

CITY OF SAN CLEMENTE

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

FY 2020-21



SAN CLEMENTE

The
SPANISH VILLAGE
by the sea

CALIFORNIA

CITY OF SAN CLEMENTE, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021



Prepared By:
Finance and Administrative Services

CITY OF SAN CLEMENTE
Annual Comprehensive Financial Report
June 30, 2021

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INTRODUCTORY SECTION



City of San Clemente

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

December 20, 2021

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

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of San Clemente (the City) for the fiscal year ended June 30, 2021.

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, 2021. 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 64,065, 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, which reached build out in FY 2015. The City's last undeveloped area, Marblehead Coastal, is mostly developed. The residential portion of the development, is complete with over 300 housing units completed. The retail portion (Outlets at San Clemente) has been opened, however additional future phases and construction are planned. Both 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 is anticipated to grow both property taxes and sales tax revenues into the future.



Although, the City was impacted by the pandemic, the City of San Clemente finances are stable and the operating position remains positive. During the last year property taxes and sales taxes remained strong. The City maintains its focus on the future through the following processes:

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 which projects revenues and expenditures based on key economic indicators, local growth patterns, and the existing level of services provided by the City. The LTFP papers, guidelines, and other applicable policies are then incorporated into the budget planning process.

Policy changes with fiscal impacts are incorporated into the budget from the LTFP process and through decision packages presented with the budget. Financial policy requires that the City adopt a balanced operating position which means budgeted revenues are sufficient to support current operating expenditures. Any one-time revenues received are reviewed and used to fund one-time costs or build reserves.

The City of San Clemente received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for Fiscal Year (FY) 2020-21 and is anticipated to earn this budget award for the FY 2021-22 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 considered as part of the LTFP and through the budget 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 has worked over the past two years to consolidate certain City operations at a single location. Consolidation of operations at one location required a redesign and construction of an entire floor, which is being done in phases. This consolidation now includes the construction of the police substation and the addition of Council chambers to be located on the second floor of the same facility. The police substation was finished in calendar year 2021 and the Council chambers is currently under design and construction. 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 along with Police operations and the meetings for City Council.

The most notable projects completed in FY 2021 are street projects, City Hall remodel, Marine Safety building structure improvements, and utilities capital projects. The street projects include multiple streets with the largest projects related to arterial streets. The utilities projects completed include water lines including an emergency project on Via Santa Maria, and the Gravity Belt Thickener replacement at the sewer treatment plant.

Capital projects in process at the end of the fiscal year include a variety of street related projects, the city hall substation and Council chambers project, and other utilities projects.

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

- **General Plan** – The City continues the implementation of various elements of the General Plan which sets comprehensive, long-term goals and policies for achieving San Clemente’s vision.

Upcoming General Plan implementation includes: updating zoning ordinances; working on the Implementation Plan for the City's Local Coastal Program; finalizing the Coastal Resiliency Plan; and updating six specific plans. In addition, the City will work on implementation of the 6th Cycle Housing Element Update.

- **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, but delayed as a result of the pandemic with it anticipated to be completed in FY 2022. Once completed, the sewer rate structure will change based on the study results.
- **Environmental Stewardship** – The City is a community that cares 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 extension. The Clean Ocean fee has been in place since 2003 and has been renewed three times. The fee expired and remaining funding from this fee is continuing to prevent runoff contaminates, fund inspections, perform education outreach, and complete water quality monitoring. The fee is being reviewed analyzing the needs of the community before a new fee is requested to be approved by the citizens.



In 2021, the Orange County Transportation Authority, the County of Orange, and the City of San Clemente approved a cooperative agreement preventing a Toll Road through the City of San Clemente, however the City will continue to ensure a Toll Road will not destroy open space within the City and cause deteriorating air quality in the future.

- **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. Affordability of housing has worsened with the cost of housing increasing due to cost increases and the real estate market exceeding expectations. These factors necessitated an increase to outreach efforts, code compliance, and enforcement efforts to provide resources and assistance to individuals. The City is working to provide resources, contacts and assistance and has allocated funding and requested additional funding to address some of these concerns with the goal to improve the quality of life for all citizens.
- **COVID 19** – The City, like most other cities, is addressing the pandemic. The Disaster Relief fund was created and accounts for costs to prevent and address COVID-19 related issues. This fund has received funding through the CARES act from the State and County. In addition, the City will receive the American Rescue Plan Act amount in this fund and has developed a plan to utilize these funds.

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 annual comprehensive financial

report (ACFR) for the fiscal year ended June 30, 2020. This was the sixteenth consecutive year that the City has received this prestigious award. The City received this award for publishing an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements. This award is valid for a period of one year only. We believe that our current ACFR continues to meet the GFOA requirements. The City will submit the ACFR 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,

A handwritten signature in blue ink, appearing to read 'Erik Sund', is written in a cursive style.

Erik Sund
City Manager

CITY OF SAN CLEMENTE

PRINCIPAL OFFICIALS

CITY COUNCIL

Kathleen Ward, Mayor
Gene James, Mayor Pro Tem
Chris Duncan
Laura Ferguson
Steven Knoblock

PLANNING COMMISSION

M. Steven Camp
Cameron Cosgrove
Barton Crandell
Gary McCaughan
Scott Mckhann
Karen Prescott-Loeffler
Hannah Tyler

PARKS AND RECREATION COMMISSION

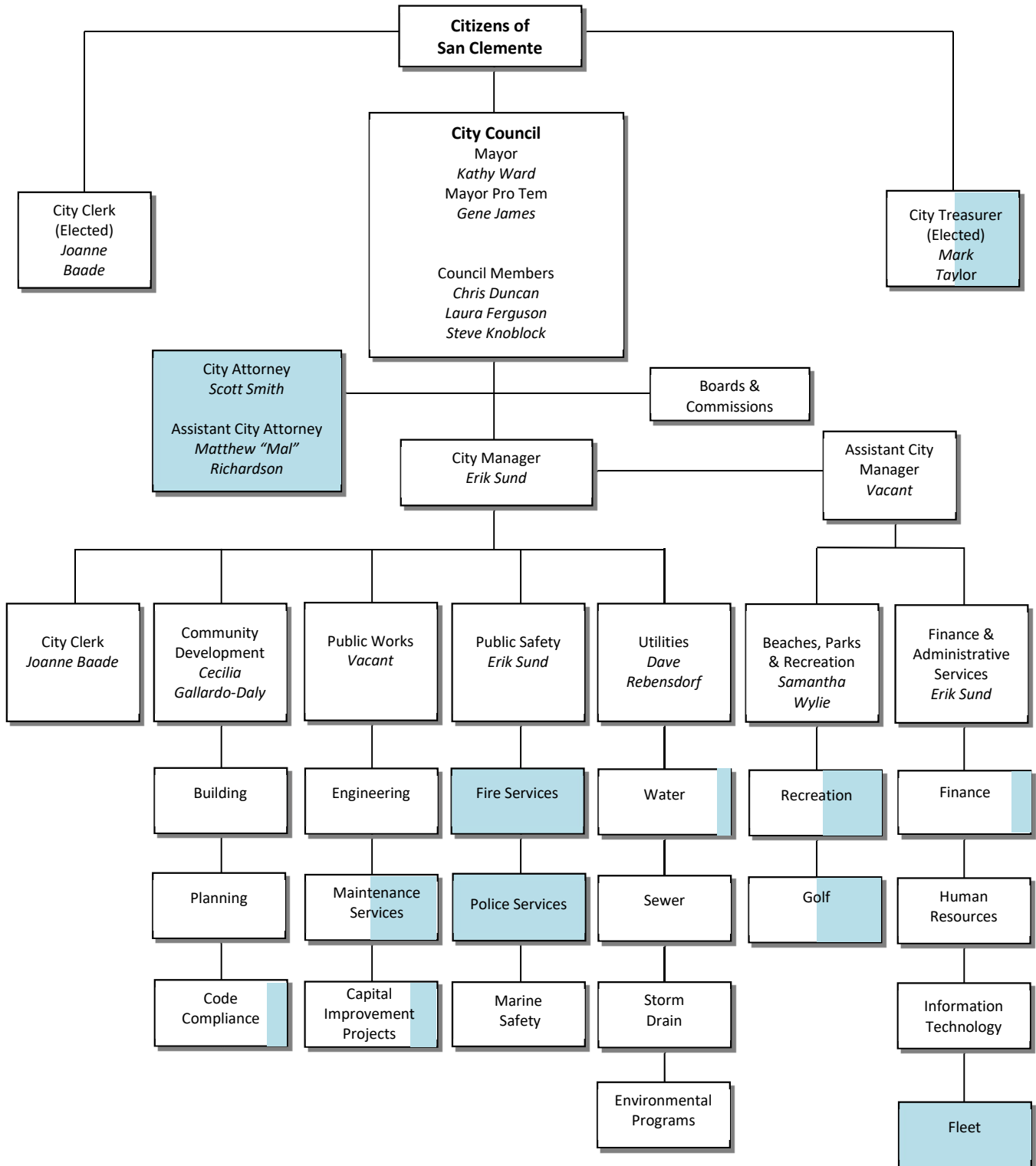
John Bandaruk
Ben Benumof
Jorine Campopiano
Rob Feuerstein
Vincent Hennessy
Teri Rausseau
Aaron Washington


CITY STAFF

Erik Sund, City Manager

Mark Taylor, City Treasurer
Joanne Baade, City Clerk
Scott Smith, City Attorney
Kiel Koger, City Engineer/Public Works Director
Dave Rebensdorf, Utilities Director
Samantha Wylie, Beaches, Parks & Recreation Director
Cecilia Gallardo-Daly, Community Development Director
Captain Tony Benfield, Chief of Police Services
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, 2020

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

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 as of June 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the date of the financial statements.





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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the budgetary comparison schedule for the General Fund, the schedules of contributions, the schedule of proportionate share of the net pension liability, the schedule of changes in the net pension liability and related ratios, the schedule of changes in the net OPEB liability and related ratios, and the schedule of investment returns as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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

Supplementary 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021 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.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP".

Brea, California
December 15, 2021



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, 2021 and June 30, 2020. 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 decreased \$5.3 million or 1.0% to \$490.4 million as a result of operations
- Net position totals \$287.3 million for governmental and \$203.1 for business-type funds.
- The total program revenues and general revenues were \$113.5 million.
- The net expense of all governmental activities was \$60,313,768. The net expense of all business activities was \$2,096,317.
- During the year, the City's governmental fund expenditures exceeded revenues by \$1.8 million.
- The General Fund reported a net change in fund balance of \$1.9 million.
- For the General Fund, actual resources were higher than the final budget by \$2.7 million and actual expenditures were \$5.9 million less than final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). 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, 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, 2021 and June 30, 2020.

Table 1
Net Position
(in millions)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 118.3	\$ 113.9	\$ 65.9	\$ 64.1	\$ 184.2	\$ 178.0
Capital assets, net	<u>218.7</u>	<u>220.1</u>	<u>161.7</u>	<u>164.2</u>	<u>380.4</u>	<u>384.3</u>
Total assets	337.0	334.0	227.6	228.3	564.6	562.3
Deferred outflows of resources	10.2	10.4	1.9	2.0	12.1	12.4
Current liabilities	14.6	9.6	6.3	4.7	20.9	14.3
Long-term liabilities	<u>42.1</u>	<u>42.3</u>	<u>19.3</u>	<u>20.2</u>	<u>61.4</u>	<u>62.5</u>
Total liabilities	56.7	51.9	25.6	24.9	82.3	76.8
Deferred inflow of resources	3.1	1.9	0.9	0.3	4.0	2.2
Net position:						
Net investment in capital assets	218.7	220.1	151.0	152.8	369.7	372.9
Restricted	42.6	47.7	11.5	11.8	54.1	59.5
Unrestricted	<u>26.0</u>	<u>22.8</u>	<u>40.6</u>	<u>40.5</u>	<u>66.6</u>	<u>63.3</u>
Total Net Position	<u>\$ 287.3</u>	<u>\$ 290.6</u>	<u>\$ 203.1</u>	<u>\$ 205.1</u>	<u>\$ 490.4</u>	<u>\$ 495.7</u>

City asset's and deferred outflows exceeded liabilities and deferred inflows by \$490.4 million at June 30, 2021 as compared to \$495.7 million at June 30, 2020. The City's net position decreased by \$5.3 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 \$3.9 million, while the total investment in capital assets (net position) decreased \$3.2 million.

The restricted portion of the City’s net position (11 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position decreased \$5.4 million due to amounts restricted for public facilities construction, and streets/roadway/traffic. This reduction was due primarily to capital projects, which included the police substation, city hall remodel and various street infrastructure project costs during FY 2020-21.

The unrestricted net position balance of \$66.6 million may be used to meet the government’s ongoing obligations to citizens and creditors. Of this amount, \$40.6 million is held by the business-type activities (with amounts set-aside for capital replacement) and \$26.0 million by the governmental activities. This amount increased by \$0.1 million from the prior year related to business-type activities and increased by \$3.2 million for governmental activities as a result of property tax and sales tax growth.

A condensed summary of activities follows that total net position decreased by \$5.3 million during the year.

Table 2
Summary of Activities
(in millions)

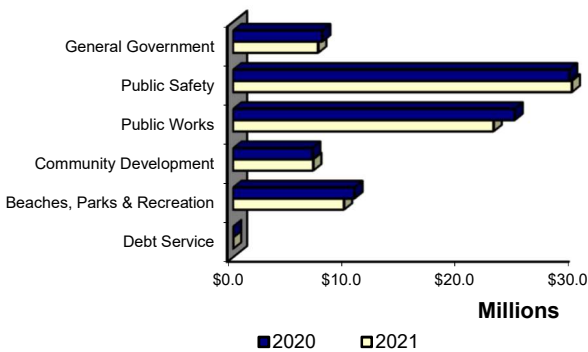
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues						
Program revenues:						
Charges for services	\$ 9.5	\$ 9.5	\$ 39.9	\$ 39.0	\$ 49.4	\$ 48.5
Operating grants/ contrib.	6.7	7.4	-	-	6.7	7.4
Capital grants/ contrib.	0.3	2.1	-	0.5	0.3	2.6
General revenues:						
Property taxes	38.0	36.0	-	-	38.0	36.0
Sales taxes	12.1	10.0	-	-	12.1	10.0
Other taxes and fees	6.2	6.2	-	-	6.2	6.2
Other	<u>0.6</u>	<u>2.2</u>	<u>0.2</u>	<u>2.0</u>	<u>0.8</u>	<u>4.2</u>
Total revenues	73.4	73.4	40.1	41.5	113.5	114.9
Expenses:						
General government	7.5	7.8	-	-	7.5	7.8
Public safety	29.8	29.6	-	-	29.8	29.6
Public works	22.8	24.7	-	-	22.8	24.7
Community development	7.0	7.0	-	-	7.0	7.0
Beaches, parks & recreation	9.7	10.6	-	-	9.7	10.6
Interest and fiscal charges	-	-	-	-	-	-
Water	-	-	23.4	20.2	23.4	20.2
Sewer	-	-	14.0	13.9	14.0	13.9
Golf	-	-	2.3	2.4	2.3	2.4
Clean Ocean	-	-	2.1	1.8	2.1	1.8
Solid Waste	<u>-</u>	<u>-</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total expenses	76.8	79.7	42.0	38.5	118.8	118.2
Net position change						
before transfers	(3.4)	(6.3)	(1.9)	3.0	(5.3)	(3.3)
Transfers	<u>0.1</u>	<u>0.4</u>	<u>(0.1)</u>	<u>(0.4)</u>	<u>-</u>	<u>-</u>
Change in net position	(3.3)	(5.9)	(2.0)	2.6	(5.3)	(3.3)
Net position–July 1	<u>290.6</u>	<u>296.5</u>	<u>205.1</u>	<u>202.5</u>	<u>495.7</u>	<u>499.0</u>
Net position–June 30	<u>\$ 287.3</u>	<u>\$ 290.6</u>	<u>\$ 203.1</u>	<u>\$ 205.1</u>	<u>\$ 490.4</u>	<u>\$ 495.7</u>

Governmental activities

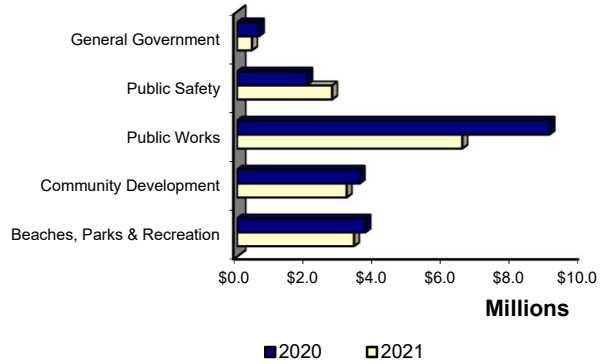
The City’s governmental activities net position decreased by \$3.3 million as compared to a decrease of \$5.9 million in the prior year. This improvement from the prior year is mostly the result of lower costs based on lower activity levels resulting from pandemic restrictions. FY 2021 revenues were flat at \$73.4 million compared to \$73.4 million in FY 2020. Program revenues were flat, and decreases in operating grants, capital grants and miscellaneous revenues were offset by increases in property taxes and sales taxes. Taxes increased from the prior year, driven by increased property tax revenues of \$2.0 million due to higher valuations and transfer taxes as properties changed hands and a \$2.1 million increase in sales taxes revenue based on the *Wayfair* decision and local sales activity increasing for consumer goods and restaurant sales.

Expenses decreased by \$2.9 million from FY 2020 and were \$3.4 million more than revenues in the current year. The expense change is the result of 1) increases to public safety – a fire increase of \$0.5 million partially offset by lower police cost of \$0.3 million, 2) decreases to public works for \$1.9 million for both street activity and other capital related activity, and 3) beaches, parks and recreation decreases for \$0.9 million as pandemic restrictions lowered activity levels and related costs.

Expenses – Governmental Activities



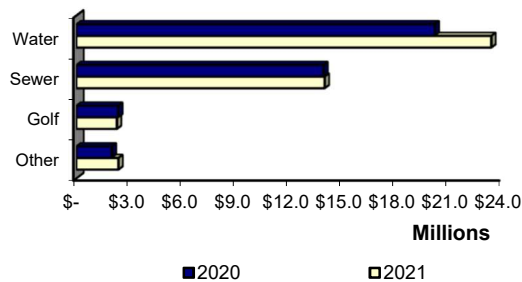
Program Revenues – Governmental Activities



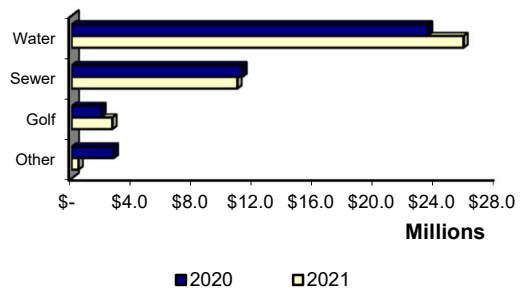
Business-type activities

Business-type activities net position decreased by \$2.0 million as compared to an increase of \$2.6 million in the previous year. The overall revenue change is attributed to lower investment earnings from market value adjustments and lower amounts received in the Clean Ocean fund due to the sunset of the parcel fee. Total expenses increase by \$3.5 million from the prior year due to increases in purchased water costs and other water fund activity.

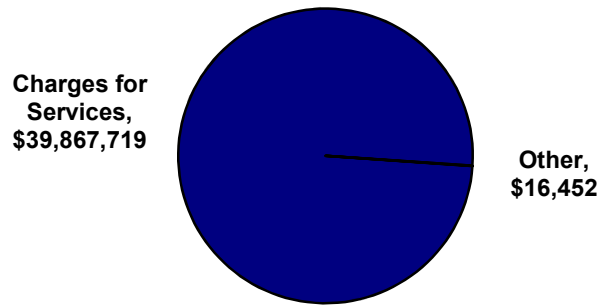
Expenses – Business-type activities



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.

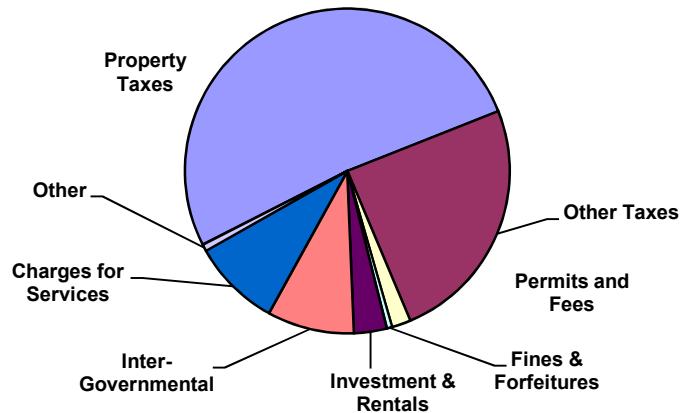
The City's governmental funds reported combined ending fund balances of \$85.8 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes \$5.8 million. The remainder of fund balance is not available for new spending because it has already been either: 1) in a non-spendable form such as loans receivable (\$1.6 million), 2) restricted based on legislation or under agreements with external parties (\$42.3 million), 3) committed based on City Council action (\$14.6 million), or 4) assigned by a Council appointed designee for specific purposes (\$21.5 million). Governmental fund balances, in total, decreased by \$1.7 million during the fiscal year.

Governmental funds, in total, had \$73.8 million of revenues and taxes represented 76% of the revenues. The change from the prior year amount of \$72.8 million was due primarily to the following factors: 1) an increase in property taxes due to higher valuations, taxes from the new residential development sales, and reassessments due to change in ownership, 2) higher sales taxes, 3) lower revenues from impacts on rental activity due to pandemic restrictions and market value adjustments related to investments held, and 4) lower amounts from developers and miscellaneous income. Permits, fines, intergovernmental, and service charge revenues were flat when compared to previous year totals.

Total governmental fund expenditures were \$75.6 million this year. When compared to last year's amount of \$77.2 million there was a decrease of \$1.6 million. Fire and community development expenditures increased from FY 2021. Fire increases are based on public safety contract costs and community development increased due to increases in costs related to the park ranger program which was started in the previous year. Other departments realized decreases as a result of vacancies, reductions in service activity, and other cost savings measures implemented to address effects on revenues from pandemic restrictions and decreases to overall activity in the city as a result of those restrictions. Capital Outlay's decrease from FY 2020 was \$1.0 million, primarily in the General Fund, as projects were put on hold and staffing vacancies impacted the amount of projects during the year.

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

**Revenues by Source – Governmental Funds
Fiscal Year 2021**



<u>Function</u>	<u>2021 Amounts</u>	<u>% of Total</u>	<u>2020 Amounts</u>	<u>% of Total</u>
Property Taxes	\$ 38.0	51 %	\$ 36.0	49 %
Other Taxes	18.2	24 %	16.0	22 %
Permits & Fees	1.4	2 %	1.5	2 %
Fines & Forfeitures	0.4	1 %	0.4	1 %
Investment & Rentals	2.4	3 %	5.2	7 %
Intergovernmental	6.4	9 %	6.4	9 %
Charges for Services	6.5	9 %	6.0	8 %
Other	0.5	1 %	1.3	2 %
	<u>\$ 73.8</u>	<u>100 %</u>	<u>\$ 72.8</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 \$20.3 million, \$13.7 million and \$2.3 million, respectively. In total, unrestricted net position for proprietary funds increased from the previous year. Approximately \$37.8 million of these unrestricted net position are set aside for infrastructure asset replacement. The total Enterprise Fund’s Net Position decreased from \$203.4 million to \$201.2 million or by 1.0%.

Last year’s change in net position was an increase of \$2.0 million and this year has a decrease of \$2.2 million. Total operating revenues increased by \$0.8 million as revenues increase in the water and golf funds due to service charges, but were offset by a decrease in the Clean Ocean fund as a result of the Clean Ocean fee being sunset. Total operating expenses increased from \$38.8 million to \$41.7 million, which was the result of increases in purchased water and maintenance costs 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 \$28.1 million. Unassigned fund balance is \$5.8 million or 20% of the total fund balance. In total, the General Fund balance increased by \$1.9 million over the prior year and represents 33% of all governmental fund balances.

The original revenue budget for General Fund revenues was \$65.5 million. When this amount is compared to the final budgeted amount of \$64.0 million there was a \$1.5 million decrease. The budget decrease was a

result of downward adjustments due to the lower activity levels experienced based on pandemic restrictions. Mid-year budget adjustments were made for service revenues which included licenses and permits, fines, rentals and service charges as the pandemic caused lower activity levels for construction, rentals, and recreation classes. Revenues did partially recover at year end, as pandemic restrictions were lifted, which led to licenses and permits and charges for services exceeding the final budget amounts.

Tax revenues were over the final budget amount by \$2.9 million, this is due to unexpectedly strong sales throughout the year which caused sales tax to be \$1.9 million higher than the previous year. Additionally property tax revenues exceeded expectations as a strong housing market continued and house sales were higher than the previous year at higher market values. License and permits slowed as new development slowed, but activity recovered toward year end exceeding the final budget by \$121,480. Fines and forfeits was under budget due to lower parking violations, vehicle code fines and other citations, which was partly due to lower levels of activity. City facility rentals decreased due to pandemic restrictions and investment income was lower due to a market value adjustment on investments causing lower revenues in this category. Charges for services, similar to license and permits, were slow during the year as pandemic restrictions caused lower activity levels, but towards the end of the fiscal year pandemic restrictions were eased and revenues improved in recreation service charges, such as pool admissions, class revenues, and sports fees exceeding the budget amount by \$893,152. Intergovernmental revenues are under budget due to certain one-time grants not being completed and revenues not received or recognized.

The budgeted expenditures decreased from the original \$70.9 million to final budget amount of \$69.6 million in the General Fund. Mid-year budget adjustments were made to address the mid-year revenue shortages, however due to the uncertainty of the pandemic restrictions budgets in various departments were maintained to better address changes that could occur during the last half of the year. At the end of the year most departments had lower actual costs due to staff vacancies due to a hiring freeze, lower supply and maintenance costs based on lower levels of service at facilities and parks, and overall lower service levels. Police costs under the County contract were less due to vacancies, but fire and ambulance costs increased based on contract levels and additional costs related to ambulance transports. Capital outlay decreased from the prior year by \$1.1 million due in part to budgeted decreases as the Negocio City Hall was finished. Additionally, projects were delayed due to staffing considerations, funding considerations based on pandemic, and staff focusing on non-General fund related capital projects.

Actual expenditures in the General Fund ended the year \$5.9 million lower than the final budget, \$4.2 million of this amount will be reappropriated in FY 2022 Budget. A summary by department follows:

- General government is lower \$0.6 million lower than budget due to staff vacancies.
- Public safety costs show police costs lower by \$1.5 million due to staff vacancies under the police contract with the County, while fire costs slightly exceeded the budget due to unanticipated costs.
- Public Works came in \$0.3 million due to lower salary costs, and lower costs for maintenance due to lower activity levels at city facilities and parks.
- Community development came in lower by \$0.9 million as a result of the delays to implementation of the City's permitting and licensing system and various other one-time activities.
- Beaches, parks and recreation costs were lower due to an operation slowdown as a result of the pandemic, which caused lower class levels, facility closures and reductions, and less special events.
- Capital outlay was lower by \$2.0 million due to multi-year projects and continue to be worked on next fiscal year, including sidewalk, road and other capital projects.

General Fund financing sources (uses) include transfers in of \$0.7 million and transfers out of \$1.8 million.

OTHER NON-MAJOR FUND HIGHLIGHTS

Other significant fund changes include 1) an increase in capital outlay with substantial street projects in the Gas Tax and Street Improvement funds being done over the last two years, 2) a capital project related to a police substation at the Negocio City Hall on the second floor being funded through the Public Facilities

Construction Capital Project fund, 2) investment income decreased due to the investment market adjustment at year end causing the nonmajor governmental funds to decrease from \$2.0 million to \$0.3 million, 3) intergovernmental revenues continue to be received in the Disaster Relief fund related to pandemic funding received. Budget variances in the non-governmental fund were due to capital outlay that are multi-year projects, some of these projects include a Beach trail bridge replacement that is budgeted in the Capital Reserve fund, the continuation of the police substation project in the Public Facilities fund and multiple street projects in the Gas and Street Improvement funds.

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, 2021, amounts to \$380.4 million (net of accumulated depreciation) as compared to the June 30, 2020 total of \$384.3 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 \$3.9 million, with a decrease of \$1.4 million in governmental activities and a \$2.5 million decrease in business-type activities.

Major capital improvements during the fiscal year included street projects, Negocio City Hall rehabilitation, and improvements to the Marine Safety Building for the governmental type activities and water line capital projects, and sewer plant assets (gravity belt thickener) for business type activities. Governmental activities amounts capitalized totaled \$9.3 million. This \$9.3 million includes \$3.0 million of road network improvements, which include pavement, sidewalks, and curb improvements, \$5.6 million in buildings, and \$0.7 million in improvements and equipment. The business type activities capitalized amount totals \$2.0 million, with \$0.7 million in water lines and \$1.2 million in sewer plant utility assets.

Depreciation expense during the fiscal year was \$9.8 million for governmental activities and \$6.2 million for business-type activities as compared to \$9.8 million and \$6.1 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 51.5	\$ 51.5	\$ 4.3	\$ 4.3	\$ 55.8	\$ 55.8
Infrastructure	102.8	105.1	76.5	77.6	179.3	182.7
Buildings & Improvements	55.1	52.9	73.0	75.3	128.1	128.2
Equipment	2.4	2.8	4.8	5.2	7.2	8.0
Construction-in- progress	<u>6.9</u>	<u>7.8</u>	<u>3.1</u>	<u>1.8</u>	<u>10.0</u>	<u>9.6</u>
Totals	<u>\$ 218.7</u>	<u>\$ 220.1</u>	<u>\$ 161.7</u>	<u>\$ 164.2</u>	<u>\$ 380.4</u>	<u>\$ 384.3</u>

Long-term Liabilities. At the end of the current fiscal year, the City’s governmental activities had no bonded debt outstanding and \$12,040 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 \$10.8 million. During the year, a principal payment was made on the loan in the amount of \$649,785.

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 2021 and 2020 Fiscal Years.

Outstanding Loans and Leases (in millions)				
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>	Business-type Activities <u>2021</u>	Business-type Activities <u>2020</u>
State Revolving Fund Loan	-	-	\$ 10.8	\$ 11.4
Capitalized Leases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10.8</u>	<u>\$ 11.4</u>

SIGNIFICANT MATTERS

As of June 30, 2021, the City has outstanding commitments in the amount of \$12.5 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 12.

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 City Manager, 910 Calle Negocio, San Clemente, CA 92673.

CITY OF SAN CLEMENTE

Statement of Net Position

June 30, 2021

<u>ASSETS</u>	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Cash and investments	\$ 100,100,514	\$ 45,151,323	\$ 145,251,837
Taxes receivable	3,868,822	-	3,868,822
Accounts receivable	1,956,932	5,983,678	7,940,610
Interest receivable	296,148	169,505	465,653
Due from other governments	1,196,973	521,861	1,718,834
Internal balances	(1,893,041)	1,893,041	-
Inventories	-	318,940	318,940
Loans receivable	12,800,090	-	12,800,090
Restricted cash and investments	-	11,846,849	11,846,849
Capital assets, non-depreciable	58,345,997	7,414,128	65,760,125
Capital assets, net of accumulated depreciation	160,332,191	154,323,026	314,655,217
Total Assets	<u>337,004,626</u>	<u>227,622,351</u>	<u>564,626,977</u>
Deferred Outflows of Resources:			
OPEB deferral	1,913,465	-	1,913,465
Pension deferral	8,239,054	1,943,039	10,182,093
Total Deferred Outflows of Resources	<u>10,152,519</u>	<u>1,943,039</u>	<u>12,095,558</u>
<u>LIABILITIES</u>			
Accounts payable	5,204,565	4,886,799	10,091,364
Accrued wages	913,237	168,409	1,081,646
Accrued liability	-	118,261	118,261
Unearned revenue	4,587,597	-	4,587,597
Deposits payable	2,931,712	269,432	3,201,144
Long term liabilities:			
Portion due in one year:			
Compensated absences	338,349	143,560	481,909
Capital lease obligation	12,040	-	12,040
Loan payable	-	664,080	664,080
Claims payable	637,854	-	637,854
Portion due in more than one year:			
Compensated absences	1,015,046	430,678	1,445,724
Loan payable	-	10,086,928	10,086,928
Claims payable	1,561,644	-	1,561,644
Net OPEB liability	3,090,893	-	3,090,893
Net pension liability	36,453,473	8,803,047	45,256,520
Total Liabilities	<u>56,746,410</u>	<u>25,571,194</u>	<u>82,317,604</u>
Deferred Inflows of Resources:			
OPEB deferral	63,397	-	63,397
Pension deferral	3,068,134	867,784	3,935,918
Total Deferred Inflows of Resources	<u>3,131,531</u>	<u>867,784</u>	<u>3,999,315</u>
<u>NET POSITION</u>			
Net investment in capital assets	218,669,873	150,986,146	369,656,019
Restricted for:			
Public facilities construction	3,311,752	-	3,311,752
Local drainage facilities	4,554,146	-	4,554,146
Streets/roadway/traffic	13,613,829	-	13,613,829
Affordable housing	13,390,689	-	13,390,689
Other capital	5,228,428	10,676,815	15,905,243
Other purposes	2,503,483	900,602	3,404,085
Unrestricted	26,007,004	40,562,849	66,569,853
Total Net Position	<u>\$ 287,279,204</u>	<u>\$ 203,126,412</u>	<u>\$ 490,405,616</u>

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 7,451,563	\$ 422,410	\$ 15,982	\$ -
Police	17,593,540	373,917	603,946	-
Fire	12,195,715	1,779,627	-	-
Public works	22,810,969	1,512,410	4,985,918	30,804
Community development	7,018,388	2,311,433	848,091	191,604
Beaches, parks & recreation	9,710,744	3,082,213	231,000	78,921
Interest and fiscal charges	1,125	-	-	-
Total governmental activities	76,782,044	9,482,010	6,684,937	301,329
Business-type activities:				
Water	23,374,090	25,827,905	-	307
Sewer	13,963,910	10,923,878	-	-
Golf	2,278,475	2,682,490	-	-
Clean Ocean	2,146,169	181,292	-	-
Solid Waste	217,844	252,154	16,145	-
Total business-type activities	41,980,488	39,867,719	16,145	307
Total	\$ 118,762,532	\$ 49,349,729	\$ 6,701,082	\$ 301,636

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

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
\$ (7,013,171)	\$ -	\$ (7,013,171)
(16,615,677)	-	(16,615,677)
(10,416,088)	-	(10,416,088)
(16,281,837)	-	(16,281,837)
(3,667,260)	-	(3,667,260)
(6,318,610)	-	(6,318,610)
(1,125)	-	(1,125)
<u>(60,313,768)</u>	<u>-</u>	<u>(60,313,768)</u>
-	2,454,122	2,454,122
-	(3,040,032)	(3,040,032)
-	404,015	404,015
-	(1,964,877)	(1,964,877)
-	50,455	50,455
<u>-</u>	<u>(2,096,317)</u>	<u>(2,096,317)</u>
<u>(60,313,768)</u>	<u>(2,096,317)</u>	<u>(62,410,085)</u>
38,043,798	-	38,043,798
12,101,085	-	12,101,085
2,306,752	-	2,306,752
2,595,173	-	2,595,173
1,314,230	-	1,314,230
460,119	156,245	616,364
130,733	4,616	135,349
55,760	(55,760)	-
<u>57,007,650</u>	<u>105,101</u>	<u>57,112,751</u>
(3,306,118)	(1,991,216)	(5,297,334)
<u>290,585,322</u>	<u>205,117,628</u>	<u>495,702,950</u>
<u>\$ 287,279,204</u>	<u>\$ 203,126,412</u>	<u>\$ 490,405,616</u>

CITY OF SAN CLEMENTE
Balance Sheet
Governmental Funds
June 30, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 27,911,014	\$ 52,407,211	\$ 80,318,225
Taxes receivable	3,868,822	-	3,868,822
Accounts receivable	1,607,762	321,398	1,929,160
Interest receivable	94,576	144,211	238,787
Due from other funds	311,198	-	311,198
Due from other governments	389,932	807,041	1,196,973
Loans receivable	1,603,801	11,196,289	12,800,090
Total assets	<u>\$ 35,787,105</u>	<u>\$ 64,876,150</u>	<u>\$ 100,663,255</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 2,417,419	\$ 2,470,993	\$ 4,888,412
Accrued wages	432,884	2,781	435,665
Unearned revenue	663,424	3,924,173	4,587,597
Deposits payable	2,748,093	183,619	2,931,712
Due to other funds	-	311,198	311,198
Total liabilities	<u>6,261,820</u>	<u>6,892,764</u>	<u>13,154,584</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - receivables	1,392,811	267,343	1,660,154
Total deferred inflows of resources	<u>1,392,811</u>	<u>267,343</u>	<u>1,660,154</u>
<u>FUND BALANCES</u>			
Nonspendable	1,603,801	-	1,603,801
Restricted	-	42,334,984	42,334,984
Committed	14,352,782	291,272	14,644,054
Assigned	6,425,208	15,089,787	21,514,995
Unassigned	5,750,683	-	5,750,683
Total fund balance	<u>28,132,474</u>	<u>57,716,043</u>	<u>85,848,517</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 35,787,105</u>	<u>\$ 64,876,150</u>	<u>\$ 100,663,255</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, 2021

Fund balances for governmental funds \$ 85,848,517

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 \$2,196,423.

Governmental capital assets	351,661,758	
Less: accumulated depreciation	<u>(135,179,993)</u>	216,481,765

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 \$124,831.

Compensated absences	(1,228,564)	
Net pension liability	<u>(36,453,473)</u>	(37,682,037)

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

Deferred inflows of resources - pension related	(3,068,134)	
Deferred outflows of resources - pension related	<u>8,239,054</u>	5,170,920

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	2,196,423	
Deferred inflows of resources - OPEB related	(63,397)	
Deferred outflows of resources - OPEB related	1,913,465	
Long term liabilities, current and noncurrent portion	(5,427,262)	
Other internal service assets (liabilities)	<u>17,180,656</u>	15,799,885

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.

1,660,154

Net position of governmental activities \$ 287,279,204

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 55,987,738	\$ 201,394	\$ 56,189,132
Permits and fees	1,424,420	-	1,424,420
Fines and forfeits	347,142	-	347,142
Investment and rentals	2,153,693	286,859	2,440,552
Intergovernmental	743,435	5,696,148	6,439,583
Charges for services	5,862,002	652,810	6,514,812
Developers fees	-	232,525	232,525
Other	194,856	49,573	244,429
Total Revenues	<u>66,713,286</u>	<u>7,119,309</u>	<u>73,832,595</u>
Expenditures:			
Current:			
General government	6,560,528	754,704	7,315,232
Police	17,101,123	601,662	17,702,785
Fire	12,052,309	-	12,052,309
Public works	13,677,333	1,495,925	15,173,258
Community development	5,873,424	635,425	6,508,849
Beaches, parks and recreation	5,997,694	8,400	6,006,094
Capital outlay	2,441,650	8,398,145	10,839,795
Total Expenditures	<u>63,704,061</u>	<u>11,894,261</u>	<u>75,598,322</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,009,225</u>	<u>(4,774,952)</u>	<u>(1,765,727)</u>
Other Financing Sources (Uses):			
Transfers in	747,175	2,412,503	3,159,678
Transfers out	(1,814,853)	(1,289,065)	(3,103,918)
Total Other Financing Sources (Uses)	<u>(1,067,678)</u>	<u>1,123,438</u>	<u>55,760</u>
Net Change in Fund Balances	1,941,547	(3,651,514)	(1,709,967)
Fund Balances - Beginning of Year	<u>26,190,927</u>	<u>61,367,557</u>	<u>87,558,484</u>
Fund Balances - End of Year	<u>\$ 28,132,474</u>	<u>\$ 57,716,043</u>	<u>\$ 85,848,517</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, 2021

Net change in fund balances - total governmental funds: \$ (1,709,967)

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	10,839,795	
Other maintenance activities included in capital outlay above	(2,628,674)	
Gain (loss) on capital assets	(24,226)	
Depreciation expense (net of Internal Service Funds of \$464,522)	(9,377,461)	(1,190,566)

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. 420,078

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)	(78,747)	
Pension actuarial amounts - outflows	(123,024)	
Pension actuarial amounts - inflows	(1,226,090)	
Change in net pension liability	417,878	(1,009,983)

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	(1,475,834)	
Current year deferral	1,660,154	184,320

Change in net position of governmental activities \$ (3,306,118)

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE

Statement of Net Position

Proprietary Funds

June 30, 2021

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 23,202,663	\$ 16,056,914	\$ 3,415,290
Accounts receivable	4,019,862	1,841,090	43,121
Accrued interest	82,283	69,675	10,184
Due from other governments	521,861	-	-
Inventory, at cost	267,477	-	51,463
Cash and investments - restricted	4,469,916	7,376,933	-
Total Current Assets	<u>32,564,062</u>	<u>25,344,612</u>	<u>3,520,058</u>
Noncurrent Assets:			
Capital Assets:			
Land	3,912,097	410,298	2,011
Water, sewer and storm lines	43,725,343	78,240,417	-
Utility assets	37,982,892	103,228,112	-
Buildings	205,662	379,371	6,423,954
Improvements other than buildings	-	-	3,490,928
Machinery and equipment	3,278,529	4,035,245	1,212,005
Construction in progress	1,977,747	1,111,975	-
Total Capital assets	<u>91,082,270</u>	<u>187,405,418</u>	<u>11,128,898</u>
Less accumulated depreciation	<u>(31,827,648)</u>	<u>(90,137,351)</u>	<u>(5,914,433)</u>
Net Capital Assets	<u>59,254,622</u>	<u>97,268,067</u>	<u>5,214,465</u>
Total Noncurrent Assets	<u>59,254,622</u>	<u>97,268,067</u>	<u>5,214,465</u>
Total Assets	<u>91,818,684</u>	<u>122,612,679</u>	<u>8,734,523</u>
Deferred Outflows of Resources:			
OPEB deferral	-	-	-
Pension deferral	912,837	788,952	241,250
Total Deferred Outflows	<u>912,837</u>	<u>788,952</u>	<u>241,250</u>

See Accompanying Notes to Financial Statements.

Enterprise Funds		Internal Service
Nonmajor	Totals	
\$ 2,476,456	\$ 45,151,323	\$ 19,782,289
79,605	5,983,678	27,772
7,363	169,505	57,361
-	521,861	-
-	318,940	-
-	11,846,849	-
<u>2,563,424</u>	<u>63,992,156</u>	<u>19,867,422</u>
-	4,324,406	-
-	121,965,760	-
-	141,211,004	-
-	7,008,987	443,134
-	3,490,928	1,204,810
15,000	8,540,779	7,207,995
-	3,089,722	-
<u>15,000</u>	<u>289,631,586</u>	<u>8,855,939</u>
<u>(15,000)</u>	<u>(127,894,432)</u>	<u>(6,659,516)</u>
-	161,737,154	2,196,423
-	161,737,154	2,196,423
<u>2,563,424</u>	<u>225,729,310</u>	<u>22,063,845</u>
-	-	1,913,465
-	1,943,039	-
-	1,943,039	1,913,465

(Continued)

CITY OF SAN CLEMENTE
Statement of Net Position (Continued)
Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 3,716,679	\$ 878,563	\$ 131,609
Accrued wages	72,174	72,849	13,745
Capital lease obligation	-	-	-
Compensated absences payable	64,606	54,193	20,181
Interest payable	118,261	-	-
Loan payable	664,080	-	-
Claims and judgements payable	-	-	-
Deposits payable - restricted assets	269,432	-	-
Total Current Liabilities	4,905,232	1,005,605	165,535
Noncurrent Liabilities:			
Compensated absences payable	193,818	162,577	60,541
Claims and judgments payable	-	-	-
Loan payable	10,086,928	-	-
Net OPEB liability	-	-	-
Net pension liability	4,121,718	3,561,793	1,119,536
Total Noncurrent Liabilities	14,402,464	3,724,370	1,180,077
Total Liabilities	19,307,696	4,729,975	1,345,612
Deferred Inflow of Resources:			
Pension deferral	405,345	350,242	112,197
<u>NET POSITION</u>			
Net investment in capital assets	48,503,614	97,268,067	5,214,465
Restricted for debt service	900,602	-	-
Restricted for capital projects	3,299,882	7,376,933	-
Unrestricted	20,314,382	13,676,414	2,303,499
Total Net Position	\$ 73,018,480	\$ 118,321,414	\$ 7,517,964

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
\$ 159,948	\$ 4,886,799	\$ 316,153
9,641	168,409	477,572
-	-	12,040
4,580	143,560	31,208
-	118,261	-
-	664,080	-
-	-	637,854
-	269,432	-
<u>174,169</u>	<u>6,250,541</u>	<u>1,474,827</u>
13,742	430,678	93,623
-	-	1,561,644
-	10,086,928	-
-	-	3,090,893
-	8,803,047	-
<u>13,742</u>	<u>19,320,653</u>	<u>4,746,160</u>
<u>187,911</u>	<u>25,571,194</u>	<u>6,220,987</u>
-	867,784	63,397
-	150,986,146	2,188,108
-	900,602	-
-	10,676,815	-
2,375,513	38,669,808	15,504,818
<u>\$ 2,375,513</u>	<u>201,233,371</u>	<u>\$ 17,692,926</u>
	<u>1,893,041</u>	
	<u>\$ 203,126,412</u>	

(Concluded)

CITY OF SAN CLEMENTE
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Operating Revenues:			
Charges for services	\$ 24,584,479	\$ 10,923,288	\$ 2,303,054
Concessions	-	-	376,429
Other	1,243,426	590	3,007
Total Operating Revenues	<u>25,827,905</u>	<u>10,923,878</u>	<u>2,682,490</u>
Operating Expenses:			
Salaries and benefits	4,040,226	3,595,964	884,644
Cost of purchased water	9,267,256	-	-
Cost of materials and supplies	454,428	775,360	133,785
Depreciation	1,784,233	4,055,002	335,340
Insurance premiums	-	-	-
Benefit payments	-	-	-
Maintenance and other operating expenses	7,673,930	5,358,410	930,678
Total Operating Expenses	<u>23,220,073</u>	<u>13,784,736</u>	<u>2,284,447</u>
Operating Income (Loss)	<u>2,607,832</u>	<u>(2,860,858)</u>	<u>398,043</u>
Non-Operating Revenues (Expenses):			
Investment income	129,691	36,777	14,424
Grant income	-	-	-
Interest and fiscal charges	(243,670)	-	-
Gain (Loss) on sale of capital assets	-	(264,993)	4,616
Total Non-Operating Revenues (Expenses)	<u>(113,979)</u>	<u>(228,216)</u>	<u>19,040</u>
Income (Loss) Before Transfers and Capital Contributions	<u>2,493,853</u>	<u>(3,089,074)</u>	<u>417,083</u>
Capital contributions	307	-	-
Total Capital Contributions	<u>307</u>	<u>-</u>	<u>-</u>
Transfers in	-	381,580	-
Transfers out	(150,550)	(90,650)	-
Total Transfers	<u>(150,550)</u>	<u>290,930</u>	<u>-</u>
Change in Net Position	2,343,610	(2,798,144)	417,083
Net Position - Beginning of Year	<u>70,674,870</u>	<u>121,119,558</u>	<u>7,100,881</u>
Net Position - End of Year	<u>\$ 73,018,480</u>	<u>\$ 118,321,414</u>	<u>\$ 7,517,964</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
\$ 243,004	\$ 38,053,825	\$ 10,594,653	
-	376,429	-	
190,442	1,437,465	32,633	
<u>433,446</u>	<u>39,867,719</u>	<u>10,627,286</u>	
438,167	8,959,001	1,166,914	
-	9,267,256	-	
39,179	1,402,752	376,734	
-	6,174,575	464,522	
-	-	5,523,599	
-	-	279,589	
1,894,082	15,857,100	2,262,464	
<u>2,371,428</u>	<u>41,660,684</u>	<u>10,073,822</u>	
<u>(1,937,982)</u>	<u>(1,792,965)</u>	<u>553,464</u>	
(24,647)	156,245	56,598	
16,145	16,145	-	
-	(243,670)	(1,125)	
-	(260,377)	-	
<u>(8,502)</u>	<u>(331,657)</u>	<u>55,473</u>	
<u>(1,946,484)</u>	<u>(2,124,622)</u>	<u>608,937</u>	
-	307	-	
-	307	-	
333,000	714,580		
(529,140)	(770,340)	-	
<u>(196,140)</u>	<u>(55,760)</u>	<u>-</u>	
(2,142,624)	(2,180,075)	608,937	
4,518,137		17,083,989	
<u>\$ 2,375,513</u>		<u>\$ 17,692,926</u>	
	188,859		
	<u>\$ (1,991,216)</u>		

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Cash Flows from Operating Activities:			
Cash received from customers	\$ 24,625,906	\$ 10,597,604	\$ 2,281,933
Receipts from interfund charges	-	-	-
Cash paid to other suppliers for goods or services	(15,687,760)	(6,227,390)	(1,033,419)
Cash payment to employees	(3,829,589)	(3,355,095)	(988,299)
Cash from rents and concessions	-	-	376,429
Cash from other operating revenues	1,243,426	590	3,007
Net Cash Provided by (Used for) Operating Activities	<u>6,351,983</u>	<u>1,015,709</u>	<u>639,651</u>
Cash Flows from Noncapital Financing Activities:			
Grant income	-	-	-
Cash received from other funds	-	381,580	-
Cash paid to other funds	(150,550)	(90,650)	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(150,550)</u>	<u>290,930</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Capital contributions and grants	307	-	-
Purchase and construction of capital assets	(2,071,887)	(1,804,539)	(123,688)
Cash proceeds from sale of capital assets	-	-	4,616
Payment on capital lease payable	-	-	-
Payment on capital loan	(649,785)	-	-
Interest and fiscal charges	(243,671)	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(2,965,036)</u>	<u>(1,804,539)</u>	<u>(119,072)</u>
Cash Flows from Investing Activities:			
Investment cost	-	-	-
Investment income received	147,275	72,206	16,917
Net Cash Provided by (Used for) Investing Activities	<u>147,275</u>	<u>72,206</u>	<u>16,917</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,383,672	(425,694)	537,496
Cash and Cash Equivalents at Beginning of Year	<u>24,288,907</u>	<u>23,859,541</u>	<u>2,877,794</u>
Cash and Cash Equivalents at End of Year	<u>\$ 27,672,579</u>	<u>\$ 23,433,847</u>	<u>\$ 3,415,290</u>

See Accompanying Notes to the Financial Statements.

Enterprise Funds			
Nonmajor	Totals		Internal Service
\$ 844,160	\$ 38,349,603	\$	10,702,689
-	-		-
(1,927,179)	(24,875,748)		(8,152,620)
(435,914)	(8,608,897)		(1,237,598)
-	376,429		-
-	1,247,023		-
<u>(1,518,933)</u>	<u>6,488,410</u>		<u>1,312,471</u>
16,145	16,145		-
333,000	714,580		-
<u>(529,140)</u>	<u>(770,340)</u>		<u>-</u>
<u>(179,995)</u>	<u>(39,615)</u>		<u>-</u>
-	307		-
-	(4,000,114)		(198,261)
-	4,616		-
-	-		(35,266)
-	(649,785)		-
-	<u>(243,671)</u>		<u>(1,125)</u>
<u>-</u>	<u>(4,888,647)</u>		<u>(234,652)</u>
(26,737)	(26,737)		(212)
13,178	249,576		79,231
<u>(13,559)</u>	<u>222,839</u>		<u>79,019</u>
(1,712,487)	1,782,987		1,156,838
4,188,943	55,215,185		18,625,451
<u>\$ 2,476,456</u>	<u>\$ 56,998,172</u>	<u>\$</u>	<u>19,782,289</u>

(Continued)

CITY OF SAN CLEMENTE
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2021

	Enterprise Funds		
	Water Utility	Sewer Utility	Golf Course
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 2,607,832	\$ (2,860,858)	\$ 398,043
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:			
Depreciation expense	1,784,233	4,055,002	335,340
Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	41,427	(325,684)	(21,121)
(Increase) decrease in prepaid items	-	-	-
(Increase) decrease in inventories	20,689	-	(18,050)
Increase (decrease) in accounts payable	1,689,370	(93,620)	49,094
Increase (decrease) in unearned revenue	-	-	(50,823)
Increase (decrease) in accrued wages	4,955	5,205	(7,794)
Increase (decrease) in deposits payable	(2,205)	-	-
Increase (decrease) in pension/OPEB liabilities	243,411	244,565	65,856
Increase (decrease) in compensated absences	(37,729)	(8,901)	(110,894)
Increase (decrease) in claims & judgments payable	-	-	-
Total Adjustments	3,744,151	3,876,567	241,608
Net Cash Provided by (Used for) Operating Activities	\$ 6,351,983	\$ 1,015,709	\$ 639,651
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ (259,320)	\$ (290,960)	\$ (29,297)

See Accompanying Notes to the Financial Statements.

Enterprise Funds		
Nonmajor	Totals	Internal Service
\$ (1,937,982)	\$ (1,792,965)	\$ 553,464
-	6,174,575	464,522
410,714	105,336	75,403
-	-	-
-	2,639	-
6,079	1,650,923	72,874
-	(50,823)	-
2,002	4,368	(32,206)
-	(2,205)	-
-	553,832	151,255
254	(157,270)	(38,478)
-	-	65,637
419,049	8,281,375	759,007
<u>\$ (1,518,933)</u>	<u>\$ 6,488,410</u>	<u>\$ 1,312,471</u>

\$ (66,930) \$ (646,507) \$ (206,304)

(Concluded)

CITY OF SAN CLEMENTE
Statement of Net Position
Fiduciary Funds
June 30, 2021

	Pension and Other Post Employment Benefits Trust	Private Purpose Trust Fund RDA Successor Agency Trust
Assets:		
Cash and investments	\$ -	\$ 187,390
Cash and investments with fiscal agents	-	-
Taxes receivable	-	-
Accounts receivable	-	-
Accrued interest receivable	-	557
Loan receivable	-	-
Investments, at fair value:		
Group annuity contract	5,200,084	-
PIMCO Total Return Bond mutual fund	5,208,805	-
U.S. Government Treasury Inflation Bond mutual fund	780,012	-
Dodge & Cox International mutual fund	3,900,063	-
PIMCO All Asset Authority mutual fund	1,300,021	-
Russell 1000 Index mutual fund	8,320,134	-
Russell 2000 Index mutual fund	1,300,021	-
Total Assets	26,009,140	187,947
Liabilities:		
Accounts payable	-	-
Accrued wages	-	-
Loan from the City of San Clemente	-	1,313,551
Bonds payable	-	-
Total Liabilities	-	1,313,551
Total Net Position:		
Net position restricted for pensions	26,009,140	-
Net position held for others	-	-
Net position held in trust for Redevelopment Agency	-	(1,125,604)
Total Net Position	\$ 26,009,140	\$ (1,125,604)

See Accompanying Notes to the Financial Statements.

CITY OF SAN CLEMENTE
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	<u>Pension Trust Fund</u>	<u>Private Purpose Trust Fund RDA Successor Agency Trust</u>
Additions:		
Contributions:		
Employer pension contributions	\$ 2,418,405	\$ -
Employee pension contributions	40,602	-
Total Contributions	<u>2,459,007</u>	<u>-</u>
Property tax	-	335,284
Contributions from other agencies	-	-
License and fees collected	-	-
Donations and miscellaneous revenues	-	-
Other Additions	<u>-</u>	<u>335,284</u>
Investment Income:		
Net appreciation (depreciation) in fair value of investments	5,104,586	-
Investment income	-	(1,046)
Total Investment Income (Loss)	<u>5,104,586</u>	<u>(1,046)</u>
Total Additions	<u>7,563,593</u>	<u>334,238</u>
Deductions:		
Benefit payments	2,349,327	-
Payment to bondholders	-	-
Program expenses	-	12,129
Administrative expenses	52,165	-
Total Deductions	<u>2,401,492</u>	<u>12,129</u>
Change in net position	5,162,101	322,109
Net position - Beginning of Year, as Restated	<u>20,847,039</u>	<u>(1,447,713)</u>
Net position - End of Year	<u>\$ 26,009,140</u>	<u>\$ (1,125,604)</u>

See Accompanying Notes to the Financial Statements.

	<u>Custodial</u>
	<u>Other</u>
\$	-
	-
	-
	4,716,491
	1,220,343
	204,693
	248,661
	<u>6,390,188</u>
	-
	(10,432)
	<u>(10,432)</u>
	<u>6,379,756</u>
	-
	2,917,197
	1,925,058
	272,010
	<u>5,114,265</u>
	1,265,491
	<u>(51,164,562)</u>
\$	<u><u>(49,899,071)</u></u>



Notes to the Financial Statements

CITY OF SAN CLEMENTE
Notes to the Financial Statements
June 30, 2021

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 as 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, these activities are reported as a fiduciary fund. For more information on this Joint Exercise of Powers Agreement see Note 12 B.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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 public are financed or recovered primarily through user charges. The water utility serves most of the City of San Clemente.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

Sewer Utility Fund - The sewer utility fund accounts for the City's sewer utility financial activity. The costs of providing sewer and certain storm drain services to the public are financed or recovered primarily through user charges. The sewer utility serves most of the City of San Clemente.

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.

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 and Other Post-Employment Benefits 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.

Custodial Funds – Custodial funds account for taxes received for special assessment debt for which the City is not obligated and for 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, 2021

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, and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

F. Implementation of New GASB Pronouncements

In FY 2021, the City adopted and implemented the following new accounting standards:

GASB Statement No. 84 – Fiduciary. This statement establishes criteria for identify fiduciary activities and clarifies the reporting of these funds in the financial statements.

GASB Statement No. 91 – Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations.

GASB Statement No. 98 – The Annual Comprehensive Financial Report. This statement replaces existing terms, but does not establish new accounting and financial reporting requirements.

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

a) Cash and investments:

The City pools cash and investments of all funds, except for assets held by fiscal agents. Cash is considered to be cash on hand and demand deposits. Investments are reported in the accompanying balance sheet at fair value 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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.

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, 2020 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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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.

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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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.

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.

H. Revenues and expenditures/expenses

1. Program Revenues:

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

2. Property taxes:

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

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

3. Proprietary funds operating and nonoperating revenues and expenses:

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

4. Claims and Judgments:

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

5. Use of Estimates:

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

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 \$3.5 million.

3. CASH AND INVESTMENTS:

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of position:

Cash and investments	\$ 145,251,837
Cash and investments – restricted	11,846,849
Fiduciary funds:	
Cash and investments – private purpose trust funds	187,390
Cash and investments – custodial funds	3,688,639
Cash and investments held by bond trustee	9,242,468
Pension trust investments	<u>26,009,140</u>
Total cash and investments	<u>\$ 196,226,323</u>

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 5,650
Deposits with financial institutions	2,641,806
Investments held by City and bond trustee	167,569,727
Pension trust investments	<u>26,009,140</u>
Total cash and investments	<u>\$ 196,226,323</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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>	Maximum <u>Maturity</u>	Maximum <u>% of Portfolio*</u>	Maximum <u>% 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	20%	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>	Maximum <u>Maturity</u>	Maximum <u>Percentage Allowed</u>	Maximum <u>Investment in One Issuer</u>
Repurchase Agreements	1 year	None	30%
Money Market Mutual Funds	N/A	20%	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:

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Notes to the Financial Statements (Continued)
June 30, 2021

Investment Type	Total Amount	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
U.S. Treasury securities	\$ 38,480,781	\$ 11,065,836	\$ 7,491,038	\$ 19,923,907
Federal Agency securities:				
Federal Farm Credit Bank	11,640,835	4,053,385	3,561,750	4,025,700
Federal Home Loan Bank	18,725,162	6,939,365	2,042,159	9,743,638
Federal Home Loan Mortgage Corp.	11,194,030	-	2,608,394	8,585,636
Federal National Mortgage Assoc.	11,986,473	1,767,155	1,014,378	9,204,940
Negotiable Certificates of Deposit	3,021,904	1,000,000	1,021,904	1,000,000
LAIF	48,571,651	48,571,651	-	-
Medium Term Note	11,197,509	2,623,504	2,426,657	6,147,348
Commercial Paper	3,508,914	16,535	107,648	3,384,731
Held by bond trustee:				
Money market funds	9,242,468	9,242,468	-	-
Total	\$ 167,569,727	\$ 85,279,899	\$ 20,273,928	\$ 62,015,900

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	\$ 38,480,781	N/A	\$ 38,480,781	\$ -	\$ -	\$ -
Federal agency securities:						
FFCB	11,640,835	N/A	-	-	11,640,835	-
FHLB	18,725,162	N/A	-	-	18,725,162	-
FHLMC	11,194,030	N/A	-	-	11,194,030	-
FNMA	11,986,473	N/A	-	-	11,986,473	-
Negotiable Certificate of Deposits	3,021,904		3,021,904	-	-	-
LAIF	48,571,651	N/A	48,571,651	-	-	-
Medium Term Notes	11,197,509	A	-	2,021,700	2,715,351	6,460,458
Commercial paper	3,508,914	A	-	3,508,914	-	-
Held by Bond trustee:						
Money market funds	9,242,468	N/A	-	9,242,468	-	-
	\$ 167,569,727		\$ 90,074,336	\$ 14,773,082	\$ 56,261,851	\$ 6,460,458

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 Farm Credit Bank	Federal agency securities	\$ 11,640,835	7%
Federal Home Loan Bank	Federal agency securities	18,725,162	11%
Federal Home Loan Mortgage Corp.	Federal agency securities	11,194,030	7%
Federal National Mortgage Association	Federal agency securities	11,986,473	7%

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Notes to the Financial Statements (Continued)
June 30, 2021

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: \$3,011,342 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2021, 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	\$ 38,480,781
Federal agency securities:	
Federal Farm Credit Bank	11,640,835
Federal Home Loan Bank	18,725,162
Federal Home Loan Mortgage Corp	11,194,030
Federal National Mortgage Association	11,986,473
Negotiable Certificate of Deposits	3,021,904
Medium Term Notes	11,197,509
Commercial Paper	3,508,914

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, 2021, the City had \$48,571,651 invested in LAIF. LAIF's fair value factor of 1.00008297 was used to calculate the fair value of LAIF investments. The City's investment with LAIF at June 30, 2021, includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. LAIF invested 2.31% 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, 2021

- *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	\$ 38,480,781	\$ -	\$ 38,480,781	\$ -	\$ -
Federal Agency securities:					
Federal Farm Credit Bank	11,640,835	-	-	11,640,835	-
Federal Home Loan Bank	18,725,162	-	-	18,725,162	-
Federal Home Loan Mortgage Corp.	11,194,030	-	-	11,194,030	-
Federal National Mortgage Assoc.	11,986,473	-	-	11,986,473	-
Negotiable Certificates of Deposit	3,021,904	-	-	3,021,904	-
LAIF	48,571,651	48,571,651	-	-	-
Medium Term Note	11,197,509	-	-	11,197,509	-
Commercial Paper	3,508,914	-	-	3,508,914	-
Held by bond trustee:					
Money market funds	9,242,468	-	9,242,468	-	-
Total	\$ 167,569,727	\$ 48,571,651	\$ 47,723,249	\$ 71,274,827	\$ -

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 5.75%.

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 24.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Notes to the Financial Statements (Continued)
June 30, 2021

Pension investments held and the percentage of the pension investment portfolio at June 30, 2021 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	\$ 3,900,063	15%
Russell 1000 Index mutual fund	8,320,134	32%
Russell 2000 Index mutual fund	1,300,021	5%
<i>Fixed Income Investments</i>		
Group annuity contract	5,200,084	20%
PIMCO Total Return Bond mutual fund	5,208,805	20%
US Government Treasury Inflation Bond mutual fund	780,012	3%
<i>Hybrid Investments (equity and fixed income)</i>		
PIMCO All Asset Authority mutual fund	1,300,021	5%
Total pension trust investments (fair value)	<u>\$ 26,009,140</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 \$12,800,090 consist of a loan receivable due from the Redevelopment Agency Successor Agency for \$1,313,551, a non-profit capital assistance loan of \$290,250, and housing loans receivable of \$11,196,289.

The \$1,313,551 loan receivable was approved by the State of California through the Redevelopment Agency dissolution process and is paid from property taxes with the final payment in 2025. The capital assistance loan receivable of \$290,250 is due over a period of 10 years, with annual payments of \$29,025 at 0% interest. The housing loans receivable of \$11,196,289 were made for affordable housing purposes and are comprised of multiple low or no interest loans given to various developers, non-profits, 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 construction of the police substation. Construction in progress capitalized during the year consisted of the City hall remodel, multiple street projects, and various other assets. In addition, some construction in progress amounts were not capitalized if the costs did not meet capital asset thresholds.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

A summary of governmental type capital assets activity for the year ending June 30, 2021 is as follows:

<u>Governmental activities</u>	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, non-depreciable:				
Land	\$ 51,458,778	\$ -	\$ -	\$ 51,458,778
Construction in progress	7,787,417	9,093,422	(9,993,620)	6,887,219
Total capital assets, non-depreciable	<u>59,246,195</u>	<u>9,093,422</u>	<u>(9,993,620)</u>	<u>58,345,997</u>
Capital assets, depreciable:				
Buildings	36,556,871	5,612,473	(37,919)	42,131,425
Improvements other than buildings	63,929,611	453,691	(25,000)	64,358,302
General equipment	10,495,442	216,848	(17,082)	10,695,208
Infrastructure	181,960,198	3,026,568	-	184,986,766
Total capital assets, depreciable	<u>292,942,122</u>	<u>9,309,580</u>	<u>(80,001)</u>	<u>302,171,701</u>
Less accumulated depreciation:				
Buildings	(15,518,199)	(868,169)	13,693	(16,372,675)
Improvements other than buildings	(32,060,514)	(2,959,213)	25,000	(34,994,727)
General equipment	(7,662,548)	(640,405)	17,082	(8,285,871)
Infrastructure	(76,812,041)	(5,374,196)	-	(82,186,237)
Total accumulated depreciation	<u>(132,053,302)</u>	<u>(9,841,983)</u>	<u>55,775</u>	<u>(141,839,510)</u>
Net capital assets, depreciable	<u>160,888,820</u>	<u>(532,403)</u>	<u>(24,226)</u>	<u>160,332,191</u>
Capital assets - governmental	<u>\$ 220,135,015</u>	<u>\$ 8,561,019</u>	<u>\$ (10,017,846)</u>	<u>\$ 218,678,188</u>

A summary of business-type capital assets activity for the year ending June 30, 2021 for the City's is as follows:

<u>Business-type activities</u>	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, non-depreciable:				
Land	\$ 4,324,406	\$ -	\$ -	\$ 4,324,406
Construction in progress	1,816,607	3,876,426	(2,603,311)	3,089,722
Total capital assets, non-depreciable	<u>6,141,013</u>	<u>3,876,426</u>	<u>(2,603,311)</u>	<u>7,414,128</u>
Capital Assets, Being Depreciated:				
Buildings	7,008,987	-	-	7,008,987
Water, sewer, storm lines	121,260,253	705,507	-	121,965,760
Utility assets	140,049,294	1,161,710	-	141,211,004
Improvements other than buildings	3,490,928	-	-	3,490,928
Machinery and equipment	8,445,039	123,689	(27,949)	8,540,779
Total capital assets, depreciable	<u>280,254,501</u>	<u>1,990,906</u>	<u>(27,949)</u>	<u>282,217,458</u>
Less Accumulated Depreciation For:				
Buildings	(2,212,785)	(146,207)	-	(2,358,992)
Water, sewer, storm lines	(43,657,566)	(1,782,025)	-	(45,439,591)
Utility assets	(70,244,706)	(3,710,732)	471,101	(73,484,337)
Improvements other than buildings	(2,804,620)	(143,411)	-	(2,948,031)
Machinery and equipment	(3,299,230)	(392,200)	27,949	(3,663,481)
Total accumulated depreciation	<u>(122,218,907)</u>	<u>(6,174,575)</u>	<u>499,050</u>	<u>(127,894,432)</u>
Net capital assets, depreciable	<u>158,035,594</u>	<u>(4,183,669)</u>	<u>471,101</u>	<u>154,323,026</u>
Capital assets, business-type	<u>\$ 164,176,607</u>	<u>\$ (307,243)</u>	<u>\$ (2,132,210)</u>	<u>\$ 161,737,154</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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

	<u>Governmental</u>	<u>Business-Type</u>
Function/program:		
General government	\$ 90,210	\$ -
Police	2,718	
Fire	233,279	-
Public works	5,180,284	-
Community development	222,012	-
Beaches, parks and recreation	3,648,958	-
Internal service	464,522	-
Water	-	1,784,233
Sewer	-	4,055,002
Golf	-	335,340
Total depreciation expense	<u>\$ 9,841,983</u>	<u>\$ 6,174,575</u>

6. INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS:

A. Interfund receivables and payables

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 311,198</u>

Loan from/to other funds:

<u>Loan to</u>	<u>Loan from</u>	<u>Amount</u>
RDA Successor Agency	General fund	<u>\$ 1,313,551</u>

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 \$1,313,551. This loan plus accrued interest is to be paid from future available property taxes. This is included in the Loan Receivable amount (see Footnote 4).

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, 2021

<u>Transfers In</u>	Transfers Out					Total
	General Fund	Nonmajor Governmental Funds	Water Utility Fund	Sewer Utility Fund	Nonmajor Proprietary Funds	
General Fund	\$ -	\$ 524,065	\$ 25,000	\$ 25,000	\$ 173,110	\$ 747,175
Nonmajor Governmental Funds	1,481,853	765,000	100,000	65,650	-	2,412,503
Sewer Utility Fund	-	-	25,550	-	356,030	381,580
Nonmajor Proprietary Funds	333,000	-	-	-	-	333,000
Total	<u>\$ 1,814,853</u>	<u>\$ 1,289,065</u>	<u>\$ 150,550</u>	<u>\$ 90,650</u>	<u>\$ 529,140</u>	<u>\$ 3,874,258</u>

During the year ended June 30, 2021, the General Fund significant transfers included transfers of \$830,000 to the Capital Reserve fund to provide funds for future capital projects, \$500,000 to the Street Improvement Fund Special Revenue Fund to fund future street rehabilitation, and \$70,870 to support transit activities. Other significant transfers include \$700,000 between non-major governmental funds to fund capital costs and \$333,000 from the General fund to the Clean Ocean fund to provide a non-profit capital assistance.

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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
<u>Direct Borrowing:</u>					
State Revolving Fund loan	\$ 11,400,794	\$ -	\$ 649,786	\$ 10,751,008	\$ 664,080
Business-type Activities Long-term Debt	<u>\$ 11,400,794</u>	<u>\$ -</u>	<u>\$ 649,786</u>	<u>\$ 10,751,008</u>	<u>\$ 664,080</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, 2021 is \$420,000.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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 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 \$47,365 from the State of California and \$7,573,602 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 \$4.5 million for the year ended June 30, 2021. The total pledged revenue amount cannot be estimated over the life of the loan. The loan amount outstanding at June 30, 2021 is \$10,751,008.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 664,080	\$ 236,522	\$ 900,602
2023	678,690	221,912	900,602
2024	693,621	206,981	900,602
2025	708,881	191,721	900,602
2026	724,477	176,125	900,602
2027-2031	3,868,588	634,422	4,503,010
2032-2035	3,412,671	189,736	3,602,408
Totals	<u>\$ 10,751,008</u>	<u>\$ 1,857,419</u>	<u>\$ 12,608,428</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, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Capital lease obligations	\$ 47,306	\$ -	\$ 35,266	\$ 12,040	\$ 12,040
Compensated absences	1,313,126	880,859	840,590	1,353,395	338,349
Claims and judgments payable (Note 8)	2,252,116	93,532	146,150	2,199,498	637,854
Governmental Activities Long-term Liabilities	<u>\$ 3,612,548</u>	<u>\$ 974,391</u>	<u>\$ 1,022,006</u>	<u>\$ 3,564,933</u>	<u>\$ 988,243</u>

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

<u>Business-type Activities</u>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 731,508	\$ 368,564	\$ 525,834	\$ 574,238	\$ 143,560
Business-type Activities Long-term Liabilities	<u>\$ 731,508</u>	<u>\$ 368,564</u>	<u>\$ 525,834</u>	<u>\$ 574,238</u>	<u>\$ 143,560</u>

For claims payable, and the net OPEB liability governmental activities, 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. Pension liabilities are liquidated from funds that have salaries, which include the General Fund, Enterprise, and Internal Service funds.

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 \$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, 2021 is \$12,040.

Annual Amortization Requirements:

The annual requirements at June 30, 2021 to amortize the Capitalized Leases are as follows:

Year Ending June 30	Capital Lease Obligations	
	Principal	Interest
2022	\$ 12,040	\$ 90
Total	<u>\$ 12,040</u>	<u>\$ 90</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, 2021 is \$1,353,395.

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, 2021 is \$574,238, which are obligations of the following funds:

Water Utility Fund	\$ 258,424
Sewer Utility Fund	216,770
Golf Course Fund	80,722
Non-major Enterprise Funds	18,322

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 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 \$50 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: <http://cjpia.org/coverage/risk-sharing-pools/>.

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 \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

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 \$230,835,577. 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 \$112,485,854. 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, 2021

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 2020-21. The following claims schedule includes workers' compensation and general liability claims for the past two fiscal years.

	<u>Beginning Balance</u>	<u>Incurred & Changes in Estimates</u>	<u>Less Claim Payments</u>	<u>Ending Balance</u>
2019-2020	\$ 2,292,256	\$ 332,268	\$ (372,408)	\$ 2,252,116
2020-2021	2,252,116	93,532	(146,150)	2,199,498

At June 30, 2021, 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.

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 Milliman/Empower. 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	\$ 15,702,453	\$ 6,520,264	\$ 590,858	\$ 3,601,985
CalPERS Cost Sharing Plan (Risk Pool)	15,213,067	3,661,829	940,060	1,849,873
City of San Clemente Employees' Retirement Plan (CSCERP)	<u>14,341,000</u>	<u>-</u>	<u>2,405,000</u>	<u>2,186,000</u>
Total	<u>\$ 45,256,520</u>	<u>\$ 10,182,093</u>	<u>\$ 3,935,918</u>	<u>\$ 7,637,858</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, 2021

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, 2021 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%	6.75%
Required employer contribution rates	9.65%	9.65%

Employees Covered - As of June 30, 2021, 303 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, 2019 actuarial valuation used the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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	The lesser of a contract COLA or 2.5%

⁽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, 2021

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.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10⁽¹⁾</u>	<u>Real Return Years 11+⁽²⁾</u>
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, 2021

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, 2019	\$ 65,124,471	\$ 51,123,819	\$ 14,000,652
Changes in the year:			
Service cost	2,361,018	-	2,361,018
Interest on the total pension liability	4,681,555	-	4,681,555
Changes of assumptions	-	-	-
Differences between expected and actual experience	150,532	-	150,532
Contribution – employer	-	1,966,209	(1,966,209)
Contribution - employee	-	1,038,407	(1,038,407)
Net investment income	-	2,558,760	(2,558,760)
Benefit payments	(1,958,421)	(1,958,421)	-
Administrative Expense	-	(72,072)	72,072
Other miscellaneous income (expense)	-	-	-
Net changes	5,234,684	3,532,883	1,701,801
Balance at June 30, 2020 (<i>measurement date</i>)	\$ 70,359,155	\$ 54,656,702	\$ 15,702,453

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)	\$ 26,053,733	\$ 15,702,453	\$ 7,184,572

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, 2021, the City recognized pension expense of \$3,601,985. At June 30, 2021, 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	\$ 2,054,182	\$ -
Changes of assumptions	1,506,862	590,858
Net difference between projected and actual earnings	556,134	-
Contributions after the measurement date	2,403,086	-
Total	\$ 6,520,264	\$ 590,858

Contributions after the measurement date of \$2,403,086 represent contributions for the fiscal year ended June 30, 2021 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, 2021

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2021	\$ 705,024
2022	1,003,278
2023	1,113,486
2024	573,412
2025	121,714
Thereafter	9,406
Total	\$ 3,526,320

Payable to this Pension Plan - The City had contributions payable of \$39,995 at June 30, 2021.

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 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, 2021 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%	13.75%
Required employer contribution rates	23.558%	23.558%

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

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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, 2021 the employer contributions to the safety risk pool plan were \$2,070,779.

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

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the CalPERS cost sharing plan of \$15,213,067. 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, 2019, 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, 2019. 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, 2020, the measurement date, was calculated as follows: Each risk pool's total pension liability was computed at the measurement date, June 30, 2020, 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, 2020, 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, 2020, 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, 2019, to obtain the total pension liability and fiduciary net position as of June 30, 2020. 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, 2021

Proportion at measurement date - June 30, 2019	0.14760%
Proportion at measurement date - June 30, 2020	0.13982%
Change - Increase (Decrease)	(0.00778%)

For the year ended June 30, 2021, the recognized pension expense was \$1,849,873 related to Plan. At June 30, 2021, 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	\$ 1,179,696	\$ -
Changes of assumptions	-	50,675
Net difference between projected and actual earnings	330,644	-
Difference between employer contribution and proportionate share	42,298	118,163
Change in employer's proportions	38,411	771,222
Contributions after measurement date	2,070,779	-
	\$ 3,661,829	\$ 940,060

Contributions after the measurement date of \$2,070,779 represent contributions for the fiscal year ended June 30, 2021 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
2022	\$ (6,063)
2023	258,500
2024	232,881
2025	165,671
2026	-
Thereafter	-
Total	\$ 650,990

Actuarial Assumptions - The total plan pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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

⁽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, 2021

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, 2021

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	\$ 22,121,877	\$ 15,213,067	\$ 9,543,734

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 \$3,611 at June 30, 2021.

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, 2021, are summarized in the following table.

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52-62
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.00%	9.00%
Required employer contribution rates	15.40%	15.40%

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 and the contributions allocated to each employer in FY 2021 are:

	Proportion	Covered Payroll	Contributions
City of San Clemente	93.2%	\$ N/A	\$ 1,680,000
Coastal Animal Services Authority (CASA)	6.8%	549,043	779,007
Total	100.0%	\$ 549,043	\$ 2,459,007

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. A City contribution of \$1,680,000 to finance past unfunded accrued liability costs was paid during the year ended June 30, 2021. During the year ended June 30, 2021 CASA contribution amounts totaled \$779,007. This contribution includes the unfunded accrued liability payment of \$104,000, a one-time additional discretionary payment of \$550,000 and \$40,602 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	130
Inactive employees entitled to but not yet receiving benefits	74
Active employees (2 PEPRAs members)	7
Total	211

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

As of June 30, 2021, the City reported a net pension liability on the CSCERP for \$14,341,000. The City's net pension liability for the CSCERP is the net pension liability as of June 30, 2021. The total pension liability for CSCERP was determined by an actuarial valuation as of June 30, 2019. 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, 2021, the recognized CSCERP plan pension expense was \$2,362,000, with the City of San Clemente's being \$2,186,000. At June 30, 2021, the City reported deferred inflows of resources of \$2,405,000, as reported in the following table. There were no Deferred Outflow of Resources.

Description	Deferred Inflows of Resources		Total
	City of San Clemente	CASA	
Net difference between projected and actual earnings	\$ 2,405,000	\$ 176,000	\$ 2,581,000
Total	\$ 2,405,000	\$ 176,000	\$ 2,581,000

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
2022	\$ (550,000)	\$ (40,000)
2023	(556,000)	(41,000)
2024	(592,000)	(43,000)
2025	(707,000)	(52,000)
Total	\$ (2,405,000)	\$ (176,000)

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

Actuarial Assumptions – The total pension liability at June 30, 2021 is based on the June 30, 2019 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 – June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate ⁽¹⁾	5.75%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	2.75% per year, plus CalPERS 1997-2015 CalPERS Study
Investment Rate of Return ⁽²⁾	5.75%
Mortality	1997-2015 CalPERS Study

⁽¹⁾ Based on crossover test results.

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

In 2021, actuarial assumptions changed to lower the discount rate and long-term rate of return on plan investments from 6.25% to 5.75%. Additionally, general inflation was decreased from 2.75% to 2.5% and the payroll increase was changed from 3% to 2.75%.

Discount Rate – The discount rate used to measure the total pension liability was 5.75% for the CSCERP. This is based on crossover test results with future administrative expenses increasing to 2.5% 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 5.75% is based on an investment advisor study of 10-year 2021 capital market assumptions adjusted to reflect anticipated long term results (expected returns, net of pension plan investment expense and inflation) developed for each major asset class for the plan 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:

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, 2020	\$ 39,309,000	\$ 20,847,000	\$ 18,462,000
Changes in the year:			
Service cost	127,000	-	127,000
Interest on the total pension liability	2,392,000	-	2,392,000
Differences between actual and expected experience	-	-	-
Change in assumptions	1,917,000	-	1,917,000
Contribution – employer	-	2,418,000	(2,418,000)
Contribution - employee	-	41,000	(41,000)
Net investment income	-	5,104,000	(5,104,000)
Benefit payments	(2,349,000)	(2,349,000)	-
Administrative expenses	-	(52,000)	52,000
Net changes	2,087,000	5,162,000	(3,075,000)
Balance at June 30, 2021	\$ 41,396,000	\$ 26,009,000	\$ 15,387,000

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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 (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
City of San Clemente	\$ 18,851,000	\$ 14,341,000	\$ 10,581,000
CASA	1,375,000	1,046,000	722,000
Net Pension Liability	\$ 20,226,000	\$ 15,387,000	\$ 11,353,000

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

Net Pension Liability as of June 30, 2021		
(\$ amounts in thousands)		
	June 30, 2021	June 30, 2020
Total Pension Liability	\$ 41,396	\$ 39,309
Fiduciary Net Position	(26,009)	(20,847)
Net Pension Liability	15,387	18,462
Funded Status	62.8%	53.0%

Payable to this Pension Plan - At June 30, 2021, 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 (currently \$143 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 June 30, 2020, the following current and former employees were covered by the benefit terms under the HC Plan:

Active employees	194
Inactive employees receiving benefits	39
Inactive employees entitled to, but not yet receiving benefits	-
Total	233

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, 2021, the Authority’s cash contributions were \$65,000 to the trust and the payment of medical costs for retirees of \$80,641 resulting in total payments of \$145,642. 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 the CERBT are excluded from the accompanying financial statements since they are in an irrevocable trust

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

administered by CalPERS. Contribution requirements are established by the City, with no statutory requirement to prefund OPEB liabilities. The City prefunds the plan through CERBT through measure of pay.

- C. Net OPEB Liability: The City’s net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was used to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 – June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.50%
Inflation	2.75%
Payroll Growth	2.75%, per annum
Investment Rate of Return	6.50%
Mortality Rate ⁽¹⁾	2014 CalPERS Active 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
All Equities	40.0 %	7.795 %
All Fixed Income	43.0 %	4.500 %
Treasury Inflation Protected Securities	5.0 %	3.250 %
U.S. Real Estate	8.0 %	7.500 %
All Commodities	4.0 %	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 27 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, 2021

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, 2019	\$ 3,999,654	\$ 1,027,016	\$ 2,972,638
Changes in the year:			
Service cost	183,718	-	183,718
Interest on the total OPEB liability	259,361	-	259,361
Experience (gains)/losses	(13,598)	-	(13,598)
Differences between expected and actual experience	-	-	-
Contribution – employer	-	248,029	(248,029)
Net investment income	-	63,720	(63,720)
Benefit payments	(189,079)	(189,079)	-
Administrative Expense	-	(523)	523
Net changes	240,402	122,147	118,255
Balance at June 30, 2020 (<i>measurement date</i>)	\$ 4,240,056	\$ 1,149,163	\$ 3,090,893

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, 2020:

Sensitivity of Net Pension OPEB to Discount Rate			
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ 3,506,042	\$ 3,090,893	\$ 2,734,169

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, 2020:

Sensitivity of Net Pension OPEB to Health Care Cost Trend Rates			
	1% Lower Trend	Valuation Trend	1% Higher Trend
Net OPEB Liability	\$ 2,681,515	\$ 3,090,893	\$ 3,564,466

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, 2021, the Authority recognized OPEB expense of \$530,701. As of fiscal year ended June 30, 2020, the Authority reported deferred outflows of resources related to OPEB from the following sources:

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

Description	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Experience (Gains)/Losses	\$ -	\$ (60,952)
Assumption Changes	1,762,226	-
Investment (Gains)/Losses	5,597	(2,445)
Contributions after measurement date	145,642	-
	\$ 1,913,465	\$ (63,397)

Contributions after the measurement date of \$145,642 represent contributions for the fiscal year ended June 30, 2021. The \$145,642 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. 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:

Measurement Period Ending June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 155,754
2021	155,753
2022	154,929
2023	154,744
2024	155,757
Thereafter	927,489
Total	\$ 1,704,426

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.

Fund balance information for Governmental Funds is presented by classification, with the purpose, in the following table.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

Governmental Fund Balances	General Fund	Non-major Funds	Total
<i>Nonspendable:</i>			
Loans	\$ 1,603,801	\$ -	\$ 1,603,801
<i>Restricted for:</i>			
Affordable housing	-	13,390,689	13,390,689
Park development	-	1,823,011	1,823,011
Highways/streets	-	13,613,829	13,613,829
Drainage	-	4,554,146	4,554,146
Other capital projects	-	7,974,378	7,974,378
Other purposes	-	978,931	978,931
<i>Committed to:</i>			
Sustainability/Emergency	13,591,000	-	13,591,000
Capital projects	331,080	291,272	622,352
Other purposes	430,702	-	430,702
<i>Assigned to:</i>			
Capital projects	1,604,220	14,052,927	15,657,147
Other purposes	1,681,278	1,036,860	2,718,138
Future budget	3,139,710	-	3,139,710
<i>Unassigned</i>	5,750,683	-	5,750,683
TOTAL FUND BALANCE	\$ 28,132,474	\$ 57,716,043	\$ 85,848,517

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 result from unforeseen disasters, an economic downturn with more than a 10% revenue reduction, or to offset a one-time state subvention reduction. The total committed amount for the Emergency Reserve is \$13.6 million.

12. OTHER NOTE DISCLOSURES:

A. Lease

The City has an operating lease contract where the City leases a former fire station to a third party through April 2023 with current monthly payments of \$6,846.

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.

The assets and activity is reported as a custodial fund in the City financial statements. Separate financial statements for CASA are available and are on file within the San Clemente City Clerk's office.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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.

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. Conduit Debt Obligations:

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 bonds are secured by the property they finance and are payable solely from the payments received from the property owners. 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. The City of San Clemente has not extended any additional commitments for the debt service payments beyond the collateral and the payments received from the property owner special taxes and the maintenance of the tax-exempt status of the conduit debt obligations. Therefore, the following obligations are not included in the accompanying financial statements.

Issue	Amount of Issue	Outstanding June 30, 2021
City of San Clemente 99-1 Community Facilities District (CFD)	\$ 5,755,000	\$ 3,160,000
City of San Clemente Reassessment District 2016-1 Limited Obligation Refunding Bonds	9,615,000	6,685,000
Community Facilities District No. 2006-1 (Marblehead Coastal) of the City of San Clemente	55,490,000	52,990,000

In September 2021, the 99-1 Community Facilities District was refunded through the issuance of \$2,520,000 Community Facilities District No. 99-1 of the City of San Clemente 2021 Special Tax Refunding Bonds.

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.

CITY OF SAN CLEMENTE
Notes to the Financial Statements (Continued)
June 30, 2021

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

The City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the City’s opinion that the outcome of the majority of these cases will have no material adverse effect on the net financial position of the City.

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

The City has outstanding commitments in the amount of \$12.5 million as of June 30, 2021 related to construction and other contractual arrangements.

F. Future Accounting Pronouncements

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

- Statement No. 87 "*Leases*" is effective for the financial statements starting with the fiscal year that ends June 30, 2022. This pronouncement addresses the accounting and recognition of certain lease assets and liabilities for leases.
- Statement No. 92 "*Omnibus 2020*" is effective for the financial statements starting with the fiscal year that ends June 30, 2022. This pronouncement enhances comparability in accounting and financial reporting.

13. RESTATEMENT OF BEGINNING BALANCES:

A. Net Position Restatement

The net position at July 1, 2020 for the Other Custodial Funds due to a Change in Accounting Principle. The Fiduciary Funds - Custodial Net Position was restated to reflect the implementation of GASB 84. The restatement is outlined below:

	Fiduciary Funds – Other Custodial
Net position at July 1, 2020, previously reported	\$ -0-
Prior Period Adjustment	(51,164,562)
Net position at July 1, 2020, as restated	\$ (51,164,562)

The Net position, as restated, reflects the beginning net position restricted for others that includes Assessment District, Community Facilities District, and Joint Powers Authority amounts.



Required Supplementary Information

CITY OF SAN CLEMENTE
Required Supplementary Information
June 30, 2021

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 \$2,716,220 and the department budgets were reduced by \$2,716,220 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. Expenditures exceeded appropriations in the Fire department (the legal level of budgetary control) by \$3,309 as a result of the State charging additional costs to prevent fraud.

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	\$ 53,053,510	\$ 53,083,510	\$ 55,987,738	\$ 2,904,228
Licenses and permits	1,543,940	1,302,940	1,424,420	121,480
Fines and forfeits	523,640	453,640	347,142	(106,498)
Investment and rentals	3,030,660	2,427,030	2,153,693	(273,337)
Intergovernmental	1,324,000	1,496,400	743,435	(752,965)
Charges for services	5,599,430	4,968,850	5,862,002	893,152
Other	474,020	296,600	194,856	(101,744)
Total Revenues	65,549,200	64,028,970	66,713,286	2,684,316
Expenditures:				
General government:				
Administration				
City council	63,744	58,744	47,981	10,763
City manager	549,806	293,806	284,567	9,239
City clerk	731,009	731,009	577,046	153,963
Finance and administrative services	1,960,770	2,034,270	1,772,395	261,875
City general	4,097,424	4,068,594	3,878,539	190,055
Police	18,577,970	18,556,470	17,101,123	1,455,347
Fire	12,003,000	12,049,000	12,052,309	(3,309)
Public works	14,185,107	14,009,747	13,677,333	332,414
Community development	6,941,340	6,786,340	5,873,424	912,916
Beaches, parks and recreation	7,196,240	6,551,850	5,997,694	554,156
Capital outlay	4,601,300	4,486,260	2,441,650	2,044,610
Total Expenditures	70,907,710	69,626,090	63,704,061	5,922,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,358,510)	(5,597,120)	3,009,225	8,606,345
Other Financing Sources (Uses):				
Transfers in	682,960	682,960	747,175	64,215
Transfers out	(1,662,960)	(1,748,460)	(1,814,853)	(66,393)
Total Other Financing Sources (Uses)	(980,000)	(1,065,500)	(1,067,678)	(2,178)
Net Change in Fund Balance	(6,338,510)	(6,662,620)	1,941,547	8,604,167
Fund Balance, Beginning of Year	20,591,236	20,470,222	26,190,927	5,720,705
Fund Balance, End of Year	<u>\$ 14,252,726</u>	<u>\$ 13,807,602</u>	<u>\$ 28,132,474</u>	<u>\$ 14,324,872</u>



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	2018
Total Pension Liability				
Measurement period	06/09/2014- 06/30/2014	06/30/2014- 06/30/2015	06/30/2015- 06/30/2016	06/30/2016- 06/30/2017
Service costs	\$ 73,966	\$ 1,963,306	\$ 2,008,285	\$ 2,069,135
Interest	155,554	2,781,569	3,263,539	3,641,180
Assumption changes	-	(766,723)	-	3,333,358
Difference between expected and actual experience	-	-	2,030,812	617,423
Benefit payments	(269)	(191,979)	(803,833)	(1,172,337)
Net change	229,251	3,786,173	6,498,803	8,488,759
Total pension liability at beginning of year	36,012,184	36,241,435	40,027,608	46,526,411
Total pension liability at end of year	<u>\$ 36,241,435</u>	<u>\$ 40,027,608</u>	<u>\$ 46,526,411</u>	<u>\$ 55,015,170</u>
Plan Fiduciary Net Position				
Additions:				
Employer contributions	\$ 61,744	\$ 1,631,580	\$ 1,601,269	\$ 1,156,188
Employee contributions	34,783	1,029,781	902,113	920,152
Net investment income (loss)	681	808,626	264,062	4,220,378
Total additions	97,208	3,469,987	2,767,444	6,296,718
Deductions:				
Benefit payments	(269)	(191,979)	(803,833)	(1,172,337)
Other miscellaneous income (expense)	-	-	-	-
Administration Expenses	-	(40,275)	(21,871)	(55,848)
Total deductions	(269)	(232,254)	(825,704)	(1,228,185)
Net change	96,939	3,237,733	1,941,740	5,068,533
Fiduciary net position - beginning of year (1)	32,550,000	32,646,939	35,884,672	37,826,412
Fiduciary net position - end of year	<u>\$ 32,646,939</u>	<u>\$ 35,884,672</u>	<u>\$ 37,826,412</u>	<u>\$ 42,894,945</u>
Net Pension Liability	<u>\$ 3,594,496</u>	<u>\$ 4,142,936</u>	<u>\$ 8,699,999</u>	<u>\$ 12,120,225</u>
Funded status	90.08%	89.65%	81.30%	77.97%
Covered payroll	\$ 13,181,126	\$ 13,576,560	\$ 13,902,979	\$ 13,078,411
Net pension liability as a % of payroll	27.27%	30.52%	62.58%	92.67%

(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 2020, inflation was adjusted from 2.75% to 2.5%. In 2019, there were no changes. 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 of 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.

	2019	2020	2021
	06/30/2017- 06/30/2018	06/30/2018- 06/30/2019	06/30/2019- 06/30/2020
\$	2,204,909	\$ 2,292,115	\$ 2,361,018
	3,931,102	4,331,482	4,681,555
	(513,727)	-	-
	103,318	1,080,111	150,532
	(1,453,535)	(1,866,474)	(1,958,421)
	4,272,067	5,837,234	5,234,684
	55,015,170	59,287,237	65,124,471
\$	<u>59,287,237</u>	<u>\$ 65,124,471</u>	<u>\$ 70,359,155</u>
\$	1,327,549	\$ 1,695,757	\$ 1,966,209
	959,224	1,046,219	1,038,407
	3,635,909	3,111,663	2,558,760
	5,922,682	5,853,639	5,563,376
	(1,453,535)	(1,866,474)	(1,958,421)
	(127,043)	109	-
	(66,842)	(33,662)	(72,072)
	(1,647,420)	(1,900,027)	(2,030,493)
	4,275,262	3,953,612	3,532,883
	42,894,945	47,170,207	51,123,819
\$	<u>47,170,207</u>	<u>\$ 51,123,819</u>	<u>\$ 54,656,702</u>
\$	<u>12,117,030</u>	<u>\$ 14,000,652</u>	<u>\$ 15,702,453</u>
	79.56%	78.50%	77.68%
\$	14,023,462	\$ 14,498,796	\$ 15,311,404
	86.41%	96.56%	102.55%

<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,655,757	\$ 1,937,126	\$ 2,218,086
<u>(1,695,757)</u>	<u>(1,966,283)</u>	<u>(2,403,086)</u>
<u>\$ (40,000)</u>	<u>\$ (29,157)</u>	<u>\$ (185,000)</u>
\$ 14,498,796	\$ 15,311,404	\$ 15,755,288
11.70%	12.84%	15.25%

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)	\$ -	\$ (500,000)	\$ -
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 2020, inflation was adjusted from 2.75% to 2.5%. In 2019, there were no changes. 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 of 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, 2018

Measurement date: June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal cost

Actuarial assumptions:

Discount rate 7.000%

Inflation 2.500%

Salary increases Varies by Entry age and Service

Investment rate of return (net of administrative) 7.000%

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	2020	2021
<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
0.14739%	0.15244%	0.14760%	0.13982%
\$ 14,617,389	\$ 14,689,566	\$ 15,124,475	\$ 15,213,067
\$ 461,718	\$ 490,163	\$ 500,521	\$ 435,303
3165.87%	2996.87%	3021.75%	3494.82%
71.66%	71.17%	70.43%	70.10%

2018	2019	2020	2020
<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2020</u>
\$ 1,171,264	\$ 1,354,976	\$ 1,332,926	\$ 1,466,600
(1,171,264)	(1,489,979)	(1,903,221)	(2,070,779)
\$ -	\$ (135,003)	\$ (570,295)	\$ (604,179)
\$ 476,178	\$ 490,163	\$ 500,521	\$ 435,303
245.97%	303.98%	380.25%	475.71%

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

Last Ten Fiscal Years
(dollar amount in thousands)

	2012	2013	2014	2015
Total Pension Liability (2)				
Discount Rate	7.25%	7.25%	7.25%	7.25%
Service Costs	\$ N/A	\$ N/A	\$ N/A	\$ 78
Interest	N/A	N/A	N/A	2,071
Experience Losses (Gains)	N/A	N/A	N/A	-
Assumption Changes	N/A	N/A	N/A	-
Benefit Payments	N/A	N/A	N/A	(1,606)
Net Change	N/A	N/A	N/A	543
Total Pension Liability at Beginning of Year	N/A	N/A	N/A	29,289
Total Pension Liability at End of Year	N/A	N/A	N/A	29,832
Plan Fiduciary Net Position (4)				
Additions:				
Employer Contributions	\$ 2,243	\$ 2,267	\$ 2,482	\$ 995
Employee Contributions	952	1,214	1,019	32
Net Investment Income (Loss)	741	4,666	6,598	413
Total Additions	3,936	8,147	10,099	1,440
Deductions:				
Benefit Payments	(678)	(1,039)	(1,378)	(1,606)
Administration Expenses	(30)	(49)	(38)	(53)
Transfer to CalPERS (1)	-	-	(32,550)	-
Total Deductions	(708)	(1,088)	(33,966)	(1,659)
Net Change	3,228	7,059	(23,867)	(219)
Fiduciary Net Position - Beginning of Year	33,174	36,402	43,461	19,594
Fiduciary Net Position - End of Year	\$ 36,402	\$ 43,461	\$ 19,594	\$ 19,375
Total Pension Liability (2), (4)	\$ 52,775	\$ 58,125	\$ 29,284	\$ 29,832
Fiduciary Net Position - End of Year	36,402	43,461	19,594	19,375
Net Pension Liability	16,373	14,664	9,690	10,457
Funded Status	69.0%	74.8%	66.9%	64.9%
Covered Payroll (3)	13,542	13,446	425	451
Net Pension Liability % Payroll	121%	109%	2280%	2319%

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 90.1%, the Coastal Animal Services Authority proportion represents 9.9%.

N/A - Not Available

2016	2017	2018	2019	2020	2021
7.25%	7.25%	6.25%	6.25%	6.25%	5.75%
\$ 73	\$ 75	\$ 107	\$ 110	\$ 123	\$ 127
2,173	2,214	2,148	2,159	2,382	2,392
48	-	611	-	3,390	-
836	-	2,774	-	161	1,917
(1,640)	(1,723)	(2,028)	(2,131)	(2,385)	(2,349)
1,490	566	3,612	138	3,671	2,087
29,832	31,322	31,888	35,500	35,638	39,309
31,322	31,888	35,500	35,638	39,309	41,396
\$ 1,001	\$ 1,188	\$ 1,206	\$ 1,507	\$ 1,512	\$ 2,418
33	35	37	39	40	41
(235)	2,278	1,203	1,088	656	5,104
799	3,501	2,446	2,634	2,208	7,563
(1,640)	(1,723)	(2,028)	(2,131)	(2,385)	(2,349)
(65)	(34)	(26)	(44)	(40)	(52)
-	-	-	-	-	-
(1,705)	(1,757)	(2,054)	(2,175)	(2,425)	(2,401)
(906)	1,744	392	459	(217)	5,162
19,375	18,469	20,213	20,605	21,064	20,847
\$ 18,469	\$ 20,213	\$ 20,605	\$ 21,064	\$ 20,847	\$ 26,009
\$ 31,322	\$ 31,888	\$ 35,500	\$ 35,638	\$ 39,309	\$ 41,396
18,469	20,213	20,605	21,064	20,847	26,009
12,853	11,675	14,895	14,574	18,462	15,387
59.0%	63.4%	58.0%	59.1%	53.0%	62.8%
467	488	520	530	546	549
2752%	2392%	2864%	2750%	3381%	2803%

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

Last Ten Fiscal Years
 (dollar amount in thousands)

	2011	2013	2014	2015
Contributions				
City of San Clemente				\$ 915
Coastal Animal Services Authority				80
Actuarially determined contribution	N/A	N/A	\$ 2,482	\$ 995
Contributions in relation the actuarially determined contribution	N/A	N/A	\$ 2,482	\$ 995
Contribution deficiency (excess)	N/A	N/A	-	-
Covered Payroll	N/A	N/A	13,446	451
Contributions as a % of covered employee payroll	N/A	N/A	18%	221%
Investment Returns				
Annual money-weighted rate of return, net of investment expense	N/A	7.50%	13.50%	2.80%

CSCERP had no benefit changes during the year.

Significant Actuarial Methods and Assumptions are:

Valuation date	6/30/2019
Actuarial cost method	Entry Age Normal - Level % of Payroll
Amortization method	Level dollar amount
Amortization period	20 year closed period, on average 16 years remaining
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.

2016	2017	2018	2019	2020	2021
\$ 937	\$ 1,099	\$ 1,101	\$ 1,360	\$ 1,361	\$ 1,639
64	89	105	147	151	270
<u>\$ 1,001</u>	<u>\$ 1,188</u>	<u>\$ 1,206</u>	<u>\$ 1,507</u>	<u>\$ 1,512</u>	<u>\$ 1,909</u>
<u>\$ 1,001</u>	<u>\$ 1,188</u>	<u>\$ 1,206</u>	<u>\$ 1,507</u>	<u>\$ 1,512</u>	<u>\$ 2,459</u>
-	-	-	-	-	(550)
467	488	520	530	546	549
214%	243%	232%	284%	277%	448%
-1.60%	12.55%	5.94%	5.30%	3.13%	24.21%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years*

	2018	2019	2020	2021
	06/30/2016- 06/30/2017	06/30/2017- 06/30/2018	06/30/2018- 06/30/2019	06/30/2019- 06/30/2020
Total OPEB Liability				
Measurement period				
Service costs	\$ 50,595	\$ 51,986	\$ 53,416	\$ 183,718
Interest	108,676	115,420	121,715	259,361
Experience losses (gains)	-	-	(67,212)	(13,598)
Assumption changes	-	-	2,082,632	-
Difference between expected and actual experience	-	-	10,012	-
Benefit payments	(44,716)	(69,099)	(83,472)	(189,079)
Net change	114,555	98,307	2,117,091	240,402
Total OPEB liability at beginning of year	1,669,701	1,784,256	1,882,563	3,999,654
Total OPEB liability at end of year	<u>\$ 1,784,256</u>	<u>\$ 1,882,563</u>	<u>\$ 3,999,654</u>	<u>\$ 4,240,056</u>
Plan Fiduciary Net Position				
Additions:				
Employer contributions	\$ 100,022	\$ 121,599	\$ 135,972	\$ 248,029
Net investment income (loss)	50,662	50,099	64,912	63,720
Total additions	150,684	171,698	200,884	311,749
Deductions:				
Benefit payments	(44,716)	(69,099)	(83,472)	(189,079)
Administration Expenses	(372)	(1,497)	(196)	(523)
Total deductions	(45,088)	(70,596)	(83,668)	(189,602)
Net change	105,596	101,102	117,216	122,147
Fiduciary net position - beginning of year	703,102	808,698	909,800	1,027,016
Fiduciary net position - end of year	<u>\$ 808,698</u>	<u>\$ 909,800</u>	<u>\$ 1,027,016</u>	<u>\$ 1,149,163</u>
Net OPEB Liability	<u>\$ 975,558</u>	<u>\$ 972,763</u>	<u>\$ 2,972,638</u>	<u>\$ 3,090,893</u>
Funded status	45.32%	48.33%	25.68%	27.10%
Covered-employee payroll	\$ 14,323,755	\$ 14,832,279	\$ 15,575,172	\$ 16,309,527
Net pension liability as a % of covered-employee payroll	6.81%	6.56%	19.09%	18.95%

Notes to schedule:

Benefit changes. None

Changes in assumptions. In FY 2020, the addition of the implicit subsidy was included as an assumption change. There was no change in assumptions in FY 2021.

* 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.

Disaster Relief Fund – This fund is used to account for funds for grant revenues associated with pandemic related activities and the related costs.

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, 2021

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
<u>ASSETS:</u>		
Cash and investments	\$ 6,788,546	\$ 80,130
Receivables (net of allowances for uncollectibles):		
Accounts receivable	-	267,343
Interest receivable	20,184	238
Due from other governments	221,349	21,442
Loans receivable	-	-
Total assets	\$ 7,030,079	\$ 369,153
<u>LIABILITIES:</u>		
Accounts payable	\$ 823,640	\$ 3,798
Accrued wages	-	-
Unearned revenue	-	-
Deposits payable	-	-
Due to other funds	-	-
Total liabilities	823,640	3,798
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	-	267,343
Total deferred inflows of resources	-	267,343
<u>FUND BALANCES:</u>		
Restricted		
Capital projects	6,206,439	-
Other purposes	-	98,012
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Total fund balances	6,206,439	98,012
Total liabilities, deferred inflows of resources and fund balances	\$ 7,030,079	\$ 369,153

Special Revenue Funds					Capital Project Funds
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Disaster Relief	Reserve
\$ 7,178,358	\$ 274,317	\$ -	\$ 1,203,830	\$ 3,903,754	\$ 15,385,582
4,255	-	-	49,800	-	-
21,343	816	-	3,579	-	45,745
172,054	-	392,196	-	-	-
-	-	329,353	-	-	-
<u>\$ 7,376,010</u>	<u>\$ 275,133</u>	<u>\$ 721,549</u>	<u>\$ 1,257,209</u>	<u>\$ 3,903,754</u>	<u>\$ 15,431,327</u>
\$ 888,298	\$ 12,917	\$ 51,113	\$ -	\$ 17,335	\$ 50,268
-	-	2,633	-	148	-
-	-	-	-	3,624,173	-
-	-	-	-	-	-
-	-	311,198	-	-	-
<u>888,298</u>	<u>12,917</u>	<u>364,944</u>	<u>-</u>	<u>3,641,656</u>	<u>50,268</u>
-	-	-	-	-	-
-	-	-	-	-	-
6,487,712	-	-	1,257,209	-	-
-	262,216	356,605	-	262,098	-
-	-	-	-	-	291,272
-	-	-	-	-	14,052,927
-	-	-	-	-	1,036,860
<u>6,487,712</u>	<u>262,216</u>	<u>356,605</u>	<u>1,257,209</u>	<u>262,098</u>	<u>15,381,059</u>
<u>\$ 7,376,010</u>	<u>\$ 275,133</u>	<u>\$ 721,549</u>	<u>\$ 1,257,209</u>	<u>\$ 3,903,754</u>	<u>\$ 15,431,327</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2021

	Capital Projects Funds	
	Developers Improvement	Public Facilities Construction
<u>ASSETS:</u>		
Cash and investments	\$ 6,408,872	\$ 4,171,915
Receivables (net of allowances for uncollectibles):		
Accounts receivable	-	-
Interest receivable	19,055	12,404
Due from other governments	-	-
Loans receivable	8,737,309	-
Total assets	\$ 15,165,236	\$ 4,184,319
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ 572,567
Accrued wages	-	-
Unearned revenue	-	300,000
Deposits payable	183,619	-
Due to other funds	-	-
Total liabilities	183,619	872,567
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable revenue - receivables	-	-
Total deferred inflows of resources	-	-
<u>FUND BALANCES:</u>		
Restricted		
Capital projects	4,352,141	3,311,752
Other purposes	10,629,476	-
Committed		
Capital projects	-	-
Assigned		
Capital projects	-	-
Other purposes	-	-
Total fund balances	14,981,617	3,311,752
Total liabilities, deferred inflows of resources and fund balances	\$ 15,165,236	\$ 4,184,319

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ 629,714	\$ 3,597,201	\$ 967,385	\$ 1,817,607	\$ 52,407,211
-	-	-	-	321,398
1,872	10,695	2,876	5,404	144,211
-	-	-	-	807,041
2,129,627	-	-	-	11,196,289
<u>\$ 2,761,213</u>	<u>\$ 3,607,896</u>	<u>\$ 970,261</u>	<u>\$ 1,823,011</u>	<u>\$ 64,876,150</u>
\$ -	\$ 474	\$ 50,583	\$ -	\$ 2,470,993
-	-	-	-	2,781
-	-	-	-	3,924,173
-	-	-	-	183,619
-	-	-	-	311,198
<u>-</u>	<u>474</u>	<u>50,583</u>	<u>-</u>	<u>6,892,764</u>
-	-	-	-	267,343
-	-	-	-	267,343
-	3,607,422	919,678	1,823,011	27,965,364
2,761,213	-	-	-	14,369,620
-	-	-	-	291,272
-	-	-	-	14,052,927
-	-	-	-	1,036,860
<u>2,761,213</u>	<u>3,607,422</u>	<u>919,678</u>	<u>1,823,011</u>	<u>57,716,043</u>
<u>\$ 2,761,213</u>	<u>\$ 3,607,896</u>	<u>\$ 970,261</u>	<u>\$ 1,823,011</u>	<u>\$ 64,876,150</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, 2021

	Special Revenue Funds	
	Gas Tax	Air Quality Improvement
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	17,854	(22)
Intergovernmental	2,866,185	84,328
Charges for services	-	-
Developer fees	-	-
Other	-	-
Total Revenues	<u>2,884,039</u>	<u>84,306</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	71,700	13,064
Community development	-	-
Beaches, parks and recreation	-	-
Capital outlay	<u>2,806,252</u>	-
Total Expenditures	<u>2,877,952</u>	<u>13,064</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,087</u>	<u>71,242</u>
Other Financing Sources (Uses):		
Transfers in	79,590	70,870
Transfers out	<u>(523,374)</u>	-
Total Other Financing Sources (Uses)	<u>(443,784)</u>	<u>70,870</u>
Net Change in Fund Balances	(437,697)	142,112
Fund Balance (Deficit) at Beginning of Year	<u>6,644,136</u>	<u>(44,100)</u>
Fund Balance (Deficit) at End of Year	<u>\$ 6,206,439</u>	<u>\$ 98,012</u>

Special Revenue Funds					Capital Project Funds
Street Improvement	Police Grants	Miscellaneous Grants	Local Cable Infrastructure	Disaster Relief	Reserve
\$ 29	\$ -	\$ -	\$ 201,365	\$ -	\$ -
(19,811)	553	-	6,262	13,353	52,049
1,025,451	156,731	573,278	-	919,116	-
-	-	-	-	-	652,810
-	-	-	-	-	-
-	-	-	-	-	49,573
<u>1,005,669</u>	<u>157,284</u>	<u>573,278</u>	<u>207,627</u>	<u>932,469</u>	<u>754,432</u>
-	-	-	5,970	683,835	64,899
-	155,000	-	-	446,662	-
925,473	-	-	-	-	-
-	-	570,953	-	-	-
-	-	-	-	-	-
2,511,630	-	5,481	647	-	747,230
<u>3,437,103</u>	<u>155,000</u>	<u>576,434</u>	<u>6,617</u>	<u>1,130,497</u>	<u>812,129</u>
(2,431,434)	2,284	(3,156)	201,010	(198,028)	(57,697)
665,650	-	-	-	-	1,530,000
-	-	(691)	-	-	-
<u>665,650</u>	<u>-</u>	<u>(691)</u>	<u>-</u>	<u>-</u>	<u>1,530,000</u>
(1,765,784)	2,284	(3,847)	201,010	(198,028)	1,472,303
8,253,496	259,932	360,452	1,056,199	460,126	13,908,756
<u>\$ 6,487,712</u>	<u>\$ 262,216</u>	<u>\$ 356,605</u>	<u>\$ 1,257,209</u>	<u>\$ 262,098</u>	<u>\$ 15,381,059</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, 2021

	Capital Projects Funds	
	Developers Improvement	Public Facilities Construction
Revenues:		
Taxes	\$ -	\$ -
Investment and rentals	184,656	(15,986)
Intergovernmental	71,059	-
Charges for services	-	-
Developer fees	122,399	28,740
Other	-	-
Total Revenues	<u>378,114</u>	<u>12,754</u>
Expenditures:		
Current:		
General government	-	-
Police	-	-
Public works	455,153	-
Community development	-	49,847
Beaches, parks and recreation	-	-
Capital outlay	<u>157,629</u>	<u>1,961,214</u>
Total Expenditures	<u>612,782</u>	<u>2,011,061</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(234,668)</u>	<u>(1,998,307)</u>
Other Financing Sources (Uses):		
Transfers in	-	-
Transfers out	<u>-</u>	<u>(700,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(700,000)</u>
Net Change in Fund Balances	(234,668)	(2,698,307)
Fund Balance (Deficit) at Beginning of Year	<u>15,216,285</u>	<u>6,010,059</u>
Fund Balance (Deficit) at End of Year	<u>\$ 14,981,617</u>	<u>\$ 3,311,752</u>

Capital Projects Funds

Low/Moderate Income Housing	Local Drainage Facilities	RCFPP	Parks Acquisition and Development	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 201,394
36,299	5,076	1,414	5,162	286,859
-	-	-	-	5,696,148
-	-	-	-	652,810
-	2,266	5,361	73,759	232,525
-	-	-	-	49,573
<u>36,299</u>	<u>7,342</u>	<u>6,775</u>	<u>78,921</u>	<u>7,119,309</u>
-	-	-	-	754,704
-	-	-	-	601,662
-	26,515	4,020	-	1,495,925
14,625	-	-	-	635,425
-	-	-	8,400	8,400
-	128,745	78,615	702	8,398,145
<u>14,625</u>	<u>155,260</u>	<u>82,635</u>	<u>9,102</u>	<u>11,894,261</u>
<u>21,674</u>	<u>(147,918)</u>	<u>(75,860)</u>	<u>69,819</u>	<u>(4,774,952)</u>
66,393	-	-	-	2,412,503
-	-	(65,000)	-	(1,289,065)
<u>66,393</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>1,123,438</u>
88,067	(147,918)	(140,860)	69,819	(3,651,514)
<u>2,673,146</u>	<u>3,755,340</u>	<u>1,060,538</u>	<u>1,753,192</u>	<u>61,367,557</u>
<u>\$ 2,761,213</u>	<u>\$ 3,607,422</u>	<u>\$ 919,678</u>	<u>\$ 1,823,011</u>	<u>\$ 57,716,043</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 103,800	\$ 17,854	\$ (85,946)
Intergovernmental	3,980,540	2,866,185	(1,114,355)
Total Revenues	4,084,340	2,884,039	(1,200,301)
Expenditures:			
Current:			
Public works	151,440	71,700	79,740
Capital outlay	9,780,352	2,806,252	6,974,100
Total Expenditures	9,931,792	2,877,952	7,053,840
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,847,452)	6,087	5,853,539
Other Financing Sources (Uses):			
Transfers in	323,222	79,590	(243,632)
Transfers out	(451,350)	(523,374)	(72,024)
Total Other Financing Sources (Uses)	(128,128)	(443,784)	(315,656)
Net Change in Fund Balance	(5,975,580)	(437,697)	5,537,883
Fund Balance, Beginning of Year	6,644,136	6,644,136	-
Fund Balance, End of Year	\$ 668,556	\$ 6,206,439	\$ 5,537,883

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 2,000	\$ (22)	\$ (2,022)
Intergovernmental	972,900	84,328	(888,572)
 Total Revenues	 974,900	 84,306	 (890,594)
Expenditures:			
Current:			
Public works	578,570	13,064	565,506
 Total Expenditures	 578,570	 13,064	 565,506
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 396,330	 71,242	 (325,088)
Other Financing Sources (Uses):			
Transfers in	70,870	70,870	-
 Total Other Financing Sources (Uses)	 70,870	 70,870	 -
 Net Change in Fund Balance	 467,200	 142,112	 (325,088)
 Fund Balance, Beginning of Year	 (44,100)	 (44,100)	 -
 Fund Balance, End of Year	 \$ 423,100	 \$ 98,012	 \$ (325,088)

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ -	\$ 29	\$ 29
Investment and rentals	130,000	(19,811)	(149,811)
Intergovernmental	892,330	1,025,451	133,121
Total Revenues	<u>1,022,330</u>	<u>1,005,669</u>	<u>(16,661)</u>
Expenditures:			
Current:			
Public works	1,361,660	925,473	436,187
Capital outlay	7,405,154	2,511,630	4,893,524
Total Expenditures	<u>8,766,814</u>	<u>3,437,103</u>	<u>5,329,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,744,484)</u>	<u>(2,431,434)</u>	<u>5,313,050</u>
Other Financing Sources (Uses):			
Transfers in	700,000	665,650	(34,350)
Transfers Out	(218,632)	-	218,632
Total Other Financing Sources (Uses)	<u>481,368</u>	<u>665,650</u>	<u>184,282</u>
Net Change in Fund Balance	(7,263,116)	(1,765,784)	5,497,332
Fund Balance, Beginning of Year	<u>8,253,496</u>	<u>8,253,496</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 990,380</u></u>	<u><u>\$ 6,487,712</u></u>	<u><u>\$ 5,497,332</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Police Grants Special Revenue Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 4,000	\$ 553	\$ (3,447)
Intergovernmental	155,000	156,731	1,731
Total Revenues	159,000	157,284	(1,716)
Expenditures:			
Current:			
Police	175,280	155,000	20,280
Net Change in Fund Balance	(16,280)	2,284	18,564
Fund Balance, Beginning of Year	259,932	259,932	-
Fund Balance, End of Year	\$ 243,652	\$ 262,216	\$ 18,564

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,377,796	\$ 573,278	(804,518)
Total Revenues	<u>1,377,796</u>	<u>573,278</u>	<u>(804,518)</u>
Expenditures:			
Current:			
Community development	903,496	570,953	332,543
Capital outlay	484,670	5,481	479,189
Total Expenditures	<u>1,388,166</u>	<u>576,434</u>	<u>811,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,370)</u>	<u>(3,156)</u>	<u>7,214</u>
Other Financing Sources (Uses):			
Transfers out	<u>(8,500)</u>	<u>(691)</u>	<u>7,809</u>
Total Other Financing Sources (Uses)	<u>(8,500)</u>	<u>(691)</u>	<u>7,809</u>
Net Change in Fund Balance	(18,870)	(3,847)	15,023
Fund Balance, Beginning of Year	<u>360,452</u>	<u>360,452</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 341,582</u>	<u>\$ 356,605</u>	<u>\$ 15,023</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Taxes	\$ 210,000	\$ 201,365	\$ (8,635)
Investment and rentals	13,000	6,262	(6,738)
Total Revenues	<u>223,000</u>	<u>207,627</u>	<u>(15,373)</u>
Expenditures:			
Current:			
General government	5,970	5,970	-
Capital outlay	<u>200,000</u>	<u>647</u>	<u>199,353</u>
Total Expenditures	<u>205,970</u>	<u>6,617</u>	<u>199,353</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,030	201,010	183,980
Fund Balance, Beginning of Year	<u>1,056,199</u>	<u>1,056,199</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 1,073,229</u></u>	<u><u>\$ 1,257,209</u></u>	<u><u>\$ 183,980</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Disaster Relief Special Revenue Fund
For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ -	\$ 13,353	\$ 13,353
Intergovernmental	797,390	919,116	121,726
Total Revenues	<u>797,390</u>	<u>932,469</u>	<u>135,079</u>
Expenditures:			
Current:			
General government	1,001,100	683,835	317,265
Police	256,410	446,662	(190,252)
Total Expenditures	<u>1,257,510</u>	<u>1,130,497</u>	<u>127,013</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(460,120)</u>	<u>(198,028)</u>	<u>262,092</u>
Net Change in Fund Balance	(460,120)	(198,028)	262,092
Fund Balance, Beginning of Year	<u>460,126</u>	<u>460,126</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6</u>	<u>\$ 262,098</u>	<u>\$ 262,092</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment and rentals	\$ 180,000	\$ 52,049	\$ (127,951)
Charges for services	652,810	652,810	-
Other	49,300	49,573	273
Total Revenues	<u>882,110</u>	<u>754,432</u>	<u>(127,678)</u>
Expenditures:			
Current:			
General government	260,000	64,899	195,101
Capital outlay	4,486,520	747,230	3,739,290
Total Expenditures	<u>4,746,520</u>	<u>812,129</u>	<u>3,934,391</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,864,410)	(57,697)	3,806,713
Other Financing Sources (Uses):			
Transfers in	1,530,000	1,530,000	-
Net Change in Fund Balance	(2,334,410)	1,472,303	3,806,713
Fund Balance, Beginning of Year	<u>13,908,756</u>	<u>13,908,756</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 11,574,346</u>	<u>\$ 15,381,059</u>	<u>\$ 3,806,713</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 90,000	\$ 184,656	\$ 94,656
Intergovernmental	250,000	71,059	(178,941)
Developer fees	423,180	122,399	(300,781)
Total Revenues	<u>763,180</u>	<u>378,114</u>	<u>(385,066)</u>
Expenditures:			
Current:			
Public works	885,120	455,153	429,967
Capital outlay	233,970	157,629	76,341
Total Expenditures	<u>1,119,090</u>	<u>612,782</u>	<u>506,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(355,910)</u>	<u>(234,668)</u>	<u>121,242</u>
Net Change in Fund Balance	(355,910)	(234,668)	121,242
Fund Balance, Beginning of Year	<u>15,216,285</u>	<u>15,216,285</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 14,860,375</u>	<u>\$ 14,981,617</u>	<u>\$ 121,242</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 80,000	\$ (15,986)	\$ (95,986)
Intergovernmental	300,000	-	(300,000)
Developer fees	71,530	28,740	(42,790)
Total Revenues	451,530	12,754	(438,776)
Expenditures:			
Current:			
Community development	51,160	49,847	1,313
Capital outlay	4,059,020	1,961,214	2,097,806
Total Expenditures	4,110,180	2,011,061	2,099,119
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,658,650)	(1,998,307)	1,660,343
Other Financing Sources:			
Transfers out	(700,000)	(700,000)	-
Total Other Financing Sources (Uses)	(700,000)	(700,000)	-
Net Change in Fund Balance	(4,358,650)	(2,698,307)	1,660,343
Fund Balance, Beginning of Year	6,010,059	6,010,059	-
Fund Balance, End of Year	\$ 1,651,409	\$ 3,311,752	\$ 1,660,343

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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 4,500	\$ 36,299	\$ 31,799
Total Revenues	<u>4,500</u>	<u>36,299</u>	<u>31,799</u>
Expenditures:			
Current:			
Community development	258,890	14,625	244,265
Total Expenditures	<u>258,890</u>	<u>14,625</u>	<u>244,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(254,390)</u>	<u>21,674</u>	<u>276,064</u>
Other Financing Sources (Uses):			
Transfers in	-	66,393	66,393
Total Other Financing Sources (Uses)	<u>-</u>	<u>66,393</u>	<u>66,393</u>
Net Change in Fund Balance	(254,390)	88,067	342,457
Fund Balance, Beginning of Year	<u>2,673,146</u>	<u>2,673,146</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,418,756</u>	<u>\$ 2,761,213</u>	<u>\$ 342,457</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, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 45,000	\$ 5,076	\$ (39,924)
Developer fees	500	2,266	1,766
 Total Revenues	 45,500	 7,342	 (38,158)
Expenditures:			
Current:			
Public works	92,900	26,515	66,385
Capital outlay	1,196,630	128,745	1,067,885
 Total Expenditures	 1,289,530	 155,260	 1,134,270
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (1,244,030)	 (147,918)	 1,096,112
 Fund Balance, Beginning of Year	 3,755,340	 3,755,340	 -
 Fund Balance, End of Year	 \$ 2,511,310	 \$ 3,607,422	 \$ 1,096,112

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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Investment and rentals	\$ 30,000	\$ 1,414	\$ (28,586)
Developer fees	<u>10,000</u>	<u>5,361</u>	<u>(4,639)</u>
Total Revenues	<u>40,000</u>	<u>6,775</u>	<u>(33,225)</u>
Expenditures:			
Current:			
Public works	4,020	4,020	-
Capital outlay	<u>500,000</u>	<u>78,615</u>	<u>421,385</u>
Total Expenditures	<u>504,020</u>	<u>82,635</u>	<u>421,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(464,020)	(75,860)	388,160
Other Financing Sources (Uses):			
Transfers out	<u>(90,000)</u>	<u>(65,000)</u>	<u>25,000</u>
Net Change in Fund Balance	(554,020)	(140,860)	413,160
Fund Balance, Beginning of Year	<u>1,060,538</u>	<u>1,060,538</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 506,518</u></u>	<u><u>\$ 919,678</u></u>	<u><u>\$ 413,160</u></u>

CITY OF SAN CLEMENTE
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
Parks Acquisition and Development Capital Project Fund
For the Year Ended June 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment and rentals	\$ 32,500	\$ 5,162	\$ (27,338)
Developer fees	40,000	73,759	33,759
 Total Revenues	 72,500	 78,921	 6,421
Expenditures:			
Current:			
Beaches, parks, and recreation	8,400	8,400	-
Capital outlay	198,990	702	198,288
 Total Expenditures	 207,390	 9,102	 198,288
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 (134,890)	 69,819	 204,709
 Fund Balance, Beginning of Year	 1,753,192	 1,753,192	 -
 Fund Balance, End of Year	 <u>\$ 1,618,302</u>	 <u>\$ 1,823,011</u>	 <u>\$ 204,709</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, 2021

	Clean Ocean	Solid Waste Management	Totals
ASSETS:			
Current Assets:			
Cash and investments	\$ 1,896,537	\$ 579,919	\$ 2,476,456
Receivables (net of allowances for uncollectible accounts)	53,977	25,628	79,605
Accrued interest	5,639	1,724	7,363
Total Current Assets	<u>1,956,153</u>	<u>607,271</u>	<u>2,563,424</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>1,956,153</u>	<u>607,271</u>	<u>2,563,424</u>
LIABILITIES:			
Current Liabilities			
Accounts payable	135,119	24,829	159,948
Accrued wages	7,208	2,433	9,641
Compensated absences payable	2,352	2,228	4,580
Total Current Liabilities	<u>144,679</u>	<u>29,490</u>	<u>174,169</u>
Noncurrent Liabilities:			
Compensated absences payable	<u>7,057</u>	<u>6,685</u>	<u>13,742</u>
Total Liabilities	<u>151,736</u>	<u>36,175</u>	<u>187,911</u>
Net Position:			
Unrestricted	<u>1,804,417</u>	<u>571,096</u>	<u>2,375,513</u>
Total Net Position	<u>\$ 1,804,417</u>	<u>\$ 571,096</u>	<u>\$ 2,375,513</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2021

	Clean Ocean	Solid Waste Management	Totals
Operating Revenues:			
Charges for services	\$ -	\$ 243,004	\$ 243,004
Other	181,292	9,150	190,442
Total Operating Revenues	<u>181,292</u>	<u>252,154</u>	<u>433,446</u>
Operating Expenses:			
Salaries and benefits	324,494	113,673	438,167
Cost of materials and supplies	30,113	9,066	39,179
Maintenance and other operating expenses	1,795,270	98,812	1,894,082
Total Operating Expenses	<u>2,149,877</u>	<u>221,551</u>	<u>2,371,428</u>
Operating Income (Loss)	<u>(1,968,585)</u>	<u>30,603</u>	<u>(1,937,982)</u>
Non-Operating Revenues (Expenses):			
Investment income	(26,737)	2,090	(24,647)
Grant income	-	16,145	16,145
Total Non-Operating Revenues	<u>(26,737)</u>	<u>18,235</u>	<u>(8,502)</u>
Income (Loss) Before Transfers	<u>(1,995,322)</u>	<u>48,838</u>	<u>(1,946,484)</u>
Transfers:			
Transfers in	333,000	-	333,000
Transfers out	(529,140)	-	(529,140)
Total Transfers	<u>(196,140)</u>	<u>-</u>	<u>(196,140)</u>
Change in Net Position	<u>(2,191,462)</u>	<u>48,838</u>	<u>(2,142,624)</u>
Net Position - Beginning of Year	<u>3,995,879</u>	<u>522,258</u>	<u>4,518,137</u>
Net Position - End of Year	<u>\$ 1,804,417</u>	<u>\$ 571,096</u>	<u>\$ 2,375,513</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2021

	Clean Ocean	Solid Waste Management	Totals
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 591,954	\$ 252,206	\$ 844,160
Cash paid to other suppliers for goods or services	(1,834,958)	(92,221)	(1,927,179)
Cash payment to employees	(321,882)	(114,032)	(435,914)
Net Cash Provided by (Used for) Operating Activities	<u>(1,564,886)</u>	<u>45,953</u>	<u>(1,518,933)</u>
Cash Flows from Noncapital Financing Activities:			
Grant receipts	-	16,145	16,145
Cash received from other funds	333,000	-	333,000
Cash paid to other funds	(529,140)	-	(529,140)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(196,140)</u>	<u>16,145</u>	<u>(179,995)</u>
Cash Flows from Investing Activities:			
Maturity of investments	(26,737)	-	(26,737)
Investment income received	10,543	2,635	13,178
Net Cash Provided by (Used for) Investing Activities	<u>(16,194)</u>	<u>2,635</u>	<u>(13,559)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,777,220)	64,733	(1,712,487)
Cash and Cash Equivalents at Beginning of Year	3,673,757	515,186	4,188,943
Cash and Cash Equivalents at End of Year	<u>\$ 1,896,537</u>	<u>\$ 579,919</u>	<u>\$ 2,476,456</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	<u>\$ (1,968,585)</u>	<u>\$ 30,603</u>	<u>\$ (1,937,982)</u>
Adjustments to Reconcile Operating Income to Net Cash Change in Assets and Liabilities:			
(Increase) decrease in accounts receivable	410,662	52	410,714
Increase (decrease) in accounts payable	(9,575)	15,654	6,079
Increase (decrease) in accrued wages	1,792	210	2,002
Increase (decrease) in compensated absences	820	(566)	254
Total Adjustments	<u>403,699</u>	<u>15,350</u>	<u>419,049</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,564,886)</u>	<u>\$ 45,953</u>	<u>\$ (1,518,933)</u>
Noncash investing, capital, and financing activities:			
Unrealized gain (loss) from investments	\$ (61,363)	\$ (5,567)	\$ (66,930)

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, 2021

	Employee Benefits	Central Services
ASSETS:		
Current Assets:		
Cash and investments	\$ 491,097	\$ 312,731
Receivables (net of uncollectible allowance):		
Accounts	18,033	-
Accrued interest	-	930
Total Current Assets	509,130	313,661
Noncurrent Assets:		
Capital Assets:		
Buildings	-	-
Improvements other than buildings	-	-
Machinery and equipment	-	321,333
Total Capital Assets	-	321,333
Less accumulated depreciation	-	(313,018)
Net Capital Assets	-	8,315
Total Noncurrent Assets	-	8,315
Total Assets	509,130	321,976
DEFERRED OUTFLOWS OF RESOURCES:		
OPEB Pension deferral	-	-
LIABILITIES:		
Current Liabilities:		
Accounts payable	-	19,671
Accrued wages	456,159	1,019
Capital lease obligations	-	12,040
Compensated absences payable	-	1,024
Claims and judgements payable	-	-
Total Current Liabilities	456,159	33,754
Noncurrent Liabilities:		
Capitalized lease obligations	-	-
Compensated absences payable	-	3,071
Claims and judgments payable	-	-
Net OPEB liability	-	-
Total Noncurrent Liabilities	-	3,071
Total Liabilities	456,159	36,825
DEFERRED INFLOWS OF RESOURCES:		
OPEB Pension deferral	-	-
Net Position:		
Net investment in capital assets	-	-
Unrestricted	52,971	285,151
Total Net Position	\$ 52,971	\$ 285,151

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 1,226,498	\$ 7,022,097	\$ 180,616	\$ 2,301,411	\$ 8,247,839	\$ 19,782,289
-	-	4,546	-	5,193	27,772
3,647	20,879	539	6,843	24,523	57,361
<u>1,230,145</u>	<u>7,042,976</u>	<u>185,701</u>	<u>2,308,254</u>	<u>8,277,555</u>	<u>19,867,422</u>
-	443,134	-	-	-	443,134
635,550	569,260	-	-	-	1,204,810
578,026	6,308,636	-	-	-	7,207,995
1,213,576	7,321,030	-	-	-	8,855,939
(576,911)	(5,769,587)	-	-	-	(6,659,516)
636,665	1,551,443	-	-	-	2,196,423
636,665	1,551,443	-	-	-	2,196,423
<u>1,866,810</u>	<u>8,594,419</u>	<u>185,701</u>	<u>2,308,254</u>	<u>8,277,555</u>	<u>22,063,845</u>
-	-	1,913,465	-	-	1,913,465
35,115	136,533	12,901	7,264	104,669	316,153
20,394	-	-	-	-	477,572
-	-	-	-	-	12,040
30,184	-	-	-	-	31,208
-	-	-	141,572	496,282	637,854
<u>85,693</u>	<u>136,533</u>	<u>12,901</u>	<u>148,836</u>	<u>600,951</u>	<u>1,474,827</u>
-	-	-	-	-	-
90,552	-	-	-	-	93,623
-	-	-	346,610	1,215,034	1,561,644
-	-	3,090,893	-	-	3,090,893
90,552	-	3,090,893	346,610	1,215,034	4,746,160
<u>176,245</u>	<u>136,533</u>	<u>3,103,794</u>	<u>495,446</u>	<u>1,815,985</u>	<u>6,220,987</u>
-	-	63,397	-	-	63,397
636,665	1,551,443	-	-	-	2,188,108
1,053,900	6,906,443	(1,068,025)	1,812,808	6,461,570	15,504,818
<u>\$ 1,690,565</u>	<u>\$ 8,457,886</u>	<u>\$ (1,068,025)</u>	<u>\$ 1,812,808</u>	<u>\$ 6,461,570</u>	<u>\$ 17,692,926</u>

CITY OF SAN CLEMENTE
Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	Employee Benefits	Central Services
Operating Revenues:		
Charges for current services	\$ -	\$ 522,934
Other	3,049	-
Total Operating Revenues	3,049	522,934
Operating Expenses:		
Salaries and benefits	-	54,886
Cost of materials and supplies	-	36,657
Depreciation	-	33,258
Workers compensation insurance	-	-
Employee health/life insurance	-	-
Liability insurance	-	-
Benefit payments	-	-
Maintenance and other operating expenses	-	334,052
Total Operating Expenses	-	458,853
Operating Income (Loss)	3,049	64,081
Nonoperating Revenues (Expenses):		
Investment income	3,983	1,533
Interest and fiscal charges	-	(1,125)
Total Nonoperating Revenues (Expenses)	3,983	408
Income (Loss) Before Transfers	7,032	64,489
Transfers:		
Transfers in	-	-
Transfers out	-	-
Total Transfers	-	-
Change in Net Position	7,032	64,489
Net Position - Beginning of Year	45,939	220,662
Net Position - End of Year	\$ 52,971	\$ 285,151

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,028,730	\$ 1,552,930	\$ 3,296,885	\$ 489,004	\$ 2,704,170	\$ 10,594,653
-	1,009	14,347	4,969	9,259	32,633
<u>2,028,730</u>	<u>1,553,939</u>	<u>3,311,232</u>	<u>493,973</u>	<u>2,713,429</u>	<u>10,627,286</u>
955,297	-	-	-	156,731	1,166,914
415	339,655	-	-	7	376,734
75,233	356,031	-	-	-	464,522
-	-	-	131,888	-	131,888
-	-	3,255,200	-	-	3,255,200
-	-	-	-	2,136,511	2,136,511
-	-	186,058	68,355	25,176	279,589
972,318	681,609	124,214	72,501	77,770	2,262,464
<u>2,003,263</u>	<u>1,377,295</u>	<u>3,565,472</u>	<u>272,744</u>	<u>2,396,195</u>	<u>10,073,822</u>
25,467	176,644	(254,240)	221,229	317,234	553,464
3,863	24,532	(434)	8,010	15,111	56,598
-	-	-	-	-	(1,125)
<u>3,863</u>	<u>24,532</u>	<u>(434)</u>	<u>8,010</u>	<u>15,111</u>	<u>55,473</u>
29,330	201,176	(254,674)	229,239	332,345	608,937
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
29,330	201,176	(254,674)	229,239	332,345	608,937
1,661,235	8,256,710	(813,351)	1,583,569	6,129,225	17,083,989
<u>\$ 1,690,565</u>	<u>\$ 8,457,886</u>	<u>\$ (1,068,025)</u>	<u>\$ 1,812,808</u>	<u>\$ 6,461,570</u>	<u>\$ 17,692,926</u>

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	<u>Employee Benefits</u>	<u>Central Service</u>
Cash Flows from Operating Activities:		
Receipts from interfund charges	\$ 2,912	\$ 523,688
Cash paid to other suppliers of goods or services	-	(379,349)
Cash payment to employees	(29,983)	(54,523)
Cash from other operating revenues	-	-
Net Cash Provided by (Used for) Operating Activities	<u>(27,071)</u>	<u>89,816</u>
Cash Flows from Noncapital Financing Activities:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase and construction of capital assets	-	-
Payment on capital lease payable	-	(35,266)
Interest and fiscal charges	-	(1,125)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>(36,391)</u>
Cash Flows from Investing Activities:		
Maturity of investments	-	-
Investment income received (paid)	3,983	1,738
Net Cash Provided by (Used for) Investing Activities:	<u>3,983</u>	<u>1,738</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(23,088)	55,163
Cash and Cash Equivalents at Beginning of Year	<u>514,185</u>	<u>257,568</u>
Cash and Cash Equivalents at End of Year	<u>\$ 491,097</u>	<u>\$ 312,731</u>

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 2,034,262	\$ 1,627,282	\$ 3,312,336	\$ 493,973	\$ 2,708,236	\$ 10,702,689
(1,006,968)	(964,708)	(3,304,319)	(263,926)	(2,233,350)	(8,152,620)
(947,938)	-	-	-	(205,154)	(1,237,598)
-	-	-	-	-	-
79,356	662,574	8,017	230,047	269,732	1,312,471
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(198,261)	-	-	-	(198,261)
-	-	-	-	-	(35,266)
-	-	-	-	-	(1,125)
-	(198,261)	-	-	-	(234,652)
-	-	(212)	-	-	(212)
5,246	32,398	-	10,246	25,620	79,231
5,246	32,398	(212)	10,246	25,620	79,019
84,602	496,711	7,805	240,293	295,352	1,156,838
1,141,896	6,525,386	172,811	2,061,118	7,952,487	18,625,451
<u>\$ 1,226,498</u>	<u>\$ 7,022,097</u>	<u>\$ 180,616</u>	<u>\$ 2,301,411</u>	<u>\$ 8,247,839</u>	<u>\$ 19,782,289</u>

(Continued)

CITY OF SAN CLEMENTE
Combining Statement of Cash Flows
Internal Service Funds (Continued)
For the Year Ended June 30, 2021

	Employee Benefits	Central Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 3,049	\$ 64,081
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:		
Depreciation expense	-	33,258
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(137)	754
Increase (decrease) in accounts payable	-	(8,640)
Increase (decrease) in accrued wages	(29,983)	174
Increase (decrease) in Net OPEB liability	-	-
Increase (decrease) in compensated absences	-	189
Increase (decrease) in claims and judgments payable	-	-
Total Adjustments	(30,120)	25,735
Net Cash Provided by (Used for) Operating Activities	\$ (27,071)	\$ 89,816
Noncash investing, capital, and financing activities:		
Unrealized gain (loss) on investments	\$ -	\$ (2,562)

Information Technology	Fleet Maintenance	Self-Insurance			Totals
		Employee Medical	Workers' Compensation	General Liability	
\$ 25,467	\$ 176,644	\$ (254,240)	\$ 221,229	\$ 317,234	\$ 553,464
	-				
75,233	356,031	-	-	-	464,522
5,532	73,343	1,104	-	(5,193)	75,403
(34,235)	56,556	(8,357)	3,379	64,171	72,874
1,385	-	-	-	(3,782)	(32,206)
-	-	151,255	-	-	151,255
5,974	-	-	-	(44,641)	(38,478)
-	-	118,255	5,439	(58,057)	65,637
53,889	485,930	262,257	8,818	(47,502)	759,007
<u>\$ 79,356</u>	<u>\$ 662,574</u>	<u>\$ 8,017</u>	<u>\$ 230,047</u>	<u>\$ 269,732</u>	<u>\$ 1,312,471</u>
\$ (12,909)	\$ (73,639)	\$ (1,997)	\$ (22,452)	\$ (92,745)	\$ (206,304)

(Concluded)



CUSTODIAL FUNDS

The Custodial funds are custodial in nature (assets equal liabilities) and report resources, not in a trust, that are held for other parties outside of the City of San Clemente. The Custodial 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 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 Fiduciary Net Position
Fiduciary Funds - Other Custodial Funds
June 30, 2021

	99-1 CFD Collection	2006-1 CFD Marblehead Collection	Reassessment District 2016-1 Collection
Assets:			
Cash and investments	\$ 23,865	\$ 2,391,525	\$ 923,164
Cash and investments with fiscal agents	887,557	7,875,757	479,154
Taxes receivable	-	52,727	9,449
Accounts receivable	-	-	-
Accrued interest receivable	71	7,111	2,745
	<u>911,493</u>	<u>10,327,120</u>	<u>1,414,512</u>
Liabilities:			
Accounts payable	443	856	402
Accrued wages	-	-	-
Bonds payable	3,160,000	52,990,000	6,685,000
	<u>3,160,443</u>	<u>52,990,856</u>	<u>6,685,402</u>
Net Position			
Restricted - others	<u>(2,248,950)</u>	<u>(42,663,736)</u>	<u>(5,270,890)</u>
	<u>\$ (2,248,950)</u>	<u>\$ (42,663,736)</u>	<u>\$ (5,270,890)</u>

Coastal Animal Services Authority	Totals
\$ 350,085	\$ 3,688,639
-	9,242,468
-	62,176
30,070	30,070
-	9,927
<u>380,155</u>	<u>\$ 13,033,280</u>
55,032	56,733
40,618	40,618
-	62,835,000
<u>95,650</u>	<u>62,932,351</u>
<u>284,505</u>	<u>(49,899,071)</u>
<u><u>\$ 284,505</u></u>	<u><u>\$ (49,899,071)</u></u>

CITY OF SAN CLEMENTE
Combining Statement of Activities
Fiduciary Funds - Other Custodial Funds
June 30, 2021

	<u>99-1 CFD Collection</u>	<u>2006-1 CFD Marblehead Collection</u>	<u>Reassessment District 2016-1 Collection</u>
Additions:			
Property tax collections	\$ 417,879	\$ 3,369,885	\$ 928,727
Investment income	(7,563)	1,421	(4,290)
Contribution from governments	-	-	-
License and fees collected	-	-	-
Donations	-	-	-
Miscellaneous	-	-	-
	<u>410,316</u>	<u>3,371,306</u>	<u>924,437</u>
Deductions:			
Payments to bondholders	167,322	2,616,700	133,175
Salaries and benefits	-	-	-
Materials and supplies	-	-	-
Other contractual costs	13,886	39,212	12,115
Payments to other entities	-	-	-
	<u>181,208</u>	<u>2,655,912</u>	<u>145,290</u>
Change in net position	229,108	715,394	779,147
Net Position - July 1	-	-	-
Change in accounting principle	(2,478,058)	(43,379,130)	(6,050,037)
Net Position - July 1, as restated	<u>(2,478,058)</u>	<u>(43,379,130)</u>	<u>(6,050,037)</u>
Net Position - June 30	<u>\$ (2,248,950)</u>	<u>\$ (42,663,736)</u>	<u>\$ (5,270,890)</u>

Coastal Animal Services Authority	Totals
\$ -	\$ 4,716,491
-	(10,432)
1,220,343	1,220,343
204,693	204,693
213,024	213,024
35,637	35,637
<u>1,673,697</u>	<u>6,379,756</u>
-	2,917,197
1,598,966	1,598,966
27,506	27,506
233,373	298,586
272,010	272,010
<u>2,131,855</u>	<u>5,114,265</u>
(458,158)	1,265,491
-	-
742,663	(51,164,562)
<u>742,663</u>	<u>(51,164,562)</u>
<u>\$ 284,505</u>	<u>\$ (49,899,071)</u>



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>	166
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	178
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>	184
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>	190
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>	192

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 191,342,737	\$ 186,634,872	\$ 184,058,187	\$ 201,351,891
Restricted	51,568,742	56,226,561	57,569,626	44,901,878
Unrestricted	39,174,674	37,714,193	37,285,652	18,847,703
Total governmental activities net position	\$ 282,086,153	\$ 280,575,626	\$ 278,913,465	\$ 265,101,472
Business-type activities				
Net investment in capital assets	\$ 148,528,745	\$ 152,088,828	\$ 159,890,481	\$ 154,510,084
Restricted	11,604,636	10,969,269	6,738,924	10,732,930
Unrestricted	35,030,472	35,940,828	38,291,531	37,944,233
Total business-type activities net position	\$ 195,163,853	\$ 198,998,925	\$ 204,920,936	\$ 203,187,247
Primary Government				
Net investment in capital assets	\$ 339,871,482	\$ 338,723,700	\$ 343,948,668	\$ 355,988,336
Restricted	63,173,378	67,195,830	64,308,550	55,634,808
Unrestricted	74,205,146	73,655,021	75,577,183	56,665,575
Total primary government net position	\$ 477,250,006	\$ 479,574,551	\$ 483,834,401	\$ 468,288,719

Source: City of San Clemente

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 205,339,450	\$ 223,978,174	\$ 222,799,987	\$ 219,771,204	\$ 220,087,709	\$ 218,669,873
47,600,483	47,171,145	47,048,005	47,294,020	47,685,507	42,602,327
21,772,655	23,088,837	23,633,735	29,391,740	22,812,106	26,007,004
<u>\$ 274,712,588</u>	<u>\$ 294,238,156</u>	<u>\$ 293,481,727</u>	<u>\$ 296,456,964</u>	<u>\$ 290,585,322</u>	<u>\$ 287,279,204</u>
\$ 153,436,537	\$ 156,462,970	\$ 156,608,320	\$ 154,657,313	\$ 152,775,813	\$ 150,986,146
10,180,595	9,762,504	10,177,637	10,439,505	11,841,484	11,577,417
41,377,385	35,642,252	34,219,326	37,427,488	40,500,331	40,562,849
<u>\$ 204,994,517</u>	<u>\$ 201,867,726</u>	<u>\$ 201,005,283</u>	<u>\$ 202,524,306</u>	<u>\$ 205,117,628</u>	<u>\$ 203,126,412</u>
\$ 358,775,987	\$ 380,441,144	\$ 379,408,307	\$ 374,428,517	\$ 372,863,522	\$ 369,656,019
57,781,078	56,933,649	57,225,642	57,733,525	59,526,991	54,179,744
63,150,040	58,731,089	57,853,061	66,819,228	63,312,437	66,569,853
<u>\$ 479,707,105</u>	<u>\$ 496,105,882</u>	<u>\$ 494,487,010</u>	<u>\$ 498,981,270</u>	<u>\$ 495,702,950</u>	<u>\$ 490,405,616</u>

CITY OF SAN CLEMENTE
CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year		
	2012	2013	2014
Expenses			
Governmental activities:			
General government	\$ 7,446,115	\$ 6,194,743	\$ 5,949,601
Police	12,120,058	12,141,456	12,838,046
Fire	7,441,911	7,723,477	7,885,566
Public works	11,467,488	10,729,698	17,118,629
Community development	5,335,446	8,027,685	6,258,785
Beaches, parks & recreation	11,832,045	13,092,862	14,159,882
Interest and fiscal charges	232,635	147,897	137,661
Total governmental activities expenses	<u>55,875,698</u>	<u>58,057,818</u>	<u>64,348,170</u>
Business-type activities:			
Water	16,649,645	17,583,799	18,199,173
Sewer	10,560,807	10,956,256	10,754,071
Golf	2,191,026	2,274,584	2,169,419
Non-major activities	2,080,649	1,839,962	1,785,248
Total business-type activities expenses	<u>31,482,127</u>	<u>32,654,601</u>	<u>32,907,911</u>
Total primary government expenses	<u>87,357,825</u>	<u>90,712,419</u>	<u>97,256,081</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	2,899,751	398,141	408,238
Police	1,014,471	887,830	777,499
Fire	768,098	834,182	697,683
Public works	1,146,576	998,914	1,514,742
Community development	1,365,793	1,669,416	2,256,562
Beaches, parks & recreation	3,186,014	3,472,211	3,481,050
Operating grants and contributions	3,218,852	4,773,534	4,213,191
Capital grants and contributions	2,682,033	1,221,842	7,579,481
Total governmental activities program revenues	<u>16,281,588</u>	<u>14,256,070</u>	<u>20,928,446</u>
Business-type activities:			
Charges for services:			
Water	16,424,826	18,479,553	21,338,919
Sewer	9,270,705	10,071,581	10,284,887
Golf	2,222,932	2,179,625	2,292,262
Other	2,286,446	2,306,379	2,296,222
Operating grants and contributions	248,928	56,500	17,121
Capital grants and contributions	47,180	3,439,735	2,478,027
Total business-type activities program revenues	<u>30,501,017</u>	<u>36,533,373</u>	<u>38,707,438</u>
Total primary government program revenues	<u>46,782,605</u>	<u>50,789,443</u>	<u>59,635,884</u>
Net (expense)/revenue:			
Governmental activities	(39,594,110)	(43,801,748)	(43,419,724)
Business-type activities	(981,110)	3,878,772	5,799,527
Total primary government net expense	<u>\$ (40,575,220)</u>	<u>\$ (39,922,976)</u>	<u>\$ (37,620,197)</u>

		Fiscal Year					
2015	2016	2017	2018	2019	2020	2021	
\$ 6,368,117	\$ 6,121,431	\$ 7,158,985	\$ 8,602,034	\$ 8,638,794	\$ 7,831,304	\$ 7,451,563	
12,743,914	12,366,392	14,722,453	15,026,061	15,816,595	17,882,872	17,593,540	
8,148,750	8,914,593	10,098,953	9,385,402	10,294,194	11,658,767	12,195,715	
10,529,453	16,568,456	18,795,135	20,680,433	21,390,909	24,715,042	22,810,969	
16,481,854	5,802,124	6,120,224	6,247,084	5,891,062	6,951,570	7,018,388	
14,026,927	9,295,623	9,299,173	10,708,326	10,179,695	10,641,892	9,710,744	
127,508	118,421	392,285	4,959	3,663	2,371	1,125	
<u>68,426,523</u>	<u>59,187,040</u>	<u>66,587,208</u>	<u>70,654,299</u>	<u>72,214,912</u>	<u>79,683,818</u>	<u>76,782,044</u>	
19,582,215	18,092,980	17,944,864	20,571,400	19,430,379	20,193,508	23,374,090	
11,379,835	11,727,190	16,124,175	13,297,015	14,070,190	13,915,885	13,963,910	
2,123,894	2,113,187	2,058,702	2,407,448	2,104,304	2,357,453	2,278,475	
1,926,412	1,797,162	1,787,867	2,395,488	2,061,718	1,993,488	2,364,013	
<u>35,012,356</u>	<u>33,730,519</u>	<u>37,915,608</u>	<u>38,671,351</u>	<u>37,666,591</u>	<u>38,460,334</u>	<u>41,980,488</u>	
<u>103,438,879</u>	<u>92,917,559</u>	<u>104,502,816</u>	<u>109,325,650</u>	<u>109,881,503</u>	<u>118,144,152</u>	<u>118,762,532</u>	
750,760	944,933	430,676	459,817	459,192	452,257	422,410	
772,733	641,074	601,355	492,692	531,818	431,382	373,917	
1,096,348	1,266,510	1,467,867	1,339,525	1,462,039	1,296,731	1,779,627	
1,714,658	1,067,956	1,261,103	1,379,539	1,498,848	1,296,930	1,512,410	
2,589,286	2,891,114	2,426,953	3,203,357	2,785,652	2,441,996	2,311,433	
3,446,630	3,832,390	4,205,277	5,057,789	4,749,332	3,571,226	3,082,213	
3,355,485	5,058,133	3,187,026	2,115,847	4,257,867	7,442,928	6,684,937	
19,527,260	7,119,635	23,318,080	6,611,844	4,121,736	2,082,076	301,329	
<u>33,253,160</u>	<u>22,821,745</u>	<u>36,898,337</u>	<u>20,660,410</u>	<u>19,866,484</u>	<u>19,015,526</u>	<u>16,468,276</u>	
20,564,951	18,231,654	18,207,039	21,333,272	21,257,248	23,472,031	25,827,905	
10,308,250	10,686,769	9,976,298	10,333,756	10,984,033	10,823,688	10,923,878	
2,319,582	2,236,018	2,162,780	2,325,817	2,300,476	1,962,160	2,682,490	
2,765,093	2,821,254	2,767,285	2,849,666	2,814,852	2,766,477	433,446	
-	17,298	16,798	16,777	32,973	16,296	16,145	
787,143	1,156,583	1,677,633	702,674	283,230	464,594	307	
<u>36,745,019</u>	<u>35,149,576</u>	<u>34,807,833</u>	<u>37,561,962</u>	<u>37,672,812</u>	<u>39,505,246</u>	<u>39,884,171</u>	
<u>69,998,179</u>	<u>57,971,321</u>	<u>71,706,170</u>	<u>58,222,372</u>	<u>57,539,296</u>	<u>58,520,772</u>	<u>56,352,447</u>	
(35,173,363)	(36,365,295)	(29,688,871)	(49,993,889)	(52,348,428)	(60,668,292)	(60,313,768)	
1,732,663	1,419,057	(3,107,775)	(1,109,389)	6,221	1,044,912	(2,096,317)	
<u>\$ (33,440,700)</u>	<u>\$ (34,946,238)</u>	<u>\$ (32,796,646)</u>	<u>\$ (51,103,278)</u>	<u>\$ (52,342,207)</u>	<u>\$ (59,623,380)</u>	<u>\$ (62,410,085)</u>	

(Continued)

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

	Fiscal Year		
	2012	2013	2014
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 25,704,056	\$ 25,613,417	\$ 25,938,562
Sales taxes	5,375,251	5,837,066	5,907,313
Sales taxes - in lieu	1,694,225	1,743,745	2,130,322
Transient occupancy taxes	1,541,248	1,587,576	1,781,354
Franchise taxes	2,229,194	2,203,002	2,280,321
Other taxes	1,073,325	1,103,570	1,066,122
Investment earnings	1,147,655	3,950,829	2,533,185
Miscellaneous	144,473	76,641	26,662
Dissolution of the redevelopment agency	(1,767,179)	-	-
Transfers	178,765	175,375	93,722
Total governmental activities	<u>37,321,013</u>	<u>42,291,221</u>	<u>41,757,563</u>
Business-type activities:			
Investment earnings	365,245	131,675	216,206
Gain (Loss) on sale of capital assets	-	-	-
Miscellaneous	-	-	-
Transfers	(178,765)	(175,375)	(93,722)
Total business-type activities	<u>186,480</u>	<u>(43,700)</u>	<u>122,484</u>
Total primary government	<u>\$ 37,507,493</u>	<u>\$ 42,247,521</u>	<u>\$ 41,880,047</u>
Change in Net Position			
Governmental activities	(2,273,097)	(1,510,527)	(1,662,161)
Business-type activities	(794,630)	3,835,072	5,922,011
Total primary government	<u>\$ (3,067,727)</u>	<u>\$ 2,324,545</u>	<u>\$ 4,259,850</u>

Source: City of San Clemente

Fiscal Year						
2015	2016	2017	2018	2019	2020	2021
\$ 27,574,540	\$ 29,588,442	\$ 31,038,475	\$ 32,766,143	\$ 34,522,402	\$ 35,975,019	\$ 38,043,798
6,161,540	8,471,708	9,526,134	9,637,366	10,582,298	9,951,359	12,101,085
2,108,680	593,774	-	-	-	-	-
2,220,437	2,332,712	2,798,585	2,805,716	2,630,519	2,162,560	2,306,752
2,402,021	2,420,553	2,559,189	2,612,101	2,675,367	2,666,585	2,595,173
1,109,944	1,297,956	1,284,469	1,356,260	1,450,353	1,365,759	1,314,230
1,019,290	915,646	1,119,283	292,346	1,915,078	2,231,220	460,119
156,497	132,510	709,834	37,584	127,908	33,030	130,733
-	-	-	-	-	-	-
346,834	223,110	178,470	307,893	266,740	411,118	55,760
<u>43,099,783</u>	<u>45,976,411</u>	<u>49,214,439</u>	<u>49,815,409</u>	<u>54,170,665</u>	<u>54,796,650</u>	<u>57,007,650</u>
289,571	611,323	159,454	296,909	1,779,542	1,959,528	156,245
-	-	-	546,558	-	-	-
-	-	-	-	-	-	4,616
<u>(346,834)</u>	<u>(223,110)</u>	<u>(178,470)</u>	<u>(307,893)</u>	<u>(266,740)</u>	<u>(411,118)</u>	<u>(55,760)</u>
<u>(57,263)</u>	<u>388,213</u>	<u>(19,016)</u>	<u>535,574</u>	<u>1,512,802</u>	<u>1,548,410</u>	<u>105,101</u>
<u>\$ 43,042,520</u>	<u>\$ 46,364,624</u>	<u>\$ 49,195,423</u>	<u>\$ 50,350,983</u>	<u>\$ 55,683,467</u>	<u>\$ 56,345,060</u>	<u>\$ 57,112,751</u>
7,926,420	9,611,116	19,525,568	(178,480)	1,822,237	(5,871,642)	(3,306,118)
1,675,400	1,807,270	(3,126,791)	(573,815)	1,519,023	2,593,322	(1,991,216)
<u>\$ 9,601,820</u>	<u>\$ 11,418,386</u>	<u>\$ 16,398,777</u>	<u>\$ (752,295)</u>	<u>\$ 3,341,260</u>	<u>\$ (3,278,320)</u>	<u>\$ (5,297,334)</u>

(Concluded)

CITY OF SAN CLEMENTE

GOVERNMENTAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Transient Occupancy Tax</u>	<u>Franchise Tax</u>	<u>Other Taxes</u>	<u>Total</u>
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
2019-2020	35,957,404	10,041,359	2,162,559	2,666,585	1,179,282	52,007,189
2020-2021	38,051,465	12,101,085	2,306,752	2,595,173	1,134,657	56,189,132

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
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
2019-2020	35,975,019	9,951,359	2,162,560	2,666,585	1,313,994	51,765	52,121,282
2020-2021	38,043,798	12,101,085	2,306,752	2,595,173	1,266,864	47,366	56,361,038

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			
	2012	2013	2014	2015
General fund				
Nonspendable	\$ 1,800,743	\$ 2,001,530	\$ 2,006,484	\$ 1,915,086
Committed	17,754,373	17,450,954	16,751,483	19,081,173
Assigned	7,373,427	7,060,897	7,225,178	4,015,657
Unassigned	1,528,656	3,592,488	3,850,648	4,673,038
Total general fund	<u>\$ 28,457,199</u>	<u>\$ 30,105,869</u>	<u>\$ 29,833,793</u>	<u>\$ 29,684,954</u>
All other governmental funds				
Nonspendable	\$ 2,120,653	\$ 2,120,653	\$ 1,671,798	\$ 9,933,254
Restricted	46,333,348	47,664,547	41,112,201	34,945,212
Committed	442,650	77,643	59,265	48,563
Assigned	4,209,482	4,356,356	4,438,029	4,337,695
Unassigned	26,091	-	5,956,604	(32,142)
Total all other governmental funds	<u>\$ 53,132,224</u>	<u>\$ 54,219,199</u>	<u>\$ 53,237,897</u>	<u>\$ 49,232,582</u>

Source: City of San Clemente

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ 1,653,502	\$ 2,509,597	\$ 2,233,368	\$ 1,957,463	\$ 1,652,286	\$ 1,603,801
16,263,527	14,016,387	14,420,443	14,752,106	15,120,471	14,352,782
9,070,803	9,418,192	10,083,367	7,453,364	5,070,539	5,425,208
1,648,449	4,421,779	3,189,426	6,342,563	4,347,631	6,750,683
<u>\$ 28,636,281</u>	<u>\$ 30,365,955</u>	<u>\$ 29,926,604</u>	<u>\$ 30,505,496</u>	<u>\$ 26,190,927</u>	<u>\$ 28,132,474</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49,053,639	47,062,622	46,893,147	47,087,058	47,502,901	42,334,984
23,705	96,053	91,580	26,751	99,190	291,272
4,374,003	7,214,689	10,149,083	13,797,271	13,809,566	15,089,787
-	-	-	(162,402)	(44,100)	-
<u>\$ 53,451,347</u>	<u>\$ 54,373,364</u>	<u>\$ 57,133,810</u>	<u>\$ 60,748,678</u>	<u>\$ 61,367,557</u>	<u>\$ 57,716,043</u>

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 37,574,489	\$ 40,018,104	\$ 38,828,018	\$ 41,169,421
Licenses and permits	892,486	1,042,511	1,534,484	1,787,045
Fines and forfeits	879,981	776,634	690,083	673,346
Interest and rentals	2,615,105	2,441,657	2,778,297	2,267,203
Intergovernmental	4,830,480	3,800,465	4,116,782	4,595,852
Charges for services	7,527,717	5,090,503	5,722,098	7,384,801
Developers fees	170,071	1,607,964	6,571,642	920,591
Other	1,755,948	552,873	451,993	346,524
Total revenues	<u>56,246,277</u>	<u>55,330,711</u>	<u>60,693,397</u>	<u>59,144,783</u>
Expenditures				
General government	7,308,774	4,962,425	5,366,069	6,116,994
Police	12,111,299	12,111,439	12,820,497	13,139,840
Fire	7,280,209	7,478,736	7,658,531	8,170,808
Public works	7,124,688	6,553,374	11,986,832	6,401,382
Community development	5,159,664	7,757,417	6,203,011	16,327,068
Beaches, parks and recreation	9,421,326	10,209,081	10,695,841	11,658,520
Capital outlay	13,793,640	3,059,286	6,622,108	8,951,082
Debt service:				
Property tax shift	-	-	-	-
Principal retirements	830,000	95,000	105,000	115,000
Interest and fiscal charges	226,089	140,683	132,608	123,678
Total expenditures	<u>63,255,689</u>	<u>52,367,441</u>	<u>61,590,497</u>	<u>71,004,372</u>
Excess of revenues over (under) expenditures	(7,009,412)	2,963,270	(897,100)	(11,859,589)
Other financing sources (uses)				
Transfers in	5,603,370	3,617,669	1,763,604	2,591,784
Transfers out	(5,222,775)	(3,845,294)	(2,119,882)	(3,033,950)
Total other financing sources (uses)	<u>380,595</u>	<u>(227,625)</u>	<u>(356,278)</u>	<u>(442,166)</u>
Redevelopment agency dissolution	(1,767,179)	-	-	-
Net change in fund balances	<u>\$ (8,395,996)</u>	<u>\$ 2,735,645</u>	<u>\$ (1,253,378)</u>	<u>\$ (12,301,755)</u>
Debt service as a percentage of noncapital expenditures	2%	0%	0%	0%

Source: City of San Clemente

Fiscal Year

	2016	2017	2018	2019	2020	2021
\$	44,171,716	\$ 47,499,452	\$ 49,166,053	\$ 51,712,409	\$ 52,007,189	\$ 56,189,132
	1,945,118	1,679,051	2,050,638	1,838,700	1,490,050	1,424,420
	596,246	533,413	537,137	499,151	368,221	347,142
	3,091,081	3,083,044	3,583,220	5,625,317	5,247,225	2,440,552
	4,436,712	4,312,721	4,996,307	6,253,060	6,385,292	6,439,583
	7,434,014	6,812,143	7,302,530	7,113,418	6,042,013	6,514,812
	1,150,197	917,738	1,292,719	533,088	765,529	232,525
	1,495,784	1,903,481	177,870	232,310	531,784	244,429
	<u>64,320,868</u>	<u>66,741,043</u>	<u>69,106,474</u>	<u>73,807,453</u>	<u>72,837,303</u>	<u>73,832,595</u>
	7,400,704	7,390,332	8,568,506	9,169,504	7,692,317	7,315,232
	12,282,853	13,969,172	14,820,377	15,819,412	17,730,311	17,702,785
	8,687,558	8,974,200	9,293,075	10,094,718	11,338,546	12,052,309
	10,761,232	11,137,408	12,571,097	13,926,621	15,851,923	15,173,258
	5,390,017	5,745,947	5,169,651	5,623,819	5,943,889	6,508,849
	6,214,570	6,093,381	6,606,598	6,682,913	6,773,454	6,006,094
	9,411,552	8,767,026	9,763,968	8,563,446	11,863,671	10,839,795
	-	-	-	-	-	-
	125,000	1,215,000	-	-	-	-
	116,400	388,028	-	-	-	-
	<u>60,389,886</u>	<u>63,680,494</u>	<u>66,793,272</u>	<u>69,880,433</u>	<u>77,194,111</u>	<u>75,598,322</u>
	3,930,982	3,060,549	2,313,202	3,927,020	(4,356,808)	(1,765,727)
	3,841,952	6,277,187	5,881,091	6,728,848	3,912,936	3,159,678
	(4,602,842)	(6,686,045)	(5,873,198)	(6,462,108)	(3,251,818)	(3,103,918)
	<u>(760,890)</u>	<u>(408,858)</u>	<u>7,893</u>	<u>266,740</u>	<u>661,118</u>	<u>55,760</u>
	-	-	-	-	-	-
\$	<u>3,170,092</u>	<u>2,651,691</u>	<u>2,321,095</u>	<u>4,193,760</u>	<u>(3,695,690)</u>	<u>(1,709,967)</u>
	0%	3%	0%	0%	0%	0%

CITY OF SAN CLEMENTE

ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	City		Total Taxable Assessed Value	Total Direct Tax Rate
	Secured Value	Unsecured Value		
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%
2019 - 2020	17,548,953,258	234,956,652	17,783,909,910	1.00%
2020 - 2021	18,317,760,382	242,138,009	18,559,898,391	1.00%

NOTE:

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

Source: Orange County Auditor Controller's Office

Estimated Actual Taxable Value	Assessed Value as a Percentage of Estimated Taxable Actual Value
\$ 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%
27,742,899,460	156%
28,953,441,490	156%

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Metropolitan Water District	\$ 0.0037	\$ 0.0035	\$ 0.0035	\$ 0.0035
Capistrano Unified School District (various issues)	0.0110	0.0117	0.0097	0.0090
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>\$ 1.0147</u>	<u>\$ 1.0152</u>	<u>\$ 1.0132</u>	<u>\$ 1.0125</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.

Source: Orange County Auditor Controller's Office

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035	\$ 0.0035
0.0085	0.0084	0.0080	0.0079	0.0075	0.0076
<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
<u>\$ 1.0120</u>	<u>\$ 1.0119</u>	<u>\$ 1.0115</u>	<u>\$ 1.0114</u>	<u>\$ 1.0110</u>	<u>\$ 1.0111</u>

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

Taxpayer	Type of Business	2021			2012		
		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	\$ 160,337,211	1	0.86%	\$ 24,150,000	7	0.20%
TA Seacrest Apartments LLC	Real Estate	140,760,000	2	0.76%	-		
Trea Calle Del Cerro	Real Estate	94,350,000	3	0.51%	-		
Bre-FMCA LLC	Real Estate	67,150,315	4	0.36%	61,464,232	3	0.50%
Centro Watt Operating Owner I LLC	Real Estate	54,043,213	5	0.29%	41,605,156	4	0.34%
Talega Village Center LLC	Retail	47,124,509	6	0.25%	27,350,000	6	0.22%
BEX Portfolio Inc.	Real Estate	34,411,507	7	0.19%	-		
Target Corporation	Retail	29,280,266	8	0.16%			
Won and Jay Inc.	Retail	26,228,339	9	0.14%	22,232,665	9	0.18%
CBC 3187 LLC	Retail	23,541,846	10	0.13%			
LV Marblehead LLC	Real Estate	-			126,466,326	1	1.02%
WNG San Clemente 368 LLC	Real Estate	-			62,668,365	2	0.51%
GS Whispering Winds LLC	Real Estate	-			34,659,032	5	0.28%
Cox Communications Inc. Orange	Retail	-			23,996,305	8	0.19%
Raymond Taccolini Trust	Real Estate	-			20,641,983	10	0.17%
		<u>\$ 677,227,206</u>		<u>3.65%</u>	<u>\$ 445,234,064</u>		<u>3.60%</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
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	29,032,255	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%
2019 - 2020	40,117,929	39,827,990	99.28%	236,753	40,064,743	99.87%	380,204	0.95%
2020 - 2021	41,731,668	41,429,957	99.28%	254,386	41,684,343	99.89%	431,635	1.03%

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			
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
2019 - 2020	-	47,306	11,400,794	11,448,100	0.30%	177
2020 - 2021	-	12,040	10,751,008	10,763,048	0.26%	168

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.

Source: City of San Clemente

CITY OF SAN CLEMENTE
PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Operations and Maintenance, Exclusive of Depreciation (2)	Net Revenue Available for Debt Service (1)	State Revolving Fund Loan			
				Debt Service Requirements			Coverage (3)
				Principal	Interest	Totals	
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
2019 - 2020	22,356,425	18,422,372	3,934,053	635,797	264,805	900,602	4.4
2020 - 2021	25,957,903	21,435,840	4,522,063	649,785	250,817	900,602	5.0

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 of San Clemente

CITY OF SAN CLEMENTE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2021

Assessed valuation was \$18,559,898,391 in FY 2020-21

	%	Debt
	<u>Applicable</u>	<u>June 30, 2021</u>
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	0.568%	\$ 152,394
Capistrano Unified School District School Facilities Improvement District No. 1	22.32%	3,573,870
Santa Margarita Water District CFD No. 99-1	100%	55,820,000
Capistrano Unified School District Community Facilities District No. 90-2	100%	60,300,000
City of San Clemente Communtiy Facilities District No. 99-1	100%	3,160,000
City of San Clemente Communtiy Facilities District No. 2006-1	100%	52,990,000
City of San Clemente 1915 Act Bonds	100%	6,685,000
TOTAL OVERLAPPING TAX AND ASSESSED DEBT		<u>\$ 182,681,264</u>
OVERLAPPING GENERAL FUND DEBT:		
<u>Overlapping:</u>		
Orange County General Fund Obligations	2.831%	10,811,164
Orange County Pension Obligations	2.831%	13,739,358
Orange County Board of Education Certificates of Participation	2.831%	348,496
Capistrano Unified School District Certificates of Participation	18.789%	4,727,312
<u>Direct (1):</u>		
City of San Clemente Certificates of Participation	100%	-
City of San Clemente Capital Leases	100%	12,040
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 29,638,370</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 212,319,634</u>
TOTAL CITY DIRECT DEBT (1)		\$ 12,040
TOTAL OVERLAPPING DEBT		\$ 212,307,594
COMBINED DIRECT AND OVERLAPPING DEBT		\$ 212,319,634

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 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.98%
Total Direct Debt	0.00%
Combined Total Debt	1.14%

Source: California Municipal Statistics



CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year			
	2012	2013	2014	2015
Assessed valuation	\$ 12,355,909,506	\$ 12,425,256,552	\$ 12,748,522,096	\$ 13,582,964,739
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	3,088,977,377	3,106,314,138	3,187,130,524	3,395,741,185
Debt limit percentage	15%	15%	15%	15%
Debt limit	463,346,606	465,947,121	478,069,579	509,361,178
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 463,346,606</u>	<u>\$ 465,947,121</u>	<u>\$ 478,069,579</u>	<u>\$ 509,361,178</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					
2016	2017	2018	2019	2020	2021
\$ 13,666,850,501	\$ 14,447,433,531	\$ 14,761,937,790	\$ 15,269,877,772	\$ 17,247,120,887	\$ 18,150,006,382
25%	25%	25%	25%	25%	25%
3,416,712,625	3,611,858,383	3,690,484,448	3,817,469,443	4,311,780,222	4,537,501,596
15%	15%	15%	15%	15%	15%
512,506,894	541,778,757	553,572,667	572,620,416	646,767,033	680,625,239
<u>\$ 512,506,894</u>	<u>\$ 541,778,757</u>	<u>\$ 553,572,667</u>	<u>\$ 572,620,416</u>	<u>\$ 646,767,033</u>	<u>\$ 680,625,239</u>
0%	0%	0%	0%	0%	0%

CITY OF SAN CLEMENTE

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (2)	Median Age (5)	Percentage High School Grad or Higher (5)	School Enrollment (3)	Unemployment Rate (4)
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%
2019 - 2020	64,581	3,844,665	59,532	44	94%	9,196	13.30%
2020 - 2021	64,065	4,116,713	64,258	44	95%	8,408	7.90%

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	2021			2012		
	Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Capistrano Unified School District (CUSD)	632	1	2.09%			
Glaukos Corp	318	2	1.05%			
ICU Medical	299	3	0.99%	2216	2	7.10%
Target Retail Store	226	4	0.75%			
Ralphs	200	5	0.66%			
City of San Clemente	195	6	0.64%	306	4	0.98%
Walmart Superstore	191	7	0.63%	190	9	0.61%
Albertsons	183	8	0.60%			
Fisherman's Restaurants	150	9	0.50%	195	8	0.63%
Lowe's	150	10	0.50%			
First Team San Clemente Real Estate				4060	1	13.01%
Don Roberto Jewelers, Inc.				550	3	1.76%
Cross Section Ventures				300	5	0.96%
Saddleback Memorial Medical Center				200	6	0.64%
Quest Diagnostics				200	7	0.64%
Cameron Health, Inc.				150	10	0.48%

"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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Function										
General government	32	32	32	32	31	26	26	34	33	34
Public safety										
Police (contract)	55	55	54	52	50	50	50	52	53	53
Fire (contract)	42	42	42	50	50	42	45	39	39	39
Marine Safety	7	7	7	7	7	7	7	7	7	7
Community Development										
Engineering	20	20	20	20	21	21	19	17	16	15
Building	11	11	11	14	13	13	13	13	11	11
Code Compliance	5	5	5	5	5	5	6	6	6	7
Planning	10	11	11	10	10	9	10	10	11	11
Administration	3	2	2	2	3	4	4	4	3	3
Public Works	3	3	3	3	3	2	3	6	6	7
Maintenance	18	18	18	26	25	25	25	25	23	23
Beaches, Parks, and Recreation	28	27	27	19	18	18	19	19	19	18
Water	25	25	25	25	26	26	27	27	25	25
Sewer	20	19	19	19	19	20	21	21	20	19
Clean Ocean	3	3	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	10	9	9	9	9
Total	<u>294</u>	<u>293</u>	<u>292</u>	<u>300</u>	<u>297</u>	<u>286</u>	<u>291</u>	<u>294</u>	<u>288</u>	<u>288</u>

Source: City of San Clemente Budget



CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year				
	2012	2013	2014	2015	2016
Public safety					
Police:					
Stations	1	1	1	1	1
Fire stations	3	3	3	3	3
Highways and streets					
Streets (miles)	136.00	136.00	136.00	137.00	137.00
Streetlights	3,419	3,428	3,433	3,503	3,615
Traffic signals	74	74	76	80	80
Beaches, parks and recreation					
Parks	20	20	20	21	25
Swimming pools	3	3	3	4	4
Libraries	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	213.10	213.10	213.10
Fire hydrants	2,281	2,281	2,281	2,281	2,302
Maximum daily capacity (Acre Feet)*	263.92	263.92	263.92	263.92	263.92
Sewer					
Sanitary sewers (miles)	174.60	174.60	154.00	154.00	163.70
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					
2017	2018	2019	2020	2021	
1	1	1	1	1	1
3	3	3	3	3	3
138.00	138.00	138.00	138.00	138.00	138.00
3,654	3,705	3,712	3,712	3,712	3,712
81	81	81	81	81	81
22	23	23	23	23	23
4	4	4	4	4	4
-	-	-	-	-	-
1	1	1	1	1	1
1	1	1	1	1	1
212.80	230.00	230.00	230.00	230.00	230.00
2,362	2,376	2,391	2,397	2,419	2,419
263.92	263.92	263.92	263.92	263.92	263.92
171.80	180.00	180.00	180.00	180.00	180.00
77.00	77.00	78.00	77.00	77.00	77.00
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>	Fiscal Year				
	2012	2013	2014	2015	2016
Police					
Number of calls for service	23,651	24,082	23,729	26,217	28,089
Number of traffic collision reports	257	487	371	377	354
Parking citations issued	17,851	13,713	13,698	15,231	14,012
Fire					
Number of fire calls	72	55	44	71	83
Number of emergency medical calls	2,540	2,137	2,175	3,317	3,559
Inspections	171	917	899	1,256	1,702
Highways and streets					
Street resurfacing (miles)	1.79	0.69	4.29	5.31	3.87
Beaches, parks and recreation					
Number of recreation classes, activities, and clinics	519	507	482	493	522
Total experiences in classes, activities, and clinics	129,682	106,497	111,219	173,175	146,196
Total number of facility rentals	825	916	1,068	1,087	1,051
Golf rounds played	90,118	88,177	84,838	80,091	78,768
Water					
New customers	27	8	11	33	206
Average daily consumption (Acre Feet) ***	27.77	21.60	28.52	25.51	21.08
Sewer					
New customers	4	6	9	26	179
Average daily sewage treatment (thousands of gallons)	3,883	3,859	3,787	3,441	3,192

*** 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				
2017	2018	2019	2020	2021
31,632	30,515	31,081	28,207	11,003
321	472	809	243	123
7,735	12,250	11,384	8,854	6,944
69	78	53	78	153
3,846	3,825	3,246	3,559	4,446
1,332	1,782	1,386	842	1,610
3.48	9.02	7.20	17.49	10.81
609	2,320	3,446	6,110	4,145
144,206	17,259	25,553	21,913	23,566
1,159	7,971	11,246	19,219	7,959 ****
77,974	82,514	80,567	70,410	44,286
82	107	38	37	22
22.59	24.59	19.37	19.67	20.40
81	104	37	37	17
3,063	3,284	3,693	3,785	3,780

