfund charges	-	-	-
Cash paid to other suppliers for goods or services	(14,066,508)	(6,538,477)	(943,230)
Cash payment to employees	(3,695,398)	(3,324,018)	(855,573)
Cash from rents and concessions	-	-	470,589
Cash from other operating revenues	1,108,151	31,979	264
Net Cash Provided by (Used for) Operating Activities	<u>3,510,183</u>	<u>1,081,863</u>	<u>483,761</u>
Cash Flows from Noncapital Financing Activities:			
Grant income	-	-	-
Cash received from other funds	202,000	387,000	-
Cash paid to other funds	(67,410)	(234,220)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>134,590</u>	<u>152,780</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions and grants	3,582	279,648	-
Purchase and construction of capital assets	(1,313,369)	(1,777,154)	(223,244)
Cash proceeds from sale of capital assets	-	-	-
Payment on capital lease payable	-	-	-
Payment on capital loan	(622,111)	-	-
Interest and fiscal charges	(278,493)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,210,391)</u>	<u>(1,497,506)</u>	<u>(223,244)</u>
Cash Flows from Investing Activities:			
Investment income received	676,179	823,660	85,056
Net Cash Provided by (Used for) Investing Activities	<u>676,179</u>	<u>823,660</u>	<u>85,056</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,110,561	560,797	345,573
Cash and Cash Equivalents at Beginning of Year	<u>18,363,472</u>	<u>23,372,878</u>	<u>2,235,044</u>
Cash and Cash Equivalents at End of Year	<u>\$ 20,474,033</u>	<u>\$ 23,933,675</u>	<u>\$ 2,580,617</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds			
Nonmajor	Totals	Internal Service	
\$ 2,561,147	\$ 35,449,175	\$ -	
-	-	10,522,932	
(2,109,103)	(23,657,318)	(6,468,323)	
(392,077)	(8,267,066)	(949,026)	
-	470,589	-	
265,437	1,405,831	55,115	
<u>325,404</u>	<u>5,401,211</u>	<u>3,160,698</u>	
32,973	32,973	-	
-	589,000	-	
(554,110)	(855,740)	-	
<u>(521,137)</u>	<u>(233,767)</u>	<u>-</u>	
-	283,230	-	
-	(3,313,767)	(540,595)	
-	-	95,937	
-	-	(34,449)	
-	(622,111)	-	
-	(278,493)	(3,663)	
<u>-</u>	<u>(3,931,141)</u>	<u>(482,770)</u>	
131,554	1,716,449	464,770	
<u>131,554</u>	<u>1,716,449</u>	<u>464,770</u>	
(64,179)	2,952,752	3,142,698	
3,826,508	47,797,902	12,746,659	
<u>\$ 3,762,329</u>	<u>\$ 50,750,654</u>	<u>\$ 15,889,357</u>	

(Continued)

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2019

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 1,879,835	\$ (3,282,423)	\$ 159,138
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,577,986	3,972,563	334,988
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	14,841	(39,675)	(17,912)
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	37,712	-	1,202
Increase (decrease) in accounts payable	(203,076)	30,085	(1,924)
Increase (decrease) in accrued wages	2,562	7,960	896
Increase (decrease) in deposits payable	1,243	-	-
Increase (decrease) in pension obligations	189,891	393,555	4,570
Increase (decrease) in compensated absences	9,189	(202)	2,803
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	<u>1,630,348</u>	<u>4,364,286</u>	<u>324,623</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,510,183</u>	<u>\$ 1,081,863</u>	<u>\$ 483,761</u>
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 302,316	\$ 373,617	\$ 37,266

See Accompanying Notes to the Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 726,121	\$ (517,329)	\$ 1,475,341
-	5,885,537	486,487
11,732	(31,014)	(354,883)
-	-	10,450
-	38,914	-
(395,334)	(570,249)	(54,815)
(1,500)	9,918	125,028
-	1,243	-
-	588,016	(5,002)
(15,615)	(3,825)	(15)
-	-	1,478,107
(400,717)	5,918,540	1,685,357
\$ 325,404	\$ 5,401,211	\$ 3,160,698

\$ 60,398 \$ 773,597 \$ 214,085

(Concluded)

CITY OF SAN CLEMENTE
Statement of Net Position
Fiduciary Funds
June 30, 2019

	Pension Trust	Private Purpose Trust Fund RDA Successor Agency Trust
Assets:		
Cash and investments	\$ -	\$ 159,527
Taxes receivable	-	-
Accounts receivable	-	-
Accrued interest receivable	-	796
Loan receivable	-	36,980
Restricted cash and investments	-	-
Restricted cash and investments with fiscal agents	-	-
Investments, at fair value:		
Group annuity contract	4,210,337	-
PIMCO Total Return Bond mutual fund	4,223,004	-
U.S. Government Treasury Inflation Bond mutual fund	631,509	-
Dodge & Cox International mutual fund	3,157,546	-
PIMCO All Asset Authority mutual fund	1,052,515	-
Russell 1000 Index mutual fund	6,736,098	-
Russell 2000 Index mutual fund	1,052,515	-
Total Assets	21,063,524	197,303
Liabilities:		
Accounts payable	-	-
Accrued wages	-	-
Deposits payable	-	-
Loan from the City of San Clemente	-	1,933,563
Payable to bondholders	-	-
Total Liabilities	-	1,933,563
Total Net Position:		
Net position restricted for pensions	21,063,524	-
Held in trust for the Former Redevelopment Agency dissolution	-	(1,736,260)
Total Net Position	\$ 21,063,524	\$ (1,736,260)

See Accompanying Notes to the Financial Statements.

Agency
Funds

<hr/>	
\$	-
	45,678
	55,378
	15,654
	-
	3,821,580
	21,222,972
	-
	-
	-
	-
	-
	-
	-
	-
<hr/> <hr/>	<u>25,161,262</u>

	68,240
	30,275
	681,557
	-
	24,381,190
<hr/> <hr/>	<u>25,161,262</u>

CITY OF SAN CLEMENTE
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Fund RDA Successor Agency Trust</u>
Additions:		
Contributions:		
Employer pension contributions	\$ 1,506,697	\$ -
Employee pension contributions	39,228	-
Total Contributions	<u>1,545,925</u>	<u>-</u>
Redevelopment Agency Property Tax	-	<u>303,275</u>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	1,087,587	-
Interest income	-	5,173
Total Investment Income (Loss)	<u>1,087,587</u>	<u>5,173</u>
Total Additions	<u>2,633,512</u>	<u>308,448</u>
Deductions:		
Benefit payments	2,131,463	-
Program expenses	-	38,169
Administrative expenses	43,705	-
Total Deductions	<u>2,175,168</u>	<u>38,169</u>
Change in net position	458,344	270,279
Net position - Beginning of Year	<u>20,605,180</u>	<u>(2,006,539)</u>
Net position - End of Year	<u><u>\$ 21,063,524</u></u>	<u><u>\$ (1,736,260)</u></u>

See Accompanying Notes to the Financial Statements.

Notes to the Financial Statements

CITY OF SAN CLEMENTE
Notes to the Financial Statements
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting entity:

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

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

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

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

The PFA was created in May 2007 pursuant to the State of California Government Code, Section 6500. The City and the Agency are member agencies. The Agreement provides for the PFA to jointly exercise the powers to provide for the financing or refinance of public capital improvements of the City, Agency or other local agencies through the acquisition and or purchase by the Authority of Local Obligations. The PFA has the power to acquire and to finance and refinance the acquisition of public capital improvements necessary or convenient for the operation of the City or the Agency, including the issuance of Revenue Bonds. The PFA was previously reported as an Agency fund since the debt was conduit debt and not an obligation of the City. However, this debt was refinanced in FY 2017 and financial statements are no longer issued and the Agency fund was dissolved.

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

B. Description of government-wide financial statements

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

D. Basis of presentation – fund financial statements:

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

The City reports the following major governmental funds:

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

The City reports the following major enterprise funds:

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Sewer Utility Fund - The sewer utility fund accounts for the City's sewer utility financial activity. 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 accounts for the City owned 18-hole golf course's operation and maintenance. The costs of providing these services to the general public are financed or recovered primarily through user charges. The City considers this a major fund.

Additionally, the City reports the following fund types:

Special Revenue Funds – Special revenue funds account for specific revenue sources that are restricted, committed, or assigned to expenditures for a particular purpose.

Debt Service Funds - The debt service fund accounts for the accumulation of resources that are for the payment of principal and interest on long-term obligations of governmental funds.

Capital Project Funds – Capital project funds account for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

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

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

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

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

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

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

E. Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

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

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

a) Cash and investments:

The City pools cash and investments of all funds, except for assets held by fiscal agents. Cash is considered to be cash on hand and demand deposits. Investments are reported in the accompanying balance sheet at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

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

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

b) Inventories and prepaids:

Inventories are valued at cost on a first-in, first-out basis. Inventory in the enterprise funds consists of expendable supplies held for consumption. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

c) Capital assets:

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

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

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

d) Compensated absences:

It is the City's policy to permit employees to accumulate earned but unused vacation, sick and compensatory time. The balance of unpaid vacation, sick time for eligible employees, and compensatory time at June 30, 2019 is recorded as a liability. Unpaid compensated absences in proprietary fund types are accrued as a liability in those funds as employees vest benefits.

e) Pensions:

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

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of San Clemente's California Public Employees' Retirement System (CalPERS) plans and CSCERP Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the plan administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

f) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

g) Deferred outflows/inflows of resources:

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

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

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

h) Net position flow assumption:

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

i) Fund balance flow assumptions:

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

j) Fund balance policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council has authorized the city manager to assign fund balance. The council may also assign fund balance when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. Further information on the fund balance classifications are reported in Note 11.

G. Revenues and expenditures/expenses

1. Program Revenues:

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

2. Property taxes:

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

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

3. Proprietary funds operating and nonoperating revenues and expenses:

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

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

4. Claims and Judgments:

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

5. Use of Estimates:

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgets and Budgetary Accounting:

The City adopts budgets for the governmental funds on an annual basis substantially consistent with generally accepted accounting principles. Budgeted amounts reported are as originally adopted and as further amended by the City Council. The general fund, special revenue funds, and capital project funds have legally adopted budgets. The capital project funds adopt project length budgets. The City made supplemental budgetary appropriations during the fiscal year of \$6.6 million.

3. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of position:	
Cash and investments	\$ 136,849,103
Cash and investments – restricted	10,698,096
Fiduciary funds:	
Cash and investments	159,527
Cash and investments – restricted	3,821,580
Cash and investments held by bond trustee	21,222,972
Pension trust investments	<u>21,063,524</u>
Total cash and investments	<u>\$ 193,814,802</u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 4,900
Deposits with financial institutions	3,976,842
Investments held by City and bond trustee	168,769,536
Pension trust investments	<u>21,063,524</u>
Total cash and investments	<u>\$ 193,814,802</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum % of Portfolio*</u>	<u>Maximum % in One Issuer</u>
U.S. Treasury Obligations	5 years	100%	None
U.S. Agency Securities:	5 years	75%	30%
Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corp. (FHLMC), Federal National Mortgage Assoc. (FNMA), Tennessee Valley Authority (TVA)			
Banker's Acceptances	180 days	30%	None
Medium-Term Notes	5 years	20%	3%
Money Market Mutual Funds	N/A	15%	10%
Local Agency Investment Fund (LAIF)	N/A	50%	\$ 65 Million
Commercial Paper	270 days	15%	5%
Repurchase Agreements	1 year	30%	10%
Asset Backed Securities	5 years	10%	5%
Orange County Investment Pool	N/A	10%	\$15 million
Supranational Securities	5 years	10%	5%
Insured Certificates of Deposit	5 years	30%	10%
Negotiable Certificates of Deposit (NCD)	3 years	20%	3%
Demand Deposits	N/A	30%	10%

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

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

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of California Government Code or the City's investment policy. The following table identifies investment types authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

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

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One way the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to provide the cash flow and liquidity needed for operations based on historical trends. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Investment Type	Total Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury securities	\$ 43,190,423	\$ 12,696,464	\$ 16,654,097	\$ 13,839,862
Federal Agency securities:				
Federal Farm Credit Bank	7,164,195	4,739,381	-	2,424,814
Federal Home Loan Bank	19,347,575	4,740,845	1,213,243	13,393,487
Federal Home Loan Mortgage Corp.	5,638,510	5,638,510	-	-
Federal National Mortgage Assoc.	13,278,665	8,980,305	994,106	3,304,254
Negotiable Certificates of Deposit	2,996,880	1,000,000	996,880	1,000,000
LAIF	35,571,722	35,571,722	-	-
Medium Term Note	17,616,293	1,562,796	9,374,037	6,679,460
Commercial Paper	2,742,301	3,678	751,732	1,986,891
Held by bond trustee:				
Money market funds	21,222,972	21,222,972	-	-
Total	\$ 168,769,536	\$ 96,156,673	\$ 29,984,095	\$ 42,628,768

Disclosures Relating to Credit Risk:

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

Investment Type	Amount	Minimum Rating	Exempt From Rating	Ratings as of Year End		
				AAA	AA	A
U.S. Treasury securities	\$ 43,190,423	N/A	\$ 43,190,423	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	7,164,195	N/A	-	-	7,164,195	-
FHLB	19,347,575	N/A	-	-	19,347,575	-
FHLMC	5,638,510	N/A	-	-	5,638,510	-
FNMA	13,278,665	N/A	-	-	13,278,665	-
Negotiable Certificate of Deposits	2,996,880		2,996,880	-	-	-
LAIF	35,571,722	N/A	35,571,722	-	-	-
Medium Term Notes	17,616,293	A	-	2,975,309	5,476,389	9,164,595
Commercial paper	2,742,301	A	-	2,742,301	-	-
Held by Bond trustee:						
Money market funds	21,222,972	N/A	-	21,222,972	-	-
	\$ 168,769,536		\$ 81,759,025	\$ 26,940,582	\$ 50,905,334	\$ 9,164,595

Concentration of Credit Risk:

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

Issuer	Investment Type	Reported Amount	% of City Investments
Federal National Mortgage Assoc.	Federal agency securities	\$ 13,278,665	8%
Federal Home Loan Bank	Federal agency securities	19,347,575	11%

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes with a value of 150% of secured public deposits. GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: \$4,217,496 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2019, the following City investments were held by the safekeeping department of Bank of the West and the City uses other broker-dealers to buy the securities:

<u>Investment Type</u>	<u>Amount</u>
U.S. Treasury securities	\$ 43,190,423
Federal agency securities:	
Federal Farm Credit Bank	7,164,195
Federal Home Loan Bank	19,347,575
Federal Home Loan Mortgage Corp	5,638,510
Federal National Mortgage Association	13,278,665
Negotiable Certificate of Deposits	2,996,880
Medium Term Notes	17,616,293
Commercial Paper	2,742,301

Investment in State Investment Pool:

The City is a voluntary participant in the LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported at amounts based on 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 amount available for withdrawal is based on the LAIF's accounting records, which are recorded at an amortized cost basis. LAIF does not impose limits or restrictions on participant withdrawals, and the entire balance of the City's investment in the portfolio is available for withdrawal at any time. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals made in LAIF are on the basis of \$1 and not fair value. Accordingly, the City's investment in this pool is measured on uncategorized inputs not defined as Level 1, 2, or 3.

As of June 30, 2019, the City had \$35,571,722 invested in LAIF. LAIF's fair value factor of 1.001711790 was used to calculate the fair value of LAIF investments. The City's investment with LAIF at June 30, 2019, includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. LAIF invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed Securities.

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

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

Fair Value of Investments

The City of San Clemente measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices either directly or indirectly (the City valued these using institutional bond quotes); and,
- *Level 3:* Unobservable inputs.

The following table summarizes the recurring fair value measurements and the fair value method used:

Investment Type	Investment		Fair Value Measurement Methodology		
	Amount	Uncategorized	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ 43,190,423	\$ -	\$ 43,190,423	\$ -	\$ -
Federal Agency securities:					
Federal Farm Credit Bank	7,164,195	-	-	7,164,195	-
Federal Home Loan Bank	19,347,575	-	-	19,347,575	-
Federal Home Loan Mortgage Corp.	5,638,510	-	-	5,638,510	-
Federal National Mortgage Assoc.	13,278,665	-	-	13,278,665	-
Negotiable Certificates of Deposit	2,996,880	-	-	2,996,880	-
LAIF	35,571,722	35,571,722	-	35,571,722	-
Medium Term Note	17,616,293	-	-	17,616,293	-
Commercial Paper	2,742,301	-	-	2,742,301	-
Held by bond trustee:					
Money market funds	21,222,972	-	21,222,972	-	-
Total	\$ 168,769,536	\$ 35,571,722	\$ 64,413,395	\$ 104,356,141	\$ -

Pension Trust Fund Investments:

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

The pension plan's investment policy is established and can be modified by the City. The target asset allocation of the investment portfolio is a 32% to large capitalization equities, 5% to small capitalization equities, 15% to international equities, 20% to core fixed income, 3% to Treasury Inflation Protected securities, 5% to a hybrid all asset fund. An investment advisory firm is used to assist with the management and oversight of pension fund investments. The expected rate of return on these pension investments is 6.25%.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 5.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Pension investments held and the percentage of the pension investment portfolio at June 30, 2019 follows:

<u>Pension Trust Fund Investments</u>	<u>Fair value</u>	<u>% of Pension Portfolio</u>
<i>Equity Investments</i>		
Dodge & Cox International mutual fund	\$ 3,157,546	15%
Russell 1000 Index mutual fund	6,736,098	32%
Russell 2000 Index mutual fund	1,052,515	5%
<i>Fixed Income Investments</i>		
Group annuity contract	4,210,337	20%
PIMCO Total Return Bond mutual fund	4,223,004	20%
US Government Treasury Inflation Bond mutual fund	631,509	3%
<i>Hybrid Investments (equity and fixed income)</i>		
PIMCO All Asset Authority mutual fund	1,052,515	5%
Total pension trust investments (fair value)	<u>\$ 21,063,524</u>	<u>100%</u>

Fair value of the mutual funds held in the pension portfolio is based on the market value of the mutual funds. Fair value of the group annuity contract is based on the net asset value and is considered an alternative investment, which generally does not have readily obtainable market values.

4. LOAN RECEIVABLES:

Loans receivable of \$13,180,598 consist of a loan receivable due from the Redevelopment Agency Successor Agency for \$1,933,563 and housing loans receivable of \$11,247,035.

The \$1,933,563 loan receivable is approved by the State of California through the Redevelopment Agency dissolution process. The housing loans receivable of \$11,247,035 are made for affordable housing purposes and comprised of multiple low or no interest loans given to various developers and individuals to finance multi-family and single family construction and rehabilitation projects. The funding sources for these loans are Community Development Block Grants, Affordable Housing In-Lieu fees, and former low and moderate redevelopment agency resources and are generally long term in nature (20-55 year terms).

5. CAPITAL ASSETS:

The City has reported all capital assets including infrastructure in the Government-wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation has been recorded. Internal Service funds predominantly service the governmental funds, accordingly, their capital assets are included in the governmental type activity.

Construction in progress consists of various street improvement projects and the rehabilitation and remodel of the City Hall location. Construction in progress capitalized during the year consisted of multiple street projects, portions of the municipal pier, playground equipment replacements, sidewalk and intersection improvements, and various other assets. In addition, some construction in progress amounts were not capitalized if the costs did not meet capital asset requirements.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

A summary of governmental type capital assets activity for the year ending June 30, 2019 is as follows:

<u>Governmental activities</u>	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, non-depreciable:				
Land	\$ 51,458,778	\$ -	\$ -	\$ 51,458,778
Construction in progress	7,852,349	7,100,505	(11,293,846)	3,659,008
Total capital assets, non-depreciable	<u>59,311,127</u>	<u>7,100,505</u>	<u>(11,293,846)</u>	<u>55,117,786</u>
Capital assets, depreciable:				
Buildings	34,608,342	116,200	-	34,724,542
Improvements other than buildings	60,503,861	3,002,182	(27,000)	63,479,043
General equipment	9,710,487	578,611	(780,612)	9,508,486
Infrastructure	175,307,428	7,878,625	(3,468,503)	179,717,550
Total capital assets, depreciable	<u>280,130,118</u>	<u>11,575,618</u>	<u>(4,276,115)</u>	<u>287,429,621</u>
Less accumulated depreciation:				
Buildings	(13,902,834)	(819,655)	-	(14,722,489)
Improvements other than buildings	(26,476,593)	(2,787,703)	27,000	(29,237,296)
General equipment	(7,169,435)	(605,464)	755,597	(7,019,302)
Infrastructure	(68,976,570)	(5,296,860)	2,557,691	(71,715,739)
Total accumulated depreciation	<u>(116,525,432)</u>	<u>(9,509,682)</u>	<u>3,340,288</u>	<u>(122,694,826)</u>
Net capital assets, depreciable	<u>163,604,686</u>	<u>2,065,936</u>	<u>(935,827)</u>	<u>164,734,795</u>
Capital assets - governmental	<u>\$ 222,915,813</u>	<u>\$ 9,166,441</u>	<u>\$ (12,229,673)</u>	<u>\$ 219,852,581</u>

A summary of business-type capital assets activity for the year ending June 30, 2019 for the City's is as follows:

<u>Business-type activities</u>	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, non-depreciable:				
Land	\$ 4,324,406	\$ -	\$ -	\$ 4,324,406
Construction in progress	4,788,504	3,302,406	(5,315,404)	2,775,506
Total capital assets, non-depreciable	<u>9,112,910</u>	<u>3,302,406</u>	<u>(5,315,404)</u>	<u>7,099,912</u>
Capital Assets, Being Depreciated:				
Buildings	6,863,986	-	-	6,863,986
Water, sewer, storm lines	117,663,243	562,112	(6,020)	118,219,335
Utility assets	134,223,400	4,753,292	(11,514)	138,965,178
Improvements other than buildings	3,266,622	-	-	3,266,622
Machinery and equipment	8,473,420	11,360	(39,741)	8,445,039
Total capital assets, depreciable	<u>270,490,671</u>	<u>5,326,764</u>	<u>(57,275)</u>	<u>275,760,160</u>
Less Accumulated Depreciation For:				
Buildings	(1,929,491)	(141,919)	-	(2,071,410)
Water, sewer, storm lines	(40,217,256)	(1,719,529)	5,057	(41,931,728)
Utility assets	(63,120,856)	(3,477,589)	11,130	(66,587,315)
Improvements other than buildings	(2,529,262)	(139,424)	-	(2,668,686)
Machinery and equipment	(2,539,694)	(407,076)	39,741	(2,907,029)
Total accumulated depreciation	<u>(110,336,559)</u>	<u>(5,885,537)</u>	<u>55,928</u>	<u>(116,166,168)</u>
Net capital assets, depreciable	<u>160,154,112</u>	<u>(558,773)</u>	<u>(1,347)</u>	<u>159,593,992</u>
Capital assets, business-type	<u>\$ 169,267,022</u>	<u>\$ 2,743,633</u>	<u>\$ (5,316,751)</u>	<u>\$ 166,693,904</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

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

	<u>Governmental</u>	<u>Business-Type</u>
Function/program:		
General government	\$ 12,532	\$ -
Police	3,240	
Fire	204,118	-
Public works	5,020,270	-
Community development	222,011	-
Beaches, parks and recreation	3,561,024	-
Internal service	486,487	-
Water	-	1,577,986
Sewer	-	3,972,563
Golf	-	334,988
Total depreciation expense	\$ 9,509,682	\$ 5,885,537

6. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

A. Interfund receivables and payables

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 36,519

Loan from/to other funds:

Advances to	Advances from	Amount
RDA Successor Agency	General fund	\$ 1,933,563

On July 1, 2002, the Agency and the City entered into an agreement to loan the Agency \$3,420,690 at a rate of 2.9% per annum. However, on February 1, 2012 the Redevelopment Agency was dissolved with an outstanding loan due to the City that was authorized by the State of California under the dissolution process. The current outstanding loan amount is \$1,933,563. This advance plus accrued interest is to be paid from future available property taxes.

B. Interfund Transfers:

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted for debt service from the funds collecting the receipts 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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

<u>Transfers In</u>	<u>Transfers Out</u>					<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Water Utility Fund</u>	<u>Sewer Utility Fund</u>	<u>Nonmajor Proprietary Funds</u>	
General Fund	\$ -	\$ 2,420,913	\$ 58,000	\$ 25,000	\$ 173,110	\$2,677,023
Nonmajor						
Governmental Funds	3,956,195	85,000	3,410	7,220	-	4,051,825
Water Utility Fund	-	-	-	202,000	-	202,000
Sewer Utility Fund	-	-	6,000	-	381,000	387,000
Total	<u>\$3,956,195</u>	<u>\$ 2,505,913</u>	<u>\$ 67,410</u>	<u>\$ 234,220</u>	<u>\$ 554,110</u>	<u>\$7,317,848</u>

During the year ended June 30, 2019, the General Fund significant transfers included transfers of \$3,280,000 to the Reserve fund to provide funds for future capital projects and \$597,790 to the Street Improvement Fund Special Revenue Fund to fund future street rehabilitation. Other significant transfers from Nonmajor governmental funds included \$1,731,292 to fund costs for the City Hall capital project activity and \$218,470 to replenish funds used to revitalize the Ole Hanson Beach Club.

7. LONG TERM LIABILITIES:

A. Long Term Debt:

The following is a summary of the changes in the principal balance of long-term debt for the year ended June 30, 2019:

<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>
State Revolving Fund loan	\$ 12,658,702	\$ -	\$ 622,111	\$ 12,036,591	\$ 635,797
Business-type Activities					
Long-term Debt	<u>\$ 12,658,702</u>	<u>\$ -</u>	<u>\$ 622,111</u>	<u>\$ 12,036,591</u>	<u>\$ 635,797</u>

Governmental:

1. Certificates of Participation:

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

In July 2016, an irrevocable trust was created and funded with \$1,603,028 of available cash resources from the City to defease the outstanding Negocio Certificates of Participation to eliminate future debt payments. The trust investments include United States Government and State and Local Government Series Securities ("SLGS") for the purpose of generating resources to fund all future debt service payments. The outstanding principal balance of the defeased debt at June 30, 2019 is \$775,000.

The City, under the provisions in the Lease-leaseback agreement, guaranteed lease payments from annual appropriations of monies from the Motor Vehicle Fee Account held by the State of California to

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

which the City is entitled. The revenue is pledged until final maturity of the debt on June 1, 2023. The City received Motor Vehicle Fee amounts of \$31,461 from the State of California and \$6,898,017 of property taxes in Lieu of the Motor Vehicle Fee during the fiscal year.

Business-type:

1. State Revolving Fund loan:

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

A loan amount of \$14,370,000 was approved, with an interest rate at 2.2% payable with the loan to be paid over a period of 20 years. Interest during the construction period was added to the loan principal amount. Principal and interest payments started in June 2015 upon project completion. The repayment of this loan is secured by the net revenues of the Water Fund with a revenue coverage level of 110% of the annual debt service and a reserve will be established equal to one year's debt service upon the construction completion date. The revenue pledged is the net revenues of the Water Utility Fund which totaled \$4.1 million for the year ended June 30, 2019. The total pledged revenue amount cannot be estimated over the life of the loan. The loan amount outstanding at June 30, 2019 is \$12,036,591.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2019 are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 635,797	\$ 264,805	\$ 900,602
2021	649,785	250,817	900,602
2022	664,080	236,522	900,602
2023	678,690	221,912	900,602
2024	693,621	206,981	900,602
2025-2029	3,703,828	799,182	4,503,010
2030-2034	4,129,574	373,436	4,503,010
2035-2036	881,216	19,386	900,602
Totals	<u>\$ 12,036,591</u>	<u>\$ 2,373,041</u>	<u>\$ 14,409,632</u>

B. Other Long-Term Liabilities:

The following is a summary of the changes in the principal balance of other long-term liabilities for the year ended June 30, 2019:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital lease obligations	\$ 115,826	\$ -	\$ 34,449	\$ 81,377	\$ 34,021
Compensated absences	1,291,274	913,847	1,036,931	1,168,190	268,684
Claims and judgments payable (Note 8)	811,354	1,660,199	179,297	2,292,256	1,054,438
Governmental Activities Long-term Liabilities	<u>\$ 2,218,454</u>	<u>\$ 2,574,046</u>	<u>\$ 1,250,677</u>	<u>\$ 3,541,823</u>	<u>\$ 1,357,143</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

<u>Business-type Activities</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 604,525	\$ 338,457	\$ 342,282	\$ 600,700	\$ 138,161
Business-type Activities					
Long-term Liabilities	<u>\$ 604,525</u>	<u>\$ 338,457</u>	<u>\$ 342,282</u>	<u>\$ 600,700</u>	<u>\$ 138,161</u>

For claims payable, and the net OPEB obligation governmental activities, the internal service funds have been used in prior years to liquidate such amounts. Pension liabilities are discussed further in Note 9 (Pensions) and Note 10 (OPEB) and are considered long term in nature.

Governmental:

1. 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 \$176,668. The terms of the leases include 60 monthly payments which include interest. The last lease matures in June 2022. Monthly lease payments are \$143 and \$3,033. The lease payable amounts are recorded on the statement of net position with the amount applicable to governmental-type activities. The outstanding amount at June 30, 2019 is \$81,377.

Annual Amortization Requirements:

The annual requirements at June 30, 2019 to amortize the Capitalized Leases are as follows:

Year Ending June 30	Capital Lease Obligations	
	Principal	Interest
2020	\$ 34,021	\$ 2,371
2021	35,266	1,126
2022	12,090	90
Totals	<u>\$ 81,377</u>	<u>\$ 3,587</u>

2. Compensated Absences:

The City’s policies relating to compensated absences are described in Note 1. This liability will be paid in future years from future resources primarily from the general fund. The amount outstanding for governmental type compensated absences at June 30, 2019 is \$1,168,190.

Business-type:

1. Compensated Absences:

The City’s policies relating to compensated absences are described in Note 1. The amount outstanding for business type compensated absences at June 30, 2019 is \$600,700, which are obligations of the following funds:

Water Utility Fund	\$ 240,545
Sewer Utility Fund	168,282
Golf Course Fund	178,200
Non-major Enterprise Funds	13,673

8. **INSURANCE:**

A. Description of Self-Insurance Pool

The City is a member of the California Joint Powers Insurance Authority (“Authority”). The Authority is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee. Copies of the

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Authority financial report may be obtained from their office at 8081 Moody Street, La Palma, CA 90622.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution to cover estimated losses at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustments. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Primary Liability Program

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

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://www.cjpia.org/protection/coverage-programs>.

Purchased Insurance

Pollution Legal Liability Insurance – The City participates in the pollution legal liability and remediation legal liability insurance available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance – The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. San Clemente's property is currently insured according to a schedule of covered property submitted by the City to the Authority. The City's property currently has all-risk property insurance protection in the amount of \$219,838,398. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

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 \$106,932,009. There is a deductible of 5% of value with a minimum deductible of \$100,000.

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

C. Workers' Compensation

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

D. Adequacy of Protection

During the past three fiscal years, none of the Authority programs of protection experiences settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2018-19.

	Beginning Balance	Incurred & Changes in Estimates	Less Claim Payments	Ending Balance
2017-2018	\$ 861,795	238,416	(288,857)	811,354
2018-2019	811,354	1,660,199	(179,297)	2,292,256

At June 30, 2019, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City. The following claims schedule includes workers' compensation and general liability claims for the past two fiscal years.

9. PENSION AND RETIREMENT BENEFITS:

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

<u>Pension Plan</u>	<u>Pension Liability</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension expense /expenditure</u>
CalPERS Miscellaneous Plan	\$ 12,117,030	\$ 6,002,698	\$ 894,112	\$ 3,412,578
CalPERS Cost Sharing Plan (Risk Pool)	14,689,566	3,480,805	1,246,385	3,913,871
City of San Clemente Employees' Retirement Plan (CSCERP)	<u>13,160,000</u>	<u>97,000</u>	<u>-</u>	<u>979,000</u>
Total	<u>\$ 39,966,596</u>	<u>\$ 9,580,503</u>	<u>\$ 2,140,497</u>	<u>\$ 8,305,449</u>

1. CalPERS Pension Plan – Miscellaneous Employees

Plan Description – On June 9, 2014, the City of San Clemente transferred all active miscellaneous employees, along with their past service credit to the CalPERS Miscellaneous Plan. All qualified permanent and probationary miscellaneous employees are eligible to participate in the Miscellaneous Plans, which is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions and all other requirements are established by State statute and City resolution. Under the terms of the contract between CalPERS and the City, all full-time employees are required to participate in CalPERS and become vested in the system after five years of service. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

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

The CalPERS Miscellaneous Plans' provisions and benefits in effect at June 30, 2019 follow:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.355%	8.355%

Employees Covered - As of June 30, 2019, 283 employees were covered by the Miscellaneous Plan.

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

Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability are summarized in the following paragraphs.

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation used the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%
Mortality ⁽²⁾	Derived from CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

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

⁽²⁾ Mortality table used was developed based on CalPERS' specific data. For more details on this table, please refer to the CalPERS 2017 Experience study.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions (December 2017).

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary for all plans. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	50.0 %	4.80 %	5.98 %
Global Fixed Income	28.0 %	1.00 %	2.62 %
Inflation Sensitive	0.0 %	0.77 %	1.81 %
Private Equity	8.0 %	6.30 %	7.23 %
Real Estate	13.0 %	3.75 %	4.93 %
Liquidity	1.0 %	0.00 %	-0.92 %

⁽¹⁾ An expected inflation of 2.0% used for this period.

⁽²⁾ An expected inflation of 2.92% used for this period.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$ 55,015,170	\$ 42,894,945	\$ 12,120,225
Changes in the year:			
Service cost	2,204,909	-	2,204,909
Interest on the total pension liability	3,931,102	-	3,931,102
Changes of assumptions	(513,727)	-	(513,727)
Differences between expected and actual experience	103,318	-	103,318
Contribution – employer	-	1,327,549	(1,327,549)
Contribution - employee	-	959,224	(959,224)
Net investment income	-	3,635,909	(3,635,909)
Benefit payments	(1,453,535)	(1,453,535)	-
Administrative Expense	-	(66,842)	66,842
Other miscellaneous income (expense)	-	(127,043)	127,043
Net changes	4,272,067	4,275,262	(3,195)
Balance at June 30, 2018 (<i>measurement date</i>)	\$ 59,287,237	\$ 47,170,207	\$ 12,117,030

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

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

Miscellaneous Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability (Asset)	\$ 20,989,771	\$ 12,117,030	\$ 4,804,772

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

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

For the year ended June 30, 2019, the City recognized pension expense of \$3,412,578. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 1,850,880	\$ -
Changes of assumptions	2,420,110	894,112
Net difference between projected and actual earnings	36,025	-
Contributions after the measurement date	1,695,683	-
Total	\$ 6,002,698	\$ 894,112

Contributions after the measurement date of \$1,695,683 represent contributions for the fiscal year ended June 30, 2019 and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal year. Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2019	\$ 1,098,778
2020	742,425
2021	234,792
2022	533,046
2023	643,254
Thereafter	160,608
Total	\$ 3,412,903

Payable to this Pension Plan - The City had contributions payable of \$94,516 at June 30, 2019.

2. CalPERS Cost Sharing Multiple-Employer Pension Plan (Safety Risk Pool)

Plan Description — All qualified permanent and probationary employees are eligible to participate in the in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the CalPERS. The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police, fire and marine safety) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City of San Clemente only participates in the safety risk pool plan.

Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The rate plan provisions and benefits in effect at June 30, 2019 are summarized in the following table.

Hire date	Prior to January 1, 2013	On or after January 1, 2013*
Benefit formula	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	20.416%	20.416%
* At June 30, 2018, the City had no employees hired on or after January 1, 2013.		

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions (December 2017).

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the marine safety employees are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2019 the employer contributions to the safety risk pool plan were \$1,489,979.

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

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the CalPERS cost sharing plan of \$14,689,566. The City of San Clemente's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability.

GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The City of San Clemente's proportionate share of the net pension liability as of June 30, 2017, the valuation date, was calculated as follows: In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2017. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The City of San Clemente's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the City of San Clemente's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The City of San Clemente's proportionate share of the net pension liability as of June 30, 2018, the measurement date, was calculated as follows: Each risk pool's total pension liability was computed at the measurement date, June 30, 2018, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2018, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2018, was calculated by applying City of San Clemente's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2018, to obtain the total pension liability and fiduciary net position as of June 30, 2018. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date. The City's proportionate share of the net pension liability for the safety plan follows:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Proportion at measurement date - June 30, 2017	0.14739%
Proportion at measurement date - June 30, 2018	0.15244%
Change - Increase (Decrease)	(0.00505%)

For the year ended June 30, 2018, the recognized pension expense was \$3,913,871 related to Plan. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual experience	\$ 315,629	\$ 1,197
Changes of assumptions	1,441,303	194,457
Net difference between projected and actual earnings	99,455	-
Difference between employer contribution and proportionate share	-	552,079
Change in employer's proportions	134,439	498,652
Contributions after measurement date	1,489,979	-
	\$ 3,480,805	\$ 1,246,385

Contributions after the measurement date of \$1,489,979 represent contributions for the fiscal year ended June 30, 2019 and will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal year. Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 822,777
2021	442,111
2022	(418,700)
2023	(101,747)
2024	-
Thereafter	-
Total	\$ 744,441

Actuarial Assumptions - The total plan pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase ⁽¹⁾	3.3% - 14.2%
Mortality ⁽²⁾	Based on CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter

⁽³⁾ Depending on age, service and type of employment

⁽⁴⁾ Mortality table used was developed based on CalPERS' specific data. For more details on this table, please refer to the 2017 Experience study.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Discount Rate - The discount rate used to measure the total pension liability was 7.15% for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary for all plans. The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	50.0 %	4.80 %	5.98 %
Global Fixed Income	28.0 %	1.00 %	2.62 %
Inflation Sensitive	0.0 %	0.77 %	1.81 %
Private Equity	8.0 %	6.30 %	7.23 %
Real Estate	13.0 %	3.75 %	4.93 %
Liquidity	1.0 %	0.00 %	-0.92 %

⁽¹⁾ An expected inflation of 2.0% used for this period.

⁽²⁾ An expected inflation of 2.92% used for this period.

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

CalPERS Cost Sharing Multiple-Employer Plan Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	\$ 21,714,658	\$ 14,689,566	\$ 8,933,761

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

Payable to this Pension Plan - The City had contributions payable of \$5,689 at June 30, 2019.

3. CSCERP Pension Plan – Miscellaneous Employees

Plan Description – This plan is a cost-sharing defined benefit pension plans administered by the City. This plan includes retirees, inactive and separated participants at the transition to CalPERS (June 9, 2014) and the City’s joint power authority employees (Coastal Animal Services Authority). No other agencies are members of this plan. Benefit provisions under the Plan are established by City ordinances and resolutions. CSCERP is reported as a Pension Trust Fund in the City’s financial statements and stand-alone financial statements are not issued for the pension plan.

Benefits Provided – CSCERP provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The CSCERP’s provisions and benefits at June 30, 2019, are summarized in the following table.

	Prior to January 1, 2013	On or after January 1, 2013
Hire date	2.0% @ 55	2.0% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	50 – 55	52-62
Retirement age	1.426% to 2.418%	1.0% to 2.5%
Monthly benefits, as a % of eligible compensation	7.00%	9.00%
Required employee contribution rates	14.30%	14.30%
Required employer contribution rates		

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

The CSCERP proportionate share based on contributions allocated to each employer in FY 2019 are:

Employer	Proportion	Covered Payroll	Contributions
City of San Clemente	90.3%	\$ N/A	\$ 1,360,000
Coastal Animal Services Authority (CASA)	9.7%	529,832	146,697
Total	100.0%	\$ 529,832	\$ 1,506,697

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. A City contribution of \$1,360,000 to finance past unfunded accrued liability costs was paid during the year ended June 30, 2019. During the year ended June 30, 2019 CASA contribution amounts, including the unfunded accrued liability cost, were \$185,925, with \$39,228 of employee contributions.

Employees Covered – Employees covered at the valuation date of the CSCERP Plan are as follows:

Inactive employees or beneficiaries currently receiving benefits	127
Inactive employees entitled to but not yet receiving benefits	80
Active employees (2 PEPRAs members)	7
Total	214

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

As of June 30, 2019, the City reported a net pension liability on the CSCERP for \$13,160,000. The City's net pension liability for the CSCERP is the net pension liability as of June 30, 2019. The total pension liability for CSCERP was determined by an actuarial valuation as of June 30, 2017. The City's net pension liability is based on the City's long-term share of contributions to the pension plan and the liability related to the joint venture employee's who are active under the plan. The net pension liability for CSCERP includes the City. The CASA liability amount is reported on the joint venture's financial statements.

For the year ended June 30, 2019, the recognized CSCERP plan pension expense was \$1,377,000, with the City of San Clemente's being \$979,000. At June 30, 2019, the City reported deferred outflows of resources of \$107,000, as reported in the following table. There were no Deferred Inflow of Resources.

Description	Deferred Outflows of Resources		Total
	City of San Clemente	CASA	
Net difference between projected and actual earnings	\$ 97,000	\$ 10,000	\$ 107,000
Total	\$ 97,000	\$ 10,000	\$ 107,000

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflows/(Inflows) of Resources	
	City of San Clemente	CASA
2020	\$ 158,000	\$ 17,000
2021	(133,000)	(14,000)
2022	39,000	4,000
2023	33,000	3,000
Total	\$ 97,000	\$ 10,000

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Actuarial Assumptions – The total pension liability at June 30, 2018 is based on the June 30, 2017 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 – June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate ⁽¹⁾	6.25%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.0% per year, plus CalPERS 2013 Experience Study
Investment Rate of Return ⁽²⁾	6.25%
Mortality	2013 CalPERS Experience Study

⁽¹⁾ Based on crossover test results.

⁽²⁾ Net of pension plan investment expenses, including inflation. See Note 3.

No changes in actuarial assumptions from the prior valuation were implemented.

Discount Rate – The discount rate used to measure the total pension liability was 6.25% for the CSCERP. This is based on crossover test results with future administrative expenses increasing to 3% per year and future contributions based on the current funding policy. The crossover test results are presented in a detailed report available at the City of San Clemente.

The long-term expected rate of return on pension plan investments is 6.25% is based on best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) developed for each major asset class for the plan assets invested with Empower. This amount was adjust for a greater than 50th percentile expected return to arrive at the 6.25% assumed expected long term rate of return on assets. The long-term expected real rate of return and investment policy for the CSCERP assets are discussed in Note 3. These pension assets are in a trust fund reported as a fiduciary fund (Pension Trust Fund) of the City of San Clemente.

Changes in the Net Pension Liability (in thousands):

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$ 35,500,000	\$ 20,605,000	\$ 14,895,000
Changes in the year:			
Service cost	110,000	-	110,000
Interest on the total pension liability	2,159,000	-	2,159,000
Differences between actual and expected experience	-	-	-
Change in assumptions	-	-	-
Contribution – employer	-	1,507,000	(1,507,000)
Contribution - employee	-	39,000	(39,000)
Net investment income	-	1,088,000	(1,088,000)
Benefit payments	(2,131,000)	(2,131,000)	-
Administrative expenses	-	(44,000)	44,000
Net changes	138,000	459,000	(321,000)
Balance at June 30, 2019	<u>\$35,638,000</u>	<u>\$21,064,000</u>	<u>\$ 14,574,000</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability for the CSCERP, calculated using the current discount rate, and the net pension liability calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher:

CSCERP Plan			
Sensitivity of Net Pension Liability to Discount Rate			
	1% Decrease (5.25%)	Discount Rate (6.25%)	1% Increase (7.25%)
City of San Clemente	\$ 17,022,000	\$ 13,160,000	\$ 9,956,000
CASA	1,829,000	1,414,000	1,069,000
Net Pension Liability	\$ 18,851,000	\$ 14,574,000	\$ 11,025,000

Pension Plan Fiduciary Net Position – CSCERP net pension liability detailed information follows:

Net Pension Liability as of June 30, 2019 ⁽¹⁾		
(\$ amounts in thousands)		
	June 30, 2019	June 30, 2018
Total Pension Liability	\$ 35,638	\$ 35,500
Fiduciary Net Position	(21,064)	(20,605)
Net Pension Liability	14,574	14,895
Funded Status	59.1%	58.0%

⁽¹⁾ The City of San Clemente represents 90.3%. CASA represents 9.7%.

Payable to this Pension Plan - At June 30, 2019, the City did not have a payable.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB):

A. Plan Description: The City makes health care benefits available to retirees has established a Retiree Healthcare Plan (HC Plan), and participates in an agent multiple-employer defined benefit retiree healthcare plan through which the employee may elect to continue their health care insurance benefits. This medical benefit coverage is mandated by the City’s participation in the Public Employees Medical and Health Coverage Agreement (“PEMHCA”) which is administered through CalPERS. The City contributes the PEMCHA minimum (\$136 a month) for eligible retirees and surviving spouses. In addition, dental and vision insurance coverage are offered with these costs paid by the retiree. In order to qualify for this coverage, eligible employees must complete five years of service and retire from the City.

B. Employees Covered: As of the June 30, 2018, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	187
Inactive employees receiving benefits	42
Inactive employees entitled to, but not yet receiving benefits	-
Total	229

Contributions: The HC Plan and its contribution requirements are established and may be amended by the City. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the Authority’s cash contributions were \$52,500 to the trust and the payment of medical costs for retirees of \$83,472 resulting in total payments of \$135,972. On June 21, 2016 the City adopted a Resolution to enter into an agreement with CalPERS to participate in the California Employer’s Retiree Benefit Trust Program (CERBT) for the purpose of prefunding obligations for past services. The CERBT is an agent multiple-employer plan used to prefund postemployment medical insurance benefits. CERBT amounts are held in an irrevocable trust and are restricted for the provision of these benefits. The assets of

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust administered by CalPERS. Contribution requirements are established by the City, with no statutory requirement to prefund OPEB obligations. However, the City prefunds the plan through CERBT.

- C. Net OPEB Liability: The City’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was used to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 – June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Payroll Growth	3.00%, per annum
Investment Rate of Return	6.50%
Mortality Rate ⁽¹⁾	RP2000 Table Mortality
Pre-Retirement Turnover ⁽¹⁾	2009 CalPERS Experience Studies
Healthcare Trend Rate	4% per annum

⁽¹⁾ CalPERS Information is available at www.calpers.ca.gov under Forms and Publication.

Investment Rate of Return - The investment rate of return was 6.50% which is based on assumed long-term return on plan assets assuming 100% funding through CERBT. The long-term expected rate of return on OPEB plan investments was determined using the “Building Block Method”. Rolling periods of time was used for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don’t necessarily reflect the average over time individually, but reflect the return for the asset class for the portfolio average using geometric means. The target allocation and the assumed rate of return are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
U.S. Large Cap	40.0 %	7.795 %
U.S. Small Cap	10.0 %	7.795 %
Long Term Corporate Bonds	18.0 %	5.295 %
Long Term Government Bonds	6.0 %	4.500 %
Treasury Inflation Protected Securities	15.0 %	7.795 %
U.S. Real Estate	8.0 %	7.795 %
All Commodities	3.0 %	7.795 %

Discount Rate - The discount rate used to measure the total OPEB liability was 6.50%, which assumed that contributions would be sufficient to fully fund the obligation of a period not to exceed 30 years. Using historic 30 year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate, offset by investment expenses of 25 basis points the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

Changes in the Net OPEB Liability

The changes in the net OPEB liability for the OPEB Plan follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2017	\$ 1,784,256	\$ 808,698	\$ 975,558
Changes in the year:			
Service cost	51,986	-	51,986
Interest on the total OPEB liability	115,420	-	115,420
Contribution – employer	-	121,599	(121,599)
Contribution - employee	-	-	-
Net investment income	-	50,099	(50,099)
Benefit payments	(69,099)	(69,099)	-
Administrative Expense	-	(1,497)	1,497
Net changes	98,307	101,102	(2,795)
Balance at June 30, 2018 (<i>measurement date</i>)	\$ 1,882,563	\$ 909,800	\$ 972,763

D. Sensitivity of the Net OPEB Liability to Rate Changes:

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

Sensitivity of Net Pension OPEB to Discount Rate			
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	\$ 1,225,344	\$ 972,763	\$ 764,992

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

Sensitivity of Net Pension OPEB to Health Care Cost Trend Rates			
	1% Lower Trend	Valuation Trend	1% Higher Trend
Net OPEB Liability	\$ 744,323	\$ 972,763	\$ 1,247,486

E. OPEB Plan Fiduciary Net Position: CERBT is administered by the CalPERS. Copies of CalPERS annual financial report may be obtained from their executive office: 400" P" Street, Sacramento, California 95814.

F. Recognition of Deferred Outflows and Inflows of Resources:

For the fiscal year ended June 30, 2019, the Authority recognized OPEB expense of \$115,505. As of fiscal year ended June 30, 2018, the Authority reported deferred outflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions after measurement date	\$ 135,972	\$ -
	\$ 135,972	\$ -

Contributions after the measurement date of \$135,972 represent contributions for the fiscal year ended June 30, 2019. The \$135,972 reported as deferred outflows of resources related to contributions subsequent to the

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020.

11. FUND BALANCE:

GASB 54 establishes a hierarchy for Fund Balance classifications based primarily on the extent a government is bound to observe constraints imposed upon the use of the resources for governmental funds. The following describes fund balance classifications and reflects the governmental fund balance amounts by category.

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

Restricted amounts have constraints to specific purposes either by a) constraint placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.

Committed amounts can only be used for specific purposes pursuant to formal action of the City Council (highest level of decision making authority) through a city charter, or an ordinance. These amounts cannot be used for any other purpose unless the City removes through subsequent similar formal action.

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

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

Governmental Fund Balances	General Fund	Non-major Funds	Total
<i>Nonspendable:</i>			
Loans	\$ 1,933,563	\$ -	\$ 1,933,563
Prepays	23,900	-	23,900
<i>Restricted for:</i>			
Affordable housing	-	13,007,590	13,007,590
Park development	-	1,863,502	1,863,502
Highways/streets	-	16,820,622	16,820,622
Drainage	-	4,614,430	4,614,430
Other capital projects	-	10,190,336	10,190,336
Other purposes	-	590,578	590,578
<i>Committed to:</i>			
Sustainability/Emergency	12,733,000	-	12,733,000
Capital projects	1,358,913	26,751	1,385,664
Other purposes	660,193	-	660,193
<i>Assigned to:</i>			
Capital projects	1,036,487	12,853,789	13,890,276
Other purposes	3,018,517	943,482	3,961,999
Future budget	3,398,360	-	3,398,360
<i>Unassigned</i>	6,342,563	(162,402)	6,180,161
TOTAL FUND BALANCE	\$ 30,505,496	\$ 60,748,678	\$ 91,254,174

Minimum Fund Balance Policy: The governing body (City Council) passed a minimum fund balance policy for the General Fund. This minimum fund balance committed by the Council is called an Emergency Reserve and is 20% of General Fund operating expenditures. In order to access the committed fund balance a formal action (resolution) of the City Council must be adopted, this action would be non-routine in nature and to provide and maintain service levels in the event of financial difficulty or other distress. The total committed amount for the Emergency Reserve is \$12.7 million.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

12. RESTATEMENT OF BEGINNING BALANCES:

A. Net Position Restatement

The net position at July 1, 2018 for Governmental Activities was restated as follows:

	Governmental Activities
Net position at July 1, 2018, previously reported	\$ 293,481,727
Prior Period Adjustment	1,153,000
Net position at July 1, 2018, as restated	\$ 294,634,727

The pension liability for the Coastal Animal Services Authority was removed from the net position of the Governmental Activities. This liability is related to a joint venture for which the City is a member, for which the City of San Clemente is only contingently liable. CASA issues separate financial statements and the liability is only recorded in their financial statements.

13. OTHER NOTE DISCLOSURES:

A. Leases

The City has operating lease contracts where the City leases a floor of the City Hall office building to third parties and one lease for a former fire station. The City Hall leases are through the following dates: the first lease has a 5 year term through July 2022 with current monthly payments of \$14,048, and the second lease is for a 3 year term and will expire in November 2020 with current monthly payments of \$8,635. The former fire station lease is through April 2023 with current monthly payments of \$6,023.

B. Joint Powers Agreements:

Coastal Animal Services Authority (CASA):

On October 3, 1995, the Coastal Animal Services Authority (CASA) was created by a Joint Exercise of Powers Agreement (the JPA) for the purpose of providing and operating an animal sheltering facility located within the City. The City and the City of Dana Point are members of CASA. Members of the Board of Directors consist of one voting member and an alternate appointed by the governing body of each member entity. Annually, the Board adopts a budget and determines the cost of services and rate schedule associated with the facility. CASA commenced operations on January 1, 1996. Funding of the Authority's budgeted amounts is from contributions from nonprofit organizations and charges for services. Member agencies pay for unfunded costs, which are allocated to the City of San Clemente and the City of Dana Point through the annual budget process. The assets and liabilities are reflected on the separate financial statements prepared for the Coastal Animal Services Authority. CASA's pension plan is part of the CSCERP retirement plan (see Note 9), this pension liability is reflected on the separate financial statements and is a contingent liability to the member agencies.

Separate financial statements for CASA are available and are on file within the San Clemente City Clerk's office.

Orange County Fire Authority (OCFA):

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

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

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

C. Assessment District Bonds:

The following bond issues were issued to finance public improvement projects in certain assessment districts, which are liabilities of the property owners and are secured by liens against the assessed property. The City acts as an agent for collection of principal and interest payments by the property owners and remits monies to the bondholders. The City has no obligation or duty to pay any delinquency from available City funds. Neither the faith and credit nor the taxing power of the City is pledged to for bond payment. Therefore, the following obligations are not included in the accompanying financial statements.

Issue	Amount of Issue	Outstanding June 30, 2019
City of San Clemente 99-1 Assessment District	\$ 1,150,000	\$ 45,000
City of San Clemente 99-1 Community Facilities District	5,755,000	3,645,000
City of San Clemente Reassessment District 2016-1 Limited Obligation Refunding Bonds	9,615,000	8,195,000
Community Facilities District No. 2006-1 (Marblehead Coastal) of the City of San Clemente	55,490,000	54,280,000

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

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of San Clemente which reported a redevelopment agency within the reporting entity of the City as a blended component unit. On January 17, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency through City resolution #12-04. The assets and activities of the Successor Agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

In accordance with the timeline set forth in the Bill all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. The City, as the Successor Agency, has distributed assets, completed transfers of real property assets as part of an approved Long Range Property Management Plan, received a Finding of Completion from the State, and received approval of a Last and Final Recognized Obligation Payment Schedule (ROPS).

The only outstanding items are a loan receivable from a non-profit and an outstanding General fund loan to be paid through future revenues. All former redevelopment agency obligations are being paid as approved in the Last and Final ROPS and it is anticipated the dissolution will be finalized by June 2025.

E. Commitments and Contingencies

On April 11, 2016 MemorialCare filed a lawsuit against the City of San Clemente seeking \$42.5 million dollars in damages related to land use. On June 18, 2019 a settlement was executed with MemorialCare dismissing its lawsuit. The settlement agreement provides the City one year to work bilaterally to find a replacement hospital operator or to re-open the hospital. Any potential costs associated with this lawsuit

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2019

and settlement cannot be estimated and no amount has been accrued at June 30, 2019. In addition, the City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the City's opinion that the outcome of the majority of these cases will have no material adverse effect on the net financial position of the City.

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

The City has outstanding commitments in the amount of \$8.5 million as of June 30, 2019 related to construction and other contractual arrangements.

F. Future Accounting Pronouncements

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

- Statement No. 83 "*Certain Asset Retirement Obligations*" is effective for fiscal years beginning after December 15, 2018.
- Statement No. 84 "*Fiduciary Activities*" is effective for fiscal years beginning after December 15, 2018.
- Statement No. 87 "*Leases*" is effective for fiscal years beginning after December 15, 2019.



Required Supplementary Information

CITY OF SAN CLEMENTE
Required Supplementary Information
June 30, 2019

BUDGETARY INFORMATION:

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

1. In May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Council meetings to obtain taxpayer comments.
3. Prior to July 1, the budget is adopted by Council action. The budget includes amounts for revenues that, along with the appropriations, compute the budgetary fund balance.
4. The City Manager is authorized to transfer appropriated funds between major expenditure categories within departments. However, any revisions that alter the total appropriations of any department must be approved by the City Council. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds are considered a single department.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds.
6. Budgets for the governmental funds are adopted on a basis substantially consistent with generally accepted accounting principles. Under the GAAP basis of accounting, the allocations of General Fund overhead are treated as program reimbursements offsetting expenditures. In the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual comparison General Fund budgeted service charge revenues were reduced in the amount of \$2,442,110 and the department budgets were reduced by \$2,442,110 as a result of these program reimbursements. Budgeted amounts are as originally adopted and as further amended by the City Council.

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

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 49,226,000	\$ 50,361,000	\$ 51,493,213	\$ 1,132,213
Licenses and permits	1,619,790	1,635,040	1,838,700	203,660
Fines and forfeits	730,230	730,230	499,151	(231,079)
Investment and rentals	3,103,660	3,048,380	3,626,945	578,565
Intergovernmental	2,669,400	2,824,400	1,772,686	(1,051,714)
Charges for services	5,508,960	5,778,010	6,400,567	622,557
Other	123,100	123,100	158,664	35,564
Total Revenues	62,981,140	64,500,160	65,789,926	1,289,766
Expenditures:				
General government:				
Administration				
City council	67,978	67,978	53,441	14,537
City manager	455,134	455,134	432,172	22,962
City clerk	672,025	967,525	625,473	342,052
Finance and administrative services	2,211,883	2,217,883	1,893,555	324,328
City general	5,938,875	6,057,005	6,040,882	16,123
Police	16,028,160	16,028,160	15,718,308	309,852
Fire	10,145,270	10,138,270	10,094,718	43,552
Public works	14,381,425	14,422,022	12,885,733	1,536,289
Community development	5,862,820	5,952,820	5,291,196	661,624
Beaches, parks and recreation	6,796,780	6,873,947	6,675,763	198,184
Capital outlay	8,458,730	9,013,434	4,220,621	4,792,813
Total Expenditures	71,019,080	72,194,178	63,931,862	8,262,316
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,037,940)	(7,694,018)	1,858,064	9,552,082
Other Financing Sources (Uses):				
Transfers in	2,615,880	2,895,672	2,677,023	(218,649)
Transfers out	(4,050,880)	(4,278,380)	(3,956,195)	322,185
Total Other Financing Sources (Uses)	(1,435,000)	(1,382,708)	(1,279,172)	103,536
Net Change in Fund Balance	(9,472,940)	(9,076,726)	578,892	9,655,618
Fund Balance, Beginning of Year	29,926,604	29,926,604	29,926,604	-
Fund Balance, End of Year	\$ 20,453,664	\$ 20,849,878	\$ 30,505,496	\$ 9,655,618



CITY OF SAN CLEMENTE
 REQUIRED SUPPLEMENTARY INFORMATION
 CALPERS MISCELLANEOUS PLAN
 SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

CalPERS Miscellaneous Plan	2015	2016	2017
Total Pension Liability			
Measurement period	06/09/2014- 06/30/2014	06/30/2014- 06/30/2015	06/30/2015- 06/30/2016
Service costs	\$ 73,966	\$ 1,963,306	\$ 2,008,285
Interest	155,554	2,781,569	3,263,539
Assumption changes	-	(766,723)	-
Difference between expected and actual experience	-	-	2,030,812
Benefit payments	(269)	(191,979)	(803,833)
Net change	229,251	3,786,173	6,498,803
Net pension liability at beginning of year	36,012,184	36,241,435	40,027,608
Net pension liability at end of year	<u>\$ 36,241,435</u>	<u>\$ 40,027,608</u>	<u>\$ 46,526,411</u>
Plan Fiduciary Net Position			
Additions:			
Employer contributions	\$ 61,744	\$ 1,631,580	\$ 1,601,269
Employee contributions	34,783	1,029,781	902,113
Net investment income (loss)	681	808,626	264,062
Total additions	97,208	3,469,987	2,767,444
Deductions:			
Benefit payments	(269)	(191,979)	(803,833)
Other miscellaneous income (expense)	-	-	-
Administration Expenses	-	(40,275)	(21,871)
Total deductions	(269)	(232,254)	(825,704)
Net change	96,939	3,237,733	1,941,740
Fiduciary net position - beginning of year (1)	32,550,000	32,646,939	35,884,672
Fiduciary net position - end of year	<u>\$ 32,646,939</u>	<u>\$ 35,884,672</u>	<u>\$ 37,826,412</u>
Net Pension Liability	<u>\$ 3,594,496</u>	<u>\$ 4,142,936</u>	<u>\$ 8,699,999</u>
Funded status	90.08%	89.65%	81.30%
Covered payroll	\$ 13,181,126	\$ 13,576,560	\$ 13,902,979
Net pension liability as a % of payroll	27.27%	30.52%	62.58%

(1) - This FY 2015 payment to CalPERS was the result of a transfer of assets from CSCERP.

Notes to schedule:

Benefit changes. None

Changes in assumptions:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions (December 2017). There were no discount rate changes. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net administrative expenses) to 7.65% (without administrative expenses). In 2014, amounts reported were based on the 7.5% discount rate.

* Fiscal year 2015 was the 1st year of implementation.

2018		2019	
06/30/2016- 06/30/2017		06/30/2017- 06/30/2018	
\$	2,069,135	\$	2,204,909
	3,641,180		3,931,102
	3,333,358		(513,727)
	617,423		103,318
	(1,172,337)		(1,453,535)
	8,488,759		4,272,067
	46,526,411		55,015,170
\$	<u>55,015,170</u>	\$	<u>59,287,237</u>
\$	1,156,188	\$	1,327,549
	920,152		959,224
	4,220,378		3,635,909
	6,296,718		5,922,682
	(1,172,337)		(1,453,535)
	-		(127,043)
	(55,848)		(66,842)
	(1,228,185)		(1,647,420)
	5,068,533		4,275,262
	37,826,412		42,894,945
\$	<u>42,894,945</u>	\$	<u>47,170,207</u>
\$	<u>12,120,225</u>	\$	<u>12,117,030</u>
	77.97%		79.56%
\$	13,078,411	\$	14,023,462
	92.67%		86.41%

CITY OF SAN CLEMENTE
 REQUIRED SUPPLEMENTARY INFORMATION
 CALPERS MISCELLANEOUS PLAN
 SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

Fiscal Year End	2015	2016	2017
CalPERS Miscellaneous			
Actuarially determined contribution	\$ 1,631,580	\$ 1,601,269	\$ 1,156,188
Contributions in relation to the actuarially determined contribution	(1,631,580)	(1,601,269)	(1,156,188)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,576,560	\$ 13,902,979	\$ 13,078,411
Contributions as a percentage of covered payroll	12.02%	11.52%	8.84%

Notes to Schedule:

The actuarial method and assumptions used to set the actuarially determined contributions for the measurement period ending June 30, 2018 were derived from the June 30, 2016 funding valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal cost
Actuarial assumptions:	
Discount rate	7.375%
Inflation	2.75%
Salary increases	Varies by Entry age and Service
Payroll growth	3.00%
Investment rate of return (net of administrative)	7.375%
Retirement Age	CalPERS experience study
Mortality rate table	CalPERS experience study

* Fiscal year 2015 was the 1st year of implementation.

<u>2018</u>	<u>2019</u>
\$ 1,327,549	\$ 1,610,200
<u>(1,327,549)</u>	<u>(1,695,683)</u>
<u>\$ -</u>	<u>\$ (85,483)</u>
\$ 14,023,462	\$ 15,215,397
9.47%	11.14%

CITY OF SAN CLEMENTE
 REQUIRED SUPPLEMENTARY INFORMATION
 CALPERS COST SHARING PLAN
 SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

CalPERS Marine and Public Safety (Cost Sharing Plan)	2015	2016	2017
Measurement Date	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>
Proportion of the net pension liability (NPL)	0.143064%	0.15520%	0.14966%
Proportionate share of the net pension liability	\$ 8,902,125	\$ 10,652,582	\$ 12,949,773
Covered payroll	\$ 421,077	\$ 422,372	\$ 436,330
Proportionate share of NPL as a % of payroll	2114.13%	2522.09%	2967.89%
Proportionate share of the net position as a % of plan pension liability	79.82%	78.40%	73.36%

SCHEDULE OF CONTRIBUTIONS

CalPERS Marine and Public Safety (Cost Sharing Plan)	2015	2016	2017
Contributions for the fiscal year ending:	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
Actuarially determined contribution (ADC)	\$ 523,947	\$ 582,650	\$ 728,124
Contributions in relation to the ADC	(523,947)	(1,082,650)	(728,124)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ -</u>
Covered payroll	\$ 422,372	\$ 436,330	\$ 461,718
Contributions as a percentage of covered payroll	124.05%	248.13%	157.70%

Notes:

Benefit changes. None

Changes in assumptions:

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions (December 2017). There were no discount rate changes. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net administrative expenses) to 7.65% (without administrative expenses). In 2014, amounts reported were based on the 7.5% discount rate.

Funding Valuation date: June 30, 2016

Measurement date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate 7.375%

Inflation 2.75%

Salary increases Varies by Entry age and Service

Investment rate of return 7.375%

Mortality rate table CalPERS experience study

Post retirement benefit COLA up to 2.75% based on purchasing power

* - Fiscal year 2015 was the 1st year of implementation, therefore only three year's are shown.

2018		2019	
<u>6/30/2017</u>		<u>6/30/2018</u>	
	0.14739%		0.15244%
\$	14,617,389	\$	14,689,566
\$	461,718	\$	490,163
	3165.87%		2996.87%
	71.66%		75.26%

2018		2019	
<u>6/30/2018</u>		<u>6/30/2019</u>	
\$	1,171,264	\$	1,354,976
	(1,171,264)		(1,489,979)
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>(135,003)</u>
\$	476,178	\$	490,163
	245.97%		303.98%

CITY OF SAN CLEMENTE
 REQUIRED SUPPLEMENTARY INFORMATION
 CSCERP PLAN

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years
 (dollar amount in thousands)

	2010	2011	2012	2013
Total Pension Liability (2)				
Discount Rate	N/A	7.25%	7.25%	7.25%
Service Costs	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	N/A	N/A	N/A	N/A
Experience Losses (Gains)	N/A	N/A	N/A	N/A
Assumption Changes	N/A	N/A	N/A	N/A
Benefit Payments	N/A	N/A	N/A	N/A
Net Change	N/A	N/A	N/A	N/A
Total Pension Liability at Beginning of Year	N/A	N/A	N/A	N/A
Total Pension Liability at End of Year	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position (4)				
Additions:				
Employer Contributions	\$ 1,864	\$ 1,638	\$ 2,243	\$ 2,267
Employee Contributions	912	889	952	1,214
Net Investment Income (Loss)	2,907	5,157	741	4,666
Total Additions	5,683	7,684	3,936	8,147
Deductions:				
Benefit Payments	(1,741)	(447)	(678)	(1,039)
Administration Expenses	(29)	(50)	(30)	(49)
Transfer to CalPERS (1)	-	-	-	-
Total Deductions	(1,770)	(497)	(708)	(1,088)
Net Change	3,913	7,187	3,228	7,059
Fiduciary Net Position - Beginning of Year	22,074	25,987	33,174	36,402
Fiduciary Net Position - End of Year	\$ 25,987	\$ 33,174	\$ 36,402	\$ 43,461
Total Pension Liability (2), (4)		\$ 46,678	\$ 52,775	\$ 58,125
Fiduciary Net Position - End of Year		33,174	36,402	43,461
Net Pension Liability		13,504	16,373	14,664
Funded Status		71.1%	69.0%	74.8%
Covered Payroll (3)		13,799	13,542	13,446
Net Pension Liability % Payroll		98%	121%	109%

Notes:

- (1) - This payment to CalPERS was the result of a transfer of all active city employee's pension.
- (2) - Information prior to 2011 is not presented as a result of different actuarial methodology being used.
- (3) - Represents only Coastal Animal Services Authority, since City active employees are in CalPERS.
- (4) - The City's proportionate share of the contributions and the liability is 90.3%, the Coastal Animal Services Authority proportion represents 9.7%.

N/A - Not Available

	2014	2015	2016	2017	2018	2019
	7.25%	7.25%	7.25%	7.25%	6.25%	6.25%
\$	N/A	\$ 78	\$ 73	\$ 75	\$ 107	\$ 110
	N/A	2,071	2,173	2,214	2,148	2,159
	N/A	-	48	-	611	-
	N/A	0	836	0	2,774	0
	N/A	(1,606)	(1,640)	(1,723)	(2,028)	(2,131)
	N/A	543	1,490	566	3,612	138
	N/A	29,289	29,832	31,322	31,888	35,500
	N/A	29,832	31,322	31,888	35,500	35,638
\$	2,482	\$ 995	\$ 1,001	\$ 1,188	\$ 1,206	\$ 1,507
	1,019	32	33	35	37	39
	6,598	413	(235)	2,278	1,203	1,088
	10,099	1,440	799	3,501	2,446	2,634
	(1,378)	(1,606)	(1,640)	(1,723)	(2,028)	(2,131)
	(38)	(53)	(65)	(34)	(26)	(44)
	(32,550)	-	-	-	-	-
	(33,966)	(1,659)	(1,705)	(1,757)	(2,054)	(2,175)
	(23,867)	(219)	(906)	1,744	392	459
	43,461	19,594	19,375	18,469	20,213	20,605
\$	19,594	\$ 19,375	\$ 18,469	\$ 20,213	\$ 20,605	\$ 21,064
\$	29,284	\$ 29,832	\$ 31,322	\$ 31,888	\$ 35,500	\$ 35,638
	19,594	19,375	18,469	20,213	20,605	21,064
	9,690	10,457	12,853	11,675	14,895	14,574
	66.9%	64.9%	59.0%	63.4%	58.0%	59.1%
	425	451	467	488	520	530
	2280%	2319%	2752%	2392%	2864%	2750%

CITY OF SAN CLEMENTE
 REQUIRED SUPPLEMENTARY INFORMATION
 CSCERP PLAN
 SCHEDULE OF CONTRIBUTIONS AND INVESTMENT RETURNS

Last Ten Fiscal Years
 (dollar amount in thousands)

	2009	2010	2011	2013
Contributions				
City of San Clemente				
Coastal Animal Services Authority				
Actuarially determined contribution	N/A	N/A	N/A	N/A
Contributions in relation the				
actuarially determined contribution	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a % of covered employee payroll	N/A	N/A	N/A	N/A
Investment Returns				
Annual money-weighted rate of return, net of investment expense	N/A	N/A	N/A	7.50%

CSCERP had no benefit changes during the year.

Significant Actuarial Methods and Assumptions are:

Valuation date	6/30/2017
Actuarial cost method	Entry Age Normal - Level % of Payroll
Amortization method	Level dollar amount
Amortization period	17 year closed period
Asset method	Market value of assets
Discount rate	6.25%
Inflation rate	2.75%
Payroll growth	3.00%
Salary increases	3.00%
Mortality	CalPERS Experience Study
Retirement	CalPERS Experience Study
Disability and turnover	CalPERS Experience Study

The discount rate was changed from 7.25% to 6.25% and the inflation rate was changed from 3.0% to 2.75% in the June 30, 2017 valuation.

2014	2015	2016	2017	2018	2019
	\$ 915	\$ 937	\$ 1,099	\$ 1,101	\$ 1,360
	80	64	89	105	147
\$ 2,482	\$ 995	\$ 1,001	\$ 1,188	\$ 1,206	\$ 1,507
\$ 2,482	\$ 995	\$ 1,001	\$ 1,188	\$ 1,206	\$ 1,507
-	-	-	-	-	-
13,446	451	467	488	520	530
18%	221%	214%	243%	232%	284%
13.50%	2.80%	-1.60%	12.55%	5.94%	5.30%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years*

	2018	2019
	06/30/2016- 06/30/2017	06/30/2017- 06/30/2018
Total OPEB Liability		
Measurement period		
Service costs	\$ 50,595	\$ 51,986
Interest	108,676	115,420
Benefit payments	(44,716)	(69,099)
Net change	114,555	98,307
Net OPEB liability at beginning of year	1,669,701	1,784,256
Net OPEB liability at end of year	<u>\$ 1,784,256</u>	<u>\$ 1,882,563</u>
Plan Fiduciary Net Position		
Additions:		
Employer contributions	\$ 100,022	\$ 121,599
Net investment income (loss)	50,662	50,099
Total additions	150,684	171,698
Deductions:		
Benefit payments	(44,716)	(69,099)
Administration Expenses	(372)	(1,497)
Total deductions	(45,088)	(70,596)
Net change	105,596	101,102
Fiduciary net position - beginning of year	703,102	808,698
Fiduciary net position - end of year	<u>\$ 808,698</u>	<u>\$ 909,800</u>
Net OPEB Liability	<u>\$ 975,558</u>	<u>\$ 972,763</u>
Funded status	45.32%	48.33%
Covered-employee payroll	\$ 14,323,755	\$ 14,832,279
Net pension liability as a % of covered-employee payroll	6.81%	6.56%

Notes to schedule:

Benefit changes. None

Changes in assumptions. There were no changes in assumptions during the current year.

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF SAN CLEMENTE

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Fiscal Year Ended June 30	2018	2019
Actuarially determined contribution	\$ 121,599	\$ 135,972
Contributions in relation to the actuarially determined contribution	(121,599)	(135,972)
Contribution Deficiency (Excess)	\$ -	\$ -
 Covered-employee payroll	 \$ 14,832,279	 \$ 15,575,172
Contributions as a percentage of covered-employee payroll	0.82%	0.87%

Notes to Schedule:

The actuarial method and assumptions used to set the actuarially determined contributions for the measurement period ending June 30, 2018 were derived from the June 30, 2017 actuarial valuation report.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal cost
Actuarial assumptions:	
Discount rate	6.50%
Inflation	2.75%
Payroll growth	2.75%
Investment rate of return (net of administrative)	6.50%
Pre-Retirement Turnover	CalPERS Experience Studies
Mortality rate table	RP2000 Table Mortality
Health Care Trend Rate	4.00%

* Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.



Supplementary Information

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.

Gas Tax Fund - This 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.

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

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

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

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

Local Cable Infrastructure Fund – This fund is used to account for funds received from Local Cable Companies (video service franchises) used for equipment and infrastructure needs for public, educational, and government programming.

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.

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

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

Public Facilities Construction 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 public safety buildings or equipment and public facilities.

Low/Moderate Income Housing Fund – This fund is used to account for the former Redevelopment Agency low and moderate income assets and agreements, including capital assistance loans for low to moderate income development.

Local Drainage Facilities Fund – This 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.

Regional Circulation Financing and Phasing Program (RCFPP) Fund – This fund is used to account for the established RCFPP traffic impact fee schedule to be assessed on new development on certain benefit zones within the City.

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



CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
<u>ASSETS:</u>		
Cash and investments	\$ 6,176,472	\$ 200,031
Receivables (net of allowances for uncollectibles):		
Accounts receivable	-	86,025
Interest receivable	30,825	998
Due from other governments	240,713	369,900
Loans receivable	-	-
Total assets	\$ 6,448,010	\$ 656,954
<u>LIABILITIES:</u>		
Accounts payable	\$ 339,411	\$ 449,456
Deposits payable	-	-
Due to other funds	-	-
Total liabilities	339,411	449,456
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	14,715	369,900
Total deferred inflows of resources	14,715	369,900
<u>FUND BALANCES:</u>		
Restricted		
Capital projects	6,093,884	-
Other purposes	-	-
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Unassigned	-	(162,402)
Total fund balances	6,093,884	(162,402)
Total liabilities, deferred inflows of resources and fund balances	\$ 6,448,010	\$ 656,954

Special Revenue Funds				Capital Project Funds
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Reserve
\$ 8,797,855	\$ 254,058	\$ -	\$ 803,373	\$ 13,769,438
342,180	-	-	50,970	-
43,908	1,268	-	4,009	68,720
-	-	17,526	-	-
-	-	382,928	-	-
<u>\$ 9,183,943</u>	<u>\$ 255,326</u>	<u>\$ 400,454</u>	<u>\$ 858,352</u>	<u>\$ 13,838,158</u>
\$ 278,926	\$ 8,333	\$ 20,350	\$ -	\$ 14,136
-	-	-	-	-
-	-	36,519	-	-
<u>278,926</u>	<u>8,333</u>	<u>56,869</u>	<u>-</u>	<u>14,136</u>
192,247	-	-	-	-
<u>192,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8,712,770	-	-	858,352	-
-	246,993	343,585	-	-
-	-	-	-	26,751
-	-	-	-	12,853,789
-	-	-	-	943,482
-	-	-	-	-
<u>8,712,770</u>	<u>246,993</u>	<u>343,585</u>	<u>858,352</u>	<u>13,824,022</u>
<u>\$ 9,183,943</u>	<u>\$ 255,326</u>	<u>\$ 400,454</u>	<u>\$ 858,352</u>	<u>\$ 13,838,158</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2019

	Capital Projects Funds	
	Developers Improvement	Public Facilities Construction
<u>ASSETS:</u>		
Cash and investments	\$ 6,184,737	\$ 5,972,384
Receivables (net of allowances for uncollectibles):		
Accounts receivable	-	-
Interest receivable	30,867	29,807
Due from other governments	-	-
Loans receivable	8,425,111	-
Total assets	\$ 14,640,715	\$ 6,002,191
<u>LIABILITIES:</u>		
Accounts payable	\$ 3,124	\$ 11,697
Deposits payable	179,102	-
Due to other funds	-	-
Total liabilities	182,226	11,697
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	-	-
Total deferred inflows of resources	-	-
<u>FUND BALANCES:</u>		
Restricted		
Capital projects	14,458,489	5,990,494
Other purposes	-	-
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Unassigned	-	-
Total fund balances	14,458,489	5,990,494
Total liabilities, deferred inflows of resources and fund balances	\$ 14,640,715	\$ 6,002,191

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ 374,209	\$ 3,686,275	\$ 2,003,967	\$ 1,870,867	\$ 50,093,666
-	-	-	-	479,175
1,868	18,397	10,001	9,337	250,005
-	-	-	-	628,139
2,438,996	-	-	-	11,247,035
<u>\$ 2,815,073</u>	<u>\$ 3,704,672</u>	<u>\$ 2,013,968</u>	<u>\$ 1,880,204</u>	<u>\$ 62,698,020</u>
\$ 14,724	\$ -	\$ -	\$ 16,702	\$ 1,156,859
-	-	-	-	179,102
-	-	-	-	36,519
<u>14,724</u>	<u>-</u>	<u>-</u>	<u>16,702</u>	<u>1,372,480</u>
-	-	-	-	576,862
-	-	-	-	<u>576,862</u>
2,800,349	3,704,672	2,013,968	1,863,502	46,496,480
-	-	-	-	590,578
-	-	-	-	26,751
-	-	-	-	12,853,789
-	-	-	-	943,482
-	-	-	-	(162,402)
<u>2,800,349</u>	<u>3,704,672</u>	<u>2,013,968</u>	<u>1,863,502</u>	<u>60,748,678</u>
<u>\$ 2,815,073</u>	<u>\$ 3,704,672</u>	<u>\$ 2,013,968</u>	<u>\$ 1,880,204</u>	<u>\$ 62,698,020</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, 2019

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	207,409	6,592
Intergovernmental	2,632,645	238,719
Charges for services	-	-
Developer fees	-	-
Other	-	-
Total Revenues	<u>2,840,054</u>	<u>245,311</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	125,819	596,134
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	1,433,885	-
Total Expenditures	<u>1,559,704</u>	<u>596,134</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,280,350</u>	<u>(350,823)</u>
Other Financing Sources (Uses):		
Transfers in	99,590	-
Transfers out	(455,152)	-
Total Other Financing Sources (Uses)	<u>(355,562)</u>	<u>-</u>
Net Change in Fund Balances	924,788	(350,823)
Fund Balance (Deficit) at Beginning of Year	<u>5,169,096</u>	<u>188,421</u>
Fund Balance (Deficit) at End of Year	<u>\$ 6,093,884</u>	<u>\$ (162,402)</u>

Special Revenue Funds				Capital Project Funds
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Reserve
\$ 850	\$ -	\$ -	\$ 218,346	\$ -
316,306	9,011	-	24,769	442,346
1,022,511	149,205	437,294	-	-
-	-	-	-	601,200
-	-	-	-	-
-	-	72	-	23,574
<u>1,339,667</u>	<u>158,216</u>	<u>437,366</u>	<u>243,115</u>	<u>1,067,120</u>
-	-	-	2,770	121,211
-	101,104	-	-	-
307,845	-	-	-	-
-	-	127,233	-	-
-	-	-	-	-
1,620,160	-	368,578	5,215	642,550
<u>1,928,005</u>	<u>101,104</u>	<u>495,811</u>	<u>7,985</u>	<u>763,761</u>
(588,338)	57,112	(58,445)	235,130	303,359
608,420	-	-	-	3,280,000
-	-	(15,999)	-	-
<u>608,420</u>	<u>-</u>	<u>(15,999)</u>	<u>-</u>	<u>3,280,000</u>
20,082	57,112	(74,444)	235,130	3,583,359
8,692,688	189,881	418,029	623,222	10,240,663
<u>\$ 8,712,770</u>	<u>\$ 246,993</u>	<u>\$ 343,585</u>	<u>\$ 858,352</u>	<u>\$ 13,824,022</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, 2019

	Capital Projects Funds	
	Developers Improvement	Public Facilities Construction
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	393,553	253,735
Intergovernmental	-	-
Charges for services	111,651	-
Developer fees	272,756	108,256
Other	-	-
Total Revenues	<u>777,960</u>	<u>361,991</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	-	-
Community development	53,156	8,870
Beaches, parks and recreation	-	-
Capital outlay	-	234,331
Total Expenditures	<u>53,156</u>	<u>243,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>724,804</u>	<u>118,790</u>
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	<u>(218,470)</u>	<u>(1,731,292)</u>
Total Other Financing Sources (Uses)	<u>(218,470)</u>	<u>(1,731,292)</u>
Net Change in Fund Balances	506,334	(1,612,502)
Fund Balance (Deficit) at Beginning of Year	<u>13,952,155</u>	<u>7,602,996</u>
Fund Balance (Deficit) at End of Year	<u>\$ 14,458,489</u>	<u>\$ 5,990,494</u>

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 219,196
75,900	131,566	72,105	65,080	1,998,372
-	-	-	-	4,480,374
-	-	-	-	712,851
-	1,631	96,629	53,816	533,088
-	-	-	50,000	73,646
<u>75,900</u>	<u>133,197</u>	<u>168,734</u>	<u>168,896</u>	<u>8,017,527</u>
-	-	-	-	123,981
-	-	-	-	101,104
-	-	11,090	-	1,040,888
85,289	58,075	-	-	332,623
-	-	-	7,150	7,150
-	750	4,767	32,589	4,342,825
<u>85,289</u>	<u>58,825</u>	<u>15,857</u>	<u>39,739</u>	<u>5,948,571</u>
<u>(9,389)</u>	<u>74,372</u>	<u>152,877</u>	<u>129,157</u>	<u>2,068,956</u>
63,815	-	-	-	4,051,825
-	-	(85,000)	-	(2,505,913)
<u>63,815</u>	<u>-</u>	<u>(85,000)</u>	<u>-</u>	<u>1,545,912</u>
54,426	74,372	67,877	129,157	3,614,868
<u>2,745,923</u>	<u>3,630,300</u>	<u>1,946,091</u>	<u>1,734,345</u>	<u>57,133,810</u>
<u>\$ 2,800,349</u>	<u>\$ 3,704,672</u>	<u>\$ 2,013,968</u>	<u>\$ 1,863,502</u>	<u>\$ 60,748,678</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, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 55,500	\$ 207,409	\$ 151,909
Intergovernmental	3,352,980	2,632,645	(720,335)
Total Revenues	<u>3,408,480</u>	<u>2,840,054</u>	<u>(568,426)</u>
Expenditures:			
Current:			
Public works	210,550	125,819	84,731
Capital outlay	7,267,710	1,433,885	5,833,825
Total Expenditures	<u>7,478,260</u>	<u>1,559,704</u>	<u>5,918,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,069,780)</u>	<u>1,280,350</u>	<u>5,350,130</u>
Other Financing Sources (Uses):			
Transfers in	99,590	99,590	-
Transfers out	(473,820)	(455,152)	18,668
Total Other Financing Sources (Uses)	<u>(374,230)</u>	<u>(355,562)</u>	<u>18,668</u>
Net Change in Fund Balance	(4,444,010)	924,788	5,368,798
Fund Balance, Beginning of Year	<u>5,169,096</u>	<u>5,169,096</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 725,086</u></u>	<u><u>\$ 6,093,884</u></u>	<u><u>\$ 5,368,798</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Air Quality Improvement Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 2,200	\$ 6,592	\$ 4,392
Intergovernmental	771,420	238,719	(532,701)
Total Revenues	<u>773,620</u>	<u>245,311</u>	<u>(528,309)</u>
Expenditures:			
Current:			
Public works	840,000	596,134	243,866
Total Expenditures	<u>840,000</u>	<u>596,134</u>	<u>243,866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(66,380)</u>	<u>(350,823)</u>	<u>(284,443)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>-</u>	<u>40,000</u>
Net Change in Fund Balance	(106,380)	(350,823)	(244,443)
Fund Balance, Beginning of Year	<u>188,421</u>	<u>188,421</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 82,041</u>	<u>\$ (162,402)</u>	<u>\$ (244,443)</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, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 850	\$ 850
Investment and rentals	110,000	316,306	206,306
Intergovernmental	986,320	1,022,511	36,191
Total Revenues	1,096,320	1,339,667	243,347
Expenditures:			
Current:			
Public works	1,029,880	307,845	722,035
Capital outlay	8,280,100	1,620,160	6,659,940
Total Expenditures	9,309,980	1,928,005	7,381,975
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,213,660)	(588,338)	7,625,322
Other Financing Sources (Uses):			
Transfers in	996,290	608,420	(387,870)
Transfers Out	(158,500)	-	158,500
Total Other Financing Sources (Uses)	837,790	608,420	(229,370)
Net Change in Fund Balance	(7,375,870)	20,082	7,395,952
Fund Balance, Beginning of Year	8,692,688	8,692,688	-
Fund Balance, End of Year	\$ 1,316,818	\$ 8,712,770	\$ 7,395,952

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, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 2,800	\$ 9,011	\$ 6,211
Intergovernmental	100,000	149,205	49,205
Total Revenues	102,800	158,216	55,416
Expenditures:			
Police	124,760	101,104	23,656
Net Change in Fund Balance	(21,960)	57,112	79,072
Fund Balance, Beginning of Year	189,881	189,881	-
Fund Balance, End of Year	\$ 167,921	\$ 246,993	\$ 79,072

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, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 798,460	\$ 437,294	(361,166)
Other	10,000	72	(9,928)
Total Revenues	<u>808,460</u>	<u>437,366</u>	<u>(371,094)</u>
Expenditures:			
Current:			
Community development	237,330	127,233	110,097
Capital outlay	574,240	368,578	205,662
Total Expenditures	<u>811,570</u>	<u>495,811</u>	<u>315,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,110)</u>	<u>(58,445)</u>	<u>(55,335)</u>
Other Financing Sources (Uses):			
Transfers out	(17,500)	(15,999)	1,501
Total Other Financing Sources (Uses)	<u>(17,500)</u>	<u>(15,999)</u>	<u>1,501</u>
Net Change in Fund Balance	(20,610)	(74,444)	(53,834)
Fund Balance, Beginning of Year	<u>418,029</u>	<u>418,029</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 397,419</u>	<u>\$ 343,585</u>	<u>\$ (53,834)</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Local Cable Infrastructure Special Revenue Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 225,000	\$ 218,346	\$ (6,654)
Investment and rentals	4,500	24,769	20,269
Total Revenues	<u>229,500</u>	<u>243,115</u>	<u>13,615</u>
Expenditures:			
Current:			
General government	2,770	2,770	-
Capital outlay	250,000	5,215	244,785
Total Expenditures	<u>252,770</u>	<u>7,985</u>	<u>244,785</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,270)</u>	<u>235,130</u>	<u>258,400</u>
Net Change in Fund Balance	(23,270)	235,130	258,400
Fund Balance, Beginning of Year	<u>623,222</u>	<u>623,222</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 599,952</u>	<u>\$ 858,352</u>	<u>\$ 258,400</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Reserve Capital Project Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 95,000	\$ 442,346	\$ 347,346
Charges for services	601,200	601,200	-
Other	23,120	23,574	454
Total Revenues	719,320	1,067,120	347,800
Expenditures:			
Current:			
General government	260,000	121,211	138,789
Capital outlay	2,763,615	642,550	2,121,065
Total Expenditures	3,023,615	763,761	2,259,854
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,304,295)	303,359	2,607,654
Other Financing Sources (Uses):			
Transfers in	3,855,000	3,280,000	(575,000)
Net Change in Fund Balance	1,550,705	3,583,359	2,032,654
Fund Balance, Beginning of Year	10,240,663	10,240,663	-
Fund Balance, End of Year	<u>\$ 11,791,368</u>	<u>\$ 13,824,022</u>	<u>\$ 2,032,654</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Developers Improvement Capital Project Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 60,000	\$ 393,553	\$ 333,553
Charges for services	242,720	111,651	(131,069)
Developer fees	421,310	272,756	(148,554)
Other	454,860	-	(454,860)
	<u>1,178,890</u>	<u>777,960</u>	<u>(400,930)</u>
Total Revenues			
Expenditures:			
Current:			
Public Works	265,890	53,156	212,734
	<u>265,890</u>	<u>53,156</u>	<u>212,734</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>913,000</u>	<u>724,804</u>	<u>(188,196)</u>
Other Financing Sources (Uses):			
Transfers out	(218,470)	(218,470)	-
	<u>(218,470)</u>	<u>(218,470)</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	694,530	506,334	(188,196)
Fund Balance, Beginning of Year	<u>13,952,155</u>	<u>13,952,155</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 14,646,685</u>	<u>\$ 14,458,489</u>	<u>\$ (188,196)</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Public Facilities Construction Capital Project Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 90,000	\$ 253,735	\$ 163,735
Developer fees	144,240	108,256	(35,984)
Total Revenues	<u>234,240</u>	<u>361,991</u>	<u>127,751</u>
Expenditures:			
Current:			
Community development	8,870	8,870	-
Capital outlay	248,520	234,331	14,189
Total Expenditures	<u>257,390</u>	<u>243,201</u>	<u>14,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,150)	118,790	141,940
Other Financing Sources:			
Transfers in	<u>(2,306,292)</u>	<u>(1,731,292)</u>	<u>575,000</u>
Total Other Financing Sources (Uses)	<u>(2,306,292)</u>	<u>(1,731,292)</u>	<u>575,000</u>
Net Change in Fund Balance	(2,329,442)	(1,612,502)	716,940
Fund Balance, Beginning of Year	<u>7,602,996</u>	<u>7,602,996</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 5,273,554</u></u>	<u><u>\$ 5,990,494</u></u>	<u><u>\$ 716,940</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Low/Moderate Income Housing Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 2,000	\$ 75,900	\$ 73,900
Total Revenues	<u>2,000</u>	<u>75,900</u>	<u>73,900</u>
Expenditures:			
Current:			
Community development	<u>257,006</u>	<u>85,289</u>	<u>171,717</u>
Total Expenditures	<u>257,006</u>	<u>85,289</u>	<u>171,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(255,006)</u>	<u>(9,389)</u>	<u>245,617</u>
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>63,815</u>	<u>63,815</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>63,815</u>	<u>63,815</u>
Net Change in Fund Balance	(255,006)	54,426	309,432
Fund Balance, Beginning of Year	<u>2,745,923</u>	<u>2,745,923</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,490,917</u>	<u>\$ 2,800,349</u>	<u>\$ 309,432</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Local Drainage Facilities Capital Project Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 40,000	\$ 131,566	\$ 91,566
Developer fees	500	1,631	1,131
Total Revenues	40,500	133,197	92,697
Expenditures:			
Current:			
Community development	130,910	58,075	72,835
Capital outlay	250,700	750	249,950
Total Expenditures	381,610	58,825	322,785
Excess (Deficiency) of Revenues Over (Under) Expenditures	(341,110)	74,372	415,482
Fund Balance, Beginning of Year	3,630,300	3,630,300	-
Fund Balance, End of Year	<u>\$ 3,289,190</u>	<u>\$ 3,704,672</u>	<u>\$ 415,482</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
RCFPP Capital Project Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 30,000	\$ 72,105	\$ 42,105
Developer fees	58,980	96,629	37,649
Total Revenues	<u>88,980</u>	<u>168,734</u>	<u>79,754</u>
Expenditures:			
Current:			
Public works	11,090	11,090	-
Capital outlay	<u>1,021,840</u>	<u>4,767</u>	<u>1,017,073</u>
Total Expenditures	<u>1,032,930</u>	<u>15,857</u>	<u>1,017,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(943,950)	152,877	1,096,827
Other Financing Sources (Uses):			
Transfers out	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,028,950)	67,877	1,096,827
Fund Balance, Beginning of Year	<u>1,946,091</u>	<u>1,946,091</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 917,141</u>	<u>\$ 2,013,968</u>	<u>\$ 1,096,827</u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Parks Acquisition and Development Capital Project Fund
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 19,500	\$ 65,080	\$ 45,580
Developer fees	23,600	53,816	30,216
Other	-	50,000	50,000
	<u>43,100</u>	<u>168,896</u>	<u>125,796</u>
Total Revenues			
Expenditures:			
Current:			
Beaches, parks, and recreation	7,150	7,150	-
Capital outlay	258,400	32,589	225,811
	<u>265,550</u>	<u>39,739</u>	<u>225,811</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	(222,450)	129,157	351,607
Fund Balance, Beginning of Year	<u>1,734,345</u>	<u>1,734,345</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,511,895</u>	<u>\$ 1,863,502</u>	<u>\$ 351,607</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.

Clean Ocean Fund – This 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.

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

CITY OF SAN CLEMENTE
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2019

	Clean Ocean	Solid Waste Management	Totals
ASSETS:			
Current Assets:			
Cash and investments	\$ 3,324,486	\$ 437,843	\$ 3,762,329
Receivables (net of allowances for uncollectible accounts)	486,061	23,026	509,087
Accrued interest	16,592	2,185	18,777
Total Current Assets	<u>3,827,139</u>	<u>463,054</u>	<u>4,290,193</u>
Noncurrent Assets:			
Capital Assets:			
Machinery and equipment	15,000	-	15,000
Total Capital Assets	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Less accumulated depreciation	(15,000)	-	(15,000)
Net Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>3,827,139</u>	<u>463,054</u>	<u>4,290,193</u>
LIABILITIES:			
Current Liabilities			
Accounts payable	113,735	-	113,735
Accrued wages	5,137	1,792	6,929
Compensated absences payable	1,100	2,045	3,145
Total Current Liabilities	<u>119,972</u>	<u>3,837</u>	<u>123,809</u>
Noncurrent Liabilities:			
Compensated absences payable	3,681	6,847	10,528
Total Liabilities	<u>123,653</u>	<u>10,684</u>	<u>134,337</u>
Net Position:			
Unrestricted	3,703,486	452,370	4,155,856
Total Net Position	<u>\$ 3,703,486</u>	<u>\$ 452,370</u>	<u>\$ 4,155,856</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2019

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ 2,308,601	\$ 240,814	\$ 2,549,415
Other	255,905	9,532	265,437
Total Operating Revenues	<u>2,564,506</u>	<u>250,346</u>	<u>2,814,852</u>
Operating Expenses:			
Salaries and benefits	262,109	112,853	374,962
Cost of materials and supplies	51,335	14,964	66,299
Maintenance and other operating expenses	1,566,012	81,458	1,647,470
Total Operating Expenses	<u>1,879,456</u>	<u>209,275</u>	<u>2,088,731</u>
Operating Income (Loss)	<u>685,050</u>	<u>41,071</u>	<u>726,121</u>
Non-Operating Revenues (Expenses):			
Investment income	120,751	14,344	135,095
Grant income	-	32,973	32,973
Total Non-Operating Revenues	<u>120,751</u>	<u>47,317</u>	<u>168,068</u>
Income (Loss) Before Transfers	805,801	88,388	894,189
Transfers:			
Transfers out	<u>(554,110)</u>	<u>-</u>	<u>(554,110)</u>
Total Transfers	<u>(554,110)</u>	<u>-</u>	<u>(554,110)</u>
Change in Net Position	251,691	88,388	340,079
Net Position - Beginning of Year	<u>3,451,795</u>	<u>363,982</u>	<u>3,815,777</u>
Net Position - End of Year	<u>\$ 3,703,486</u>	<u>\$ 452,370</u>	<u>\$ 4,155,856</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2019

	Clean Ocean	Solid Waste Management	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 2,319,159	\$ 241,988	\$ 2,561,147
Cash paid to other suppliers for goods or services	(2,010,928)	(98,175)	(2,109,103)
Cash payment to employees	(279,227)	(112,850)	(392,077)
Cash from other operating revenues	255,905	9,532	265,437
Net Cash Provided by (Used for) Operating Activities	<u>284,909</u>	<u>40,495</u>	<u>325,404</u>
Cash Flows from Noncapital Financing Activities:			
Grant receipts	-	32,973	32,973
Cash paid to other funds	(554,110)	-	(554,110)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(554,110)</u>	<u>32,973</u>	<u>(521,137)</u>
Cash Flows from Investing Activities:			
Investment income received	117,998	13,556	131,554
Net Cash Provided by (Used for) Investing Activities	<u>117,998</u>	<u>13,556</u>	<u>131,554</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(151,203)	87,024	(64,179)
Cash and Cash Equivalents at Beginning of Year	3,475,689	350,819	3,826,508
Cash and Cash Equivalents at End of Year	<u>\$ 3,324,486</u>	<u>\$ 437,843</u>	<u>\$ 3,762,329</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ 685,050</u>	<u>\$ 41,071</u>	<u>\$ 726,121</u>
Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	10,558	1,174	11,732
Increase (decrease) in accounts payable	(393,581)	(1,753)	(395,334)
Increase (decrease) in accrued wages	(1,562)	62	(1,500)
Increase (decrease) in compensated absences	(15,556)	(59)	(15,615)
Total Adjustments	<u>(400,141)</u>	<u>(576)</u>	<u>(400,717)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 284,909</u>	<u>\$ 40,495</u>	<u>\$ 325,404</u>
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ 54,378	\$ 6,019	\$ 60,398

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.

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

Central Services Fund – This 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.

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

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

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

Workers' Compensation Self-Insurance Fund - This 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.

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

CITY OF SAN CLEMENTE
Combining Statement of Net Position
Internal Service Funds
June 30, 2019

	Employee Benefits	Central Services
ASSETS:		
Current Assets:		
Cash and investments	\$ 324,322	\$ 161,843
Receivables (net of uncollectible allowance):		
Accounts	16,513	-
Accrued interest	-	1,630
Total Current Assets	340,835	163,473
Noncurrent Assets:		
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	321,333
Total Capital Assets	-	321,333
Less accumulated depreciation	-	(245,114)
Net Capital Assets	-	76,219
Total Noncurrent Assets	-	76,219
Total Assets	340,835	239,692
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB Pension deferral	-	-
LIABILITIES:		
Current Liabilities:		
Accounts payable	-	16,590
Accrued wages	344,888	991
Capital lease obligations	-	34,021
Compensated absences payable	-	614
Claims and judgements payable	-	-
Total Current Liabilities	344,888	52,216
Noncurrent Liabilities:		
Capitalized lease obligations	-	47,356
Compensated absences payable	-	2,054
Claims and judgments payable	-	-
OPEB obligation	-	-
Total Noncurrent Liabilities	-	49,410
Total Liabilities	344,888	101,626
Net Position:		
Net investment in capital assets	-	-
Unrestricted	(4,053)	138,066
Total Net Position	\$ (4,053)	\$ 138,066

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 928,012	\$ 5,888,446	\$ 91,383	\$ 1,839,391	\$ 6,655,960	\$ 15,889,357
-	100,953	8,883	-	352,133	478,482
4,631	29,388	456	9,180	33,219	78,504
<u>932,643</u>	<u>6,018,787</u>	<u>100,722</u>	<u>1,848,571</u>	<u>7,041,312</u>	<u>16,446,343</u>
-	443,134	-	-	-	443,134
635,550	391,920	-	-	-	1,027,470
595,108	5,871,147	-	-	-	6,787,588
<u>1,230,658</u>	<u>6,706,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,258,192</u>
<u>(443,528)</u>	<u>(5,045,474)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,734,116)</u>
<u>787,130</u>	<u>1,660,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,524,076</u>
<u>787,130</u>	<u>1,660,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,524,076</u>
<u>1,719,773</u>	<u>7,679,514</u>	<u>100,722</u>	<u>1,848,571</u>	<u>7,041,312</u>	<u>18,970,419</u>
-	-	135,972	-	-	135,972
34,889	56,312	14,865	4,098	85,501	212,255
15,475	-	-	-	3,321	364,675
-	-	-	-	-	34,021
21,402	-	-	-	9,367	31,383
-	-	-	221,307	833,131	1,054,438
<u>71,766</u>	<u>56,312</u>	<u>14,865</u>	<u>225,405</u>	<u>931,320</u>	<u>1,696,772</u>
-	-	-	-	-	47,356
71,652	-	-	-	31,362	105,068
-	-	-	259,795	978,023	1,237,818
-	-	972,763	-	-	972,763
<u>71,652</u>	<u>-</u>	<u>972,763</u>	<u>259,795</u>	<u>1,009,385</u>	<u>2,363,005</u>
<u>143,418</u>	<u>56,312</u>	<u>987,628</u>	<u>485,200</u>	<u>1,940,705</u>	<u>4,059,777</u>
787,130	1,660,727	-	-	-	2,447,857
<u>789,225</u>	<u>5,962,475</u>	<u>(750,934)</u>	<u>1,363,371</u>	<u>5,100,607</u>	<u>12,598,757</u>
<u>\$ 1,576,355</u>	<u>\$ 7,623,202</u>	<u>\$ (750,934)</u>	<u>\$ 1,363,371</u>	<u>\$ 5,100,607</u>	<u>\$ 15,046,614</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2019

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 542,623
Other	-	-
Total Operating Revenues	-	542,623
Operating Expenses:		
Salaries and benefits	-	54,643
Cost of materials and supplies	-	42,738
Depreciation	-	34,646
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	-	523,961
Total Operating Expenses	-	655,988
Operating Income (Loss)	-	(113,365)
Nonoperating Revenues (Expenses):		
Investment income	-	8,185
Interest and fiscal charges	-	(3,663)
Gain (loss) on sale of property	-	-
Total Nonoperating Revenues (Expenses)	-	4,522
Change in Net Position	-	(108,843)
Net Position - Beginning of Year	(4,053)	246,909
Net Position - End of Year	\$ (4,053)	\$ 138,066

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,055,650	\$ 1,360,740	\$ 3,369,397	\$ 549,405	\$ 3,000,000	\$ 10,877,815
991	8,977	12,406	9,078	23,663	55,115
<u>2,056,641</u>	<u>1,369,717</u>	<u>3,381,803</u>	<u>558,483</u>	<u>3,023,663</u>	<u>10,932,930</u>
839,989	-	-	-	179,407	1,074,039
2,483	324,869	-	-	1,102	371,192
72,060	379,781	-	-	-	486,487
-	-	-	163,367	-	163,367
-	-	3,049,887	-	-	3,049,887
-	-	-	-	1,456,443	1,456,443
-	-	201,997	(35,234)	(42,618)	124,145
820,478	682,590	115,751	82,615	506,634	2,732,029
<u>1,735,010</u>	<u>1,387,240</u>	<u>3,367,635</u>	<u>210,748</u>	<u>2,100,968</u>	<u>9,457,589</u>
<u>321,631</u>	<u>(17,523)</u>	<u>14,168</u>	<u>347,735</u>	<u>922,695</u>	<u>1,475,341</u>
26,799	211,397	1,435	60,779	184,986	493,581
-	-	-	-	-	(3,663)
<u>(10,794)</u>	<u>106,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,937</u>
<u>16,005</u>	<u>318,128</u>	<u>1,435</u>	<u>60,779</u>	<u>184,986</u>	<u>585,855</u>
337,636	300,605	15,603	408,514	1,107,681	2,061,196
<u>1,238,719</u>	<u>7,322,597</u>	<u>(766,537)</u>	<u>954,857</u>	<u>3,992,926</u>	<u>12,985,418</u>
<u>\$ 1,576,355</u>	<u>\$ 7,623,202</u>	<u>\$ (750,934)</u>	<u>\$ 1,363,371</u>	<u>\$ 5,100,607</u>	<u>\$ 15,046,614</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2019

	Employee Benefits	Central Service
Cash Flows from Operating Activities:		
Receipts from interfund charges	\$ (532)	\$ 542,623
Cash paid to other suppliers of goods or services	(92,754)	(567,773)
Cash payment to employees	119,294	(55,006)
Cash from other operating revenues	-	-
Net Cash Provided by (Used for) Operating Activities	26,008	(80,156)
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	-
Sale of capital assets	-	-
Payment on capital lease payable	-	(34,449)
Interest and fiscal charges	-	(3,663)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(38,112)
Cash Flows from Investing Activities:		
Investment income received (paid)	-	7,640
Net Cash Provided by (Used for) Investing Activities:	-	7,640
Net Increase (Decrease) in Cash and Cash Equivalents	26,008	(110,628)
Cash and Cash Equivalents at Beginning of Year	298,314	272,471
Cash and Cash Equivalents at End of Year	\$ 324,322	\$ 161,843

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,055,650	\$ 1,269,300	\$ 3,370,579	\$ 549,405	\$ 2,735,907	\$ 10,522,932
(818,632)	(1,003,159)	(3,374,288)	(391,040)	(220,677)	(6,468,323)
(825,786)	-	-	-	(187,528)	(949,026)
991	8,977	12,406	9,078	23,663	55,115
<u>412,223</u>	<u>275,118</u>	<u>8,697</u>	<u>167,443</u>	<u>2,351,365</u>	<u>3,160,698</u>
(25,109)	(515,486)	-	-	-	(540,595)
(10,794)	106,731	-	-	-	95,937
-	-	-	-	-	(34,449)
-	-	-	-	-	(3,663)
<u>(35,903)</u>	<u>(408,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(482,770)</u>
24,268	205,297	1,303	58,025	168,237	464,770
<u>24,268</u>	<u>205,297</u>	<u>1,303</u>	<u>58,025</u>	<u>168,237</u>	<u>464,770</u>
400,588	71,660	10,000	225,468	2,519,602	3,142,698
<u>527,424</u>	<u>5,816,786</u>	<u>81,383</u>	<u>1,613,923</u>	<u>4,136,358</u>	<u>12,746,659</u>
<u>\$ 928,012</u>	<u>\$ 5,888,446</u>	<u>\$ 91,383</u>	<u>\$ 1,839,391</u>	<u>\$ 6,655,960</u>	<u>\$ 15,889,357</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2019

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	Employee Benefits	Central Service
Operating Income (Loss)	\$ -	\$ (113,365)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	34,646
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(532)	-
(Increase) decrease in prepaid items	-	-
Increase (decrease) in accounts payable	(92,754)	(1,074)
Increase (decrease) in accrued wages	119,294	49
Increase (decrease) in OPEB Obligation	-	-
Increase (decrease) in compensated absences	-	(412)
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	26,008	33,209
Net Cash Provided by (Used for) Operating Activities	\$ 26,008	\$ (80,156)
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ 3,750

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 321,631	\$ (17,523)	\$ 14,168	\$ 347,735	\$ 922,695	\$ 1,475,341
72,060	379,781	-	-	-	486,487
-	(91,440)	1,182	-	(264,093)	(354,883)
-	10,450	-	-	-	10,450
4,329	(6,150)	1,144	(3,142)	42,832	(54,815)
5,459	-	-	-	226	125,028
-	-	(5,002)	-	-	(5,002)
8,744	-	-	-	(8,347)	(15)
-	-	(2,795)	(177,150)	1,658,052	1,478,107
90,592	292,641	(5,471)	(180,292)	1,428,670	1,685,357
<u>\$ 412,223</u>	<u>\$ 275,118</u>	<u>\$ 8,697</u>	<u>\$ 167,443</u>	<u>\$ 2,351,365</u>	<u>\$ 3,160,698</u>
\$ 10,450	\$ 93,032	\$ 1,344	\$ 26,785	\$ 78,724	\$ 214,085

(Concluded)



AGENCY FUNDS

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

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

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

2006-1 CFD Marblehead Collection Fund – This fund is used to record debt collections and debt payments related to the Marblehead development under the Mello-Roos Community Facilities Act.

Reassessment District No 2016-1 Limited Obligation Refunding Bonds Collection Fund – This fund is used to refinancing of prior bonds and to record collections and the payment to the holders of the Limited Obligation Refunding Bonds previously issued to finance public improvements benefiting parcels within the Reassessment District.

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

CITY OF SAN CLEMENTE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>99-1 AD COLLECTION</u>				
Assets				
Cash and investments	\$ 77,054	\$ 103,657	\$ 111,094	\$ 69,617
Accrued interest receivable	34	186	34	186
Total Assets	<u>\$ 77,088</u>	<u>\$ 103,843</u>	<u>\$ 111,128</u>	<u>\$ 69,803</u>
Liabilities				
Accounts payable	\$ 377	\$ 78,597	\$ 54,412	\$ 24,562
Payable to bondholders	76,711	25,246	56,716	45,241
Total Liabilities	<u>\$ 77,088</u>	<u>\$ 103,843</u>	<u>\$ 111,128</u>	<u>\$ 69,803</u>
<u>99-1 CFD COLLECTION</u>				
Assets				
Cash and investments	\$ 884,866	\$ 877,052	\$ 848,225	\$ 913,693
Taxes receivable	1,169	15	1,169	15
Accrued interest receivable	4,343	-	2,161	2,182
Total Assets	<u>\$ 890,378</u>	<u>\$ 877,067</u>	<u>\$ 851,555</u>	<u>\$ 915,890</u>
Liabilities				
Accounts payable	\$ 438	\$ 421,538	\$ 421,538	\$ 438
Payable to bondholders	889,940	455,825	430,313	915,452
Total Liabilities	<u>\$ 890,378</u>	<u>\$ 877,363</u>	<u>\$ 851,851</u>	<u>\$ 915,890</u>
<u>2006-1 CFD MARBLEHEAD</u>				
Assets				
Cash and investments	\$ 21,665,171	\$ 6,278,780	\$ 5,953,886	\$ 21,990,065
Taxes receivable	4,395	38,788	4,395	38,788
Accounts receivable	-	24,187	-	24,187
Accrued interest receivable	7,444	1,467	-	8,911
Total Assets	<u>\$ 21,677,010</u>	<u>\$ 6,343,222</u>	<u>\$ 5,958,281</u>	<u>\$ 22,061,951</u>
Liabilities				
Accounts payable	\$ 774	\$ 2,997,004	\$ 2,996,980	\$ 798
Payable to bondholders	21,676,236	3,402,159	3,017,242	22,061,153
Total Liabilities	<u>\$ 21,677,010</u>	<u>\$ 6,399,163</u>	<u>\$ 6,014,222</u>	<u>\$ 22,061,951</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<u>RAD COLLECTION</u>				
Assets				
Cash and investments	\$ 1,306,733	\$ 1,863,836	\$ 1,821,725	\$ 1,348,844
Taxes receivable	7,684	6,875	7,684	6,875
Accrued interest receivable	2,738	1,637	-	4,375
Total Assets	<u>\$ 1,317,155</u>	<u>\$ 1,872,348</u>	<u>\$ 1,829,409</u>	<u>\$ 1,360,094</u>
Liabilities				
Accounts payable	\$ 375	\$ 907,216	\$ 906,841	\$ 750
Payable to bondholders	1,316,780	971,433	928,869	1,359,344
Total Liabilities	<u>\$ 1,317,155</u>	<u>\$ 1,878,649</u>	<u>\$ 1,835,710</u>	<u>\$ 1,360,094</u>
<u>COASTAL ANIMAL SERVICES AUTHORITY</u>				
Assets				
Cash and investments	\$ 391,455	\$ 1,903,781	\$ 1,572,903	\$ 722,333
Accounts receivable	137,322	31,381	137,512	31,191
Total Assets	<u>\$ 528,777</u>	<u>\$ 1,935,162</u>	<u>\$ 1,710,415</u>	<u>\$ 753,524</u>
Liabilities				
Accounts payable	\$ 58,980	\$ 1,050,387	\$ 1,067,675	\$ 41,692
Accrued wages	28,942	927,948	926,615	30,275
Deposits payable	440,855	1,939,915	1,699,213	681,557
Total Liabilities	<u>\$ 528,777</u>	<u>\$ 3,918,250</u>	<u>\$ 3,693,503</u>	<u>\$ 753,524</u>
<u>TOTAL ALL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$ 24,325,279	\$ 11,027,106	\$ 10,307,833	\$ 25,044,552
Taxes receivable	13,248	45,678	13,248	45,678
Accounts receivable	137,322	55,568	137,512	55,378
Accrued interest receivable	14,559	3,290	2,195	15,654
Total Assets	<u>\$ 24,490,408</u>	<u>\$ 11,131,642</u>	<u>\$ 10,460,788</u>	<u>\$ 25,161,262</u>
Liabilities				
Accounts payable	\$ 60,944	\$ 5,454,742	\$ 5,447,446	\$ 68,240
Accrued wages	28,942	927,948	926,615	30,275
Deposits payable	440,855	1,939,915	1,699,213	681,557
Payable to bondholders	23,959,667	4,854,663	4,433,140	24,381,190
Total Liabilities	<u>\$ 24,490,408</u>	<u>\$ 13,177,268</u>	<u>\$ 12,506,414</u>	<u>\$ 25,161,262</u>

(Concluded)



STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	160
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	172
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	178
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	184
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	186

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities				
Net investment in capital assets	\$ 164,975,785	\$ 184,880,908	\$ 191,342,737	\$ 186,634,872
Restricted	72,358,104	61,254,366	51,568,742	56,226,561
Unrestricted	33,143,594	38,223,976	39,174,674	37,714,193
Total governmental activities net position	<u>\$ 270,477,483</u>	<u>\$ 284,359,250</u>	<u>\$ 282,086,153</u>	<u>\$ 280,575,626</u>
Business-type activities				
Net investment in capital assets	\$ 145,862,033	\$ 144,382,566	\$ 148,528,745	\$ 152,088,828
Restricted	48,219,563	49,019,121	11,604,636	10,969,269
Unrestricted	2,535,183	2,556,796	35,030,472	35,940,828
Total business-type activities net position	<u>\$ 196,616,779</u>	<u>\$ 195,958,483</u>	<u>\$ 195,163,853</u>	<u>\$ 198,998,925</u>
Primary Government				
Net investment in capital assets	\$ 310,837,818	\$ 329,263,474	\$ 339,871,482	\$ 338,723,700
Restricted	120,577,667	110,273,487	63,173,378	67,195,830
Unrestricted	35,678,777	40,780,772	74,205,146	73,655,021
Total primary government net position	<u>\$ 467,094,262</u>	<u>\$ 480,317,733</u>	<u>\$ 477,250,006</u>	<u>\$ 479,574,551</u>

Source: City of San Clemente

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 184,058,187	\$ 201,351,891	\$ 205,339,450	\$ 223,978,174	\$ 222,799,987	\$ 219,771,204
57,569,626	44,901,878	47,600,483	47,171,145	47,048,005	47,294,020
37,285,652	18,847,703	21,772,655	23,088,837	23,633,735	29,391,740
<u>\$ 278,913,465</u>	<u>\$ 265,101,472</u>	<u>\$ 274,712,588</u>	<u>\$ 294,238,156</u>	<u>\$ 293,481,727</u>	<u>\$ 296,456,964</u>
\$ 159,890,481	\$ 154,510,084	\$ 153,436,537	\$ 156,462,970	\$ 156,608,320	\$ 154,657,313
6,738,924	10,732,930	10,180,595	9,762,504	10,177,637	10,439,505
38,291,531	37,944,233	41,377,385	35,642,252	34,219,326	37,427,488
<u>\$ 204,920,936</u>	<u>\$ 203,187,247</u>	<u>\$ 204,994,517</u>	<u>\$ 201,867,726</u>	<u>\$ 201,005,283</u>	<u>\$ 202,524,306</u>
\$ 343,948,668	\$ 355,988,336	\$ 358,775,987	\$ 380,441,144	\$ 379,408,307	\$ 374,428,517
64,308,550	55,634,808	57,781,078	56,933,649	57,225,642	57,733,525
75,577,183	56,665,575	63,150,040	58,731,089	57,853,061	66,819,228
<u>\$ 483,834,401</u>	<u>\$ 468,288,719</u>	<u>\$ 479,707,105</u>	<u>\$ 496,105,882</u>	<u>\$ 494,487,010</u>	<u>\$ 498,981,270</u>

CITY OF SAN CLEMENTE

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2010	2011	2012
Expenses			
Governmental activities:			
General government	\$ 8,197,612	\$ 8,453,237	\$ 7,446,115
Police	12,295,976	12,051,622	12,120,058
Fire	6,931,220	7,074,900	7,441,911
Public works	10,665,664	10,407,140	11,467,488
Community development	7,524,036	5,327,603	5,335,446
Beaches, parks & recreation	10,173,361	9,926,388	11,832,045
Interest and fiscal charges	284,613	307,354	232,635
Total governmental activities expenses	<u>56,072,482</u>	<u>53,548,244</u>	<u>55,875,698</u>
Business-type activities:			
Water	15,128,156	14,604,342	16,649,645
Sewer	9,739,844	10,706,741	10,560,807
Golf	2,163,580	2,135,370	2,191,026
Non-major activities	1,982,432	2,070,131	2,080,649
Total business-type activities expenses	<u>29,014,012</u>	<u>29,516,584</u>	<u>31,482,127</u>
Total primary government expenses	<u>85,086,494</u>	<u>83,064,828</u>	<u>87,357,825</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	2,408,851	2,742,791	2,899,751
Police	977,562	1,060,857	1,014,471
Fire	823,135	681,144	768,098
Public works	879,257	1,277,324	1,146,576
Community development	1,619,726	1,456,230	1,365,793
Beaches, parks & recreation	2,831,200	2,835,372	3,186,014
Operating grants and contributions	3,373,731	3,287,276	3,218,852
Capital grants and contributions	4,463,625	5,694,883	2,682,033
Total governmental activities program revenues	<u>17,377,087</u>	<u>19,035,877</u>	<u>16,281,588</u>
Business-type activities:			
Charges for services:			
Water	12,485,605	13,885,865	16,424,826
Sewer	8,358,121	8,977,702	9,270,705
Golf	2,023,047	2,137,694	2,222,932
Other	1,985,289	2,362,352	2,286,446
Operating grants and contributions	-	190,241	248,928
Capital grants and contributions	769,923	1,100,855	47,180
Total business-type activities program revenues	<u>25,621,985</u>	<u>28,654,709</u>	<u>30,501,017</u>
Total primary government program revenues	<u>51,484,743</u>	<u>51,484,743</u>	<u>46,782,605</u>
Net (expense)/revenue:			
Governmental activities	(38,695,395)	(34,512,367)	(39,594,110)
Business-type activities	(3,392,027)	(861,875)	(981,110)
Total primary government net expense	<u>\$ (42,087,422)</u>	<u>\$ (35,374,242)</u>	<u>\$ (40,575,220)</u>

		Fiscal Year											
		2013	2014	2015	2016	2017	2018	2019					
\$	6,194,743	\$	5,949,601	\$	6,368,117	\$	6,121,431	\$	7,158,985	\$	8,602,034	\$	8,638,794
	12,141,456		12,838,046		12,743,914		12,366,392		14,722,453		15,026,061		15,816,595
	7,723,477		7,885,566		8,148,750		8,914,593		10,098,953		9,385,402		10,294,194
	10,729,698		17,118,629		10,529,453		16,568,456		18,795,135		20,680,433		21,390,909
	8,027,685		6,258,785		16,481,854		5,802,124		6,120,224		6,247,084		5,891,062
	13,092,862		14,159,882		14,026,927		9,295,623		9,299,173		10,708,326		10,179,695
	147,897		137,661		127,508		118,421		392,285		4,959		3,663
	58,057,818		64,348,170		68,426,523		59,187,040		66,587,208		70,654,299		72,214,912
	17,583,799		18,199,173		19,582,215		18,092,980		17,944,864		20,571,400		19,430,379
	10,956,256		10,754,071		11,379,835		11,727,190		16,124,175		13,297,015		14,070,190
	2,274,584		2,169,419		2,123,894		2,113,187		2,058,702		2,407,448		2,104,304
	1,839,962		1,785,248		1,926,412		1,797,162		1,787,867		2,395,488		2,061,718
	32,654,601		32,907,911		35,012,356		33,730,519		37,915,608		38,671,351		37,666,591
	90,712,419		97,256,081		103,438,879		92,917,559		104,502,816		109,325,650		109,881,503
	398,141		408,238		750,760		944,933		430,676		459,817		459,192
	887,830		777,499		772,733		641,074		601,355		492,692		531,818
	834,182		697,683		1,096,348		1,266,510		1,467,867		1,339,525		1,462,039
	998,914		1,514,742		1,714,658		1,067,956		1,261,103		1,379,539		1,498,848
	1,669,416		2,256,562		2,589,286		2,891,114		2,426,953		3,203,357		2,785,652
	3,472,211		3,481,050		3,446,630		3,832,390		4,205,277		5,057,789		4,749,332
	4,773,534		4,213,191		3,355,485		5,058,133		3,187,026		2,115,847		4,257,867
	1,221,842		7,579,481		19,527,260		7,119,635		23,318,080		6,611,844		4,121,736
	14,256,070		20,928,446		33,253,160		22,821,745		36,898,337		20,660,410		19,866,484
	18,479,553		21,338,919		20,564,951		18,231,654		18,207,039		21,333,272		21,257,248
	10,071,581		10,284,887		10,308,250		10,686,769		9,976,298		10,333,756		10,984,033
	2,179,625		2,292,262		2,319,582		2,236,018		2,162,780		2,325,817		2,300,476
	2,306,379		2,296,222		2,765,093		2,821,254		2,767,285		2,849,666		2,814,852
	56,500		17,121		-		17,298		16,798		16,777		32,973
	3,439,735		2,478,027		787,143		1,156,583		1,677,633		702,674		283,230
	36,533,373		38,707,438		36,745,019		35,149,576		34,807,833		37,561,962		37,672,812
	50,789,443		59,635,884		69,998,179		57,971,321		71,706,170		58,222,372		57,539,296
	(43,801,748)		(43,419,724)		(35,173,363)		(36,365,295)		(29,688,871)		(49,993,889)		(52,348,428)
	3,878,772		5,799,527		1,732,663		1,419,057		(3,107,775)		(1,109,389)		6,221
\$	(39,922,976)	\$	(37,620,197)	\$	(33,440,700)	\$	(34,946,238)	\$	(32,796,646)	\$	(51,103,278)	\$	(52,342,207)

(Continued)

CITY OF SAN CLEMENTE
CHANGES IN NET POSTION

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

	Fiscal Year		
	2010	2011	2012
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 27,114,216	\$ 26,543,254	\$ 25,704,056
Sales taxes	4,965,641	5,095,486	5,375,251
Sales taxes - in lieu	1,308,380	1,604,663	1,694,225
Transient occupancy taxes	1,371,937	1,460,880	1,541,248
Franchise taxes	2,166,871	2,199,894	2,229,194
Other taxes	1,353,846	1,411,471	1,073,325
Investment earnings	2,152,699	827,900	1,147,655
Miscellaneous	722,562	150,904	144,473
Gain (Loss) on sale of capital assets	-	13,403,427	-
Pension side fund payment	-	(4,754,163)	-
Dissolution of the redevelopment agency	-	-	(1,767,179)
Transfers	239,521	450,418	178,765
Total governmental activities	<u>41,395,673</u>	<u>48,394,134</u>	<u>37,321,013</u>
Business-type activities:			
Investment earnings	1,406,190	653,997	365,245
Gain (Loss) on sale of capital assets	-	-	-
Miscellaneous	1,381,183	-	-
Transfers	(239,521)	(450,418)	(178,765)
Total business-type activities	<u>2,547,852</u>	<u>203,579</u>	<u>186,480</u>
Total primary government	<u>\$ 43,943,525</u>	<u>\$ 48,597,713</u>	<u>\$ 37,507,493</u>
Change in Net Position			
Governmental activities	2,700,278	13,881,767	(2,273,097)
Business-type activities	(844,175)	(658,296)	(794,630)
Total primary government	<u>\$ 1,856,103</u>	<u>\$ 13,223,471</u>	<u>\$ (3,067,727)</u>

Notes:

¹ The State of California initiated the "triple flip" which caused shifts in property tax, sales taxes and motor vehicle fees (other taxes).

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

Source: City of San Clemente

		Fiscal Year						
		2013	2014	2015	2016	2017	2018	2019
\$	25,613,417	\$ 25,938,562	\$ 27,574,540	\$ 29,588,442	\$ 31,038,475	\$ 32,766,143	\$ 34,522,402	
	5,837,066	5,907,313	6,161,540	8,471,708	9,526,134	9,637,366	10,582,298	
	1,743,745	2,130,322	2,108,680	593,774	-	-	-	
	1,587,576	1,781,354	2,220,437	2,332,712	2,798,585	2,805,716	2,630,519	
	2,203,002	2,280,321	2,402,021	2,420,553	2,559,189	2,612,101	2,675,367	
	1,103,570	1,066,122	1,109,944	1,297,956	1,284,469	1,356,260	1,450,353	
	3,950,829	2,533,185	1,019,290	915,646	1,119,283	292,346	1,915,078	
	76,641	26,662	156,497	132,510	709,834	37,584	127,908	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	
	175,375	93,722	346,834	223,110	178,470	307,893	266,740	
	42,291,221	41,757,563	43,099,783	45,976,411	49,214,439	49,815,409	54,170,665	
	131,675	216,206	289,571	611,323	159,454	296,909	1,779,542	
	-	-	-	-	-	546,558	-	
	-	-	-	-	-	-	-	
	(175,375)	(93,722)	(346,834)	(223,110)	(178,470)	(307,893)	(266,740)	
	(43,700)	122,484	(57,263)	388,213	(19,016)	535,574	1,512,802	
\$	42,247,521	\$ 41,880,047	\$ 43,042,520	\$ 46,364,624	\$ 49,195,423	\$ 50,350,983	\$ 55,683,467	
	(1,510,527)	(1,662,161)	7,926,420	9,611,116	19,525,568	(178,480)	1,822,237	
	3,835,072	5,922,011	1,675,400	1,807,270	(3,126,791)	(573,815)	1,519,023	
\$	2,324,545	\$ 4,259,850	\$ 9,601,820	\$ 11,418,386	\$ 16,398,777	\$ (752,295)	\$ 3,341,260	

(Concluded)

CITY OF SAN CLEMENTE

GOVERNMENTAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Total
2009-2010	\$ 25,236,787	\$ 5,924,020	\$ 1,371,937	\$ 2,186,180	\$ 717,306	\$ 35,436,230
2010-2011	26,677,176	6,979,049	1,460,880	2,199,894	781,700	38,098,699
2011-2012	25,812,484	7,074,047	1,541,248	2,288,084	858,626	37,574,489
2012-2013	27,849,666	7,452,871	1,587,576	2,264,288	863,703	40,018,104
2013-2014	25,943,613	7,932,300	1,781,354	2,341,247	829,504	38,828,018
2014-2015	27,578,425	8,032,575	2,220,437	2,471,224	866,760	41,169,421
2015-2016	29,305,520	8,987,220	2,332,712	2,420,553	1,125,711	44,171,716
2016-2017	31,098,009	9,931,846	2,798,585	2,611,748	1,059,264	47,499,452
2017-2018	32,830,754	9,735,366	2,805,716	2,442,737	1,351,480	49,166,053
2018-2019	34,520,615	10,604,298	2,630,519	2,722,550	1,234,427	51,712,409

Note:

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

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

Source: City of San Clemente

CITY OF SAN CLEMENTE

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Transient Occupancy Tax	Franchise Tax	Other Taxes	Motor Vehicle Tax	Total
2009-2010	\$ 27,114,216	\$ 6,274,021	\$ 1,371,937	\$ 2,166,871	\$ 1,149,918	\$ 203,928	\$ 38,280,891
2010-2011	26,543,254	6,700,149	1,460,880	2,199,894	1,098,104	313,367	38,315,648
2011-2012	25,704,056	7,069,476	1,541,248	2,229,194	1,038,871	34,454	37,617,299
2012-2013	25,613,417	7,580,811	1,587,576	2,203,002	1,068,321	35,249	38,088,376
2013-2014	25,938,562	8,037,635	1,781,354	2,280,321	1,036,949	29,173	39,103,994
2014-2015	27,574,540	8,270,220	2,220,437	2,402,021	1,081,764	28,180	41,577,162
2015-2016	29,588,442	9,065,482	2,332,712	2,420,553	1,271,569	26,387	44,705,145
2016-2017	31,038,475	9,526,134	2,798,585	2,559,189	1,254,792	29,677	47,206,852
2017-2018	32,766,143	9,637,366	2,805,716	2,612,101	1,321,532	34,728	49,177,586
2018-2019	34,522,402	10,582,298	2,630,519	2,675,367	1,418,892	31,461	51,860,939

Note:

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

CITY OF SAN CLEMENTE

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011*	2012	2013
General fund				
Reserved	\$ 4,649,496	\$ -	\$ -	\$ -
Unreserved	18,836,396	-	-	-
Total general fund	<u>\$ 23,485,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds				
Reserved	\$ 69,850,312	\$ -	\$ -	\$ -
Unreserved, reported in:		-	-	-
Special revenue funds	6,190,722	-	-	-
Capital projects funds	(1,218,011)	-	-	-
Debt service funds	(2,545,344)	-	-	-
Total all other governmental funds	<u>\$ 72,277,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund		2011	2012	2013
Nonspendable		\$ 2,169,291	\$ 1,800,743	\$ 2,001,530
Committed		18,923,274	17,754,373	17,450,954
Assigned		3,770,456	7,373,427	7,060,897
Unassigned		4,110,236	1,528,656	3,592,488
Total general fund		<u>\$ 28,973,257</u>	<u>\$ 28,457,199</u>	<u>\$ 30,105,869</u>
All other governmental funds				
Nonspendable		\$ 2,351,847	\$ 2,120,653	\$ 2,120,653
Restricted		31,352,050	46,333,348	47,664,547
Committed		11,792,319	442,650	77,643
Assigned		17,517,914	4,209,482	4,356,356
Unassigned		(2,001,968)	26,091	-
Total all other governmental funds		<u>\$ 61,012,162</u>	<u>\$ 53,132,224</u>	<u>\$ 54,219,199</u>

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

Source: City of San Clemente

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2014	2015	2016	2017	2018	2019
\$ 2,006,484	\$ 1,915,086	\$ 1,653,502	\$ 2,509,597	\$ 2,233,368	\$ 1,957,463
16,751,483	19,081,173	16,263,527	14,016,387	14,420,443	14,752,106
7,225,178	4,015,657	9,070,803	9,418,192	10,083,367	7,453,364
3,850,648	4,673,038	1,648,449	4,421,779	3,189,426	6,342,563
<u>\$ 29,833,793</u>	<u>\$ 29,684,954</u>	<u>\$ 28,636,281</u>	<u>\$ 30,365,955</u>	<u>\$ 29,926,604</u>	<u>\$ 30,505,496</u>
\$ 1,671,798	\$ 9,933,254	\$ -	\$ -	\$ -	\$ -
41,112,201	34,945,212	49,053,639	47,062,622	46,893,147	47,087,058
59,265	48,563	23,705	96,053	91,580	26,751
4,438,029	4,337,695	4,374,003	7,214,689	10,149,083	13,797,271
5,956,604	(32,142)	-	-	-	(162,402)
<u>\$ 53,237,897</u>	<u>\$ 49,232,582</u>	<u>\$ 53,451,347</u>	<u>\$ 54,373,364</u>	<u>\$ 57,133,810</u>	<u>\$ 60,748,678</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	\$ 35,436,230	\$ 38,098,699	\$ 37,574,489	\$ 40,018,104
Licenses and permits	2,083,840	1,903,617	892,486	1,042,511
Fines and forfeits	820,170	931,685	879,981	776,634
Interest and rentals	3,998,962	2,780,497	2,615,105	2,441,657
Intergovernmental	5,975,543	5,767,169	4,830,480	3,800,465
Charges for services	6,905,663	7,150,212	7,527,717	5,090,503
Developers fees	238,620	700,150	170,071	1,607,964
Other	892,015	1,152,865	1,755,948	552,873
Total revenues	<u>56,351,043</u>	<u>58,484,894</u>	<u>56,246,277</u>	<u>55,330,711</u>
Expenditures				
General government	7,740,422	7,274,138	7,308,774	4,962,425
Police	12,344,203	12,046,529	12,111,299	12,111,439
Fire	6,769,519	6,913,198	7,280,209	7,478,736
Public works	6,995,428	6,863,269	7,124,688	6,553,374
Community development	6,139,496	4,723,758	5,159,664	7,757,417
Beaches, parks and recreation	8,699,948	8,378,274	9,421,326	10,209,081
Capital outlay	9,353,222	25,632,719	13,793,640	3,059,286
Debt service:				
Property tax shift	1,052,656	348,788	-	-
Principal retirements	115,000	125,000	830,000	95,000
Interest and fiscal charges	279,293	304,411	226,089	140,683
Total expenditures	<u>59,489,187</u>	<u>72,610,084</u>	<u>63,255,689</u>	<u>52,367,441</u>
Excess of revenues over (under) expenditures	(3,138,144)	(14,125,190)	(7,009,412)	2,963,270
Other financing sources (uses)				
Sale of capital assets	70,952	13,449,123	-	-
Transfers in	5,967,593	14,490,883	5,603,370	3,617,669
Transfers out	(5,492,613)	(14,838,805)	(5,222,775)	(3,845,294)
Total other financing sources (uses)	<u>545,932</u>	<u>13,101,201</u>	<u>380,595</u>	<u>(227,625)</u>
Pension side fund payment	-	(4,754,163)	-	-
Redevelopment agency dissolution	-	-	(1,767,179)	-
Net change in fund balances	<u>\$ (2,592,212)</u>	<u>\$ (5,778,152)</u>	<u>\$ (8,395,996)</u>	<u>\$ 2,735,645</u>
Debt service as a percentage of noncapital expenditures	1%	1%	2%	0%

Source: City of San Clemente

		Fiscal Year									
		2014	2015	2016	2017	2018	2019				
\$	38,828,018	\$	41,169,421	\$	44,171,716	\$	47,499,452	\$	49,166,053	\$	51,712,409
	1,534,484		1,787,045		1,945,118		1,679,051		2,050,638		1,838,700
	690,083		673,346		596,246		533,413		537,137		499,151
	2,778,297		2,267,203		3,091,081		3,083,044		3,583,220		5,625,317
	4,116,782		4,595,852		4,436,712		4,312,721		4,996,307		6,253,060
	5,722,098		7,384,801		7,434,014		6,812,143		7,302,530		7,113,418
	6,571,642		920,591		1,150,197		917,738		1,292,719		533,088
	451,993		346,524		1,495,784		1,903,481		177,870		232,310
	<u>60,693,397</u>		<u>59,144,783</u>		<u>64,320,868</u>		<u>66,741,043</u>		<u>69,106,474</u>		<u>73,807,453</u>
	5,366,069		6,116,994		7,400,704		7,390,332		8,568,506		9,169,504
	12,820,497		13,139,840		12,282,853		13,969,172		14,820,377		15,819,412
	7,658,531		8,170,808		8,687,558		8,974,200		9,293,075		10,094,718
	11,986,832		6,401,382		10,761,232		11,137,408		12,571,097		13,926,621
	6,203,011		16,327,068		5,390,017		5,745,947		5,169,651		5,623,819
	10,695,841		11,658,520		6,214,570		6,093,381		6,606,598		6,682,913
	6,622,108		8,951,082		9,411,552		8,767,026		9,763,968		8,563,446
	-		-		-		-		-		-
	105,000		115,000		125,000		1,215,000		-		-
	132,608		123,678		116,400		388,028		-		-
	<u>61,590,497</u>		<u>71,004,372</u>		<u>60,389,886</u>		<u>63,680,494</u>		<u>66,793,272</u>		<u>69,880,433</u>
	(897,100)		(11,859,589)		3,930,982		3,060,549		2,313,202		3,927,020
	-		-		-		-		-		-
	1,763,604		2,591,784		3,841,952		6,277,187		5,881,091		6,728,848
	(2,119,882)		(3,033,950)		(4,602,842)		(6,686,045)		(5,873,198)		(6,462,108)
	<u>(356,278)</u>		<u>(442,166)</u>		<u>(760,890)</u>		<u>(408,858)</u>		<u>7,893</u>		<u>266,740</u>
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	<u>(1,253,378)</u>	\$	<u>(12,301,755)</u>	\$	<u>3,170,092</u>	\$	<u>2,651,691</u>	\$	<u>2,321,095</u>	\$	<u>4,193,760</u>
	0%		0%		0%		3%		0%		0%

CITY OF SAN CLEMENTE

ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	City		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured Value	Unsecured Value		
2008 - 2009	\$ 12,583,294,477	\$ 271,743,872	\$ 12,855,038,349	1.00%
2009 - 2010	12,385,008,657	246,328,189	12,631,336,846	1.00%
2010 - 2011	12,203,096,799	227,107,241	12,430,204,040	1.00%
2011 - 2012	12,125,854,115	230,055,391	12,355,909,506	1.00%
2012 - 2013	12,218,790,644	206,465,908	12,425,256,552	1.00%
2013 - 2014	12,547,787,645	200,734,451	12,748,522,096	1.00%
2014 - 2015	13,371,545,438	211,419,301	13,582,964,739	1.00%
2015 - 2016	14,245,614,867	201,818,644	14,447,433,511	1.00%
2016 - 2017	15,045,607,490	224,270,282	15,269,877,772	1.00%
2017 - 2018	15,857,802,031	221,162,837	16,078,964,868	1.00%
2018 - 2019	16,674,273,500	230,062,545	16,904,336,045	1.00%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price for the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitation described above.

Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Taxable Actual Value
\$ 12,855,038,349	100%
12,631,336,846	100%
12,430,204,040	100%
12,355,909,506	100%
15,313,474,511	123%
18,175,939,699	143%
19,988,958,962	147%
21,671,150,267	150%
23,362,912,991	153%
25,243,974,843	157%
26,370,764,230	156%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Metropolitan Water District	\$ 0.0043	\$ 0.0037	\$ 0.0037	\$ 0.0035
Capistrano Unified School District (various issues)	0.0108	0.0111	0.0110	0.0117
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>\$ 1.0151</u>	<u>\$ 1.0148</u>	<u>\$ 1.0147</u>	<u>\$ 1.0152</u>

Note:

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035
0.0097	0.0090	0.0085	0.0084	0.0080	0.0079
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
<u>\$ 1.0132</u>	<u>\$ 1.0125</u>	<u>\$ 1.0120</u>	<u>\$ 1.0119</u>	<u>\$ 1.0115</u>	<u>\$ 1.0114</u>

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

Taxpayer	Type of Business	2019			2010		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Value
Villa San Clemente LLC	Real Estate	\$ 132,926,265	1	0.79%	\$ 62,934,099	3	0.50%
Seacrest Apartments	Real Estate	105,095,621	2	0.62%	-		
Bre Silver MF San Clemente CA	Real Estate	64,501,394	3	0.38%	60,901,561	4	0.48%
Trea Calle Del Cerro	Real Estate	64,489,194	4	0.38%	-		
Centro Watt Operating Owner I LLC	Real Estate	52,513,446	5	0.31%	41,191,262	6	0.33%
Talega Village Center LLC	Retail	45,294,609	6	0.27%	-		
Marblehead Development Partners, LLC	Real Estate	35,292,321	7	0.21%	-		
BEX Portfolio Inc.	Real Estate	33,075,267	8	0.20%	-		
Target Corporation	Retail	30,510,877	9	0.18%	-		
Olen Properties Corporation	Real Estate	26,932,433	10	0.16%	-		
Suncal Marblehead LLC	Real Estate	-			125,819,682	1	1.00%
Seacrest Apartment Holding Co	Real Estate	-			91,124,046	2	0.72%
SAF Whispering Winds LLC	Real Estate	-			50,278,041	5	0.40%
Cox Communications Inc. Orange	Retail	-			26,419,738	7	0.21%
Batido I LLC	Medical	-			24,204,906	8	0.19%
Raymond Taccolini Trust	Real Estate	-			22,791,214	9	0.18%
New Albertson's Inc.	Retail	-			21,493,817	10	0.17%
		<u>\$ 590,631,427</u>		<u>3.50%</u>	<u>\$ 527,158,366</u>		<u>4.17%</u>

Source: Orange County Assessor's Office

CITY OF SAN CLEMENTE

PROPERTY TAX LEVIES AND COLLECTIONS

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
2009 - 2010	\$ 30,873,785	\$ 28,108,722	91.04%	\$ 675,969	\$ 28,784,691	93.23%	\$ 633,052	2.05%
2010 - 2011	30,847,755	30,201,236	97.90%	239,066	30,440,302	98.68%	465,959	1.51%
2011 - 2012	30,356,687	29,507,606	97.20%	24,860	29,532,466	97.28%	531,576	1.75%
2012 - 2013	30,608,681	29,905,604	97.70%	444,271	30,349,875	99.15%	451,927	1.48%
2013 - 2014	29,183,272	28,631,594	98.11%	400,661	29,032,256	99.48%	449,978	1.54%
2014 - 2015	30,636,198	30,084,737	98.20%	433,010	30,517,747	99.61%	419,422	1.37%
2015 - 2016	31,126,117	30,379,271	97.60%	355,377	30,734,648	98.74%	1,194,948	3.84%
2016 - 2017	34,980,713	34,922,313	99.83%	294,822	35,217,135	100.68%	257,450	0.74%
2017 - 2018	36,877,029	36,576,103	99.18%	288,426	36,864,529	99.97%	301,131	0.82%
2018 - 2019	38,515,421	38,156,750	99.07%	311,954	38,468,704	99.88%	334,561	0.87%

Source: Orange County Auditor Controller's Office

CITY OF SAN CLEMENTE

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita (1)
	Certificates of Participation	Capital Leases	State Revolving Fund Loan			
2009 - 2010	\$ 2,610,000	\$ 56,062	\$ -	\$ 2,666,062	0.10%	39
2010 - 2011	2,485,000	17,929	-	2,502,929	0.09%	39
2011 - 2012	1,655,000	164,691	-	1,819,691	0.07%	28
2012 - 2013	1,560,000	127,026	-	1,687,026	0.05%	26
2013 - 2014	1,455,000	88,094	-	1,543,094	0.05%	24
2014 - 2015	1,340,000	57,273	14,494,395	15,891,668	0.52%	243
2015 - 2016	1,215,000	17,703	13,863,037	15,095,740	0.47%	228
2016 - 2017	-	148,979	13,267,421	13,416,400	0.40%	203
2017 - 2018	-	115,826	12,658,702	12,774,528	0.36%	195
2018 - 2019	-	81,377	12,036,591	12,117,968	0.32%	185

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

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

CITY OF SAN CLEMENTE

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	State Revolving Fund Loan						
	Gross Revenue	Operations and Maintenance, Exclusive of Depreciation (2)	Net Revenue Available for Debt Service (1)	Debt Service Requirements			Coverage (3)
				Principal	Interest	Totals	
2008 - 2009	Not applicable			-	-	-	-
2009 - 2010	Not applicable			-	-	-	-
2010 - 2011	Not applicable			-	-	-	-
2011 - 2012	Not applicable			-	-	-	-
2012 - 2013	Not applicable			-	-	-	-
2013 - 2014	Not applicable			-	-	-	-
2014 - 2015	\$ 20,727,188	\$ 18,172,216	\$ 2,554,972	\$ -	\$ -	\$ -	-
2015 - 2016	18,505,017	16,637,346	1,867,671	631,358	269,244	900,602	2.1
2016 - 2017	18,982,260	16,274,681	2,707,579	595,616	304,987	900,603	3.0
2017 - 2018	20,931,603	18,414,487	2,517,116	608,719	291,883	900,602	2.8
2018 - 2019	22,167,721	17,799,427	4,368,294	622,111	278,491	900,602	4.9

Notes:

(1) "Net Revenues" is defined as all Revenues received less the Operations and Maintenance Costs for the Fiscal Year.

(2) "Operations and Maintenance Costs" include all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System, but exclude depreciation replacement and obsolescence charges or reserves and amortization of intangibles.

(3) The City Net Revenues shall equal the debt service on the Obligations. Future debt may be issued if it is not senior to the State Revolving Fund debt and at least 1.2 times the highest years debt service and other additional conditions are met.

Source: City Finance Department

CITY OF SAN CLEMENTE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2019

Assessed valuation was \$16,904,336,045 in FY 2018-19

	<u>%</u> <u>Applicable</u>	<u>Debt</u> <u>June 30, 2019</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	0.579%	\$ 278,210
Capistrano Unified School District School Facilities Improvement District No. 1	22.21%	4,829,963
Santa Margarita Water District CFD No. 99-1	100%	62,660,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	66,855,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	3,645,000
City of San Clemente Communtiy Facilities District No. 2006-1	100%	54,280,000
City of San Clemente 1915 Act Bonds	100%	8,240,000
TOTAL OVERLAPPING TAX AND ASSESSED DEBT		<u>\$ 200,788,173</u>
OVERLAPPING GENERAL FUND DEBT:		
<u>Overlapping:</u>		
Orange County General Fund Obligations	2.856%	11,101,843
Orange County Pension Obligations	2.856%	11,641,891
Orange County Board of Education Certificates of Participation	2.856%	385,274
Capistrano Unified School District Certificates of Participation	18.690%	5,380,851
<u>Direct (1):</u>		
City of San Clemente Certificates of Participation	100%	-
City of San Clemente Capital Leases	100%	81,377
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 28,591,236</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 229,379,409</u>
TOTAL CITY DIRECT DEBT (1)		\$ 81,377
TOTAL OVERLAPPING DEBT		\$ 229,298,032
COMBINED DIRECT AND OVERLAPPING DEBT		\$ 229,379,409

Notes:

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

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.19%
Total Direct Debt	0.00%
Combined Total Debt	1.36%

Source: California Municipal Statistics



CITY OF SAN CLEMENTE
LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2010	2011	2012	2013
Assessed valuation	\$ 12,631,336,846	\$ 12,430,204,040	\$ 12,355,909,506	\$ 12,425,256,552
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	3,157,834,212	3,107,551,010	3,088,977,377	3,106,314,138
Debt limit percentage	15%	15%	15%	15%
Debt limit	473,675,132	466,132,652	463,346,606	465,947,121
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 473,675,132</u>	<u>\$ 466,132,652</u>	<u>\$ 463,346,606</u>	<u>\$ 465,947,121</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						
2014	2015	2016	2017	2018	2019	
\$ 12,748,522,096	\$ 13,582,964,739	\$ 13,666,850,501	\$ 14,447,433,531	\$ 14,761,937,790	\$ 15,269,877,772	
25%	25%	25%	25%	25%	25%	25%
3,187,130,524	3,395,741,185	3,416,712,625	3,611,858,383	3,690,484,448	3,817,469,443	
15%	15%	15%	15%	15%	15%	15%
478,069,579	509,361,178	512,506,894	541,778,757	553,572,667	57,260,416	
-						
<u>\$ 478,069,579</u>	<u>\$ 509,361,178</u>	<u>\$ 512,506,894</u>	<u>\$ 541,778,757</u>	<u>\$ 553,572,667</u>	<u>\$ 57,260,416</u>	
0%	0%	0%	0%	0%	0%	0%

CITY OF SAN CLEMENTE

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	Median Age (5)	Percentage High School Grad or Higher (5)	School Enrollment (3)	Unemployment Rate (4)
2009 - 2010	68,763	\$ 2,751,758	\$ 40,018	39	95%	9,700	7.56%
2010 - 2011	63,743	2,890,823	45,509	39	94%	9,743	7.40%
2011 - 2012	64,208	2,787,333	43,411	39	95%	9,757	6.50%
2012 - 2013	64,542	3,091,175	47,894	40	94%	9,244	5.30%
2013 - 2014	64,874	3,068,865	47,305	40	96%	9,799	4.70%
2014 - 2015	65,399	3,051,648	46,662	40	96%	9,674	3.60%
2015 - 2016	66,245	3,241,792	48,936	41	95%	9,433	3.70%
2016 - 2017	65,975	3,383,938	51,291	38	95%	9,392	3.30%
2017 - 2018	65,543	3,575,647	54,554	42	95%	9,407	2.80%
2018 - 2019	65,405	3,762,909	57,532	43	95%	9,372	2.30%

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

CITY OF SAN CLEMENTE

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2019			2010		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	906	1	2.85%	553	1	2.97%
Glaukos Corp	276	2	0.87%			
Fisherman's Restaurants	265	3	0.83%	195	8	1.05%
Ralphs	255	4	0.80%	266	6	1.43%
ICU Medical	243	5	0.76%	400	2	2.15%
Target Retail Store	218	6	0.69%			
City of San Clemente	198	7	0.62%	306	3	1.64%
Walmart	195	8	0.61%	190	9	1.02%
Albertsons	180	9	0.57%	249	7	1.34%
Metro One Development Inc.	175	10	0.55%			
Cross Section Ventures				300	4	1.61%
Ethical Nutrients				280	5	1.50%
Inspirational Films				180	10	0.97%

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

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

CITY OF SAN CLEMENTE

FULL-TIME EQUIVALENT CITY
GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Function										
General government	34	33	32	32	32	32	31	26	26	34
Public safety										
Police (contract)	57	55	55	55	54	52	50	50	50	52
Fire (contract)	43	43	42	42	42	50	50	42	45	39
Marine Safety	7	7	7	7	7	7	7	7	7	7
Community Development										
Engineering	22	22	20	20	20	20	21	21	19	17
Building	14	14	11	11	11	14	13	13	13	13
Code Compliance	5	5	5	5	5	5	5	5	6	6
Planning	12	12	10	11	11	10	10	9	10	10
Administration	3	4	3	2	2	2	3	4	4	4
Public Works	3	3	3	3	3	3	3	2	3	6
Maintenance	18	19	18	18	18	26	25	25	25	25
Beaches, Parks, and Recreation	27	27	28	27	27	19	18	18	19	19
Water	25	25	25	25	25	25	26	26	27	27
Sewer	20	21	20	19	19	19	19	20	21	21
Clean Ocean	4	4	3	3	3	3	3	3	3	3
Storm Drain Utility	3	3	3	3	3	3	3	3	3	3
Solid Waste	1	1	1	1	1	1	1	1	1	1
Golf Course	9	9	9	9	9	9	9	10	9	9
Total	<u>306</u>	<u>303</u>	<u>294</u>	<u>293</u>	<u>292</u>	<u>300</u>	<u>297</u>	<u>286</u>	<u>291</u>	<u>294</u>



CITY OF SAN CLEMENTE
 CAPITAL ASSET STATISTICS
 BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	Fiscal Year				
	2010	2011	2012	2013	2014
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	134.00	134.00	136.00	136.00	136.00
Streetlights	3,360	3,404	3,419	3,428	3,433
Traffic signals	74	74	74	74	76
Beaches, parks and recreation					
Parks	19	19	20	20	20
Swimming pools	1	1	3	3	3
Libraries	1	1	1	1	-
Community centers	1	1	1	1	1
Municipal golf courses	1	1	1	1	1
Water					
Water mains (miles)	206.40	206.40	206.40	206.40	213.10
Fire hydrants	2,281	2,281	2,281	2,281	2,281
Maximum daily capacity (Acre Feet)*	263.92	263.92	263.92	263.92	263.92
Sewer					
Sanitary sewers (miles)	174.60	174.60	174.60	174.60	154.00
Storm sewers (miles)	62.50	62.50	62.50	62.50	62.50
Maximum daily treatment capacity (thousands of gallons)	6,976	6,976	6,976	6,976	6,976

* This was changed retrospectively from thousands of gallons to acre feet in fiscal year 2017.
 One acre foot equals 325851.43188913 gallons.

Source: City of San Clemente

Fiscal Year					
2015	2016	2017	2018	2019	
1	1	1	1	1	1
3	3	3	3	3	3
137.00	137.00	138.00	138.00	138.00	138.00
3,503	3,615	3,654	3,705	3,712	3,712
80	80	81	81	81	81
21	25	22	23	23	23
4	4	4	4	4	4
-	-	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
213.10	213.10	212.80	230.00	230.00	230.00
2,281	2,302	2,362	2,376	2,391	2,391
263.92	263.92	263.92	263.92	263.92	263.92
154.00	163.70	171.80	180.00	180.00	180.00
62.50	62.50	77.00	77.00	78.00	78.00
6,976	6,976	6,976	6,976	6,976	6,976

CITY OF SAN CLEMENTE

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police					
Number of calls for service **	26,233	25,008	23,651	24,082	23,729
Number of traffic collision reports **	404	426	257	487	371
Parking citations issued	17,855	18,591	17,851	13,713	13,698
Fire					
Number of fire calls	72	49	72	55	44
Number of emergency medical calls	2,418	2,084	2,540	2,137	2,175
Inspections	1,361	696	171	917	899
Highways and streets					
Street resurfacing (miles)	3.50	2.83	1.79	0.69	4.29
Beaches, parks and recreation					
Number of recreation classes, activities, and clinics*	452	359	519	507	482
Total experiences in classes, activities, and clinics*	104,879	106,809	129,682	106,497	111,219
Total number of facility rentals*	694	664	825	916	1,068
Golf rounds played	91,834	89,117	90,118	88,177	84,838
Water					
New customers	7	34	27	8	11
Average daily consumption (Acre Feet) ***	27.41	24.30	27.77	21.60	28.52
Sewer					
New customers	3	5	4	6	9
Average daily sewage treatment (thousands of gallons)	3,971	4,060	3,883	3,859	3,787

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

** No data was available prior to 2008.

*** This was changed retrospectively from thousands of gallons to acre feet in fiscal year 2017.

One acre foot equals 325851.43188913 gallons.

**** Recreation system changed from CLASS to Rec1 at the beginning of FY 2018.

Source: City of San Clemente

Fiscal Year				
2015	2016	2017	2018	2019
26,217	28,089	31,632	30,515	31,081
377	354	321	472	809
15,231	14,012	7,735	12,250	11,384
71	83	69	78	53
3,317	3,559	3,846	3,825	3,246
1,256	1,702	1,332	1,782	1,386
5.31	3.87	3.48	9.02	7.20
493	522	609	2,320	3,446 ****
173,175	146,196	144,206	17,259	25,553 ****
1,087	1,051	1,159	7,971	11,246 ****
80,091	78,768	77,974	82,514	80,567
33	206	82	107	38
25.51	21.08	22.59	24.59	19.37
26	179	81	104	37
3,441	3,192	3,063	3,284	3,693

