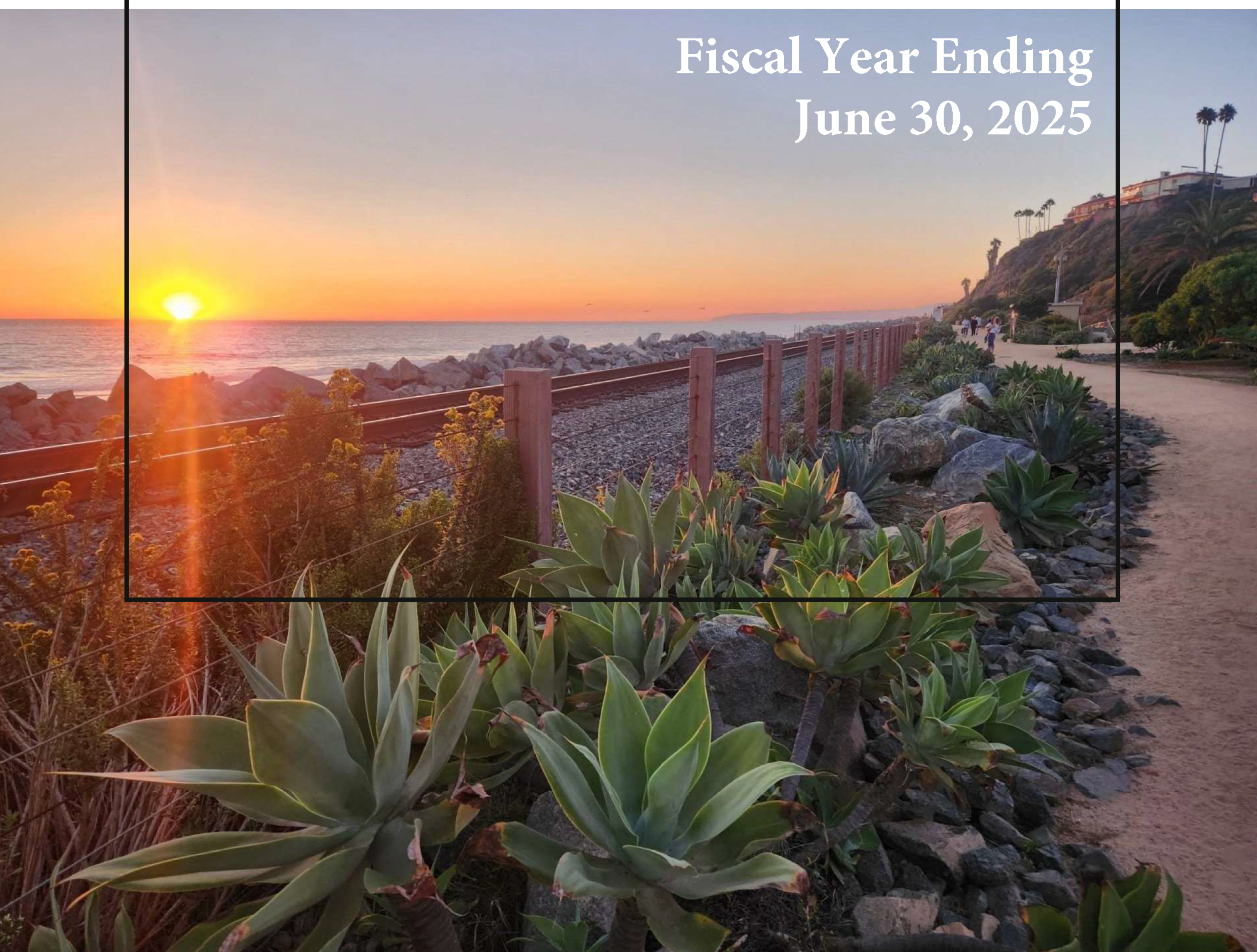
City of San Clemente

# Annual Comprehensive Financial Report

Fiscal Year Ending
June 30, 2025



CITY OF SAN CLEMENTE, CALIFORNIA

Annual Comprehensive Financial Report

For the Year Ended June 30, 2025

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For the Year Ended June 30, 2025

## Table of Contents

## Table of Contents

**FINANCIAL SECTION (continued)**

# INTRODUCTORY SECTION

# City of San Clemente

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Phone: 949-361-8200


February 26, 2026

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

Our finance team is pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of San Clemente (the City) for the fiscal year ended June 30, 2025, that consists of management's representations concerning the finances of the City. Accordingly, management assumes full responsibility for the completeness and reliability of all 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 LSL, LLP, certified public accountants. Based on the audit, the independent auditor concluded there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2025. The independent auditor's report is presented as the first component of the financial section of the report.

Generally accepted accounting principles (GAAP) require management to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a 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 and is the southernmost community in Orange County. The City is about 60 miles south of Los Angeles and 60 miles north of San Diego and occupies a land area of 18.45 square miles.

The City is governed by a traditional council-manager form. At present, there are five members of the City Council, but the City is transitioning to be comprised of four Council members elected by district with a directly elected Mayor. This transition will be complete in November of 2026. Until that time, the mayor is appointed by the members of the City Council to serve a one-year term and is the presiding officer of the Council. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, City Clerk, and City Treasurer. The City Manager is responsible for implementing the policies and ordinances of the City Council, overseeing day-to-day City operations, and appointing each Department Head. The Council is elected on a non-partisan basis.

The City provides a full range of services that include general government, public safety (police, fire, marine safety and Park Rangers), disaster preparedness, building inspection, public works, economic development, beaches, parks and recreation, water, sewer, storm drain, clean ocean and golf course activities. In addition to general City functions, 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 policies, planning and control. The City Manager presents a proposed budget to the City Council for review every other year, but calculated as independent annual budgets prior to the beginning of the fiscal year. The Council is required to hold public hearings on the proposed budget and 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 population of 62,295, is the southernmost community in Orange County, and borders the County of San Diego. Its mild, temperate climate and beaches attract more than 2 million visitors annually.

Property taxes and sales taxes are the main sources of revenue for the General Fund. Various residential and commercial developments have resulted in a significant increase in property and sales taxes in recent years. The City has a strong residential base, with a smaller retail and industrial property mix. The City's trail system, beaches, restaurants and outlet shopping attracts visitors and is anticipated to grow sales tax revenues into the future.

Property Taxes grew slightly while sales tax has had a minor decrease during Fiscal Year 2025 (FY25). The decrease in sales tax were a direct result of the economic uncertainty that occurred during the fiscal year. Consistent with state and national trends, consumers displayed a conservative approach to spending, and significantly decreased discretionary spending. While the City's overall financial position remains stable, revenue growth is narrowly keeping pace with rising costs particularly for public safety, sand replenishment, ongoing maintenance and replacement of capital assets, and other community needs. The City continues its focus on the future through the following processes:

**Long-term financial planning.** The City prepares a biennial financial plan, with results presented to the City Council for review and consideration around May. The plan is an informed 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, historical trends, reserves, financial policies, capital project funding, and other strategic issues. The condensed 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 LTFP guidelines and other applicable policies are incorporated in the budget process. Policy changes with fiscal impacts are incorporated into the budget through decision packages presented with the budget.

**Capital planning.** Major capital projects are addressed through the LTFP to address any substantial cost impacts and proposed through the budget, 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 most notable projects completed in FY25 are the Steed Park Pump Track, Socium Hypochlorite Tank replacement, Emergency Repairs for the Prima Deshecha pump station, Life Guard Tower Replacements, City Hall Generator, playground replacements, pavement preservation projects, Storm Drain Repairs, and various street projects. Street projects include multiple streets with the largest projects related to alleys in various areas throughout the City.

**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. The Strategic Implementation Plan (SIP) prioritization and update accompanies the annual Long Term Financial Plan (LTFP). Some ongoing or recently completed implementation tasks include: a Streamlining Ordinance to simplify development processes; development of the Implementation Plan for the City's Local Coastal Program; several Specific Plans were updated for consistency with the General Plan; and the continued work on the Housing Action Plan.

- **Utilities Cost-of-Service Study** – The previous water rate study was completed in September 2017. As a result, the City initiated a water rate study in FY25 to review existing rates. The initial study reviewed the Policy framework, Financial Plan, Cost of service analysis, rate design and documentation to provide transparency. Water rate increases will be implemented in the next fiscal year.

  **Environmental Stewardship** – The Clean Ocean fee was in place between 2003 and 2020. Since the fee expired in 2020, the General Fund has absorbed the cost to continue prevention of runoff contaminates, fund inspections, perform education outreach, and complete water quality monitoring. Despite the impact on the General Fund, the City is committed to have progress continue without compromise to core priorities. The City continues to move forward with prioritized projects including installation of trash capture devices to prevent debris bigger than 5 mm from enter rivers, creeks and the Pacific Ocean.

- **Coastal Resiliency** – Shoreline erosion and the loss of the sandy beach make sand replenishment and retention a high priority. The City has been working with federal and state agencies for two decades to develop and implement a 50-year beach sand restoration project, centered near the City Pier area, with the final renourishment taking place in 2073/2074.

  The City continued to make steady progress in FY25 to protect its coastline and address ongoing shoreline erosion. The first phase of the San Clemente Shoreline Sand Replenishment Project was completed. More than 200,000 cubic yards of sand were placed near the pier between Linda Lane and T-Street beaches. The sand renourishment cycle will continue approximately every six years for the Sand Replenishment Projects. Additionally, the North Beach Sand Replenishment Project commenced in July 2024 and was completed in October 2024. A total of 37,000 cubic yards were placed on North Beach. The sand delivery for the area will expand the sandy beach which will act as a natural shoreline buffer to protect critical public infrastructure and existing structures.

  Overall, FY25 marked a year of preparation, coordination, and proactive response by balancing long-term planning and near-term protection to preserve San Clemente's coastline for its residents, visitors, and future generations.

- **Quality of Life** – San Clemente continues to offer an incomparable quality of life shaped by its coastal setting, strong community identity and activism, commitment to public safety, recreation, and environmental stewardship. Residents benefit from a small-town atmosphere paired with high quality amenities.

  The City, like most other cities, is affected by decisions at the federal, state, and county government levels. The City continues to address quality of life issues including homelessness and housing. Housing affordability indicators worsened with the cost of housing increasing, limited inventory, higher interest rates, and real estate costs. These factors continue to require local government actions to assist individuals. The City is working to provide resources, contacts and assistance, and working with other county and state resources to identify funds to address some of these concerns with the goal to improve the quality of life for all citizens.

**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, 2024. This was the nineteenth consecutive year the City 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 dedicated services of the entire staff of the Finance and Administrative Services Department who should be commended for their efforts and professional skills. Finally, solid financial decision-making by the Mayor and City Council is the basis for stability and success.

Respectfully submitted,

Andy Hall
City Manager

# CITY OF SAN CLEMENTE

## Principal Officials

### CITY COUNCIL

Steve Knoblock, Mayor
Mark Enmeier, Mayor Pro Tem
Zhen Wu
Victor Cabral
Rick Loeffler

### PLANNING COMMISSION

M. Steven Camp
Cameron Cosgrove
Gary McCaughan
Scott McKhann
Karen Prescott-Loeffler
Brett Freeman
Patrick Griffin

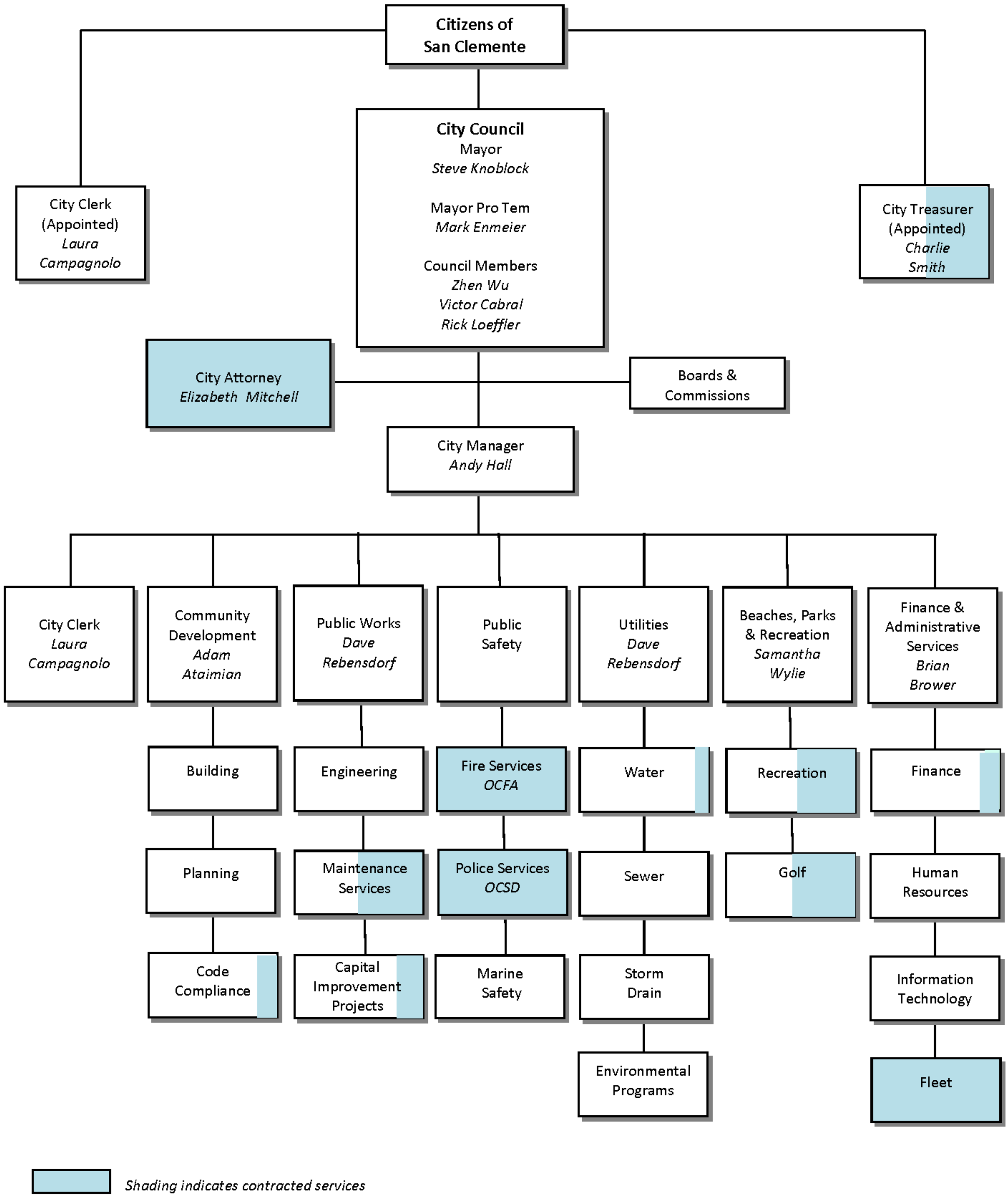
### PARKS AND RECREATION COMMISSION

John Dolegowski
Shauna Garcia
Shari Grace
Brian Haskins
Thor Johnson
Teddy Kahn
Alyssa McCanne
Matthew Schmitt
Diek Van Nort

### CITY STAFF

Andy Hall, City Manager
Brian Brower, Assistant City Manager
Charlie Smith, City Treasurer
Laura Campagnolo, City Clerk
Elizabeth Mitchell, City Attorney
Dave Rebensdorf, City Engineer/Public Works Director/Utilities Director
Samantha Wylie, Beaches, Parks & Recreation Director
Adam Atamian, Community Development Director
Captain Jay Christian, Chief of Police Services
Cheyne Maule, Division Fire Chief

# San Clemente Organization Chart



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of San Clemente**
**California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill
Executive Director/CEO

# FINANCIAL SECTION

LSL

## INDEPENDENT AUDITORS' REPORT

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

**Report on the Audit of 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 the City of San Clemente, California (hereafter, the City), as of and for the year ended June 30, 2025, 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, 2025, 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 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 Auditors' 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

<u>Change in Accounting Principle</u>

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' 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 auditors' report that includes our opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other post-employment benefits schedules as listed on 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 accompanying combining and individual fund financial statements and schedules (supplementary information) 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 February 26, 2026, 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 City's internal control over financial reporting and compliance.

LSL, LLP

Irvine, California
February 26, 2026

# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

# 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, 2025 and June 30, 2024. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal beginning on page 7 and the City's financial statements, which begin on page 30.

## FINANCIAL HIGHLIGHTS

- The City's net position decreased $1.4 million or 0.3% to $488.5 million as a result of operations.
- Net position totals $287.5 million for governmental and $201.0 for business-type funds.
- The total program revenues and general revenues were $139.8 million.
- The net expense of all governmental activities was $69,120,218. The net expense of all business activities was $5,832,943.
- During the year, the City's governmental fund expenditures exceeded revenues by $1.5 million.
- The General Fund reported a net change in fund balance of $1.4 million.
- For the General Fund, actual resources were lower than the final budget by $2.2 million and actual expenditures were $16.4 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 31 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 38 and 40, 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, 2025 and June 30, 2024.

Table 1
Net Position
(in millions-rounded)

| | Governmental Activities | | Business Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Current and other assets | $ 115.6 | $ 116.2 | $ 68.4 | $ 70.5 | $ 184.0 | $ 186.8 |
| Capital assets, net | 220.7 | 216.4 | 155.9 | 156.9 | 376.6 | 373.2 |
| Total assets | 336.3 | 332.6 | 224.3 | 227.4 | 560.6 | 560.0 |
| Deferred outflows of resources | 10.4 | 14.4 | 1.8 | 2.7 | 12.2 | 17.1 |
| Current liabilities | 12.0 | 9.7 | 6.8 | 6.3 | 18.8 | 16.0 |
| Long-term liabilities | 37.9 | 41.2 | 17.5 | 20.2 | 55.4 | 61.4 |
| Total liabilities | 49.9 | 50.9 | 24.3 | 26.5 | 74.2 | 77.4 |
| Deferred inflow of resources | 9.3 | 9.0 | 0.8 | 0.8 | 10.1 | 9.8 |
| Net position: | | | | | | |
| Net investment in capital assets | 219.5 | 216.0 | 155.9 | 148.0 | 375.4 | 364.0 |
| Restricted | 39.3 | 41.0 | 4.3 | 4.0 | 43.6 | 45.0 |
| Unrestricted | 28.7 | 30.1 | 40.8 | 50.8 | 69.5 | 80.9 |
| Total Net Position | $ 287.5 | $ 287.1 | $ 201.0 | $ 202.8 | $ 488.5 | $ 489.9 |

City assets and deferred outflows exceeded liabilities and deferred inflows by $488.5 million at June 30, 2025 as compared to $489.9 million at June 30, 2024. The City's net position decreased by $1.4 million from the prior fiscal year.

The largest portion of the City's net position (74 percent) is its net 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. Total net investment in capital assets (net position) increased $11.4 million.

The restricted portion of the City's net position (10 percent) represents resources that are subject to external restrictions on how they may be used. These restricted net position increased $1.4 million due to amounts restricted for capital construction and activities, primarily from the use of water acreage and sewer connection restricted amounts from capital project including recycled water expansion projects.

The unrestricted net position balance of $69.5 million can be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, $40.8 million is held by the business-type activities (with amounts set-aside for capital replacement) and $28.7 million by the governmental activities. This amount decreased by 11.4 million from the prior year. Business-type net position decreased $1.8 million due to completion of projects in the Water, Sewer and Golf Fund. Higher interest revenues exceeding cost impacts to water aided in offsetting the decrease. Governmental unrestricted net position decreased $1.4 million as a result of public safety contract

increases with the County and impacts from the 2021 stock market on pension costs from investment returns in CalPERS. Pension costs from CalPERS are expected to move towards the regular rate of return in future years.

Table 2
Summary of Activities
(in millions - rounded)

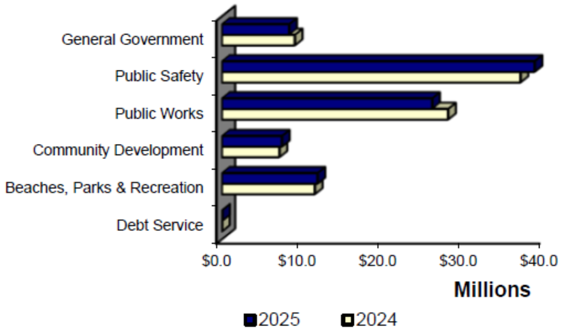
| | Governmental Activities | | Business Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Revenues** | | | | | | |
| Program revenues | | | | | | |
| Charges for services | $ 14.5 | $ 12.7 | $ 43.0 | $ 40.4 | $ 57.5 | $ 53.1 |
| Operating grants/contrib. | 7.7 | 9.0 | 0.1 | 0.8 | 7.8 | 9.8 |
| Capital grants/contrib. | 1.1 | 0.5 | - | 0.8 | 1.1 | 1.3 |
| General revenues | | | | | | |
| Property taxes | 46.9 | 44.4 | - | - | 46.9 | 44.4 |
| Sales taxes | 12.8 | 12.9 | - | - | 12.8 | 12.9 |
| Other taxes and fees | 6.8 | 7.2 | - | - | 6.8 | 7.2 |
| Other, including investment | 3.9 | 3.2 | 2.9 | 2.7 | 6.8 | 5.9 |
| Total revenues | 93.7 | 89.9 | 46.0 | 44.7 | 139.7 | 134.6 |
| **Expenses** | | | | | | |
| General Government | 8.3 | 9.0 | - | - | 8.3 | 9.0 |
| Public Safety | 38.8 | 37.0 | - | - | 38.8 | 37.0 |
| Public Works | 26.0 | 28.0 | - | - | 26.0 | 28.0 |
| Community Development | 7.4 | 7.1 | - | - | 7.4 | 7.1 |
| Beaches, Parks & Recreation | 11.8 | 11.5 | - | - | 11.8 | 11.5 |
| Water | - | - | 27.7 | 25.6 | 27.7 | 25.6 |
| Sewer | - | - | 18.0 | 14.9 | 18.0 | 14.9 |
| Golf | - | - | 3.1 | 2.9 | 3.1 | 2.9 |
| Non Major | - | - | - | 1.7 | - | 1.7 |
| Total Expenses | 92.3 | 92.6 | 48.8 | 45.1 | 141.1 | 137.7 |
| Net position change before transfers | 1.4 | (2.7) | (2.8) | (0.4) | (1.4) | (3.1) |
| Transfers | (1.0) | 0.9 | 1.0 | (0.9) | - | - |
| **Change in net position** | 0.4 | (1.8) | (1.8) | (1.3) | (1.4) | (3.1) |
| Net position - July 1, as restated | 287.1 | 288.9 | 202.8 | 204.1 | 489.9 | 493.0 |
| Net position - June 30 | $ 287.5 | $ 287.1 | $ 201.0 | $ 202.8 | $ 488.5 | $ 489.9 |

**Governmental-type activities**

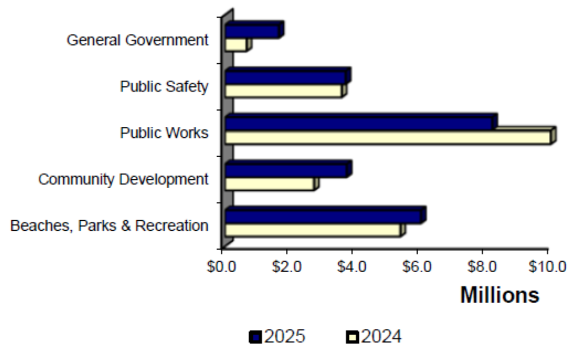
The City's governmental activities net position increased $0.4 million as compared to a decrease of $1.8 million in the prior year as revenues increased, however costs outpaced revenues due to impacts from pension negative returns in 2021 which impacted total public safety costs. Revenues in FY 2025 increase to $93.7 million compared to $89.9 million in FY 2024. Revenue increases from the prior year were mostly in property taxes and interest earnings due to higher interest rates. Property taxes increased $2.5 million from the prior year driven by higher values and property sales resulting in property transfer taxes. Sales taxes shows a very minor decrease from the prior year.

Expenses decreased by $0.3 million from FY 2024 and were $1.4 million less than revenues in the current year. This decrease is mainly due to a decrease in Public Works expenditures related to projects. Other department costs were generally comparable to the prior year costs, with the largest increase in beaches parks and recreation due to higher costs related to recreation programs partially due to less staffing vacancies.

**Expenses – Governmental Activities**



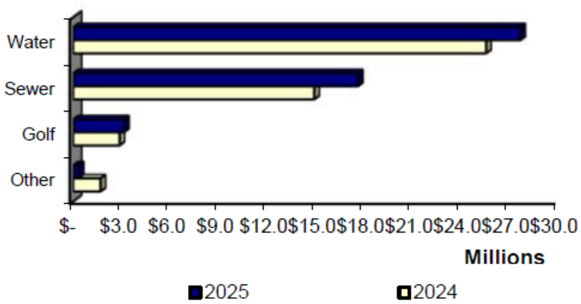

**Program Revenues – Governmental Activities**



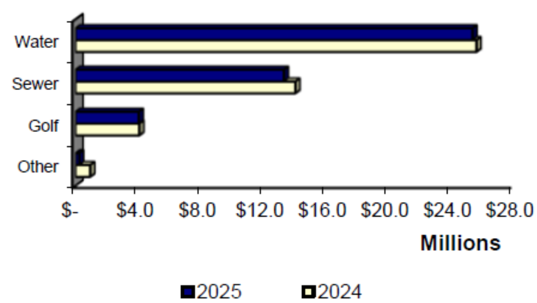

## Business-type activities

Business-type activities net position decreased by $1.8 million as compared to a decrease of $1.3 million in the previous year. Revenue changes included charges for services increasing $2.6 million, based on a sewer rate study completed and an increase in investment income due to a higher interest rate environment. Total expenses were higher with water costs increasing due to maintenance and purchased water.

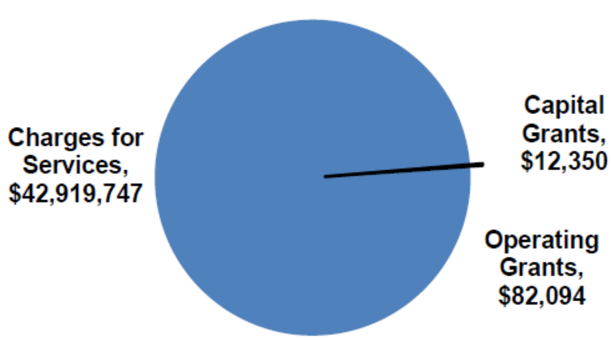
**Expenses – Business-type activities**




**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

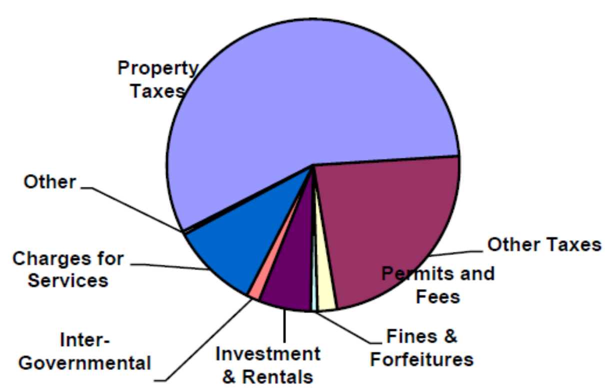
The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's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

The City's governmental funds reported ending fund balances of $83.1 million. Unassigned fund balance, which is available for spending at the City's discretion, constitutes $5.3 million. The remainder of fund balance is not available for new spending because it is: 1) in a non-spendable form such as loans receivable ($0.3 million), 2) restricted based on legislation or under agreements with external parties ($39.3 million), 3) committed based on City Council action ($23.6 million), or 4) assigned by a Council appointed designee for specific purposes ($14.5 million). Governmental fund balances, in total, decreased by $2.5 million during the fiscal year due to several factors, an increase in Public Safety contract costs, increase of capital outlay expenditures, and a slight increase in various departmental operating costs.

Governmental funds, in total, had $93.0 million of revenues and taxes represented 72% of the revenues. The change from the prior year amount of $89.7 million was due to the following factors: 1) General Fund property taxes increased from higher valuations, taxes from the new residential development sales, and owner change reassessments, and 2) higher investment revenues in all governmental funds from fair value adjustments and higher rates of return. These increases exceed the lower intergovernmental revenues from one-time grants for planning (General Fund), American Rescue Plan revenues, and Transit Fund grants.

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

**Revenues by Source – Governmental Funds**
**Fiscal Year 2025**



| Function | 2025 Amounts | % of Total | 2024 Amounts | % of Total |
|---|---|---|---|---|
| Property Taxes | $46.9 | 50% | $44.60 | 50% |
| Other Taxes | 19.6 | 21% | 19.9 | 22% |
| Permits & Fees | 2.0 | 2% | 1.5 | 2% |
| Fines & Forfeitures | 0.6 | 1% | 0.7 | 1% |
| Investment & Rentals | 7.0 | 8% | 6.5 | 7% |
| Intergovernmental | 7.4 | 8% | 7.9 | 9% |
| Charges for Services | 8.8 | 9% | 8.3 | 9% |
| Other | 0.7 | 1% | 0.3 | <1 % |
| | $ 93.0 | 100% | $ 89.7 | 100% |

Governmental fund expenditures combined were $94.5 million this year. When compared to last year's amount of $92.2 million there was an increase of $2.3 million. The largest increase was in public safety ($2.2 million) with anticipated increases in fire and police contracts.

**Business Type Funds and Proprietary Funds**

The total Business Type Net Position decreased from $202.8 million to $201.0 million by 0.9% with a change in net position of $1.9 million. For the Proprietary Enterprise funds, the total Net position was $198.7 prior to the adjustment for internal service fund activities of $2.2 million. In total, unrestricted net position for proprietary funds decreased from the previous year to $38.5 million from $48.7 million due to funds being used for the completion of capital projects.

The Net position includes net investment in capital assets of $156.0 million, restricted net position of $4.2 million and unrestricted net position of $38.5 million. Unrestricted net position does include $38.2 million for infrastructure asset replacement funding. Unrestricted net position of the Water, Sewer, and Golf operations at the end of the year amounted to $22.0 million, $9.6 million and $6.7 million, respectively.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Last year's change in net position was a decrease of $1.9 million and this year also has a decrease of $1.9 million due to an increase in maintenance and other operating expenses which outpaced the revenues that increased due to charges for services.

**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 $33.5 million. Unassigned fund balance is $7.9 million or 23% of the total fund balance. In total, the General Fund balance is $1.4 million lower than the prior year and represents 40% of all governmental fund balances.

The original revenue budget for General Fund revenues was $83.1 million. When this amount is compared to the final budgeted amount of $85.2 million there was a $1.8 million increase in the intergovernmental due to additional budgeted grants. No other significant revenue budget adjustments were made during the year. Activity levels did exceed the budget in a variety of areas, most notably in property taxes, investment income, and charges for services. Property taxes exceeded expectations due to value changes from sales, investment earnings were higher due to the improved interest rate market, and service charges were higher due to ambulance charges and parking meter revenues from weather conditions.

General Fund budgeted expenditures increased from the original $86.5 million to final budget amount of $101.7 million. Mid-year adjustments and City Council approved other adjustments during the year for various projects and contract services. These cost increases were partially offset by related revenue increases. At the end of the year, most departments had lower actual costs than budget, with the largest budget variances in community development, public works, and capital outlay as activities were delayed or are related to multiyear studies or projects, such as sand replenishment and maintenance projects.

General Fund actual expenditures ended the year $16.4 million variance, which is lower than the final budget. FY 2025 actual costs increased to $85.3 million, which is $4.3 million higher than last years $81.0 million. A summary by department follows:

- General government is lower than budget due to staff savings and other vacant positions.
- Public safety costs increased as anticipated due to an increase on contracts totaling to $2.1 million.
- Public works decreased $3.6 million in expenditures as projects were completed and other grants were identified to fund new projects.
- Beaches, parks and recreation costs, including marine safety, are higher than last year by $0.3 million with salary and benefit costs increasing and activity level increases, however these costs were still $0.3 million lower than budget.
- Capital outlay was higher than prior year by $4.0 million due to sidewalk, roads, and other capital maintenance projects.

**LOCAL TRANSIT FUND HIGHLIGHTS**

The current deficit in FY 2025 is primarily the result of outstanding project reimbursements related to trolley operations dating back to FY 2021 through FY 2025. The grant agency is unable to process the City’s most recent reimbursement requests until all prior year reimbursement submissions have been fully reviewed and processed. The turnover of duties within City Staff during this period has contributed to the delays in preparing and submitting the necessary documentation, which further extended the timeline for reimbursement. It is expected that as these outstanding claims are processed, the deficit will resolve.

**OTHER NON-MAJOR FUND HIGHLIGHTS**

There were no significant changes in other Non-Major funds. There was a slight decrease in revenue of $0.1 million from $10.1 in FY 2024 to $10.0 million in FY 2025. There was a significant decrease in capital outlay if $2.2 million from FY 2024 to FY 2025. This is due to the completion of several projects.

**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, 2025, amounts to $376.6 million (net of accumulated depreciation) as compared to the June 30, 2024 total of $373.2 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment and subscription assets, and construction-in-progress. The net increase in the City’s capital assets (net of depreciation) for the current fiscal year was $3.4 million, with an increase of $4.3 million in governmental activities and a $0.9 million decrease in business-type activities.

Major governmental capital improvements during the fiscal year included the completion of the Pump Track, replacements of several playgrounds and street improvements throughout the City. Business type capital projects included water lines on Calle Real, a Sodium Hypochlorite tank replacement, and recycled water quality improvements.

Depreciation expense during the fiscal year was $10.7 million for governmental activities and $6.4 million for business-type activities as compared to $10.5 million and $6.3 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 7 of the Notes to the Financial Statements.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | $51.5 | $51.5 | $4.3 | $4.3 | $55.8 | $55.8 |
| Infrastructure | 93.4 | 99.1 | 72.5 | 72.1 | 165.9 | 171.2 |
| Buildings & Improvements | 52.3 | 55.2 | 66.0 | 72.0 | 118.3 | 127.2 |
| Equipment & subscription assets | 6.5 | 3.3 | 3.7 | 4.3 | 10.2 | 7.5 |
| Construction-in-progress | 17.0 | 7.3 | 9.4 | 4.2 | 26.4 | 11.5 |
| Totals | $ 220.7 | $ 216.4 | $ 155.9 | $ 156.9 | $ 376.6 | $ 373.2 |

**Long-term Liabilities.** At the end of the current fiscal year, the City's governmental activities had no bonded debt outstanding. 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 $8.0 million. During the year, a principal payment was made on the loan in the amount of $708,881.

Further information on the Long-term Liabilities can be found in the Notes to the Financial Statements, Long Term Liabilities (Note 9). The following table summarizes the outstanding amounts, in millions, related to loans at the end of the 2024 and 2025 Fiscal Years.

| | Governmental Activities 2025 | Governmental Activities 2024 | Business-type Activities 2025 | Business-type Activities 2024 |
|---|---|---|---|---|
| State Revolving Fund Loan | $ - | $ - | $ 8.0 | $ 8.7 |
| Total | $ - | $ - | $ 8.0 | $ 8.7 |

Leases and subscription payables have both current and long-term amount described in the Notes to the Financial Statements.

## SIGNIFICANT MATTERS

As of June 30, 2025, the City has outstanding commitments in the amount of $11.9 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 are 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.

## BASIC FINANCIALS

**Government-Wide Financial Statements**

**CITY OF SAN CLEMENTE**
**Statement of Net Position**
**June 30, 2025**

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ 89,742,839 | $ 55,742,012 | $ 145,484,851 |
| Receivables (net of uncollectibles): | | | |
| Accounts receivable | 3,457,100 | 6,486,560 | 9,943,660 |
| Taxes receivable | 4,204,823 | - | 4,204,823 |
| Accrued interest receivable | 424,604 | 285,954 | 710,558 |
| Due from other governments | 1,424,250 | - | 1,424,250 |
| Loans receivable | 12,249,052 | - | 12,249,052 |
| Lease receivables | 4,657,050 | 209,535 | 4,866,585 |
| Internal balances | (609,653) | 609,653 | - |
| Restricted assets: | | | |
| Restricted cash and investments | - | 4,593,197 | 4,593,197 |
| Inventories | - | 481,379 | 481,379 |
| Prepaid costs | 75,567 | 3,496 | 79,063 |
| Capital assets (not being depreciated) | 68,471,630 | 13,657,937 | 82,129,567 |
| Capital assets (net of accumulated depreciation/amortization) | 152,249,190 | 142,246,897 | 294,496,087 |
| **Total assets** | **336,346,452** | **224,316,620** | **560,663,072** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension deferral | 8,735,734 | 1,797,455 | 10,533,189 |
| OPEB deferral | 1,728,223 | - | 1,728,223 |
| **Total deferred outflows of resources** | **10,463,957** | **1,797,455** | **12,261,412** |
| **LIABILITIES** | | | |
| Accounts payable | 5,729,289 | 4,263,257 | 9,992,546 |
| Accrued wages | 670,892 | 94,930 | 765,822 |
| Interest payable | 31,106 | 88,063 | 119,169 |
| Deposits payable | 3,492,274 | 316,792 | 3,809,066 |
| Unearned revenues | 891,334 | 1,100,000 | 1,991,334 |
| Long-term liabilities: | | | |
| Portion due in one year: | | | |
| Compensated absences | 519,166 | 186,229 | 705,395 |
| Leases payable | 27,936 | - | 27,936 |
| Subscription payable | 500,420 | - | 500,420 |
| Loan payable | - | 724,476 | 724,476 |
| Claims payable | 177,847 | - | 177,847 |
| Portion due in more than one year: | | | |
| Compensated absences | 1,211,386 | 434,536 | 1,645,922 |
| Lease payable | 80,393 | - | 80,393 |
| Loan payable | - | 7,281,259 | 7,281,259 |
| Subscription payable | 607,525 | - | 607,525 |
| Claims payable | 484,977 | - | 484,977 |
| Net OPEB liability | 2,445,286 | - | 2,445,286 |
| Net pension liability | 33,085,879 | 9,827,438 | 42,913,317 |
| **Total liabilities** | **49,955,710** | **24,316,980** | **74,272,690** |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension deferral | 3,899,277 | 631,697 | 4,530,974 |
| OPEB deferral | 1,107,254 | - | 1,107,254 |
| Deferred inflows leases | 4,317,061 | 198,732 | 4,515,793 |
| **Total deferred inflows of resources** | **9,323,592** | **830,429** | **10,154,021** |
| **NET POSITION** | | | |
| Net investment in capital assets | 219,505,463 | 155,904,834 | 375,410,297 |
| Restricted: | | | |
| Public facilities construction | 929,884 | - | 929,884 |
| Local drainage facilities | 3,196,612 | - | 3,196,612 |
| Streets/roadway/traffic | 1,307,622 | - | 1,307,622 |
| Affordable housing | 27,021,787 | - | 27,021,787 |
| Other capital | 5,829,942 | 3,394,557 | 9,224,499 |
| Community improvement grants | 1,020,773 | 900,602 | 1,921,375 |
| Unrestricted | 28,719,024 | 40,766,673 | 69,485,697 |
| **Total net position** | **$ 287,531,107** | **$ 200,966,666** | **$ 488,497,773** |

**CITY OF SAN CLEMENTE**
**Statement of Activities**
**For the Year Ended June 30, 2025**

| | | Program Revenues | | |
|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |
| **Functions/Programs:** | | | | |
| **Governmental activities:** | | | | |
| General government | $ 8,329,211 | $ 1,297,432 | $ 297,145 | $ 61,465 |
| Police | 23,712,764 | 628,197 | 210,258 | - |
| Fire | 15,041,607 | 2,868,902 | - | - |
| Public works | 26,033,526 | 1,694,004 | 5,915,977 | 587,507 |
| Community development | 7,429,621 | 2,513,936 | 1,224,216 | - |
| Beaches, parks, and recreation | 11,840,103 | 5,532,593 | 35,591 | 444,232 |
| Interest and fiscal charges | 44,841 | - | - | - |
| **Total governmental activities** | **92,431,673** | **14,535,064** | **7,683,187** | **1,093,204** |
| **Business-type activities:** | | | | |
| Water | 26,008,123 | 25,065,810 | 66,250 | 12,350 |
| Clean Ocean | 1,693,523 | 237,309 | - | - |
| Sewer | 17,644,566 | 13,336,232 | - | - |
| Golf Course | 3,149,877 | 4,053,540 | - | - |
| Solid Waste | 351,045 | 226,856 | 15,844 | - |
| **Total business-type activities** | **48,847,134** | **42,919,747** | **82,094** | **12,350** |
| **Total primary government** | **$ 141,278,807** | **$ 57,454,811** | **$ 7,765,281** | **$ 1,105,554** |

**General revenues and transfers:**
General revenues:
Property taxes
Sales taxes
Transient occupancy taxes
Franchise taxes
Other taxes
Motor vehicle in lieu
Investment earnings
Miscellaneous
Gain on sale of capital asset
Transfers

**Total general revenues and transfers**

**Change in net position**

Net position-beginning

**Net position-ending**

**CITY OF SAN CLEMENTE**
**Statement of Activities (Continued)**
**For the Year Ended June 30, 2025**

| Net (Expenses) Revenues and Changes in Net Position | | |
|---|---|---|
| Primary Government | | |
| Governmental Activities | Business-Type Activities | Total |
| $ (6,673,169) | $ - | $ (6,673,169) |
| (22,874,309) | - | (22,874,309) |
| (12,172,705) | - | (12,172,705) |
| (17,836,038) | - | (17,836,038) |
| (3,691,469) | - | (3,691,469) |
| (5,827,687) | - | (5,827,687) |
| (44,841) | - | (44,841) |
| **(69,120,218)** | **-** | **(69,120,218)** |
| - | (863,713) | (863,713) |
| - | (1,456,214) | (1,456,214) |
| - | (4,308,334) | (4,308,334) |
| - | 903,663 | 903,663 |
| - | (108,345) | (108,345) |
| **-** | **(5,832,943)** | **(5,832,943)** |
| **(69,120,218)** | **(5,832,943)** | **(74,953,161)** |
| 46,916,048 | - | 46,916,048 |
| 12,771,872 | - | 12,771,872 |
| 3,142,121 | - | 3,142,121 |
| 2,556,441 | - | 2,556,441 |
| 1,245,231 | - | 1,245,231 |
| 101,072 | - | 101,072 |
| 3,572,630 | 2,936,257 | 6,508,887 |
| 217,890 | - | 217,890 |
| 87,348 | - | 87,348 |
| (1,036,820) | 1,036,820 | - |
| **69,573,833** | **3,973,077** | **73,546,910** |
| **453,615** | **(1,859,866)** | **(1,406,251)** |
| 287,077,492 | 202,826,532 | 489,904,024 |
| **$ 287,531,107** | **$ 200,966,666** | **$ 488,497,773** |

**Fund Financial Statements**

## Government Fund Financial Statements

**CITY OF SAN CLEMENTE**
**Balance Sheet**
**June 30, 2025**

| | General Fund | Special Revenue Funds: Local Transit Fund | Total Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 31,758,119 | $ - | $ 40,763,577 | $ 72,521,696 |
| Receivables (net of allowance for uncollectible): | | | | |
| Taxes receivable | 4,204,823 | - | - | 4,204,823 |
| Accounts receivable | 1,878,327 | 342,953 | 1,158,903 | 3,380,183 |
| Interest receivable | 150,010 | - | 192,865 | 342,875 |
| Lease receivable | 4,657,050 | - | - | 4,657,050 |
| Due from other funds | 3,138,432 | - | - | 3,138,432 |
| Due from other governments | 350,191 | 800,217 | 273,842 | 1,424,250 |
| Loans receivable | 290,404 | - | 11,958,648 | 12,249,052 |
| Prepaids | 48,664 | - | - | 48,664 |
| Advances to other funds | - | - | 735,000 | 735,000 |
| **Total assets** | **$ 46,476,020** | **$ 1,143,170** | **$ 55,082,835** | **$ 102,702,025** |
| **LIABILITIES** | | | | |
| Accounts payable | $ 3,398,835 | $ 225,784 | $ 1,961,493 | $ 5,586,112 |
| Accrued wages | 266,950 | - | 2,979 | 269,929 |
| Unearned revenue | 891,334 | - | - | 891,334 |
| Deposits payable | 3,287,464 | - | 204,810 | 3,492,274 |
| Due to other funds | - | 2,258,048 | - | 2,258,048 |
| **Total liabilities** | **7,844,583** | **2,483,832** | **2,169,282** | **12,497,697** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - receivables | 802,459 | 1,143,171 | 879,538 | 2,825,168 |
| Lease-related | 4,317,061 | - | - | 4,317,061 |
| **Total deferred inflows of resources** | **5,119,520** | **1,143,171** | **879,538** | **7,142,229** |
| **FUND BALANCES (DEFICITS)** | | | | |
| Nonspendable | 339,068 | - | - | 339,068 |
| Restricted | - | - | 39,306,620 | 39,306,620 |
| Committed | 18,041,914 | - | 5,547,070 | 23,588,984 |
| Assigned | 7,266,258 | - | 7,250,981 | 14,517,239 |
| Unassigned (deficit) | 7,864,677 | (2,483,833) | (70,656) | 5,310,188 |
| **Total fund balances (deficits)** | **33,511,917** | **(2,483,833)** | **52,034,015** | **83,062,099** |
| **Total liabilities, deferred inflows of resources, and fund balances (deficits)** | **$ 46,476,020** | **$ 1,143,170** | **$ 55,082,835** | **$ 102,702,025** |

**CITY OF SAN CLEMENTE**
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**
**June 30, 2025**

| | | |
|---|---|---|
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Total fund balances - governmental funds | | $ 83,062,099 |
| Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 215,342,122 |
| Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings, and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position. | | |
| Deferred outflows-pension related | $ 8,735,734 | |
| Deferred inflows-pension related | (3,899,277) | |
| Total deferred outflows and inflows related to postemployment benefits | | 4,836,457 |
| Internal service funds provide services to other funds on a cost-reimbursement basis. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Activities. | | 16,387,119 |
| Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds. | | |
| Leases and SBITA payable | (159,884) | |
| Compensated absences | (1,676,095) | |
| Net pension liability | (33,085,879) | |
| Total long-term liabilities | | (34,921,858) |
| Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. | | 2,825,168 |
| **Net position of governmental activities** | | **$ 287,531,107** |

**CITY OF SAN CLEMENTE**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**

| | General Fund | Special Revenue Funds: Local Transit Fund | Total Nonmajor Funds | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 66,303,068 | $ - | $ 198,069 | $ 66,501,137 |
| Special assessments | - | - | 246,274 | 246,274 |
| Permits and fees | 1,771,883 | - | - | 1,771,883 |
| Fines and forfeits | 616,742 | - | - | 616,742 |
| Investment and rentals | 4,767,501 | - | 2,221,894 | 6,989,395 |
| Intergovernmental | 1,205,861 | 28,671 | 6,124,610 | 7,359,142 |
| Charges for services | 7,999,710 | - | 795,940 | 8,795,650 |
| Other | 332,074 | - | 374,395 | 706,469 |
| **Total revenues** | **82,996,839** | **28,671** | **9,961,182** | **92,986,692** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 7,661,666 | - | 85,729 | 7,747,395 |
| Police | 22,567,056 | - | 200,000 | 22,767,056 |
| Fire | 14,797,356 | - | - | 14,797,356 |
| Public works | 18,295,126 | 1,382,829 | 1,135,702 | 20,813,657 |
| Community development | 6,837,000 | - | 497,163 | 7,334,163 |
| Beaches, parks and recreation | 8,458,598 | - | 9,830 | 8,468,428 |
| Capital outlay | 6,604,691 | - | 5,874,477 | 12,479,168 |
| Debt service: | | | | |
| Principal retirement | 92,820 | - | - | 92,820 |
| **Total expenditures** | **85,314,313** | **1,382,829** | **7,802,901** | **94,500,043** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(2,317,474)** | **(1,354,158)** | **2,158,281** | **(1,513,351)** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 2,521,641 | 346,731 | 1,679,013 | 4,547,385 |
| Transfers out | (1,867,454) | - | (3,899,931) | (5,767,385) |
| Subscription arrangements entered into | 243,884 | - | - | 243,884 |
| **Total other financing sources (uses)** | **898,071** | **346,731** | **(2,220,918)** | **(976,116)** |
| **Net change in fund balances** | **(1,419,403)** | **(1,007,427)** | **(62,637)** | **(2,489,467)** |
| Fund balances (deficit)-beginning | 34,931,320 | (1,476,406) | 52,096,652 | 85,551,566 |
| **Fund balances (deficit)-ending** | **$ 33,511,917** | **$ (2,483,833)** | **$ 52,034,015** | **$ 83,062,099** |

**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, 2025**

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

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds: | | $ (2,489,467) |
| Governmental funds report capital outlays are expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/ amortization expense in the current period. | | |
| Capital outlay | $ 11,761,941 | |
| Depreciation/amortization expense | (9,716,472) | |
| Total adjustment | | 2,045,469 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Earned but unavailable other revenues | 61,465 | |
| Total adjustment | | 61,465 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase/(decrease) net position. | | |
| Loss/(gain) on disposal of capital assets | (61,128) | |
| Total adjustment | | (61,128) |
| Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. | | |
| Subscriptions issued | (243,884) | |
| Principal payments | 92,820 | |
| Total adjustment | | (151,064) |
| Internal service funds provide services to other funds on a cost-reimbursement basis. The net revenue of certain activities of internal service funds is reported with governmental activities. | | 1,230,241 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | |
| Accrued interest on long-term debt | (23,372) | |
| Compensated absences | (355,658) | |
| Changes in pension liabilities and related deferred outflows and inflows of resources | 197,129 | |
| Total adjustment | | (181,901) |
| **Change in net position of governmental activities** | | **$ 453,615** |

## Proprietary Fund Financial Statements

**CITY OF SAN CLEMENTE**
**Statement of Net Position**
**Proprietary Funds**
**June 30, 2025**

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | **Water Fund** | **Sewer Fund** | **Golf Course Fund** | **Other Enterprise Funds** |
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and investments | $ 34,245,303 | $ 13,149,593 | $ 7,873,577 | $ 473,539 |
| Accounts receivable | 4,086,197 | 2,245,834 | 42,265 | 112,264 |
| Lease receivable | - | - | 209,535 | - |
| Accrued interest | 177,579 | 68,855 | 37,279 | 2,241 |
| Prepaid expenses | 1,748 | 1,748 | - | - |
| Inventories | 432,181 | - | 49,198 | - |
| Restricted: | | | | |
| Cash and investments | 3,300,100 | 1,293,097 | - | - |
| Total current assets | 42,243,108 | 16,759,127 | 8,211,854 | 588,044 |
| Noncurrent: | | | | |
| Capital assets, net of depreciation and amortization | 59,232,935 | 92,225,854 | 4,445,752 | 293 |
| Total noncurrent assets | 59,232,935 | 92,225,854 | 4,445,752 | 293 |
| **Total assets** | **101,476,043** | **108,984,981** | **12,657,606** | **588,337** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Pension-related | 837,655 | 752,632 | 207,168 | - |
| OPEB-related | - | - | - | - |
| **Total deferred outflows of resources** | **837,655** | **752,632** | **207,168** | **-** |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 3,387,074 | 484,336 | 159,524 | 216,982 |
| Accrued wages | 42,601 | 36,062 | 13,113 | 3,154 |
| Lease payable | - | - | - | - |
| Interest payable | 88,063 | - | - | - |
| Compensated absences payable | 88,746 | 63,857 | 24,693 | 8,933 |
| Subscription payable | - | - | - | - |
| Loan payable | 724,476 | - | - | - |
| Claims and judgments payable | - | - | - | - |
| Due to other funds | - | 759,862 | - | 120,522 |
| Unearned revenue | 1,100,000 | - | 15,341 | - |
| Deposits payable - restricted assets | 316,792 | - | - | - |
| Total current liabilities | 5,747,752 | 1,344,117 | 212,671 | 349,591 |
| Noncurrent liabilities: | | | | |
| Advances from other funds | - | 735,000 | - | - |
| Compensated absences payable | 207,075 | 149,000 | 57,617 | 20,844 |
| Subscription payable | - | - | - | - |
| Claims and judgments payable | - | - | - | - |
| Loan payable | 7,281,259 | - | - | - |
| Net OPEB liability | - | - | - | - |
| Net pension liability | 4,579,809 | 4,114,953 | 1,132,676 | - |
| Total noncurrent liabilities | 12,068,143 | 4,998,953 | 1,190,293 | 20,844 |
| **Total liabilities** | **17,815,895** | **6,343,070** | **1,402,964** | **370,435** |

**CITY OF SAN CLEMENTE**
**Statement of Net Position (Continued)**
**Proprietary Funds**
**June 30, 2025**

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Water Fund | Sewer Fund | Golf Course Fund | Other Enterprise Funds |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Lease-related | - | - | 198,732 | - |
| Pension deferral | 294,385 | 264,505 | 72,807 | - |
| OPEB deferral | - | - | - | - |
| **Total deferred inflows of resources** | **294,385** | **264,505** | **271,539** | **-** |
| **NET POSITION** | | | | |
| Net investment in capital assets | 59,232,935 | 92,225,854 | 4,445,752 | 293 |
| Restricted for debt service | 900,602 | - | - | - |
| Restricted for capital projects | 2,101,460 | 1,293,097 | - | - |
| Unrestricted | 21,968,421 | 9,611,087 | 6,744,519 | 217,609 |
| **Total net position** | **$ 84,203,418** | **$ 103,130,038** | **$ 11,190,271** | **$ 217,902** |

**CITY OF SAN CLEMENTE**
**Statement of Net Position (Continued)**
**Proprietary Funds**
**June 30, 2025**

| | Business-Type Activities | Governmental Activities |
|---|---|---|
| | Total Enterprise Funds | Internal Service Funds |
| **ASSETS** | | |
| Current assets: | | |
| Cash and investments | $ 55,742,012 | $ 17,221,143 |
| Accounts receivable | 6,486,560 | 76,917 |
| Lease receivable | 209,535 | - |
| Accrued interest | 285,954 | 81,729 |
| Prepaid expenses | 3,496 | 26,903 |
| Inventories | 481,379 | - |
| Restricted: | | |
| Cash and investments | 4,593,197 | - |
| Total current assets | 67,802,133 | 17,406,692 |
| Noncurrent: | | |
| Capital assets, net of depreciation and amortization | 155,904,834 | 5,378,698 |
| Total noncurrent assets | 155,904,834 | 5,378,698 |
| **Total assets** | **223,706,967** | **22,785,390** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Pension-related | 1,797,455 | - |
| OPEB-related | - | 1,728,223 |
| **Total deferred outflows of resources** | **1,797,455** | **1,728,223** |
| **LIABILITIES** | | |
| Current liabilities: | | |
| Accounts payable | 4,247,916 | 143,177 |
| Accrued wages | 94,930 | 400,963 |
| Lease payable | - | 27,936 |
| Interest payable | 88,063 | 31,106 |
| Compensated absences payable | 186,229 | 16,337 |
| Subscription payable | - | 476,914 |
| Loan payable | 724,476 | - |
| Claims and judgments payable | - | 177,847 |
| Due to other funds | 880,384 | - |
| Unearned revenue | 1,115,341 | - |
| Deposits payable - restricted assets | 316,792 | - |
| Total current liabilities | 7,654,131 | 1,274,280 |
| Noncurrent liabilities: | | |
| Advances from other funds | 735,000 | 80,393 |
| Compensated absences payable | 434,536 | 38,120 |
| Subscription payable | - | 471,147 |
| Claims and judgments payable | - | 484,977 |
| Loan payable | 7,281,259 | - |
| Net OPEB liability | - | 2,445,286 |
| Net pension liability | 9,827,438 | - |
| Total noncurrent liabilities | 18,278,233 | 3,519,923 |
| **Total liabilities** | **25,932,364** | **4,794,203** |

# CITY OF SAN CLEMENTE
## Statement of Net Position (Continued)
## Proprietary Funds
## June 30, 2025

| | Business-Type Activities | Governmental Activities |
|---|---|---|
| | Total Enterprise Funds | Internal Service Funds |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Lease-related | 198,732 | - |
| Pension deferral | 631,697 | - |
| OPEB deferral | - | 1,107,254 |
| **Total deferred inflows of resources** | **830,429** | **1,107,254** |
| **NET POSITION** | | |
| Net investment in capital assets | 155,904,834 | 4,327,324 |
| Restricted for debt service | 900,602 | - |
| Restricted for capital projects | 3,394,557 | - |
| Unrestricted | 38,541,636 | 14,284,832 |
| **Total net position** | **198,741,629** | **$ 18,612,156** |
| Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time | 2,225,037 | |
| **Net position of business-type activities** | **$ 200,966,666** | |

# CITY OF SAN CLEMENTE
## Statement of Revenues, Expenses and Changes in Net Position
## Proprietary Funds
## For the Year Ended June 30, 2025

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Water Fund | Sewer Fund | Golf Course Fund | Other Enterprise Funds |
| **OPERATING REVENUES** | | | | |
| Charges for services | $ 24,058,691 | $ 13,273,826 | $ 3,171,159 | $ 429,422 |
| Concessions | - | - | 882,381 | - |
| Other | 1,007,119 | 62,406 | - | 246,248 |
| **Total operating revenues** | **25,065,810** | **13,336,232** | **4,053,540** | **675,670** |
| **OPERATING EXPENSES** | | | | |
| Salaries and benefits | 4,312,737 | 3,705,735 | 1,092,232 | 344,178 |
| Cost of purchased water | 10,938,934 | - | - | - |
| Cost of materials and supplies | 693,150 | 925,469 | 269,330 | 17,381 |
| Depreciation and amortization | 1,936,732 | 4,278,930 | 209,842 | - |
| Workers compensation insurance | - | - | - | - |
| Employee health/life insurance | - | - | - | - |
| Liability insurance | - | - | - | - |
| Benefit payments | - | - | - | - |
| Maintenance and other operating expenses | 7,936,795 | 8,788,335 | 1,578,199 | 1,897,942 |
| **Total operating expenses** | **25,818,348** | **17,698,469** | **3,149,603** | **2,259,501** |
| **Operating income (loss)** | **(752,538)** | **(4,362,237)** | **903,937** | **(1,583,831)** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Interest income | 1,804,652 | 755,282 | 355,023 | 23,383 |
| Grant income | 66,250 | - | - | 15,844 |
| Interest and fiscal charges | (183,924) | - | (2,083) | - |
| Gain (Loss) on sale of capital assets | (13,255) | - | - | - |
| **Total nonoperating revenues (expenses)** | **1,673,723** | **755,282** | **352,940** | **39,227** |
| **Income (loss) before capital contributions and transfers** | **921,185** | **(3,606,955)** | **1,256,877** | **(1,544,604)** |
| Capital contributions | 12,350 | - | - | - |
| Transfers in | - | 400,000 | - | 1,170,000 |
| Transfers out | (125,000) | (408,180) | - | - |
| **Change in net position** | **808,535** | **(3,615,135)** | **1,256,877** | **(374,604)** |
| Net position-beginning | 83,394,883 | 106,745,173 | 9,933,394 | 592,506 |
| **Net position-ending** | **$ 84,203,418** | **$ 103,130,038** | **$ 11,190,271** | **$ 217,902** |

## CITY OF SAN CLEMENTE
## Statement of Revenues, Expenses and Changes in Net Position (Continued)
## Proprietary Funds
## For the Year Ended June 30, 2025

| | Total Enterprise Funds | Governmental Activities Internal Service Funds |
|---|---|---|
| **OPERATING REVENUES** | | |
| Charges for services | $ 40,933,098 | $ 12,220,478 |
| Concessions | 882,381 | - |
| Other | 1,315,773 | 48,558 |
| **Total operating revenues** | **43,131,252** | **12,269,036** |
| **OPERATING EXPENSES** | | |
| Salaries and benefits | 9,454,882 | 1,060,464 |
| Cost of purchased water | 10,938,934 | - |
| Cost of materials and supplies | 1,905,330 | 527,684 |
| Depreciation and amortization | 6,425,504 | 1,013,973 |
| Workers compensation insurance | - | 211,713 |
| Employee health/life insurance | - | 3,663,944 |
| Liability insurance | - | 2,291,671 |
| Benefit payments | - | 824,478 |
| Maintenance and other operating expenses | 20,201,271 | 2,392,697 |
| **Total operating expenses** | **48,925,921** | **11,986,624** |
| **Operating income (loss)** | **(5,794,669)** | **282,412** |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Interest income | 2,938,340 | 786,603 |
| Grant income | 82,094 | - |
| Interest and fiscal charges | (186,007) | (44,841) |
| Gain (Loss) on sale of capital assets | (13,255) | 87,348 |
| **Total nonoperating revenues (expenses)** | **2,821,172** | **829,110** |
| **Income (loss) before capital contributions and transfers** | **(2,973,497)** | **1,111,522** |
| Capital contributions | 12,350 | - |
| Transfers in | 1,570,000 | 183,180 |
| Transfers out | (533,180) | - |
| **Change in net position** | **(1,924,327)** | **1,294,702** |
| Net position-beginning | 200,665,956 | 17,317,454 |
| **Net position-ending** | **$ 198,741,629** | **$ 18,612,156** |
| Change in net position | $ (1,924,327) | |
| Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds | 64,461 | |
| **Changes in net position of business-type activities** | **$ (1,859,866)** | |

**CITY OF SAN CLEMENTE**
**Statement of Cash Flows**
**Proprietary Funds**
**For the Year Ended June 30, 2025**

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | Water Fund | Sewer Fund | Golf Course Fund | Other Enterprise Funds |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers | $ 25,810,075 | $ 13,320,724 | $ 4,063,294 | $ 919,186 |
| Payments to suppliers and service providers | (19,999,656) | (9,708,451) | (1,917,378) | (2,019,232) |
| Payments to employees for salaries and benefits | (4,206,011) | (3,526,102) | (1,180,869) | (344,418) |
| **Net cash provided by (used for) operating activities** | **1,604,408** | **86,171** | **965,047** | **(1,444,464)** |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Transfers from other funds | - | 400,000 | - | 1,170,000 |
| Transfers to other funds | (125,000) | (408,180) | - | - |
| Interest paid on non-capital debt | - | - | - | - |
| Payments from other funds on interfund borrowings | - | 1,494,862 | - | 120,522 |
| Operating grants and contributions | 66,250 | - | - | 15,844 |
| **Net cash provided by (used for) noncapital financing activities** | **(58,750)** | **1,486,682** | **-** | **1,306,366** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from capital debt | 80,072 | - | - | - |
| Capital contributions | 12,350 | - | - | - |
| Acquisition and construction of capital assets | (1,190,915) | (4,460,367) | (11,801) | (293) |
| Principal paid on capital debt | (748,917) | - | - | - |
| Interest paid on capital debt | (191,722) | - | (2,083) | - |
| **Net cash provided by (used for) capital and related financing activities** | **(2,039,132)** | **(4,460,367)** | **(13,884)** | **(293)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Interest on investments | 1,855,429 | 792,306 | 359,768 | 24,899 |
| Leasing activities | - | - | (1,123) | - |
| **Net cash provided by (used for) investing activities** | **1,855,429** | **792,306** | **358,645** | **24,899** |
| **Net increase (decrease) in cash and cash equivalents** | **1,361,955** | **(2,095,208)** | **1,309,808** | **(113,492)** |
| Cash and cash equivalents-beginning | 36,183,448 | 16,537,898 | 6,563,769 | 587,031 |
| **Cash and cash equivalents-ending** | **$ 37,545,403** | **$ 14,442,690** | **$ 7,873,577** | **$ 473,539** |
| **RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION** | | | | |
| Cash and investments | $ 34,245,303 | $ 13,149,593 | $ 7,873,577 | $ 473,539 |
| Restricted cash and investments | 3,300,100 | 1,293,097 | - | - |
| Total cash and cash equivalents | **$ 37,545,403** | **$ 14,442,690** | **$ 7,873,577** | **$ 473,539** |

**CITY OF SAN CLEMENTE**
**Statement of Cash Flows (Continued)**
**Proprietary Funds**
**For the Year Ended June 30, 2025**

| | Business-Type Activities | | | |
|---|---|---|---|---|
| | **Water Fund** | **Sewer Fund** | **Golf Course Fund** | **Other Enterprise Funds** |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES** | | | | |
| Operating income (loss) | $ (752,538) | $ (4,362,237) | $ 903,937 | $ (1,583,831) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation/amortization expense | 1,936,732 | 4,278,930 | 209,842 | - |
| (Increase) decrease in accounts receivable | 725,511 | (15,508) | (3,432) | 243,516 |
| (Increase) decrease in inventories | (164,293) | - | (9,064) | - |
| (Increase) decrease in prepaid items | (1,748) | (1,748) | - | - |
| Increase (decrease) in accounts payable | (264,736) | 7,101 | (60,785) | (107,803) |
| Increase (decrease) in accrued liabilities | 11,780 | 9,785 | (2,558) | 2,800 |
| Increase (decrease) in deposits payable | 18,754 | - | 13,186 | - |
| Increase (decrease) in compensated absences | 77,707 | 39,796 | (2,556) | 854 |
| Increase (decrease) in claims and judgments | - | - | - | - |
| Increase (decrease) in net pension liability | 17,239 | 130,052 | (83,523) | - |
| Increase (decrease) in net OPEB liability | - | - | - | - |
| Total adjustments | 2,356,946 | 4,448,408 | 61,110 | 139,367 |
| **Net cash provided by (used for) operating activities** | $ 1,604,408 | $ 86,171 | $ 965,047 | $ (1,444,464) |
| **SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES** | | | | |
| Purchase of capital assets on account | $ - | $ - | $ - | $ - |

**CITY OF SAN CLEMENTE**
**Statement of Cash Flows (Continued)**
**Proprietary Funds**
**For the Year Ended June 30, 2025**

| | Business-Type Activities | Governmental Activities |
|---|---|---|
| | **Totals** | **Internal Service Funds** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from customers | $ 44,113,279 | $ 12,217,352 |
| Payments to suppliers and service providers | (33,644,717) | (5,194,648) |
| Payments to employees for salaries and benefits | (9,257,400) | (5,355,985) |
| **Net cash provided by (used for) operating activities** | **1,211,162** | **1,666,719** |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Transfers from other funds | 1,570,000 | 183,180 |
| Transfers to other funds | (533,180) | - |
| Interest paid on non-capital debt | - | - |
| Payments from other funds on interfund borrowings | 1,615,384 | - |
| Operating grants and contributions | 82,094 | - |
| **Net cash provided by (used for) noncapital financing activities** | **2,734,298** | **183,180** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Proceeds from capital debt | 80,072 | 1,109,926 |
| Capital contributions | 12,350 | - |
| Acquisition and construction of capital assets | (5,663,376) | (3,107,157) |
| Principal paid on capital debt | (748,917) | (629,694) |
| Interest paid on capital debt | (193,805) | (21,469) |
| **Net cash provided by (used for) capital and related financing activities** | **(6,513,676)** | **(2,648,394)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest on investments | 3,032,402 | 814,980 |
| Leasing activities | (1,123) | - |
| **Net cash provided by (used for) investing activities** | **3,031,279** | **814,980** |
| **Net increase (decrease) in cash and cash equivalents** | **463,063** | **16,485** |
| Cash and cash equivalents-beginning | 59,872,146 | 17,204,658 |
| **Cash and cash equivalents-ending** | **$ 60,335,209** | **$ 17,221,143** |
| **RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION** | | |
| Cash and investments | $ 55,742,012 | $ 17,221,143 |
| Restricted cash and investments | 4,593,197 | - |
| **Total cash and cash equivalents** | **$ 60,335,209** | **$ 17,221,143** |

# CITY OF SAN CLEMENTE
## Statement of Cash Flows (Continued)
## Proprietary Funds
## For the Year Ended June 30, 2025

| | Business-Type Activities | Governmental Activities |
|---|---|---|
| | **Totals** | **Internal Service Funds** |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES** | | |
| Operating income (loss) | $ (5,794,669) | $ 282,412 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | |
| Depreciation/amortization expense | 6,425,504 | 1,013,973 |
| (Increase) decrease in accounts receivable | 950,087 | (51,684) |
| (Increase) decrease in inventories | (173,357) | - |
| (Increase) decrease in prepaid items | (3,496) | (26,901) |
| Increase (decrease) in accounts payable | (426,223) | (61,012) |
| Increase (decrease) in accrued liabilities | 21,807 | 33,908 |
| Increase (decrease) in deposits payable | 31,940 | - |
| Increase (decrease) in compensated absences | 115,801 | 18,969 |
| Increase (decrease) in claims and judgments | - | 436,960 |
| Increase (decrease) in net pension liability | 63,768 | - |
| Increase (decrease) in net OPEB liability | - | 20,094 |
| Total adjustments | 7,005,831 | 1,384,307 |
| **Net cash provided by (used for) operating activities** | $ 1,211,162 | $ 1,666,719 |
| **SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES** | | |
| Purchase of capital assets on account | $ - | $ 92,559 |

## Fiduciary Fund Financial Statements

**CITY OF SAN CLEMENTE**
**Statement of Fiduciary Net Position**
**Fiduciary Funds**
**June 30, 2025**

| | Pension and Other Post Employment Benefits Trust | Private Purpose Trust Fund<br>RDA Successor Agency Trust | Custodial Funds |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and investments | $ - | $ - | $ 3,455,203 |
| Cash and investments with fiscal agents | - | - | 56,699,400 |
| Taxes receivable | - | - | 105,063 |
| Accounts receivable | - | - | 33,202 |
| Accrued interest receivable | - | - | 9,469 |
| Prepaid expenses | - | - | 195 |
| Investments, at fair value: | | | |
| Dodge & Cox International mutual fund | 4,031,263 | - | - |
| PIMCO Total Return Bond mutual fund | 5,356,182 | - | - |
| Russell 2000 Index mutual fund | 1,335,293 | - | - |
| Russell 1000 Index mutual fund | 8,619,427 | - | - |
| PIMCO All Asset Authority mutual fund | 1,338,702 | - | - |
| SSgA US Inflation Protected Bond | 800,553 | - | - |
| Defined Benefit Guaranteed Portfolio | 5,331,851 | - | - |
| **Total assets** | **26,813,271** | **-** | **60,302,532** |
| **LIABILITIES** | | | |
| Accounts payable | - | - | 70,254 |
| Accrued wages | - | - | 20,710 |
| Payable to other entities | - | - | 327,939 |
| Due to bondholders | - | - | 58,794,027 |
| **Total liabilities** | **-** | **-** | **59,212,930** |
| **NET POSITION** | | | |
| Net position restricted for pensions | 26,813,271 | - | - |
| Net position held for others | - | - | 1,089,602 |
| **Total net position** | **$ 26,813,271** | **$ -** | **$ 1,089,602** |

**CITY OF SAN CLEMENTE**
**Statement of Changes in Fiduciary Net Position**
**Fiduciary Funds**
**For the Year Ended June 30, 2025**

| | Pension and Other Post Employment Benefits Trust | Private Purpose Trust Fund RDA Successor Agency Trust | Custodial Funds |
|---|---|---|---|
| **ADDITIONS** | | | |
| Contributions: | | | |
| Employer pension contributions | $ 2,015,275 | $ - | $ - |
| Employee pension contributions | 1,291 | - | - |
| Total contributions | 2,016,566 | - | - |
| Investment earnings: | | | |
| Net appreciation (depreciation) in fair value of investments | 2,508,287 | - | - |
| Investment income | 446,251 | - | 564,276 |
| Total investment earnings | 2,954,538 | - | 564,276 |
| Property tax | - | 98,950 | 4,373,839 |
| Contributions from other agencies | - | - | 1,362,260 |
| Intergovernmental revenues | - | - | 455,476 |
| Other Revenue | - | - | 246,205 |
| **Total additions** | **4,971,104** | **98,950** | **7,002,056** |
| **DEDUCTIONS** | | | |
| Benefit payments | 4,133,458 | - | - |
| Payment to bondholders | - | - | 4,682,815 |
| Program expenses | - | - | 1,623,230 |
| Administrative expenses | 45,000 | 14,951 | 335,967 |
| Interest expense and fiscal charges | - | - | 3,271 |
| **Total deductions** | **4,178,458** | **14,951** | **6,645,283** |
| **Net increase (decrease) in fiduciary net position** | **792,646** | **83,999** | **356,773** |
| Net position-beginning | 26,020,625 | (83,999) | 732,829 |
| **Net position-ending** | **$ 26,813,271** | **$ -** | **$ 1,089,602** |

**Notes to The Basic Financial Statements**

## NOTE 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 polices 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 City's financial statements until the obligations of the former redevelopment agency are paid..

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.

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 A.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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:

> <u>General Fund</u> - 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.
>
> <u>Local Transit Fund</u> – This Special Revenue fund is used to account for funds received by Measure M and other grants for the San Clemente Rides and Trolley transit program costs.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 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

IThe following Government Accounting Standards Board (GASB) pronouncement was effective for and implemented for the fiscal year ended June 30, 2025:

***GASB Statement No. 101, Compensated Absences***

The requirements of this Statement will improve financial reporting by implementing a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. Establishing the unified model will result in consistent application to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. This Statement will also result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***GASB Statement No. 102, Certain Risk Disclosures***

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government’s financial condition.

Management has assessed the impact of this Statement on the City's financial statements and determined that it did not have a material impact.

### G. New GASB Pronouncements Effective in Future Fiscal Years

***GASB Statement No. 103, Financial Reporting Model Improvements***

The requirements of this Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability.

The Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement also requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***GASB Statement No. 104, Disclosure of Certain Capital Assets***

The requirements of this statement will provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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

#### a. Cash and investments:

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

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

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

#### 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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. Lease and subscription assets are valued at the present value of future payments at the inception of the arrangement. The City utilizes a capitalization threshold of $5,000 for property, plant, and equipment and $25,000 for infrastructure assets.

Depreciation/amortization of all exhaustible capital assets used by the governmental and business-type activities is charged as an expense against their operations. Accumulated depreciation/amortization is reported on the statement of net position. The straight-line method depreciation/amortization 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 |
| Subscription assets | 3-7 years |
| Intangibles | 3-10 years |

### d. Subscription-Based Information Technology (IT) Arrangements:

The City is a participant in subscription-based IT arrangements. The City recognizes subscription payable and subscription assets in the financial statements.

At the commencement of the arrangement, the City initially measures the payable at the present value of payments expected to be paid during the arrangement term. Subsequently, the payable is reduced by the principal portion of payments made. The subscription assets are initially measured at the initial amount of the subscription payable. Subsequently, the subscription assets are amortized over the life to the arrangement term.

### e. Compensated absences:

The City’s policy permits 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, 2025 is recorded as a liability. Unpaid compensated absences in proprietary fund types are accrued as a liability in those funds as employees vest benefits.

### f. 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

### g. 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, 2023 |
| Measurement Date | June 30, 2024 |
| Measurement Period | July 1, 2023 to June 30, 2024 |

### h. 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 assets 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 assets 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.

### i. 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### j. Fund balance flow assumptions:

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

### k. 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.

### l. 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.

#### a. 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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

**b. Proprietary funds operating and nonoperating revenues and expenses:**

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

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

**c. 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.

**d. 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.

## NOTE 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 appropriations during the fiscal year of $73.9 million.

Excess of expenditures over appropriations is as follows:

| Fund | Final Budget | Expenditures | Excess |
|---|---|---|---|
| Local Transit Fund | $ 1,179,330 | $ 1,382,829 | $ (203,499) |
| Building Homes and Jobs Act | 309,850 | 338,215 | (28,365) |

### B. Deficit Fund Equity

The deficit fund balance in the Disaster Relief Special Revenue Fund will be funded by investment income. The Clean Ocean Fund will be funded by street sweeping fees. The Employee Medical Internal Service deficit fund balance will be recovered through charges to fund the initial OPEB unfunded liability.

## NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Statement of position: | |
| Cash and investments | $ 145,484,851 |
| Cash and investments – restricted | 4,593,197 |
| Fiduciary funds: | |
| Cash and investments – custodial funds | 3,455,203 |
| Cash and investments held by bond trustee | 56,699,400 |
| Pension trust investments | 26,813,271 |
| Total cash and investments | $ 237,045,922 |

Cash and investments as of June 30, 2025 consisted of the following:

| | |
|---|---|
| Cash on hand | 5,950 |
| Deposits with financial institutions | 4,654,495 |
| Investments held by City and bond trustee | 205,572,206 |
| Pension trust investments | 26,813,271 |
| Total cash and investments | $ 237,045,922 |

<u>Authorized Investments under California Government Code and the City Investment Policy:</u>

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.

| Investment Types Authorized by State Law | Maximum Maturity * | Maximum Percentage of Portfolio * | Maximum Investment in One Issuer * |
|---|---|---|---|
| U.S. Treasury Obligations | 5 years | 100% | None |
| U.S. Agency Securities** | 5 years | 75% | 30% |
| Banker's Acceptances | 180 days | 30% | 5% |
| Medium-Term Notes | 5 years | 20% | 3% |
| Money Market Mutual Funds | N/A | 20% | None |
| Local Agency Investment Fund (LAIF) | N/A | 50% | $ 75 Million |
| Commercial Paper | 270 days | 15% | 5% |
| Repurchase Agreements | 1 year | 30% | 5% |
| Asset Backed Securities | 5 years | 10% | 5% |
| Orange County Investment Pool | N/A | 10% | $15 million |
| Insured Certificates of Deposit | 5 years | 30% | 5% |
| Negotiable Certificates of Deposit (NCD) | 3 years | 20% | 3% |
| Demand Deposits | N/A | 30% | 5% |

* Based on state law requirements or City investment policy requirements, whichever is more restrictive.

**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)

## NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|---|---|---|
| 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 short-term and long-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:

| | | Remaining Maturity (in Months) | | |
|---|---|---|---|---|
| Investment Type | Total | 12 Months or Less | 13 to 24 Months | 24 to 60 Months |
| U.S. Treasury securities | $ 64,268,555 | $ 28,496,837 | $ 11,028,688 | $ 24,743,030 |
| Federal Agency securities: | | | | |
| Federal Farm Credit Bank | 6,247,807 | - | 3,097,620 | 3,150,187 |
| Federal Home Loan Bank | 9,959,274 | 1,967,832 | 2,912,276 | 5,079,166 |
| Federal Home Loan Mortgage Corp. | 997,817 | 997,817 | - | - |
| Federal National Mortgage Assoc. | 1,490,806 | 1,490,806 | - | - |
| Negotiable Certificates of Deposit | 998,425 | 998,425 | - | - |
| LAIF | 46,105,151 | 46,105,151 | - | - |
| Medium Term Note | 13,395,399 | 209,811 | 3,610,950 | 9,574,638 |
| Commercial Paper (Asset backed) | 5,409,572 | 407,090 | 97,568 | 4,904,914 |
| Held by bond trustee: | | | | |
| Money market funds | 56,699,400 | 56,699,400 | - | - |
| Total | $ 205,572,206 | $ 137,373,169 | $ 20,747,102 | $ 47,451,935 |

## NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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.

| | | | Moody's Rating as of Fiscal Year End | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Investment Type | Total | Minimum Legal Rating | Aaa | Aa1 | Aa2 | Aa3 | A1 | A2 | P1 | Exempt or Not Rated |
| U.S. Treasury securities | $64,268,555 | N/A | $- | $62,280,473 | $ - | $ - | $- | $ - | $ 1,988,082 | $- |
| Federal agency securities: | | | | - | - | - | - | - | - | - |
| FFCB | 6,247,807 | N/A | - | 6,247,807 | - | - | - | - | - | - |
| FHLB | 9,959,274 | N/A | - | 9,959,274 | - | - | - | - | - | - |
| FHLMC | 997,817 | N/A | - | 997,817 | - | - | - | - | - | - |
| FNMA | 1,490,806 | N/A | - | 1,490,806 | - | - | - | - | - | - |
| Negotiable Certificate | | | | | | | | | | |
| of Deposits | 998,425 | | - | - | - | - | 499,257 | - | - | 499,168 |
| LAIF | 46,105,151 | N/A | - | - | - | - | - | - | - | 46,105,151 |
| Medium Term Notes | 13,395,399 | A | 1,184,162 | - | 1,131,098 | 3,524,559 | 3,872,821 | 3,682,759 | - | - |
| Commercial paper | 5,409,572 | A | 2,422,377 | - | - | - | - | - | - | 2,987,195 |
| Held by Bond trustee: | | | - | - | - | - | - | - | - | - |
| Money market funds | 56,699,400 | N/A | 56,699,400 | - | - | - | - | - | - | - |
| Total | $ 205,572,206 | | $ 3,606,539 | $ 80,976,177 | $ 1,131,098 | $ 3,524,559 | $ 4,372,078 | $ 3,682,759 | $ 1,988,082 | $ 49,591,514 |

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 | City Investments |
|---|---|---|---|
| Federal Home Loan Bank | Federal agency securities | $9,959,274 | 5% |

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

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 fair 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: $1,001,973 of the City's deposits with financial institutions in excess of federal depository insurance limits is held in collateralized accounts.

As of June 30, 2025, 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:

| Investment Type | Amount |
|---|---|
| U.S. Treasury securities | $ 64,268,555 |
| Federal agency securities: | |
| Federal Farm Credit Bank | 6,247,807 |
| Federal Home Loan Bank | 9,959,274 |
| Federal Home Loan Mortgage Corp | 997,817 |
| Federal National Mortgage Association | 1,490,806 |
| Negotiable Certificate of Deposits | 998,425 |
| Medium Term Notes | 13,395,399 |
| Commercial Paper (Asset Backed) | 5,409,572 |

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, 2025, the City had $46,105,151 invested in LAIF based on LAIF's fair value factor of 1.00119831 used to calculate the fair value of LAIF investments. The City's investment with LAIF at June 30, 2025, includes a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. LAIF invested 3.00% 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.

## NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- *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 Amount | Uncategorized | Level 1 | Level 2 |
|---|---|---|---|---|
| U.S. Treasury securities | $ 64,268,555 | $ - | $ 64,268,555 | $ - |
| Federal Agency securities: | | | | |
| Federal Farm Credit Bank | 6,247,807 | - | - | 6,247,807 |
| Federal Home Loan Bank | 9,959,274 | - | - | 9,959,274 |
| Federal Home Loan Mortgage Corp. | 997,817 | - | - | 997,817 |
| Federal National Mortgage Assoc. | 1,490,806 | - | - | 1,490,806 |
| Negotiable Certificates of Deposit | 998,425 | - | - | 998,425 |
| LAIF | 46,105,151 | 46,105,151 | - | - |
| Medium Term Note | 13,395,399 | - | - | 13,395,399 |
| Commercial Paper | 5,409,572 | - | - | 5,409,572 |
| Held by bond trustee: | | | | |
| Money market funds | 56,699,400 | - | 56,699,400 | - |
| Total | $ 205,572,206 | $ 46,105,151 | $ 120,967,955 | $ 38,499,100 |

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 5.50%.

For the Year Ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was an 11.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Pension investments held and the percentage of the pension investment portfolio at June 30, 2025 follows:

| Pension Trust Fund Investments | Fair value | % of Pension Portfolio |
|---|---|---|
| *Equity Investments* | | |
| Dodge & Cox International mutual fund | $ 4,031,263 | 15 % |
| Russell 1000 Index mutual fund | 8,619,427 | 32 % |
| Russell 2000 Index mutual fund | 1,335,293 | 5 % |
| *Fixed Income Investments* | | |
| Group annuity contract | 5,331,851 | 20 % |
| PIMCO Total Return Bond mutual fund | 5,356,182 | 20 % |
| US Government Treasury Inflation Bond mutual fund | 800,553 | 3 % |
| *Hybrid Investments (equity and fixed income)* | | |
| PIMCO All Asset Authority mutual fund | 1,338,702 | 5 % |
| Total pension trust investments (fair value) | $ 26,813,271 | 100 % |

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.

## NOTE 4 - LOAN RECEIVABLES

Loans receivable of $12,249,052 consists of a loan receivable due from a non-profit capital assistance loan of $290,404, and housing loans receivable of $11,958,648.

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 approved by the State of California under the dissolution process. This loan was fully paid of as of June 30, 2025.

The capital assistance loan receivable of $290,404 is due over a period of 10 years, with annual payments of $29,025 at 0% interest. The housing loans receivable of $11,958,648 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).

## NOTE 5 - LEASE RECEIVABLES/PAYABLES

a. Lease receivables total $4,866,585, with $4,657,050 in governmental and $209,535 in business type. The governmental amount of $4,657,050 consists of cell site leases for $1.7 million and facilities leases for $3.0 million which include building, concessions, and other structures. The City has 22 cell site leases which are non-exclusive with multiple providers often located on the same tower at various locations throughout the City. Monthly payments range from $10 to $4,660 and renewal terms are generally every 5 years. The City has 15 facilities leases with monthly payments from $50 to $20,000. These renew with various renewal periods of 5 to 10 years depending on the lease. Some of these facilities leases have a base rent amount, with rent due on a percentage of sales.

   The business type amount of $209,535 is in the Golf fund and is for a building lease with a concessionaire. This lease has a term through October 2027, with terms for renewals every 5 years. The base monthly payment is currently $8,000.

## NOTE 5 - LEASE RECEIVABLES/PAYABLES (CONTINUED)

The lease deferred inflows total $4,515,793 with the governmental fund of $4,317,061 and $198,732 for business type. Deferred inflows of resources related to these lease receivables will be recognized as follows:

| Fiscal Year Ending June 30 | Total Deferred Inflows of Resources |
|---|---|
| 2027 | $ 951,331 |
| 2028 | 717,437 |
| 2029 | 576,398 |
| 2030 | 235,997 |
| 2031-2035 | 332,732 |
| 2036-2040 | 205,303 |
| 2041-2045 | 205,303 |
| Thereafter | 139,045 |
| Total | $ 4,515,793 |

b. Lease payables total $108,329 at June 30, 2025 with a current potion of $27,936. The lease is a five-year lease with monthly payments of $2,876 entered into in January of 2024. The debt schedule follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 27,936 | $ 6,577 | $ 34,513 |
| 2027 | 29,917 | 4,595 | 34,512 |
| 2028 | 32,040 | 2,472 | 34,512 |
| 2029 | 18,436 | 398 | 18,834 |
| Totals | $ 108,329 | $ 14,042 | $ 122,371 |

## NOTE 6 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has subscription-based IT agreements and liabilities related to 14 agreements. Eleven agreements are recorded in the Information Technology Internal Service fund, 3 agreements are for governmental funds and reported in the Government-wide fund statements. The annual fixed payments range from $9,000 to $187,847, with interest rates ranging from 1.89% to 5.72%.

The subscription assets total $2,225,282, with accumulated amortization of $747,397 for a net asset value of $608,314. Subscription Assets are for software and reported in the Capital Asset Footnote. The liability at June 30, 2025 totals $1,107,945 and is principal and interest requirements are in the following table.

Principal and Interest Requirements to Maturity:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 500,420 | $ 57,338 | $ 557,758 |
| 2027 | 449,958 | 32,800 | 482,758 |
| 2028 | 71,787 | 7,713 | 79,500 |
| 2029 | 27,211 | 4,289 | 31,500 |
| 2030 | 28,571 | 2,929 | 31,500 |
| 2031 | 29,998 | 1,500 | 31,498 |
| Totals | $ 1,107,945 | $ 106,569 | $ 1,214,514 |

## NOTE 7 - 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.

A summary of governmental type capital assets activity for the year ending June 30, 2025, were as follows:

| | Balance July 1, 2024 | Additions | Deletions | Transfers | Balance June 30, 2025 |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated/ amortized | | | | | |
| Land | $ 51,458,778 | $ - | $ - | $ - | $ 51,458,778 |
| Construction-in-progress | 7,303,474 | 11,144,923 | - | (1,435,545) | 17,012,852 |
| Total capital assets, not being depreciated/amortized | 58,762,252 | 11,144,923 | - | (1,435,545) | 68,471,630 |
| Capital assets, being depreciated/ amortized | | | | | |
| Buildings | 48,527,842 | - | - | - | 48,527,842 |
| Improvements other than buildings | 69,598,470 | 287,929 | - | 688,176 | 70,574,575 |
| General equipment | 11,503,587 | 2,336,215 | (504,676) | 747,369 | 14,082,495 |
| Subscription assets | 1,154,041 | 1,400,968 | (329,727) | - | 2,225,282 |
| Infrastructure | 196,342,217 | - | - | - | 196,342,217 |
| Total capital assets, being depreciated/ amortized | 327,126,157 | 4,025,112 | (834,403) | 1,435,545 | 331,752,411 |
| Less accumulated depreciation/ amortization | | | | | |
| Buildings | (19,851,814) | (1,141,385) | - | - | (20,993,199) |
| Improvements other than buildings | (43,194,938) | (2,697,561) | - | - | (45,892,499) |
| General equipment | (8,499,982) | (886,038) | 395,996 | - | (8,990,024) |
| Subscription assets | (754,104) | (323,020) | 329,727 | - | (747,397) |
| Infrastructure | (97,197,661) | (5,682,441) | - | - | (102,880,102) |
| Total accumulated depreciation/ amortization | (169,498,499) | (10,730,445) | 725,723 | - | (179,503,221) |
| Total capital assets, being depreciated/ amortized, net | 157,627,658 | (6,705,333) | (108,680) | 1,435,545 | 152,249,190 |
| Total governmental activities capital assets | $ 216,389,910 | $ 4,439,590 | $ (108,680) | $ - | $ 220,720,820 |

## NOTE 7 - CAPITAL ASSETS

| Function/program | |
|---|---|
| General government | $ 388,659 |
| Police | 97,165 |
| Fire | 194,329 |
| Public works | 5,344,060 |
| Community development | 194,329 |
| Beaches, parks and recreation | 3,497,930 |
| Internal service funds | 1,013,973 |
| Total depreciation/amortization expense | $ 10,730,445 |

A summary of business-type capital assets activity for the year ending June 30, 2025 for the City's is as follows:

| | Balance July 1, 2024 | Additions | Deletions | Transfers | Balance June 30, 2025 |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated/amortized | | | | | |
| Land | $ 4,324,406 | $ - | $ - | $ - | $ 4,324,406 |
| Construction-in-progress | 4,172,061 | 5,637,516 | - | (476,046) | 9,333,531 |
| Total capital assets, not being depreciated/ amortized | 8,496,467 | 5,637,516 | - | (476,046) | 13,657,937 |
| Capital assets, being depreciated/amortized | | | | | |
| Buildings | 7,008,987 | - | - | - | 7,008,987 |
| Water, sewer, storm lines | 125,087,392 | - | - | - | 125,087,392 |
| Utility assets | 150,296,590 | - | - | 476,046 | 150,772,636 |
| Improvements other than buildings | 3,553,749 | - | - | - | 3,553,749 |
| Subscription assets | 215,439 | - | (215,439) | - | - |
| Machinery and equipment | 8,870,671 | 25,860 | (25,248) | - | 8,871,283 |
| Total capital assets, being depreciated/ amortized | 295,032,828 | 25,860 | (240,687) | 476,046 | 295,294,047 |
| Less accumulated depreciation/amortization | | | | | |
| Buildings | (2,797,619) | (146,209) | - | - | (2,943,828) |
| Water, sewer, storm lines | (50,803,368) | (1,818,957) | - | - | (52,622,325) |
| Utility assets | (85,065,357) | (4,039,113) | - | - | (89,104,470) |
| Improvements other than buildings | (3,214,806) | (36,146) | - | - | (3,250,952) |
| Subscription assets | (7,062) | - | 7,062 | - | - |
| Machinery and equipment | (4,752,488) | (385,079) | 11,992 | - | (5,125,575) |
| Total accumulated depreciation/amortization | (146,640,700) | (6,425,504) | 19,054 | - | (153,047,150) |
| Total capital assets, being depreciated/ amortized, net | 148,392,128 | (6,399,644) | (221,633) | 476,046 | 142,246,897 |
| Total business-type activities capital assets | $ 156,888,595 | $ (762,128) | $ (221,633) | $ - | $ 155,904,834 |

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

| | |
|---|---|
| Water | $ 1,936,732 |
| Sewer | 4,278,930 |
| Golf | 209,842 |
| Total depreciation/amortization expense | $ 6,425,504 |

## NOTE 8 - 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.

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General fund | Local Transit fund | $ 2,258,048 |
| General fund | Sewer fund | 759,862 |
| | Nonmajor enterprise funds | 120,522 |
| | Total | $ 3,138,432 |

### B. ADVANCES TO/FROM

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| Nonmajor governmental funds | Sewer Fund | $ 735,000 |
| | Total | $ 735,000 |

### C. 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.

| | Transfers in | | | | | | |
|---|---|---|---|---|---|---|---|
| | General Fund | Transit Fund | Nonmajor Governmental Funds | Fleet Maintenance Fund | Sewer Utility Fund | Nonmajor Proprietary Funds | Total |
| Transfers out | | | | | | | |
| General Fund | $ - | $ 346,731 | $ 1,270,723 | $ - | $ - | $ 250,000 | $1,867,454 |
| Nonmajor Governmental Funds | 2,471,641 | - | 108,290 | - | 400,000 | 920,000 | 3,899,931 |
| Water Utility Fund | 25,000 | - | 100,000 | - | - | - | 125,000 |
| Sewer Utility Fund | 25,000 | - | 200,000 | 183,180 | - | - | 408,180 |
| Total | $2,521,641 | $ 346,731 | $ 1,679,013 | $ 183,180 | $ 400,000 | $1,170,000 | $6,300,565 |

During the year ended June 30, 2025, the General Fund significant transfers included transfers of $500,000 to the Street Improvement Fund Special Revenue Fund to fund future street rehabilitation, $346,731 to support transit activities, and $700,000 to the Reserve fund to support accrued leave and facilities maintenance reserves. Other significant transfers include $1,882,509 from the reserve fund to the General fund to support the slope stabilization project; and $920,000 from Developers Improvement fund to the Clean Ocean fund to reimburse Clean Ocean for Trash Capture Devices project.

## NOTE 9 - 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, 2025:

| | Balance June 30, 2024 | Additions | Deletions | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Business-type activities | | | | | |
| Direct borrowing: | | | | | |
| State revolving fund loan | $ 8,714,616 | $ - | $ 708,881 | $ 8,005,735 | $ 724,476 |
| Business-type activities long-term debt | $ 8,714,616 | $ - | $ 708,881 | $ 8,005,735 | $ 724,476 |

### B. 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 $3.1 million for the year ended June 30, 2025. The total pledged revenue amount cannot be estimated over the life of the loan. The loan amount outstanding at June 30, 2025 is $8,005,735.

Annual requirements to amortize the State Revolving Fund Loan as of June 30, 2025 are as follows:

| June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 724,476 | $ 176,125 | $ 900,601 |
| 2027 | 740,415 | 160,187 | 900,602 |
| 2028 | 756,704 | 143,898 | 900,602 |
| 2029 | 773,351 | 127,251 | 900,602 |
| 2030 | 790,365 | 110,237 | 900,602 |
| 2031-2035 | 4,220,424 | 282,588 | 4,503,012 |
| Totals | $ 8,005,735 | $ 1,000,286 | $ 9,006,021 |

## NOTE 9 - LONG TERM LIABILITIES (CONTINUED)

### C. 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, 2025:

| | Balance June 30, 2024 | Additions | Deletions | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Compensated absences* | $ 1,374,894 | $ 355,658 | $ - | $ 1,730,552 | $ 519,166 |
| Subscription liability (note 6) | 242,184 | 1,509,689 | 643,928 | 1,107,945 | 500,420 |
| Lease liability (note 5) | 134,414 | - | 26,085 | 108,329 | 27,936 |
| Claims and judgements payable (note 8) | 225,864 | 1,108,588 | 671,628 | 662,824 | 177,847 |
| Governmental activities long-term liabilities | $ 1,977,356 | $ 2,973,935 | $ 1,341,641 | $ 3,609,650 | $ 1,225,369 |

*Compensated absences is shown as a net change in accordance with *GASB 101, Compensated Absences.*

| | Balance June 30, 2024 | Additions | Deletions | Balance June 30, 2025 | Due Within One Year |
|---|---|---|---|---|---|
| Business-type activities | | | | | |
| Compensated absences* | $ 508,936 | $ 111,829 | $ - | $ 620,765 | $ 186,229 |
| Subscription liability (note 6) | 171,639 | - | 171,639 | - | - |
| Business-type activities long-term liabilities | $ 680,575 | $ 111,829 | $ 171,639 | $ 620,765 | $ 186,229 |

*Compensated absences is shown as a net change in accordance with *GASB 101, Compensated Absences.*

<u>Governmental:</u>

1. <u>Compensated Absences:</u>

The City's policies relating to compensated absences are described in Note 1. The amount outstanding for governmental type compensated absences at June 30, 2025 is $1,730,552.

<u>Business-type:</u>

1. <u>Compensated Absences:</u>

The City's policies relating to compensated absences are described in Note 1. The amount outstanding for business type compensated absences at June 30, 2025 is $620,765.

<u>Subscription, lease and claims liabilities</u>

These respective liabilities are paid from the fund in which they are initially recorded. Information on each of these individually are in the Footnotes related to each liability. For subscription, lease, claims payable, and the net OPEB liability governmental activities, internal service funds have been used in prior years to liquidate such amounts.

## NOTE 10 - 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 126 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.

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 $279,626,868. 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 $148,978,392. 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.

**NOTE 10 - INSURANCE (CONTINUED)**

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 2024-25. The following claims schedule includes workers' compensation and general liability claims for the past two fiscal years.

| | Beginning Balance | Incurred & Charges in Estimates | Less Claim Payments | Ending Balance |
|---|---|---|---|---|
| 2023-2024 | $ 1,273,563 | $ (370,062) | $ (677,637) | $ 225,864 |
| 2024-2025 | 225,864 | 1,108,588 | (671,628) | 662,824 |

At June 30, 2025, 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.

**NOTE 11 - 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:

| Pension Plan | Pension Liability | Deferred Outflows | Deferred Inflows | Pension Expense |
|---|---|---|---|---|
| CalPERS Miscellaneous Plan | $ 16,482,379 | $ 5,942,844 | $ (507,437) | $ 3,775,077 |
| CalPERS Cost Sharing Plan (Risk Pool) | 10,300,938 | 4,590,345 | (2,430,537) | 1,666,214 |
| City of San Clemente Employees Retirement Plan (CSCERP) | 16,130,000 | - | (1,593,000) | 946,000 |
| Total | $ 42,913,317 | $ 10,533,189 | $ (4,530,974) | $ 6,387,291 |

Pension liabilities are liquidated from funds that have salaries, which include the General Fund, Enterprise, and Internal Service funds. The Pension Plans are addressed separately by section.

**NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

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.

*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, 2025 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 2.24% | 1.0% to 2.5% |
| Required employee contribution rates | 7.00% | 7.59% |
| Required employer contribution rates | 10.40% | 9.82% |

*Employees Covered* - As of June 30, 2025, 370 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.

**NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

*Actuarial Assumptions* - The total pension liability in the June 30, 2023 actuarial valuation used the following actuarial assumptions:

| | |
|---|---|
| Actuarial valuation date | June 30, 2023 |
| Measurement date | June 30, 2024 |
| Acuarial cost method | Entry age normal cost method |
| Actuarial assumptions: | |
| Discount rate | 6.90% |
| Inflation | 2.30% |
| Payroll growth | 2.80% |
| Projected salary increase [1] | 3.0% - 10.44% |
| Mortality [2] | Derived from CalPERS membership data |
| Post retirement benefit increase | The lesser of a contract COLA or 2.3% based on purchasing power |

[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 2021 Experience study.

*Discount Rate* - The discount rate used to measure the total pension liability was 6.90% 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 6.90% 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. 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) arc 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. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

## NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

The expected real rates of return by asset class are as follows:

| Asset Class[1] | Assumed Asset Allocation | Real Return [1, 2] |
|---|---|---|
| Global equity-cap-weighted | 30.00 % | 4.54 % |
| Global equity-non-cap-weighted | 12.00 % | 3.84 % |
| Private equity | 13.00 % | 7.28 % |
| Treasury | 5.00 % | 0.27 % |
| Mortgage-backed securities | 5.00 % | 0.50 % |
| Investment grade corporates | 10.00 % | 1.56 % |
| High yield | 5.00 % | 2.27 % |
| Emerging market debt | 5.00 % | 2.48 % |
| Private debt | 5.00 % | 3.57 % |
| Real assets | 15.00 % | 3.21 % |
| Leverage | (5.00)% | (0.59)% |

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2022 Asset Liability Management study

*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, 2023 | $ 87,622,805 | $ 69,202,763 | $ 18,420,042 |
| Changes in the year | | | |
| Service cost | 2,538,848 | - | 2,538,848 |
| Interest on total pension liability | 6,023,992 | - | 6,023,992 |
| Differences between expected and actual experience | 72,581 | - | 72,581 |
| Net plan to plan resource movement | - | - | - |
| Contributions-employer | - | 2,877,051 | (2,877,051) |
| Contributions-employee | - | 1,107,344 | (1,107,344) |
| Net investment income | - | 6,645,000 | (6,645,000) |
| Benefit payments | (3,321,160) | (3,321,160) | - |
| Administrative expense | - | (56,311) | 56,311 |
| Net changes | 5,314,261 | 7,251,924 | (1,937,663) |
| Balance at June 30, 2024 (measurement date) | $ 92,937,066 | $ 76,454,687 | $ 16,482,379 |

## NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

*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

| | Discount Rate -1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate +1% (7.90%) |
|---|---|---|---|
| Net pension liability (asset) | $ 30,427,773 | $ 16,482,379 | $ 5,331,906 |

*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, 2025, the City recognized pension expense of $3,775,077. At June 30, 2025, 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 | $ 255,704 | $ 507,437 |
| Changes of assumptions | 1,628,540 | - |
| Net difference between projected and actual earnings | 1,088,500 | - |
| Contributions after the measurement date | 2,970,100 | - |
| Total | $ 5,942,844 | $ 507,437 |

Contributions after the measurement date of $2,970,100 represent contributions for the fiscal year ended June 30, 2025 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 |
|---|---|
| 2026 | $ 602,683 |
| 2027 | 2,203,446 |
| 2028 | 19,051 |
| 2029 | (359,873) |
| Total | $ 2,465,307 |

*Payable to this Pension Plan* - The City had contributions payable of $49,763 at June 30, 2025.

## NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

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, 2025 are summarized in the following table.

| Hire date | Prior to January 1, 2013 | On or After January 1, 2013 |
|---|---|---|
| Benefit formula | 3.0% @ 55 | 2.0% @ 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 | 2.40% to 3.00% | 2.00% to 2.70% |
| Required employee contribution rates | 9.00% | 14.50% |
| Required employer contribution rates | 26.11% | 14.72% |

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the marine safety employees are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2025 the employer contributions to the safety risk pool plan were $1,477,810.

*Pension liabilities, pension expenses and pension Deferred Outflows/Inflows of Resources*
As of June 30, 2025, the City reported a net pension liability for its proportionate share of the CalPERS cost sharing plan of $10,300,938. 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.

## NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

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, 2023, 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, 2023. 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, 2024, the measurement date, was calculated as follows: Each risk pool's total pension liability was computed at the measurement date, June 30, 2024, 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, 2024, 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, 2025, 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, 2023, to obtain the total pension liability and fiduciary net position as of June 30, 2024. 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:

| | |
|---|---|
| Proportion at measurement date - June 30, 2024 | 0.14935 % |
| Proportion at measurement date - June 30, 2025 | 0.14129 % |
| Change - increase (decrease) | (0.00806)% |

For the year ended June 30, 2025, the recognized pension expense was $1,666,214 related to Plan. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

**NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 840,648 | $ 27,333 |
| Changes of assumptions | 253,794 | - |
| Net difference between projected and actual earnings | 497,900 | - |
| Difference between employer contribution and proportionate share | 1,520,193 | 548,631 |
| Change in employer's proportions | - | 1,854,573 |
| Contributions after measurement date | 1,477,810 | - |
| Total | $ 4,590,345 | $ 2,430,537 |

Contributions after the measurement date of $1,477,810 represent contributions for the fiscal year ended June 30, 2025 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 |
|---|---|
| 2026 | $ 196,800 |
| 2027 | 881,948 |
| 2028 | (226,390) |
| 2029 | (170,360) |
| Total | $ 681,998 |

*Actuarial Assumptions* - The total plan pension liabilities in the June 30, 2023 actuarial valuations were determined using the following actuarial assumptions:

| | |
|---|---|
| Actuarial valuation date | June 30, 2023 |
| Measurement date | June 30, 2024 |
| Acuarial cost method | Entry age normal cost method |
| Actuarial assumptions: | |
| Discount rate | 6.90% |
| Inflation | 2.30% |
| Payroll growth | 2.80% |
| Projected salary increase (1) | 4.12% - 17.97% |
| Mortality (2) | Based on CalPERS membership data |
| Post retirement benefit increase | Contract COLA up to 2.3% until purchasing power protection allowance floor on purchasing power applies |

(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 2021 Experience study.

**NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

*Discount Rate* - The discount rate used to measure the total pension liability was 6.90% 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 6.90% 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

| Asset Class[1] | Assumed Asset Allocation | Real Return [1, 2] |
|---|---|---|
| Global equity-cap-weighted | 30.00 % | 4.54 % |
| Global equity-non-cap-weighted | 12.00 % | 3.84 % |
| Private equity | 13.00 % | 7.28 % |
| Treasury | 5.00 % | 0.27 % |
| Mortgage-backed securities | 5.00 % | 0.50 % |
| Investment grade corporates | 10.00 % | 1.56 % |
| High yield | 5.00 % | 2.27 % |
| Emerging market debt | 5.00 % | 2.48 % |
| Private debt | 5.00 % | 3.57 % |
| Real assets | 15.00 % | 3.21 % |
| Leverage | (5.00)% | (0.59)% |

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2022 Asset Liability Management study

*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:

**NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

| CalPERS Cost Sharing Multiple Employer Plan<br>Sensitivity of Net Pension Liability to Discount Rate | Discount Rate -1% (5.90%) | Current Discount Rate (6.90%) | Discount Rate +1% (7.90%) |
|---|---|---|---|
| Net pension liability | $ 17,330,388 | $ 10,300,938 | $ 4,551,836 |

*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 $3,469 at June 30, 2025.

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, 2025, are summarized in the following table.

| 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 - 55 | 52 - 62 |
| Monthly benefits; as a % of eligible compensation | 1.426% to 2.418% | 1.00% to 2.50% |
| Required employee contribution rates | 7.00% | 10.75% |
| Required employer contribution rates | 19.10% | 19.10% |

*Contributions* - Contributions to the CSCERP are based on a level dollar contribution for employees with past service before the conversion of City employees to CalPERS and contributions for joint venture active employees. The employer contribution rates for all public employers are 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.

**NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

The CSCERP proportionate share and the contributions allocated to each employer in FY 2025 are:

| Employer | Proportion | Covered Payroll | Contributions |
|---|---|---|---|
| City of San Clemente | 97.2 % | $ - | $ 1,953,000 |
| Coastal Anima Services Authority (CASA) | 2.8 % | 15,000 | 62,000 |
| Total | 100.0 % | $ 15,000 | $ 2,015,000 |

Contributions are the estimated amount necessary to finance the cost of benefits earned by employees during the year. A City contribution of $1,953,000 to finance past unfunded accrued liability costs was paid during the year ended June 30, 2025. During the year ended June 30, 2025 CASA contribution amounts totaled $62,000. This contribution includes the unfunded accrued liability payment of $59,000, $1,292 of employee contributions, and $2,955 of employer contributions.

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

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 131 |
| Inactive employees entitled to but not yet receiving benefits | 64 |
| Active employees (2 PEPRA members) | 5 |
| Total | 200 |

*Pension liabilities, pension expenses and Deferred Outflows/Inflows of Resources related to pensions*
As of June 30, 2025, the City reported a net pension liability on the CSCERP for $16,130,000. The City's net pension liability for the CSCERP is the net pension liability as of June 30, 2025. The total pension liability for CSCERP was determined by an actuarial valuation as of June 30, 2024. 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, 2025, the recognized CSCERP plan pension expense was $559,000, with the City of San Clemente's being $946,000. At June 30, 2025, the City reported Deferred Inflows of resources of $1,593,000, as reported in the following table. There were no Deferred Outflow of Resources.

| | Deferred Inflows of Resources | | |
|---|---|---|---|
| Description | City of San Clemente | CASA | Total |
| Net difference between projected and actual earnings | $ (1,593,000) | $ (46,000) | $ (1,639,000) |
| Total | $ (1,593,000) | $ (46,000) | $ (1,639,000) |

**NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

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 | Total |
| 2026 | $ 28,000 | $ 1,000 | $ 29,000 |
| 2027 | (740,000) | (21,000) | (761,000) |
| 2028 | (579,000) | (17,000) | (596,000) |
| 2029 | (302,000) | (9,000) | (311,000) |
| Total | $ (1,593,000) | $ (46,000) | $ (1,639,000) |

*Actuarial Assumptions* - The total pension liability at June 30, 2024 is based on the June 30, 2023 actuarial valuation. The following actuarial assumptions were used for the CSCERP:

| | |
|---|---|
| Actuarial valuation date | June 30, 2024 |
| Measurement date | June 30, 2025 |
| Measurement period | July 1, 2023 - June 30, 2025 |
| Acuarial cost method | Entry age normal cost method |
| Actuarial assumptions: | |
| Discount rate | 5.50% |
| Inflation | 2.50% |
| Payroll growth | 2.75% |
| Projected salary increase (1) | 2.75% per year, plus CalPERS 2000-2019 CalPERS Study |
| Investment rate of return (2) | 5.50% |
| Mortality | 2000-2019 CalPERS Study |

(1) Based on crossover test results

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

Discount Rate - The discount rate used to measure the total pension liability was 5.50% 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 5.50% 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.

## NOTE 11 - PENSION AND RETIREMENT BENEFITS (CONTINUED)

*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, 2024 | $ 44,897,000 | $ 26,021,000 | $ 18,876,000 |
| Changes in the year | | | |
| Interest on total pension liability | 2,343,000 | - | 2,343,000 |
| Transfer to CalPERs | (1,303,000) | (1,303,000) | - |
| Differences between actual and expected experience | 293,000 | - | 293,000 |
| Contributions-employer | - | 2,015,000 | (2,015,000) |
| Contributions-employee | - | 1,000 | (1,000) |
| Net investment income | - | 2,954,000 | (2,954,000) |
| Benefit payments | (2,830,000) | (2,830,000) | - |
| Administrative expense | - | (45,000) | 45,000 |
| Net changes | (1,497,000) | 792,000 | (2,289,000) |
| Balance at June 30, 2025 | $ 43,400,000 | $ 26,813,000 | $ 16,587,000 |

*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

| | Discount Rate -1% (4.50%) | Current Discount Rate (5.50%) | Discount Rate +1% (6.50%) |
|---|---|---|---|
| City of San Clemente | $ 20,559,000 | $ 16,130,000 | $ 12,374,000 |
| CASA | 592,000 | 457,000 | 356,000 |
| Net pension liability | $ 21,151,000 | $ 16,587,000 | $ 12,730,000 |

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

Net Pension Liability as of June 30, 2025
($ amounts in thousands)

| | June 30, 2025 | June 30, 2024 |
|---|---|---|
| Total pension liability | $ 43,400 | $ 44,897 |
| Fiduciary net position | 26,813 | (26,021) |
| Net pension liability | 16,587 | 18,876 |
| Funded status | 61.8% | 58% |

## NOTE 12 - 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 $157 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, 2024, the following current and former employees were covered by the benefit terms under the HC Plan:

| | |
|---|---|
| Active employees | 180 |
| Inactive employees receiving benefits | 58 |
| Total | 238 |

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, 2025, the Authority's cash contributions were $100,000 to the trust and the payment of medical costs for retirees of $128,278 resulting in total payments of $228,278. 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 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. CalPERS issues publicly available reports for CERBT which can be found on the CalPERS website.

C. Net OPEB Liability: The City's net OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023 that was used to determine the June 30, 2024 total OPEB liability, based on the following actuarial methods and assumptions:

| | |
|---|---|
| Actuarial valuation date | June 30, 2023 |
| Measurement date | June 30, 2024 |
| Measurement period | July 1, 2023 - June 30, 2024 |
| Acuarial cost method | Entry age normal cost method |
| Actuarial assumptions: | |
| Discount rate | 6.25% |
| Inflation | 2.50% |
| Payroll growth | 2.75% per annum |
| Investment rate of return | 6.25% |
| Mortality rate (1) | 2021 CalPERS active mortality |
| Pre-retirement turnover (1) | 2021 CalPERS experience studies |
| Healthcare trend rate | 4% per annum |

(1) CalPERS information is available at www.calpers.ca.gov under Forms and Publications

## NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

*Investment Rate of Return* - The investment rate of return was 6.25% which is based on assumed long-term return on plan assets assuming 100% funding through CERBT which is higher than the 5.70% in the prior valuation. 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 | 34.00 % | 7.25 % |
| All fixed income | 41.00 % | 4.25 % |
| Real estate investment trust | 17.00 % | 7.25 % |
| All commodities | 3.00 % | 7.25 % |
| Treasury inflation protected securities | 3.00 % | 3.00 % |

*Discount Rate* - The discount rate used to measure the total OPEB liability was 6.25%, which assumed that contributions would be sufficient to fully fund the obligation of a period not to exceed 30 years. Using historic 30-year real rates of return for each asset class along with our assumed long-term inflation assumption to set the discount rate, offset by investment expenses of 50 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.

*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, 2023 | $ 3,999,831 | $ 1,443,071 | $ 2,556,760 |
| Changes in the year | | | |
| Service cost | 167,580 | - | 167,580 |
| Interest on the total OPEB liability | 243,264 | - | 243,264 |
| Experience (gains)/losses | - | 36,538 | (36,538) |
| Changes of assumptions | (47,059) | - | (47,059) |
| Contributions-employer | - | 329,269 | (329,269) |
| Net investment income | - | 92,989 | (92,989) |
| Benefit payments | (239,269) | (239,269) | - |
| Administrative expense | - | (488) | 488 |
| Other miscellaneous (income)/expense | (16,951) | - | (16,951) |
| Net changes | 107,565 | 219,039 | (111,474) |
| Balance at June 30, 2024 (measurement date) | $ 4,107,396 | $ 1,662,110 | $ 2,445,286 |

## NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

D. Sensitivity of the Net OPEB Liability to Rate Changes:
The following presents the net OPEB liability of the City 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, 2024:

Sensitivity of Net Pension OPEB to Discount Rate

| | 1% Decrease (5.15%) | Discount Rate (6.15%) | 1% Increase (7.15%) |
|---|---|---|---|
| Net OPEB liability | $ 2,947,607 | $ 2,445,286 | $ 2,029,078 |

The following presents the net OPEB liability of the City 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, 2024:

Sensitivity of Net Pension OPEB to Health Care Cost Trend Rates

| | 1% Lower Trend | Valuation Trend | 1% Higher Trend |
|---|---|---|---|
| Net OPEB Liability | $ 1,910,689 | $ 2,445,286 | $ 3,101,734 |

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, 2025, the Authority recognized OPEB expense of $498,896. As of fiscal year ended June 30, 2025, the Authority reported deferred outflows of resources related to OPEB from the following sources:

| Description | Deferred Outflows of Resources | Deferred (Inflows) of Resources |
|---|---|---|
| Experience (gains)/losses | $ 19,388 | $ (784,322) |
| Assumption changes | 1,406,927 | (322,932) |
| Investment (gains)/losses | 73,630 | - |
| Contributions after measurement date | 228,278 | - |
| | $ 1,728,223 | $ (1,107,254) |

## NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Contributions after the measurement date of $228,278 represent contributions for the fiscal year ended June 30, 2025. The $228,278 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2024 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2026. 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 |
|---|---|
| 2026 | $ 76,619 |
| 2027 | 107,111 |
| 2028 | 50,632 |
| 2029 | 43,836 |
| 2030 | 51,142 |
| Thereafter | 63,351 |
| Total | $ 392,691 |

## NOTE 13 - 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.

## NOTE 13 - FUND BALANCE (CONTINUED)

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

| | General | Transit | Non-major Funds | Total |
|---|---|---|---|---|
| Nonspendable | | | | |
| Notes and loans receivable | $ 290,404 | $ - | $ - | $ 290,404 |
| Prepaid costs | - | - | - | - |
| Total nonspendable | 339,068 | - | - | 339,068 |
| Restricted | | | | |
| Affordable housing | - | - | 27,021,787 | 27,021,787 |
| Park development | - | - | 929,884 | 929,884 |
| Highways/streets | - | - | 1,307,622 | 1,307,622 |
| Drainage | - | - | 3,196,612 | 3,196,612 |
| Other capital projects | - | - | 5,829,942 | 5,829,942 |
| Community improvement grants | - | - | 1,020,773 | 1,020,773 |
| Total restricted | - | - | 39,306,620 | 39,306,620 |
| Committed | | | | |
| Sustainability/Emergency | 14,992,000 | - | - | 14,992,000 |
| Capital projects | 1,654,540 | - | 5,547,070 | 7,201,610 |
| Other purposes | 1,395,374 | - | - | 1,395,374 |
| Total committed | 18,041,914 | - | 5,547,070 | 23,588,984 |
| Assigned | | | | |
| Capital projects | 5,897,920 | - | 6,130,199 | 12,028,119 |
| Other purposes | 377,818 | - | 1,120,782 | 1,498,600 |
| Future budget | 990,520 | - | - | 990,520 |
| Total assigned | 7,266,258 | - | 7,250,981 | 14,517,239 |
| Unassigned | 7,864,677 | (2,483,833) | (70,656) | 5,310,188 |
| Total fund balances (deficits) | $ 33,511,917 | $ (2,483,833) | $ 52,034,015 | $ 83,062,099 |

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 18% of General Fund operating expenditures. In order to access the committed amounts 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 $14.3 million.

## NOTE 14 - OTHER NOTE DISCLOSURES

A. 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.

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.

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

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

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

The only outstanding loan receivable is an outstanding General fund loan to be paid through future revenues. As of June 30, 2025, the Successor Agency has been fully dissolved, and the final obligation was paid to the County on June 2, 2025.

## NOTE 14 - OTHER NOTE DISCLOSURES (CONTINUED)

C. 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 $11.9 million as of June 30, 2025 related to construction and other contractual arrangements.

## NOTE 15 - SUBSEQUENT EVENTS

The City evaluated subsequent events for recognition and disclosure through February 26, 2026, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that required recognition or disclosure in these financial statements.

**Required Supplementary Information**

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 $2,839,830 and the department budgets were reduced by $2,839,830 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 legally adopted budgets. The original budget, final budget and actual amounts are presented on the following pages for the General Fund. The Local Transit Special Revenue Fund is a major fund and the original and final budgets are presented in the supplementary information.

## Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**General Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 66,642,050 | $ 66,030,728 | $ 66,303,068 | $ 272,340 |
| Permits and fees | 1,440,780 | 1,402,540 | 1,771,883 | 369,343 |
| Fines and forfeits | 587,650 | 607,500 | 616,742 | 9,242 |
| Investment and rentals | 3,621,000 | 3,636,340 | 4,767,501 | 1,131,161 |
| Intergovernmental | 733,940 | 2,507,750 | 1,205,861 | (1,301,889) |
| Charges for services | 10,012,230 | 10,982,900 | 7,999,710 | (2,983,190) |
| Other | 67,850 | 67,850 | 332,074 | 264,224 |
| **Total revenues** | **83,105,500** | **85,235,608** | **82,996,839** | **(2,238,769)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government: | | | | |
| Administration | | | | |
| City council | 127,280 | 127,280 | 79,809 | 47,471 |
| City manager | 1,032,060 | 1,122,190 | 545,752 | 576,438 |
| City clerk | 916,580 | 1,031,580 | 802,531 | 229,049 |
| Finance and administrative services | 4,194,490 | 4,449,800 | 2,692,143 | 1,757,657 |
| City general | 4,041,000 | 5,341,810 | 3,541,431 | 1,800,379 |
| Police | 22,919,050 | 23,079,250 | 22,567,056 | 512,194 |
| Fire | 14,749,320 | 14,749,320 | 14,797,356 | (48,036) |
| Marine safety | 2,117,730 | 2,117,730 | 2,111,931 | 5,799 |
| Public works | 19,186,190 | 22,458,920 | 18,295,126 | 4,163,794 |
| Community development | 7,302,920 | 9,490,900 | 6,837,000 | 2,653,900 |
| Beaches, parks and recreation | 6,592,000 | 6,679,802 | 6,346,667 | 333,135 |
| Capital outlay | 3,348,500 | 11,031,650 | 6,604,691 | 4,426,959 |
| Debt service: | | | | |
| Principal | - | - | 92,820 | (92,820) |
| **Total expenditures** | **86,527,120** | **101,680,232** | **85,314,313** | **16,365,919** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(3,421,620)** | **(16,444,624)** | **(2,317,474)** | **14,127,150** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 570,000 | 3,642,500 | 2,521,641 | (1,120,859) |
| Transfers out | (1,795,000) | (1,795,000) | (1,867,454) | (72,454) |
| Subscription arrangements entered into | - | - | 243,884 | 243,884 |
| **Total other financing sources (uses)** | **(1,225,000)** | **1,847,500** | **898,071** | **(949,429)** |
| **Net change in fund balance** | **$ (4,646,620)** | **$ (14,597,124)** | **(1,419,403)** | **$ 13,177,721** |
| Fund balance-beginning | | | 34,931,320 | |
| **Fund balance-ending** | | | **$ 33,511,917** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**Local Transit Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Intergovernmental | $ 793,730 | $ 2,168,980 | $ 28,671 | $ (2,140,309) |
| **Total revenues** | **793,730** | **2,168,980** | **28,671** | **(2,140,309)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works | 1,101,150 | 1,179,330 | 1,382,829 | (203,499) |
| **Total expenditures** | **1,101,150** | **1,179,330** | **1,382,829** | **(203,499)** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(307,420)** | **989,650** | **(1,354,158)** | **(2,343,808)** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 330,000 | 330,000 | 346,731 | 16,731 |
| Total other financing sources (uses) | **330,000** | **330,000** | **346,731** | **16,731** |
| **Net change in fund balance** | **$ 22,580** | **$ 1,319,650** | **(1,007,427)** | **$ (2,327,077)** |
| Fund (deficit)-beginning | | | (1,476,406) | |
| **Fund (deficit)-ending** | | | **$ (2,483,833)** | |

**CITY OF SAN CLEMENTE**
**Schedule of Changes in the Net Pension Liability and Related Ratios**
**Miscellaneous Plan**
**As of June 30, for the Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Measurement Date | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 |
| **TOTAL PENSION LIABILITY** | | | | |
| Service cost | $ 2,538,848 | $ 2,336,989 | $ 2,445,788 | $ 2,439,336 |
| Interest on total pension liability | 6,023,992 | 5,683,274 | 5,383,029 | 5,042,559 |
| Changes of assumptions | - | - | 3,438,026 | - |
| Difference between expected and actual experience | 72,581 | (318,657) | (670,406) | 200,451 |
| Benefit payments, including refunds of employee contributions | (3,321,160) | (3,190,476) | (3,018,312) | (2,507,951) |
| **Net change in total pension liability** | 5,314,261 | 4,511,130 | 7,578,125 | 5,174,395 |
| Total pension liability-beginning | 87,622,805 | 83,111,675 | 75,533,550 | 70,359,155 |
| **Total pension liability-ending (a)** | **92,937,066** | **87,622,805** | **83,111,675** | **75,533,550** |
| **PLAN FIDUCIARY NET POSITION** | | | | |
| Contributions-employer | 2,753,126 | 2,463,676 | 4,350,350 | 2,403,086 |
| Contributions-employee | 1,107,344 | 950,633 | 927,992 | 1,018,322 |
| Net investment income | 6,645,000 | 4,003,562 | (5,211,575) | 12,501,539 |
| Benefit payments, including refunds of employee contributions | (3,321,160) | (3,190,476) | (3,018,312) | (2,507,951) |
| Administrative expense | (56,311) | (47,815) | (42,371) | (54,599) |
| Other miscellaneous income/(expense) | - | - | - | - |
| **Net change in fiduciary net position** | **7,127,999** | **4,179,580** | **(2,993,916)** | **13,360,397** |
| Plan fiduciary net position-beginning | 69,202,763 | 65,023,183 | 68,017,099 | 54,656,702 |
| **Plan fiduciary net position-ending (b)** | **76,330,762** | **69,202,763** | **65,023,183** | **68,017,099** |
| **Net pension liability/(asset) (a) - (b)** | **$16,606,304** | **$18,420,042** | **$18,088,492** | **$7,516,451** |
| **Plan fiduciary net position as a percentage of the total pension liability** | 82.13 % | 78.98 % | 78.24 % | 90.05 % |
| Covered payroll | $14,743,602 | $13,714,727 | $14,252,842 | $15,727,505 |
| **Plan net pension liability/(asset) as a percentage of covered payroll** | **112.63 %** | **134.31 %** | **126.91 %** | **47.79 %** |

**Notes to schedule:**

Benefit changes: None

Changes in assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

## CITY OF SAN CLEMENTE
## Schedule of Changes in the Net Pension Liability and Related Ratios (Continued)
## Miscellaneous Plan
## As of June 30, for the Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|
| | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
| | $ 2,361,018 | $ 2,292,115 | $ 2,204,909 | $ 2,069,135 | $ 2,008,285 | $ 1,963,306 |
| | 4,681,555 | 4,331,482 | 3,931,102 | 3,641,180 | 3,263,539 | 2,781,569 |
| | - | - | (513,727) | 3,333,358 | - | (766,723) |
| | 150,532 | 1,080,111 | 103,318 | 617,423 | 2,030,812 | - |
| | (1,958,421) | (1,866,474) | (1,453,535) | (1,172,337) | (803,833) | (191,979) |
| | 5,234,684 | 5,837,234 | 4,272,067 | 8,488,759 | 6,498,803 | 3,786,173 |
| | 65,124,471 | 59,287,237 | 55,015,170 | 46,526,411 | 40,027,608 | 36,241,435 |
| | **70,359,155** | **65,124,471** | **59,287,237** | **55,015,170** | **46,526,411** | **40,027,608** |
| | 1,966,209 | 1,695,757 | 1,327,549 | 1,156,188 | 1,601,269 | 1,631,580 |
| | 1,038,407 | 1,046,219 | 959,224 | 920,152 | 902,113 | 1,029,781 |
| | 2,558,760 | 3,111,663 | 3,635,909 | 4,220,378 | 264,062 | 808,626 |
| | (1,958,421) | (1,866,474) | (1,453,535) | (1,172,337) | (803,833) | (191,979) |
| | (72,072) | (33,662) | (66,842) | (55,848) | (21,871) | (40,275) |
| | - | 109 | (127,043) | - | - | - |
| | **3,532,883** | **3,953,612** | **4,275,262** | **5,068,533** | **1,941,740** | **3,237,733** |
| | 51,123,819 | 47,170,207 | 42,894,945 | 37,826,412 | 35,884,672 | 32,646,939 |
| | **54,656,702** | **51,123,819** | **47,170,207** | **42,894,945** | **37,826,412** | **35,884,672** |
| | **$15,702,453** | **$14,000,652** | **$12,117,030** | **$12,120,225** | **$8,699,999** | **$4,142,936** |
| | 77.68 % | 78.50 % | 79.56 % | 77.97 % | 81.30 % | 89.65 % |
| | $15,311,404 | $14,498,796 | $14,023,462 | $13,078,411 | $13,902,979 | $13,576,560 |
| | 102.55 % | 96.56 % | 86.41 % | 92.67 % | 62.58 % | 30.52 % |

**CITY OF SAN CLEMENTE**
**Schedules of Plan Contributions**
**Miscellaneous and Safety Plan**
**As of June 30, For the Last Ten Fiscal Years**

| Fiscal Year Ending June 30, | Actuarially Determined Contribution | Actual Employer Contributions | Contribution Deficiency (Excess) | Covered/ Covered-Employee Payroll | Contribution as a % of Covered/ Covered Employee Payroll |
|---|---|---|---|---|---|
| | | **Miscellaneous Agent, Multiple-Employer Pension Plan** | | | |
| 2025 | $ 2,970,100 | $ (2,970,100) | $ - | $ 17,672,132 | (16.81)% |
| 2024 | 2,714,623 | (2,753,126) | (38,503) | 15,349,353 | (17.94)% |
| 2023 | 2,463,676 | (2,463,676) | - | 13,714,727 | (17.96)% |
| 2022 | 2,270,350 | (4,350,350) | (2,080,000) | 14,252,842 | (30.52)% |
| 2021 | 2,218,086 | (2,403,086) | (185,000) | 15,727,505 | (15.28)% |
| 2020 | 1,937,126 | (1,966,283) | (29,157) | 15,311,404 | (12.84)% |
| 2019 | 1,655,757 | (1,695,757) | (40,000) | 14,498,796 | (11.7)% |
| 2018 | 1,327,549 | (1,327,549) | - | 14,023,462 | (9.47)% |
| 2017 | 1,156,188 | (1,156,188) | - | 13,078,411 | (8.84)% |
| 2016 | 1,601,269 | (1,601,269) | - | 13,902,979 | (11.52)% |
| | | **Safety Cost-Sharing, Multiple-Employer Pension Plan** | | | |
| 2025 | $ 1,477,810 | $ (1,477,810) | $ 2,955,620 | $ 620,137 | (238.30)% |
| 2024 | 725,582 | (775,582) | 1,501,164 | 517,012 | (150.01)% |
| 2023 | 1,365,701 | (4,515,701) | 5,881,402 | 485,383 | (930.34)% |
| 2022 | 1,466,845 | (3,295,608) | 4,762,453 | 476,851 | (691.12)% |
| 2021 | 1,466,600 | (2,070,779) | 3,537,379 | 437,563 | (473.25)% |
| 2020 | 1,332,926 | (1,903,221) | 3,236,147 | 435,303 | (437.22)% |
| 2019 | 1,354,976 | (1,489,979) | 2,844,955 | 500,521 | (297.69)% |
| 2018 | 1,171,264 | (1,171,264) | 2,342,528 | 490,163 | (238.95)% |
| 2017 | 728,124 | (728,124) | 1,456,248 | 461,718 | (157.7)% |
| 2016 | 582,650 | (1,082,650) | 1,665,300 | 436,330 | (248.13)% |

**Notes to Schedule:**

The actuarial method and assumptions used to set the actuarially determined contributions for the measurement period ending June 30, 2024 were derived from the June 30, 2022 funding valuation report.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Actuarial cost method | Entry-age normal cost |
| Actuarial assumptions | |
| Discount rate | 6.90% |
| Inflation | 2.30% |
| Salary increases | Varies by entry age and service |
| Payroll growth | 2.80% |
| Investment rate of return (net of administrative) | 6.90% |
| Retirement age | CalPERs experience study |
| Mortality rate table | CalPERs experience study |

**CITY OF SAN CLEMENTE**
**Schedules of Proportionate Share of Net Pension Liability**
**Cost Sharing Plan**
**As of June 30, for the Last Ten Fiscal Years (1)**

| Reporting Date 2 as of June 30, | Proportion of the Net Pension Liability | Proportionate Share of Net Liability | Covered Payroll | Proportionate Share of the Net Pension Liability as a % of Covered Payroll | Plan's Fiduciary Net Position as a % of the Total Pension Liability |
|---|---|---|---|---|---|
| | | **Safety Plan** | | | |
| 2025 | 0.14129% | $ 10,300,938 | $ 517,012 | 1,992.40% | 74.87% |
| 2024 | 0.14935% | 11,163,735 | 485,383 | 2,299.98% | 78.47% |
| 2023 | 0.20642% | 14,184,445 | 476,851 | 2,974.61% | 72.61% |
| 2022 | 0.16537% | 8,943,624 | 437,563 | 2,043.96% | 82.57% |
| 2021 | 0.13982% | 15,213,067 | 435,303 | 3,494.82% | 70.10% |
| 2020 | 0.1476% | 15,124,475 | 500,521 | 3,021.75% | 70.43% |
| 2019 | 0.15244% | 14,689,566 | 490,163 | 2,996.87% | 71.17% |
| 2018 | 0.14739% | 14,617,389 | 461,718 | 3,165.87% | 71.66% |
| 2017 | 0.14966% | 12,949,773 | 436,330 | 2,967.89% | 73.36% |
| 2016 | 0.1552% | 10,652,582 | 422,372 | 2,522.09% | 78.40% |

**Notes:**

Benefit changes. None

Changes in assumptions: There were no assumption changes in 2023 or 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, and 7.65% for measurement dates June 30, 2015, through June 30, 2016.

| | |
|---|---|
| Funding valuation date | June 30, 2022 |
| Measurement date: | June 30, 2024 |
| | |
| Methods and assumptions used to determine contribution rates: | |
| Actuarial cost method | Entry age normal cost |
| Actuarial assumptions: | 6.90% |
| Discount rate | 2.30% |
| Inflation | Varies by entry age and service |
| Salary increases | 6.90% |
| Investment of rate of return (net of administrative) | CalPERs experience study |
| Mortality rate table | COLA up to 2.30% based on purchasing power |
| Post retirement benefit | |

**CITY OF SAN CLEMENTE**
**Schedule of Changes in the Net Pension Liability and Related Ratios**
**CSCERP Plan**
**As of June 30, for the Last Ten Fiscal Years**
**(dollar amount in thousands)**

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Measurement Date | 6/30/2025 | 6/30/2024 | 6/30/2023 | 6/30/2022 |
| **TOTAL PENSION LIABILITY** | | | | |
| Discount Rate | 5.50 % | 5.50 % | 5.50 % | 5.50 % |
| Service cost | $ - | $ 106 | $ 146 | $ 142 |
| Interest on total pension liability | 2,343 | 2,413 | 2,285 | 2,285 |
| Changes of assumptions | - | 192 | - | 935 |
| Difference between expected and actual experience | 293 | 2,354 | - | 276 |
| Benefit payments, including refunds of employee contributions | (4,133) | (2,733) | (2,515) | (2,385) |
| **Net change in total pension liability** | (1,497) | 2,332 | (84) | 1,253 |
| Total pension liability-beginning | 44,897 | 42,565 | 42,649 | 41,396 |
| Total pension liability-ending (a) | 43,400 | 44,897 | 42,565 | **42,649** |
| **PLAN FIDUCIARY NET POSITION** | | | | |
| Contributions-employer | 2,015 | 1,738 | 1,797 | 1,918 |
| Contributions-employee | 1 | 33 | 35 | 34 |
| Net investment income | 2,954 | 2,725 | 2,066 | (2,528) |
| Benefit payments, including refunds of employee contributions | (4,133) | (2,733) | (2,515) | (2,385) |
| Administrative expense | (45) | (70) | (49) | (54) |
| **Net change in fiduciary net position** | **792** | **1,693** | **1,334** | **(3,015)** |
| Plan fiduciary net position-beginning | 26,021 | 24,328 | 22,994 | 26,009 |
| Plan fiduciary net position-ending (b) | **26,813** | **26,021** | **24,328** | **22,994** |
| **Net pension liability/(asset) (a) - (b)[2]** | **$ 16,587** | **$ 18,876** | **$ 18,237** | **$ 19,655** |
| **Plan fiduciary net position as a percentage of the total pension liability** | 61.8 % | 58.0 % | 57.2 % | 53.9 % |
| Covered payroll[1] | $ 15 | $ 404 | $ 443 | $ 477 |
| **Plan net pension liability/(asset) as a percentage of covered payroll[3]** | 110,580 % | 4,672 % | 4,117 % | 4,121 % |

Notes:

(1) - Represents only Coastal Animal Services Authority, since City active employees are in CalPERS.
(2) - The City's proportionate share of the contributions and the liability is 97.20%, the Coastal Animal Services Authority proportion represents 2.80%.
(3) - CASA was converted to CalPERS during the first full pay period in July 2024.

**CITY OF SAN CLEMENTE**
**Schedule of Changes in the Net Pension Liability and Related Ratios**
**CSCERP Plan**
**As of June 30, for the Last Ten Fiscal Years**
**(dollar amount in thousands)**

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 |
| 5.75 % | 6.25 % | 6.25 % | 6.25 % | 7.25 % | 7.25 % |
| 127 | 123 | 110 | 107 | 75 | 73 |
| 2,392 | 2,382 | 2,159 | 2,148 | 2,214 | 2,173 |
| 1,917 | 161 | - | 2,774 | - | 836 |
| - | 3,390 | - | 611 | - | 48 |
| (2,349) | (2,385) | (2,131) | (2,028) | (1,723) | (1,640) |
| 2,087 | 3,671 | 138 | 3,612 | 566 | 1,490 |
| 39,309 | 35,638 | 35,500 | 31,888 | 31,322 | 29,832 |
| **41,396** | **39,309** | **35,638** | **35,500** | **31,888** | **31,322** |
| 2,418 | 1,512 | 1,507 | 1,206 | 1,188 | 1,001 |
| 41 | 40 | 39 | 37 | 35 | 33 |
| 5,104 | 656 | 1,088 | 1,203 | 2,278 | (235) |
| (2,349) | (2,385) | (2,131) | (2,028) | (1,723) | (1,640) |
| (52) | (40) | (44) | (26) | (34) | (65) |
| **5,162** | **(217)** | **459** | **392** | **1,744** | **(906)** |
| 20,847 | 21,064 | 20,605 | 20,213 | 18,469 | 19,375 |
| **26,009** | **20,847** | **21,064** | **20,605** | **20,213** | **18,469** |
| **$ 15,387** | **$ 18,462** | **$ 14,574** | **$ 14,895** | **$ 11,675** | **$ 12,853** |
| 62.8 % | 53.0 % | 59.1 % | 58.0 % | 63.4 % | 59.0 % |
| $ 549 | $ 546 | $ 530 | $ 520 | $ 488 | $ 467 |
| 2,803 % | 3,381 % | 2,750 % | 2,864 % | 2,392 % | 2,752 % |

**CITY OF SAN CLEMENTE**
**Schedule of Contributions and Investment Returns**
**CSCERP Plan**
**As of June 30, for the Last Ten Fiscal Years**
**(dollar amount in thousands)**

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **CONTRIBUTIONS** | | | | |
| City of San Clemente | $ 1,953 | $ 1,603 | $ 1,602 | $ 1,681 |
| Coastal Animal Services Authority | 62 | 168 | 143 | 177 |
| Actuarially determined contribution | 2,015 | 1,771 | 1,745 | 1,858 |
| Contribution in relation to the actuarially determined contribution | 2,015 | 1,771 | 1,797 | 1,918 |
| Contribution deficiency (excess) | - | - | (52) | (60) |
| Covered payroll | 15 | 404 | 443 | 477 |
| Contributions as a % of covered payroll | 134 | 4 | 4 | 4 |
| **INVESTMENT RETURNS** | | | | |
| Annual money-weighted rate of return, net of investment expense | 5.50 % | 11.11 % | 8.88 % | (9.68)% |

**CITY OF SAN CLEMENTE**
**Schedule of Contributions and Investment Returns**
**CSCERP Plan**
**As of June 30, for the Last Ten Fiscal Years**
**(dollar amount in thousands)**

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| | | | | | |
| $ 1,639 | $ 1,361 | $ 1,360 | $ 1,101 | $ 1,099 | $ 937 |
| 270 | 151 | 147 | 105 | 89 | 64 |
| 1,909 | 1,512 | 1,507 | 1,206 | 1,188 | 1,001 |
| | | | | | |
| 2,459 | 1,512 | 1,507 | 1,206 | 1,188 | 1,001 |
| (550) | - | - | - | - | - |
| | | | | | |
| 549 | 546 | 530 | 520 | 488 | 467 |
| 4 | 3 | 3 | 2 | 2 | 2 |
| | | | | | |
| 24.21 % | 3.13 % | 5.30 % | 5.94 % | 12.55 % | (1.60)% |

**CITY OF SAN CLEMENTE**
**OPEB - Schedule of Changes in the Net OPEB Liability and Related Ratios**
**As of June 30, For the Last Ten Fiscal Years[1]**

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Measurement Date | 6/30/2024 | 6/30/2023 | 6/30/2022 | 6/30/2021 |
| **TOTAL OPEB LIABILITY** | | | | |
| Service cost | $ 167,580 | $ 218,118 | $ 191,574 | $ 188,770 |
| Interest on total pension liability | 243,264 | 274,395 | 268,923 | 281,739 |
| Experience losses (gains) | - | (716,401) | 26,660 | - |
| Changes of assumptions | (47,059) | (355,715) | 277,671 | 131,331 |
| Difference between expected and actual experience | (16,951) | 18,659 | - | (281,508) |
| Benefit payments, including refunds of employee contributions | (239,269) | (269,551) | (256,312) | (238,578) |
| **Net change in total OPEB liability** | 107,565 | (830,495) | 508,516 | 81,754 |
| Total OPEB liability-beginning | 3,999,831 | 4,830,326 | 4,321,810 | 4,240,056 |
| **Total OPEB liability-ending (a)** | **4,107,396** | **3,999,831** | **4,830,326** | **4,321,810** |
| **PLAN FIDUCIARY NET POSITION** | | | | |
| Contributions-employer | 329,269 | 339,551 | 326,312 | 303,578 |
| Net investment income | 92,989 | 50,841 | (190,025) | 229,275 |
| Benefit payments, including refunds of employee contributions | (239,269) | (269,551) | (256,312) | (238,578) |
| Administrative expense | (388) | (388) | (372) | (423) |
| Other miscellaneous income/(expense) | 36,538 | - | - | - |
| **Net change in fiduciary net position** | **219,139** | **120,453** | **(120,397)** | **293,852** |
| Plan fiduciary net position-beginning | 1,443,071 | 1,322,618 | 1,443,015 | 1,149,163 |
| **Plan fiduciary net position-ending (b)** | **1,662,210** | **1,443,071** | **1,322,618** | **1,443,015** |
| **Net OPEB liability/(asset) (a) - (b)** | **$ 2,445,186** | **$ 2,556,760** | **$ 3,507,708** | **$ 2,878,795** |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 40.47% | 36.08% | 27.4% | 33.4% |
| Covered-employee payroll | $ 18,145,924 | $ 15,866,365 | $ 15,437,906 | $ 15,575,558 |
| **Plan net OPEB liability/(asset) as a percentage of covered-employee payroll** | 13.48% | 16.11% | 22.7% | 18.5% |

**CITY OF SAN CLEMENTE**
**OPEB - Schedule of Changes in the Net OPEB Liability and Related Ratios (Continued)**
**As of June 30, For the Last Ten Fiscal Years[1]**

| 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|
| 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
| $ 183,718 | $ 53,416 | $ 51,986 | $ 50,595 |
| 259,361 | 121,715 | 115,420 | 108,676 |
| - | - | - | - |
| (13,598) | (67,212) | - | - |
| - | 2,082,632 | - | - |
| - | 10,012 | - | - |
| (189,079) | (83,472) | (69,099) | (44,716) |
| 240,402 | 2,117,091 | 98,307 | 114,555 |
| 3,999,654 | 1,882,563 | 1,784,256 | 1,669,701 |
| **4,240,056** | **3,999,654** | **1,882,563** | **1,784,256** |
| 248,029 | 135,972 | 121,599 | 100,022 |
| 63,720 | 64,912 | 50,099 | 50,662 |
| (189,079) | (83,472) | (69,099) | (44,716) |
| (523) | (196) | (1,497) | (372) |
| **122,147** | **117,216** | **101,102** | **105,596** |
| 1,027,016 | 909,800 | 808,698 | 703,102 |
| **1,149,163** | **1,027,016** | **909,800** | **808,698** |
| **$ 3,090,893** | **$ 2,972,638** | **$ 972,763** | **$ 975,558** |
| 27.10% | 25.70% | 48.30% | 45.30% |
| $ 15,592,146 | $ 16,309,527 | $ 15,575,172 | $ 14,832,279 |
| 19.80% | 18.20% | 6.20% | 6.60% |

# CITY OF SAN CLEMENTE
## OPEB - Schedule of Contributions
## As of June 30, For the Last Ten Fiscal Years1

| Fiscal Year Ended June 30 | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Actuarially Determined Contribution | $ 228,278 | $ 181,696 | $ 169,250 | $ 169,455 | $ 145,642 |
| Contribution in Relation to the Actuarially Determined Contributions | (228,278) | (181,696) | (169,250) | (169,455) | (145,642) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - |
| Covered-Employee Payroll | $18,145,924 | $15,866,365 | $15,437,906 | $15,575,558 | $15,592,146 |
| Contributions as a percentage of Covered-Employee Payroll | 1.26% | 1.15% | 1.1% | 1.09% | 0.93% |

**Notes to Schedule of Plan Contributions:**

The actuarial method and assumptions used to set the actuarilly determined contributions for the measurement period ending June 30, 2024 were derived from the June 30, 2023 actuarial valuation report.

| | |
|---|---|
| Methods and Assumptions Used to Determine Contribution Rates: | |
| Actuarial Cost Method | Entry-age normal cost |
| Actuarial Assumptions: | |
| Discount Rate | 6.25% |
| Inflation | 2.50% |
| Payroll growth | 2.75% |
| Investment rate of return (net of administrative) | 6.25% |
| Pre-retirement turnover | CalPERS Experience Studies |
| Mortality rate table | 2021 CalPERS Active Mortality |
| Health care trend rate | 4.00% |

[1] Fiscal year 2018 was the first year of implementation; therefore, only eight years are shown.

**CITY OF SAN CLEMENTE**
**OPEB - Schedule of Contributions (Continued)**
**As of June 30, For the Last Ten Fiscal Years1**

| 2020 | 2019 | 2018 |
|---|---|---|
| $ 248,029 | $ 135,972 | $ 121,599 |
| (248,029) | (135,972) | (121,599) |
| $ - | $ - | $ - |
| $16,309,527 | $15,575,172 | $14,832,279 |
| 1.52% | 0.87% | 0.82% |

**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 provide a dedicated source of funding for housing related activities, including updated general plans, community plans, and local planning related to implementation of sustainable community strategies or local coastal plans.

Building Homes and Jobs Act - This fund was reactivated in FY 2019-20 to pay for costs related to COVID activities and is used to track costs incurred related to the pandemic and used to provide resources to mitigate the impact to citizens and staff.

### 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.

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.

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.

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.

In-Lieu Housing Fund – This fund is used to account for receipts from developers who pay in- lieu fees in place of constructing affordable housing unit. These receipts are used to fund development 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, 2025**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **Gas Tax** | **Air Quality Improvement** | **Street Improvement** | **Police Grants Fund** |
| **ASSETS** | | | | |
| Cash and investments | $ 8,762,959 | $ 51,731 | $ 4,517,319 | $ 310,170 |
| Receivables (net of allowance for uncollectible): | | | | |
| Accounts receivable | 885,284 | - | 237,891 | - |
| Interest receivable | 41,490 | 245 | 21,388 | 1,469 |
| Advances to other funds | - | - | - | - |
| Due from other governments | 165,418 | - | - | - |
| Loans receivable | - | - | - | - |
| **Total assets** | **9,855,151** | **51,976** | **4,776,598** | **311,639** |
| **LIABILITIES** | | | | |
| Accounts payable | $ 1,339,716 | $ - | $ 13,596 | $ 16,667 |
| Accrued wages | - | - | - | - |
| Deposits payable | - | - | - | - |
| **Total liabilities** | **1,339,716** | **-** | **13,596** | **16,667** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - receivables | 879,538 | - | - | - |
| **Total deferred inflows of resources** | **879,538** | **-** | **-** | **-** |
| **FUND BALANCES (DEFICITS)** | | | | |
| Restricted | 7,635,897 | 51,976 | 4,763,002 | 294,972 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned (deficit) | - | - | - | - |
| **Total fund balances (deficits)** | **7,635,897** | **51,976** | **4,763,002** | **294,972** |
| **Total liabilities, deferred inflows, and fund balances (deficits)** | **$ 9,855,151** | **$ 51,976** | **$ 4,776,598** | **$ 311,639** |

**CITY OF SAN CLEMENTE**
**Combining Balance Sheet (Continued)**
**Nonmajor Governmental Funds**
**June 30, 2025**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **Miscellaneous Grants Fund** | **Local Cable Infrastructure Fund** | **Disaster Relief Fund** | **Building Homes and Jobs Act** |
| **ASSETS** | | | | |
| Cash and investments | $ 3,234 | $ 1,506,931 | $ 26,784 | $ 301,701 |
| Receivables (net of allowance for uncollectible): | | | | |
| Accounts receivable | - | 35,728 | - | - |
| Interest receivable | - | 7,135 | - | 1,430 |
| Advances to other funds | - | - | - | - |
| Due from other governments | 108,424 | - | - | - |
| Loans receivable | 367,196 | - | - | - |
| **Total assets** | **478,854** | **1,549,794** | **26,784** | **303,131** |
| **LIABILITIES** | | | | |
| Accounts payable | $ 98,925 | $ - | $ 97,440 | $ 6,256 |
| Accrued wages | - | - | - | 2,979 |
| Deposits payable | - | - | - | - |
| **Total liabilities** | **98,925** | **-** | **97,440** | **9,235** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - receivables | - | - | - | - |
| **Total deferred inflows of resources** | **-** | **-** | **-** | **-** |
| **FUND BALANCES (DEFICITS)** | | | | |
| Restricted | 379,929 | 1,549,794 | - | 293,896 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned (deficit) | - | - | (70,656) | - |
| **Total fund balances (deficits)** | **379,929** | **1,549,794** | **(70,656)** | **293,896** |
| **Total liabilities, deferred inflows, and fund balances (deficits)** | **$ 478,854** | **$ 1,549,794** | **$ 26,784** | **$ 303,131** |

**CITY OF SAN CLEMENTE**
**Combining Balance Sheet (Continued)**
**Nonmajor Governmental Funds**
**June 30, 2025**

| | Capital Projects Funds | | | |
|---|---|---|---|---|
| | **Developers Improvement Fund** | **Public Facilities Construction Fund** | **Reserve Fund** | **Low/Moderage Income Housing Fund** |
| **ASSETS** | | | | |
| Cash and investments | $ 4,722,743 | $ 793,328 | $ 12,900,360 | $ 941,904 |
| Receivables (net of allowance for uncollectible): | | | | |
| Accounts receivable | - | - | - | - |
| Interest receivable | 22,361 | 3,756 | 61,080 | 4,460 |
| Advances to other funds | - | - | - | - |
| Due from other governments | - | - | - | - |
| Loans receivable | - | - | - | 2,236,625 |
| **Total assets** | **4,745,104** | **797,084** | **12,961,440** | **3,182,989** |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 31,733 | $ 163,389 | $ - |
| Accrued wages | - | - | - | - |
| Deposits payable | 204,810 | - | - | - |
| **Total liabilities** | **204,810** | **31,733** | **163,389** | **-** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - receivables | - | - | - | - |
| **Total deferred inflows of resources** | **-** | **-** | **-** | **-** |
| **FUND BALANCES (DEFICITS)** | | | | |
| Restricted | 4,540,294 | 765,351 | - | 3,182,989 |
| Committed | - | - | 5,547,070 | - |
| Assigned | - | - | 7,250,981 | - |
| Unassigned (deficit) | - | - | - | - |
| **Total fund balances (deficits)** | **4,540,294** | **765,351** | **12,798,051** | **3,182,989** |
| **Total liabilities, deferred inflows, and fund balances (deficits)** | **$ 4,745,104** | **$ 797,084** | **$ 12,961,440** | **$ 3,182,989** |

**CITY OF SAN CLEMENTE**
**Combining Balance Sheet (Continued)**
**Nonmajor Governmental Funds**
**June 30, 2025**

| | Capital Projects Funds | | | |
|---|---|---|---|---|
| | In-Lieu Housing Fund | Local Drainage Facilities Fund | Regional Circulation Financing and Phasing Program (RCFPP) Fund | Park Acquisition and Development Fund |
| **ASSETS** | | | | |
| Cash and investments | $ 2,075,246 | $ 1,451,663 | $ 1,301,460 | $ 1,096,044 |
| Receivables (net of allowance for uncollectible): | | | | |
| Accounts receivable | - | - | - | - |
| Interest receivable | 9,826 | 6,873 | 6,162 | 5,190 |
| Advances to other funds | - | 735,000 | - | - |
| Due from other governments | - | - | - | - |
| Loans receivable | 9,354,827 | - | - | - |
| **Total assets** | **11,439,899** | **2,193,536** | **1,307,622** | **1,101,234** |
| **LIABILITIES** | | | | |
| Accounts payable | $ - | $ 22,421 | $ - | $ 171,350 |
| Accrued wages | - | - | - | - |
| Deposits payable | - | - | - | - |
| **Total liabilities** | **-** | **22,421** | **-** | **171,350** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Unavailable revenue - receivables | - | - | - | - |
| **Total deferred inflows of resources** | **-** | **-** | **-** | **-** |
| **FUND BALANCES (DEFICITS)** | | | | |
| Restricted | 11,439,899 | 2,171,115 | 1,307,622 | 929,884 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned (deficit) | - | - | - | - |
| **Total fund balances (deficits)** | **11,439,899** | **2,171,115** | **1,307,622** | **929,884** |
| **Total liabilities, deferred inflows, and fund balances (deficits)** | **$ 11,439,899** | **$ 2,193,536** | **$ 1,307,622** | **$ 1,101,234** |

**CITY OF SAN CLEMENTE**
**Combining Balance Sheet (Continued)**
**Nonmajor Governmental Funds**
**June 30, 2025**

| | Total Nonmajor Funds |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 40,763,577 |
| Receivables (net of allowance for uncollectible): | |
| Accounts receivable | 1,158,903 |
| Interest receivable | 192,865 |
| Advances to other funds | 735,000 |
| Due from other governments | 273,842 |
| Loans receivable | 11,958,648 |
| **Total assets** | **55,082,835** |
| **LIABILITIES** | |
| Accounts payable | $ 1,961,493 |
| Accrued wages | 2,979 |
| Deposits payable | 204,810 |
| **Total liabilities** | **2,169,282** |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Unavailable revenue - receivables | 879,538 |
| **Total deferred inflows of resources** | **879,538** |
| **FUND BALANCES (DEFICITS)** | |
| Restricted | 39,306,620 |
| Committed | 5,547,070 |
| Assigned | 7,250,981 |
| Unassigned (deficit) | (70,656) |
| **Total fund balances (deficits)** | **52,034,015** |
| **Total liabilities, deferred inflows, and fund balances (deficits)** | **$ 55,082,835** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**
**Nonmajor Governmental Funds**
**For the Year Ended June 30, 2025**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **Gas Tax** | **Air Quality Improvement** | **Street Improvement** | **Police Grants Fund** |
| **REVENUES** | | | | |
| Taxes | $ - | $ - | $ 21 | $ - |
| Special assessments | - | - | - | - |
| Investment and rentals | 387,865 | 669 | 197,254 | 15,595 |
| Intergovernmental | 3,511,154 | 61,515 | 1,338,617 | 194,663 |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| **Total revenues** | **3,899,019** | **62,184** | **1,535,892** | **210,258** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Police | - | - | - | 200,000 |
| Public works | 176,435 | - | 901,937 | - |
| Community development | - | - | - | - |
| Beaches, parks and recreation | - | - | - | - |
| Capital outlay | 2,986,089 | - | 336,846 | - |
| **Total expenditures** | **3,162,524** | **-** | **1,238,783** | **200,000** |
| **Excess (deficiency) of revenues over (under) expenditures** | **736,495** | **62,184** | **297,109** | **10,258** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 15,000 | - | 700,000 | - |
| Transfers out | (579,132) | - | - | - |
| **Total other financing sources (uses)** | **(564,132)** | **-** | **700,000** | **-** |
| **Net change in fund balances** | **172,363** | **62,184** | **997,109** | **10,258** |
| Fund balances (deficit)-beginning | 7,463,534 | (10,208) | 3,765,893 | 284,714 |
| **Fund balances (deficit)-ending** | **$ 7,635,897** | **$ 51,976** | **$ 4,763,002** | **$ 294,972** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**
**Nonmajor Governmental Funds**
**For the Year Ended June 30, 2025**

| | Special Revenue Funds | | | |
|---|---|---|---|---|
| | **Miscellaneous Grants Fund** | **Local Cable Infrastructure Fund** | **Disaster Relief Fund** | **Building Homes and Jobs Act** |
| **REVENUES** | | | | |
| Taxes | $ - | $ 198,048 | $ - | $ - |
| Special assessments | - | - | - | - |
| Investment and rentals | 455 | 67,604 | 8,945 | 2,401 |
| Intergovernmental | 197,660 | - | - | 485,410 |
| Charges for services | - | - | - | - |
| Other | - | - | - | - |
| **Total revenues** | **198,115** | **265,652** | **8,945** | **487,811** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | 10,960 | - | - |
| Police | - | - | - | - |
| Public works | - | - | - | - |
| Community development | 137,928 | - | - | 338,215 |
| Beaches, parks and recreation | - | - | - | - |
| Capital outlay | 78,235 | - | 18,594 | - |
| **Total expenditures** | **216,163** | **10,960** | **18,594** | **338,215** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(18,048)** | **254,692** | **(9,649)** | **149,596** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (10,000) | - | (400,000) | - |
| **Total other financing sources (uses)** | **(10,000)** | **-** | **(400,000)** | **-** |
| **Net change in fund balances** | **(28,048)** | **254,692** | **(409,649)** | **149,596** |
| Fund balances (deficit)-beginning | 407,977 | 1,295,102 | 338,993 | 144,300 |
| **Fund balances (deficit)-ending** | **$ 379,929** | **$ 1,549,794** | **$ (70,656)** | **$ 293,896** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**
**Nonmajor Governmental Funds**
**For the Year Ended June 30, 2025**

| | Capital Projects Funds | | | |
|---|---|---|---|---|
| | Developers Improvement Fund | Public Facilities Construction Fund | Reserve Fund | Low/Moderage Income Housing Fund |
| **REVENUES** | | | | |
| Taxes | $ - | $ - | $ - | $ - |
| Special assessments | 129,258 | 51,139 | - | - |
| Investment and rentals | 227,642 | 60,218 | 667,407 | 78,558 |
| Intergovernmental | - | 300,000 | 35,591 | - |
| Charges for services | - | - | 795,940 | - |
| Other | - | - | 49,395 | - |
| **Total revenues** | **356,900** | **411,357** | **1,548,333** | **78,558** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | - | 73,769 | - |
| Police | - | - | - | - |
| Public works | 11,950 | - | - | - |
| Community development | - | 15,810 | - | 5,210 |
| Beaches, parks and recreation | - | - | - | - |
| Capital outlay | - | 955,664 | 350,818 | - |
| **Total expenditures** | **11,950** | **971,474** | **424,587** | **5,210** |
| **Excess (deficiency) of revenues over (under) expenditures** | **344,950** | **(560,117)** | **1,123,746** | **73,348** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | 700,000 | 55,723 |
| Transfers out | (1,028,290) | - | (1,882,509) | - |
| **Total other financing sources (uses)** | **(1,028,290)** | **-** | **(1,182,509)** | **55,723** |
| **Net change in fund balances** | **(683,340)** | **(560,117)** | **(58,763)** | **129,071** |
| Fund balances (deficit)-beginning | 5,223,634 | 1,325,468 | 12,856,814 | 3,053,918 |
| **Fund balances (deficit)-ending** | **$ 4,540,294** | **$ 765,351** | **$ 12,798,051** | **$ 3,182,989** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**
**Nonmajor Governmental Funds**
**For the Year Ended June 30, 2025**

| | Capital Projects Funds | | | |
|---|---|---|---|---|
| | In-Lieu Housing Fund | Local Drainage Facilities Fund | Regional Circulation Financing and Phasing Program (RCFPP) Fund | Park Acquisition and Development Fund |
| **REVENUES** | | | | |
| Taxes | $ - | $ - | $ - | $ - |
| Special assessments | - | 2,726 | 5,212 | 57,939 |
| Investment and rentals | 277,797 | 104,880 | 63,311 | 61,293 |
| Intergovernmental | - | - | - | - |
| Charges for services | - | - | - | - |
| Other | - | - | - | 325,000 |
| **Total revenues** | **277,797** | **107,606** | **68,523** | **444,232** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 1,000 | - | - | - |
| Police | - | - | - | - |
| Public works | - | 33,100 | 12,280 | - |
| Community development | - | - | - | - |
| Beaches, parks and recreation | - | - | - | 9,830 |
| Capital outlay | - | 234,626 | 17,566 | 896,039 |
| **Total expenditures** | **1,000** | **267,726** | **29,846** | **905,869** |
| **Excess (deficiency) of revenues over (under) expenditures** | **276,797** | **(160,120)** | **38,677** | **(461,637)** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | 100,000 | - | 108,290 |
| Transfers out | - | - | - | - |
| **Total other financing sources (uses)** | **-** | **100,000** | **-** | **108,290** |
| **Net change in fund balances** | **276,797** | **(60,120)** | **38,677** | **(353,347)** |
| Fund balances (deficit)-beginning | 11,163,102 | 2,231,235 | 1,268,945 | 1,283,231 |
| **Fund balances (deficit)-ending** | **$ 11,439,899** | **$ 2,171,115** | **$ 1,307,622** | **$ 929,884** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)**
**Nonmajor Governmental Funds**
**For the Year Ended June 30, 2025**

| | Total Nonmajor Funds |
|---|---|
| **REVENUES** | |
| Taxes | $ 198,069 |
| Special assessments | 246,274 |
| Investment and rentals | 2,221,894 |
| Intergovernmental | 6,124,610 |
| Charges for services | 795,940 |
| Other | 374,395 |
| **Total revenues** | **9,961,182** |
| **EXPENDITURES** | |
| Current: | |
| General government | 85,729 |
| Police | 200,000 |
| Public works | 1,135,702 |
| Community development | 497,163 |
| Beaches, parks and recreation | 9,830 |
| Capital outlay | 5,874,477 |
| **Total expenditures** | **7,802,901** |
| **Excess (deficiency) of revenues over (under) expenditures** | **2,158,281** |
| **OTHER FINANCING SOURCES (USES)** | |
| Transfers in | 1,679,013 |
| Transfers out | (3,899,931) |
| **Total other financing sources (uses)** | **(2,220,918)** |
| **Net change in fund balances** | **(62,637)** |
| Fund balances (deficit)-beginning | 52,096,652 |
| **Fund balances (deficit)-ending** | **$ 52,034,015** |

## Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Special Revenue and Capital Project Funds

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**Gas Tax**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ 100,400 | $ 100,400 | $ 387,865 | $ 287,465 |
| Intergovernmental | 3,534,700 | 4,609,820 | 3,511,154 | (1,098,666) |
| **Total revenues** | **3,635,100** | **4,710,220** | **3,899,019** | **(811,201)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works | 109,310 | 166,310 | 176,435 | (10,125) |
| Capital outlay | 2,400,000 | 6,363,450 | 2,986,089 | 3,377,361 |
| **Total expenditures** | **2,509,310** | **6,529,760** | **3,162,524** | **3,367,236** |
| **Excess (deficiency) of revenues over (under) expenditures** | **1,125,790** | **(1,819,540)** | **736,495** | **2,556,035** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 15,000 | 15,000 | 15,000 | - |
| Transfers out | (510,000) | (510,000) | (579,132) | (69,132) |
| **Total other financing sources (uses)** | **(495,000)** | **(495,000)** | **(564,132)** | **(69,132)** |
| **Net change in fund balance** | **$ 630,790** | **$ (2,314,540)** | **172,363** | **$ 2,486,903** |
| Fund balance-beginning | | | 7,463,534 | |
| **Fund balance-ending** | | | **$ 7,635,897** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Air Quality Improvement**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ 1,800 | $ 1,800 | $ 669 | $ (1,131) |
| Intergovernmental | 84,000 | 334,000 | 61,515 | (272,485) |
| **Total revenues** | **85,800** | **335,800** | **62,184** | **(273,616)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works | 80,000 | 80,000 | - | 80,000 |
| **Total expenditures** | **80,000** | **80,000** | **-** | **80,000** |
| **Net change in fund balance** | **$ 5,800** | **$ 255,800** | **62,184** | **$ (193,616)** |
| Fund (deficit)-beginning | | | (10,208) | |
| **Fund balance-ending** | | | **$ 51,976** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Street Improvement**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ - | $ - | $ 21 | $ 21 |
| Investment and rentals | 91,200 | 91,200 | 197,254 | 106,054 |
| Intergovernmental | 1,455,500 | 1,455,500 | 1,338,617 | (116,883) |
| **Total revenues** | **1,546,700** | **1,546,700** | **1,535,892** | **(10,808)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works | 762,140 | 974,440 | 901,937 | 72,503 |
| Capital outlay | 1,675,000 | 3,607,960 | 336,846 | 3,271,114 |
| **Total expenditures** | **2,437,140** | **4,582,400** | **1,238,783** | **3,343,617** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(890,440)** | **(3,035,700)** | **297,109** | **3,332,809** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 700,000 | 700,000 | 700,000 | - |
| Total other financing sources (uses) | **700,000** | **700,000** | **700,000** | **-** |
| **Net change in fund balance** | **$ (190,440)** | **$ (2,335,700)** | **997,109** | **$ 3,332,809** |
| Fund balance-beginning | | | 3,765,893 | |
| **Fund balance-ending** | | | **$ 4,763,002** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Police Grants Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ 6,000 | $ 6,000 | $ 15,595 | $ 9,595 |
| Intergovernmental | 180,000 | 180,000 | 194,663 | 14,663 |
| **Total revenues** | **186,000** | **186,000** | **210,258** | **24,258** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Police | 246,420 | 246,420 | 200,000 | 46,420 |
| **Total expenditures** | **246,420** | **246,420** | **200,000** | **46,420** |
| **Net change in fund balance** | **$ (60,420)** | **$ (60,420)** | **10,258** | **$ 70,678** |
| Fund balance-beginning | | | 284,714 | |
| **Fund balance-ending** | | | **$ 294,972** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Miscellaneous Grants Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ - | $ - | $ 455 | $ 455 |
| Intergovernmental | 405,940 | 697,100 | 197,660 | (499,440) |
| **Total revenues** | **405,940** | **697,100** | **198,115** | **(498,985)** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Community development | 261,700 | 434,400 | 137,928 | 296,472 |
| Capital outlay | 75,000 | 343,460 | 78,235 | 265,225 |
| **Total expenditures** | **336,700** | **777,860** | **216,163** | **561,697** |
| **Excess (deficiency) of revenues over (under) expenditures** | **69,240** | **(80,760)** | **(18,048)** | **62,712** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | (10,000) | (10,000) | (10,000) | - |
| Total other financing sources (uses) | **(10,000)** | **(10,000)** | **(10,000)** | **-** |
| **Net change in fund balance** | **$ 59,240** | **$ (90,760)** | **(28,048)** | **$ 62,712** |
| Fund balance-beginning | | | 407,977 | |
| **Fund balance-ending** | | | **$ 379,929** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Local Cable Infrastructure Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 185,000 | $ 185,000 | $ 198,048 | $ 13,048 |
| Investment and rentals | 20,000 | 20,000 | 67,604 | 47,604 |
| **Total revenues** | **205,000** | **205,000** | **265,652** | **60,652** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 10,960 | 10,960 | 10,960 | - |
| Capital outlay | 91,680 | 201,800 | - | 201,800 |
| **Total expenditures** | **102,640** | **212,760** | **10,960** | **201,800** |
| **Net change in fund balance** | **$ 102,360** | **$ (7,760)** | **254,692** | **$ 262,452** |
| Fund balance-beginning | | | 1,295,102 | |
| **Fund balance-ending** | | | **$ 1,549,794** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Disaster Relief Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ - | $ - | $ 8,945 | $ 8,945 |
| **Total revenues** | **-** | **-** | **8,945** | **8,945** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | - | 25,000 | - | 25,000 |
| Capital outlay | - | 80,000 | 18,594 | 61,406 |
| **Total expenditures** | **-** | **105,000** | **18,594** | **86,406** |
| **Excess (deficiency) of revenues over (under) expenditures** | **-** | **(105,000)** | **(9,649)** | **95,351** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | - | (400,000) | (400,000) | - |
| **Total other financing sources (uses)** | **-** | **(400,000)** | **(400,000)** | **-** |
| **Net change in fund balance** | **$ -** | **$ (505,000)** | **(409,649)** | **$ 95,351** |
| Fund balance-beginning | | | 338,993 | |
| **Fund (deficit)-ending** | | | **$ (70,656)** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Building Homes and Jobs Act**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ 2,300 | $ 2,300 | $ 2,401 | $ 101 |
| Intergovernmental | 293,830 | 485,410 | 485,410 | - |
| **Total revenues** | **296,130** | **487,710** | **487,811** | **101** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Community development | 279,850 | 309,850 | 338,215 | (28,365) |
| **Total expenditures** | **279,850** | **309,850** | **338,215** | **(28,365)** |
| **Net change in fund balance** | **$ 16,280** | **$ 177,860** | **149,596** | **$ (28,264)** |
| Fund balance-beginning | | | 144,300 | |
| **Fund balance-ending** | | | **$ 293,896** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Developers Improvement Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Special assessments | $ 128,430 | $ 128,430 | $ 129,258 | $ 828 |
| Investment and rentals | 111,500 | 111,500 | 227,642 | 116,142 |
| **Total revenues** | **239,930** | **239,930** | **356,900** | **116,970** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works | 11,950 | 11,950 | 11,950 | - |
| **Total expenditures** | **11,950** | **11,950** | **11,950** | **-** |
| **Excess (deficiency) of revenues over (under) expenditures** | **227,980** | **227,980** | **344,950** | **116,970** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers out | (1,078,290) | (1,078,290) | (1,028,290) | 50,000 |
| **Total other financing sources (uses)** | **(1,078,290)** | **(1,078,290)** | **(1,028,290)** | **50,000** |
| **Net change in fund balance** | **$ (850,310)** | **$ (850,310)** | **(683,340)** | **$ 166,970** |
| Fund balance-beginning | | | 5,223,634 | |
| **Fund balance-ending** | | | **$ 4,540,294** | |

# CITY OF SAN CLEMENTE
## Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)
## Public Facilities Construction Fund
## For the Year Ended June 30, 2025

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Special assessments | $ 24,000 | $ 24,000 | $ 51,139 | $ 27,139 |
| Investment and rentals | 36,500 | 36,500 | 60,218 | 23,718 |
| Intergovernmental | 300,000 | 300,000 | 300,000 | - |
| **Total revenues** | **360,500** | **360,500** | **411,357** | **50,857** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Community development | 15,810 | 15,810 | 15,810 | - |
| Capital outlay | 475,000 | 1,368,920 | 955,664 | 413,256 |
| **Total expenditures** | **490,810** | **1,384,730** | **971,474** | **413,256** |
| **Net change in fund balance** | **$ (130,310)** | **$ (1,024,230)** | **(560,117)** | **$ 464,113** |
| Fund balance-beginning | | | 1,325,468 | |
| **Fund balance-ending** | | | **$ 765,351** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Reserve Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ 300,000 | $ 300,000 | $ 667,407 | $ 367,407 |
| Intergovernmental | - | - | 35,591 | 35,591 |
| Charges for services | 795,940 | 795,940 | 795,940 | - |
| Other | 28,600 | 48,600 | 49,395 | 795 |
| **Total revenues** | **1,124,540** | **1,144,540** | **1,548,333** | **403,793** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 250,000 | 381,150 | 73,769 | 307,381 |
| Capital outlay | 2,900,000 | 5,822,430 | 350,818 | 5,471,612 |
| **Total expenditures** | **3,150,000** | **6,203,580** | **424,587** | **5,778,993** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(2,025,460)** | **(5,059,040)** | **1,123,746** | **(5,375,200)** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 700,000 | 700,000 | 700,000 | - |
| Transfers out | - | (3,072,500) | (1,882,509) | 1,189,991 |
| **Total other financing sources (uses)** | **700,000** | **(2,372,500)** | **(1,182,509)** | **1,189,991** |
| **Net change in fund balance** | **$ (1,325,460)** | **$ (7,431,540)** | **(58,763)** | **$ 7,372,777** |
| Fund balance-beginning | | | 12,856,814 | |
| **Fund balance-ending** | | | **$ 12,798,051** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Low/Moderage Income Housing Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ 17,600 | $ 17,600 | $ 78,558 | $ 60,958 |
| **Total revenues** | **17,600** | **17,600** | **78,558** | **60,958** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Community development | 35,210 | 35,210 | 5,210 | 30,000 |
| **Total expenditures** | **35,210** | **35,210** | **5,210** | **30,000** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(17,610)** | **(17,610)** | **73,348** | **90,958** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | - | - | 55,723 | 55,723 |
| **Total other financing sources (uses)** | **-** | **-** | **55,723** | **55,723** |
| **Net change in fund balance** | **$ (17,610)** | **$ (17,610)** | **129,071** | **$ 146,681** |
| Fund balance-beginning | | | 3,053,918 | |
| **Fund balance-ending** | | | **$ 3,182,989** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**In-Lieu Housing Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Investment and rentals | $ 42,900 | $ 42,900 | $ 277,797 | $ 234,897 |
| **Total revenues** | **42,900** | **42,900** | **277,797** | **234,897** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 6,000 | 6,000 | 1,000 | 5,000 |
| **Total expenditures** | **6,000** | **6,000** | **1,000** | **5,000** |
| **Net change in fund balance** | **$ 36,900** | **$ 36,900** | **276,797** | **$ 239,897** |
| Fund balance-beginning | | | 11,163,102 | |
| **Fund balance-ending** | | | **$ 11,439,899** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Local Drainage Facilities Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Special assessments | $ 500 | $ 500 | $ 2,726 | $ 2,226 |
| Investment and rentals | 47,000 | 47,000 | 104,880 | 57,880 |
| **Total revenues** | **47,500** | **47,500** | **107,606** | **60,106** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works | 33,100 | 37,100 | 33,100 | 4,000 |
| Capital outlay | 200,000 | 2,363,480 | 234,626 | 2,128,854 |
| **Total expenditures** | **233,100** | **2,400,580** | **267,726** | **2,132,854** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(185,600)** | **(2,353,080)** | **(160,120)** | **2,192,960** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 150,000 | 150,000 | 100,000 | (50,000) |
| **Total other financing sources (uses)** | **150,000** | **150,000** | **100,000** | **(50,000)** |
| **Net change in fund balance** | **$ (35,600)** | **$ (2,203,080)** | **(60,120)** | **$ 2,142,960** |
| Fund balance-beginning | | | 2,231,235 | |
| **Fund balance-ending** | | | **$ 2,171,115** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Regional Circulation Financing and Phasing Program (RCFPP) Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Special assessments | $ 1,000 | $ 1,000 | $ 5,212 | $ 4,212 |
| Investment and rentals | 20,000 | 20,000 | 63,311 | 43,311 |
| **Total revenues** | **21,000** | **21,000** | **68,523** | **47,523** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Public works | 12,280 | 12,280 | 12,280 | - |
| Capital outlay | - | 366,240 | 17,566 | 348,674 |
| **Total expenditures** | **12,280** | **378,520** | **29,846** | **348,674** |
| **Net change in fund balance** | **$ 8,720** | **$ (357,520)** | **38,677** | **$ 396,197** |
| Fund balance-beginning | | | 1,268,945 | |
| **Fund balance-ending** | | | **$ 1,307,622** | |

**CITY OF SAN CLEMENTE**
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)**
**Park Acquisition and Development Fund**
**For the Year Ended June 30, 2025**

| | Original | Final | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Special assessments | $ 20,000 | $ 20,000 | $ 57,939 | $ 37,939 |
| Investment and rentals | 33,200 | 33,200 | 61,293 | 28,093 |
| Other | - | 325,000 | 325,000 | - |
| **Total revenues** | **53,200** | **378,200** | **444,232** | **66,032** |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Beaches, parks and recreation | 9,830 | 9,830 | 9,830 | - |
| Capital outlay | 770,000 | 1,415,000 | 896,039 | 518,961 |
| **Total expenditures** | **779,830** | **1,424,830** | **905,869** | **518,961** |
| **Excess (deficiency) of revenues over (under) expenditures** | **(726,630)** | **(1,046,630)** | **(461,637)** | **584,993** |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 108,290 | 108,290 | 108,290 | - |
| **Total other financing sources (uses)** | **108,290** | **108,290** | **108,290** | **-** |
| **Net change in fund balance** | **$ (618,340)** | **$ (938,340)** | **(353,347)** | **$ 584,993** |
| Fund balance-beginning | | | 1,283,231 | |
| **Fund balance-ending** | | | **$ 929,884** | |

## 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, 2025

| | Business-Type Activities | | |
|---|---|---|---|
| | Clean Ocean Fund | Solid Waste Management Fund | Total Other Enterprise Funds |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and investments | $ 165 | $ 473,374 | $ 473,539 |
| Accounts receivable | 109,994 | 2,270 | 112,264 |
| Accrued interest | - | 2,241 | 2,241 |
| Total current assets | 110,159 | 477,885 | 588,044 |
| Noncurrent: | | | |
| Capital assets, net of depreciation and amortization | 293 | - | 293 |
| Total noncurrent assets | 293 | - | 293 |
| **Total assets** | **110,452** | **477,885** | **588,337** |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable | 193,354 | 23,628 | 216,982 |
| Accrued wages | 1,821 | 1,333 | 3,154 |
| Compensated absences payable | 3,344 | 5,589 | 8,933 |
| Due from other funds | 120,522 | - | 120,522 |
| Total current liabilities | 319,041 | 30,550 | 349,591 |
| Noncurrent liabilities: | | | |
| Compensated absences payable | 7,804 | 13,040 | 20,844 |
| Total noncurrent liabilities | 7,804 | 13,040 | 20,844 |
| **Total liabilities** | **326,845** | **43,590** | **370,435** |
| **NET POSITION** | | | |
| Invested in capital assets | 293 | - | 293 |
| Unrestricted | (216,686) | 434,295 | 217,609 |
| **Total net position** | **$ (216,393)** | **$ 434,295** | **$ 217,902** |

**CITY OF SAN CLEMENTE**
**Statement of Revenues, Expenses and Changes in Net Position**
**Nonmajor Proprietary Funds**
**For the Year Ended June 30, 2025**

| | Business-Type Activities | | |
|---|---|---|---|
| | **Clean Ocean Fund** | **Solid Waste Management Fund** | **Total Other Enterprise Funds** |
| **OPERATING REVENUES** | | | |
| Charges for services | $ 211,655 | $ 217,767 | $ 429,422 |
| Other | 237,159 | 9,089 | 246,248 |
| **Total operating revenues** | **448,814** | **226,856** | **675,670** |
| **OPERATING EXPENSES** | | | |
| Salaries and benefits | 197,709 | 146,469 | 344,178 |
| Cost of materials and supplies | 4,146 | 13,235 | 17,381 |
| Maintenance and other operating expenses | 1,706,601 | 191,341 | 1,897,942 |
| **Total operating expenses** | **1,908,456** | **351,045** | **2,259,501** |
| **Operating income (loss)** | **(1,459,642)** | **(124,189)** | **(1,583,831)** |
| **NONOPERATING REVENUES (EXPENSES)** | | | |
| Interest income | (666) | 24,049 | 23,383 |
| Grant income | - | 15,844 | 15,844 |
| **Total nonoperating revenues (expenses)** | **(666)** | **39,893** | **39,227** |
| **Income (loss) before and transfers** | **(1,460,308)** | **(84,296)** | **(1,544,604)** |
| Transfers in | 1,170,000 | - | 1,170,000 |
| **Change in net position** | **(290,308)** | **(84,296)** | **(374,604)** |
| Net position-beginning | 73,915 | 518,591 | 592,506 |
| **Net position-ending** | **$ (216,393)** | **$ 434,295** | **$ 217,902** |

# CITY OF SAN CLEMENTE
## Combining Statement of Cash Flows
## Nonmajor Proprietary Funds
## For the Year Ended June 30, 2025

| | Business-Type Activities | | |
|---|---|---|---|
| | Clean Ocean Fund | Solid Waste Management Fund | Totals |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | $ 670,903 | $ 248,283 | $ 919,186 |
| Payments to suppliers and service providers | (1,823,943) | (195,289) | (2,019,232) |
| Payments to employees for salaries and benefits | (199,990) | (144,428) | (344,418) |
| **Net cash (used for) operating activities** | **(1,353,030)** | **(91,434)** | **(1,444,464)** |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | |
| Transfers from other funds | 1,170,000 | - | 1,170,000 |
| Payments from other funds on interfund borrowings | 120,522 | - | 120,522 |
| Operating grants and contributions | - | 15,844 | 15,844 |
| **Net cash provided by noncapital financing activities** | **1,290,522** | **15,844** | **1,306,366** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | |
| Acquisition and construction of capital assets | (293) | - | (293) |
| **Net cash (used for) capital and related financing activities** | **(293)** | **-** | **(293)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Interest on investments | (262) | 25,161 | 24,899 |
| **Net cash provided by (used for) investing activities** | **(262)** | **25,161** | **24,899** |
| **Net (decrease) in cash and cash equivalents** | **(63,063)** | **(50,429)** | **(113,492)** |
| Cash and cash equivalents-beginning | 63,228 | 523,803 | 587,031 |
| **Cash and cash equivalents-ending** | **$ 165** | **$ 473,374** | **$ 473,539** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Cash Flows (Continued)**
**Nonmajor Proprietary Funds**
**For the Year Ended June 30, 2025**

| | Business-Type Activities | | |
|---|---|---|---|
| | **Clean Ocean Fund** | **Solid Waste Management Fund** | **Totals** |
| **RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED FOR) OPERATING ACTIVITIES** | | | |
| Operating (loss) | $ (1,459,642) | $ (124,189) | $ (1,583,831) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| (Increase) decrease in accounts receivable | 222,089 | 21,427 | 243,516 |
| Increase (decrease) in accounts payable | (113,196) | 5,393 | (107,803) |
| Increase (decrease) in accrued liabilities | (1,465) | 4,265 | 2,800 |
| Increase (decrease) in compensated absences | (816) | 1,670 | 854 |
| Total adjustments | 106,612 | 32,755 | 139,367 |
| **Net cash (used for) operating activities** | **$ (1,353,030)** | **$ (91,434)** | **$ (1,444,464)** |

## 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, 2025**

| | Employee Benefits Fund | Central Services | Information Technology Fund | Fleet Maintenance |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and investments | $ 388,347 | $ 475,643 | $ 1,594,088 | $ 7,305,908 |
| Accounts receivable | 23,165 | - | - | - |
| Accrued interest | 1,841 | 2,252 | 7,737 | 34,592 |
| Prepaid expenses | - | - | 26,903 | - |
| Total current assets | 413,353 | 477,895 | 1,628,728 | 7,340,500 |
| Noncurrent: | | | | |
| Capital assets, net | - | 103,313 | 1,963,772 | 3,311,613 |
| Total noncurrent assets | - | 103,313 | 1,963,772 | 3,311,613 |
| **Total assets** | **413,353** | **581,208** | **3,592,500** | **10,652,113** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| OPEB-related | - | - | - | - |
| **Total deferred outflows of resources** | **-** | **-** | **-** | **-** |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 27,576 | 15,650 | 80,892 |
| Accrued wages | 391,140 | - | 8,244 | - |
| Accrued interest payable | - | - | 31,106 | - |
| Compensated absences payable | - | - | 14,371 | - |
| Subscription payable | - | - | 476,914 | - |
| Lease payable | - | 27,936 | - | - |
| Claims and judgments payable | - | - | - | - |
| Total current liabilities | 391,140 | 55,512 | 546,285 | 80,892 |
| Noncurrent liabilities: | | | | |
| Compensated absences payable | - | - | 33,533 | - |
| Subscription payable | - | - | 471,147 | - |
| Lease payable | - | 80,393 | - | - |
| Claims and judgments paybable | - | - | - | - |
| Net OPEB liability | - | - | - | - |
| Total noncurrent liabilities | - | 80,393 | 504,680 | - |
| **Total liabilities** | **391,140** | **135,905** | **1,050,965** | **80,892** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| OPEB-related | - | - | - | - |
| **Total deferred inflows of resources** | **-** | **-** | **-** | **-** |
| **NET POSITION** | | | | |
| Net investment in capital assets | - | - | 1,015,711 | 3,311,613 |
| Unrestricted | 22,213 | 445,303 | 1,525,824 | 7,259,608 |
| **Total net position** | **$ 22,213** | **$ 445,303** | **$ 2,541,535** | **$ 10,571,221** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Net Position (Continued)**
**Internal Service Funds**
**June 30, 2025**

| | Employee Medical Self-Insurance Fund | Workers' Compensation Self-Insurance Fund | General Liability Self-Insurance Fund | Total Internal Service Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and investments | $ 390,606 | $ 2,466,958 | $ 4,599,593 | $ 17,221,143 |
| Accounts receivable | 4,945 | - | 48,807 | 76,917 |
| Accrued interest | 1,849 | 11,680 | 21,778 | 81,729 |
| Prepaid expenses | - | - | - | 26,903 |
| Total current assets | 397,400 | 2,478,638 | 4,670,178 | 17,406,692 |
| Noncurrent: | | | | |
| Capital assets, net | - | - | - | 5,378,698 |
| Total noncurrent assets | - | - | - | 5,378,698 |
| **Total assets** | **397,400** | **2,478,638** | **4,670,178** | **22,785,390** |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| OPEB-related | 1,728,223 | - | - | 1,728,223 |
| **Total deferred outflows of resources** | **1,728,223** | **-** | **-** | **1,728,223** |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 12,687 | 3,213 | 3,159 | 143,177 |
| Accrued wages | - | - | 1,579 | 400,963 |
| Accrued interest payable | - | - | - | 31,106 |
| Compensated absences payable | - | - | 1,966 | 16,337 |
| Subscription payable | - | - | - | 476,914 |
| Lease payable | - | - | - | 27,936 |
| Claims and judgments payable | - | 97,826 | 80,021 | 177,847 |
| Total current liabilities | 12,687 | 101,039 | 86,725 | 1,274,280 |
| Noncurrent liabilities: | | | | |
| Compensated absences payable | - | - | 4,587 | 38,120 |
| Subscription payable | - | - | - | 471,147 |
| Lease payable | - | - | - | 80,393 |
| Claims and judgments paybable | - | 228,260 | 256,717 | 484,977 |
| Net OPEB liability | 2,445,286 | - | - | 2,445,286 |
| Total noncurrent liabilities | 2,445,286 | 228,260 | 261,304 | 3,519,923 |
| **Total liabilities** | **2,457,973** | **329,299** | **348,029** | **4,794,203** |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| OPEB-related | 1,107,254 | - | - | 1,107,254 |
| **Total deferred inflows of resources** | **1,107,254** | **-** | **-** | **1,107,254** |
| **NET POSITION** | | | | |
| Net investment in capital assets | - | - | - | 4,327,324 |
| Unrestricted | (1,439,604) | 2,149,339 | 4,322,149 | 14,284,832 |
| **Total net position** | **$ (1,439,604)** | **$ 2,149,339** | **$ 4,322,149** | **$ 18,612,156** |

**CITY OF SAN CLEMENTE**
**Statement of Revenues, Expenses and Changes in Net Position**
**Internal Service Funds**
**For the Year Ended June 30, 2025**

| | Employee Benefits Fund | Central Services | Information Technology Fund | Fleet Maintenance |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Charges for services | $ - | $ 436,378 | $ 2,490,050 | $ 2,138,950 |
| Other | 879 | - | - | - |
| **Total operating revenues** | **879** | **436,378** | **2,490,050** | **2,138,950** |
| **OPERATING EXPENSES** | | | | |
| Salaries and benefits | 58,192 | 6,150 | 832,635 | - |
| Cost of materials and supplies | - | 48,531 | 3,946 | 473,510 |
| Depreciation/amortization | - | 29,138 | 386,140 | 598,695 |
| Workers compensation insurance | - | - | - | - |
| Employee health/life insurance | - | - | - | - |
| Liability insurance | - | - | - | - |
| Benefit payments | - | - | - | - |
| Maintenance and other operating expenses | - | 343,602 | 869,964 | 808,968 |
| **Total operating expenses** | **58,192** | **427,421** | **2,092,685** | **1,881,173** |
| **Operating income (loss)** | **(57,313)** | **8,957** | **397,365** | **257,777** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Interest income | 2,333 | 22,455 | 73,645 | 372,070 |
| Interest and fiscal charges | - | (8,642) | (36,199) | - |
| Gain (loss) on sale of capital assets | - | - | - | 87,348 |
| **Total nonoperating revenues (expenses)** | **2,333** | **13,813** | **37,446** | **459,418** |
| **Income (loss) before capital contributions and transfers** | **(54,980)** | **22,770** | **434,811** | **717,195** |
| Transfers In | - | - | - | 183,180 |
| **Change in net position** | **(54,980)** | **22,770** | **434,811** | **900,375** |
| Net position-beginning | 77,193 | 422,533 | 2,106,724 | 9,670,846 |
| **Net position-ending** | **$ 22,213** | **$ 445,303** | **$ 2,541,535** | **$ 10,571,221** |

**CITY OF SAN CLEMENTE**
**Statement of Revenues, Expenses and Changes in Net Position (Continued)**
**Internal Service Funds**
**For the Year Ended June 30, 2025**

| | Employee Medical Self-Insurance Fund | Workers' Compensation Self-Insurance Fund | General Liability Self-Insurance Fund | Total Internal Service Funds |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Charges for services | $ 3,897,196 | $ 562,704 | $ 2,695,200 | $ 12,220,478 |
| Other | 19,352 | 2,613 | 25,714 | 48,558 |
| **Total operating revenues** | **3,916,548** | **565,317** | **2,720,914** | **12,269,036** |
| **OPERATING EXPENSES** | | | | |
| Salaries and benefits | - | - | 163,487 | 1,060,464 |
| Cost of materials and supplies | - | - | 1,697 | 527,684 |
| Depreciation/amortization | - | - | - | 1,013,973 |
| Workers compensation insurance | - | 211,713 | - | 211,713 |
| Employee health/life insurance | 3,663,944 | - | - | 3,663,944 |
| Liability insurance | - | - | 2,291,671 | 2,291,671 |
| Benefit payments | 152,850 | 349,585 | 322,043 | 824,478 |
| Maintenance and other operating expenses | 91,664 | 68,958 | 209,541 | 2,392,697 |
| **Total operating expenses** | **3,908,458** | **630,256** | **2,988,439** | **11,986,624** |
| **Operating income (loss)** | **8,090** | **(64,939)** | **(267,525)** | **282,412** |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Interest income | 12,051 | 112,863 | 191,186 | 786,603 |
| Interest and fiscal charges | - | - | - | (44,841) |
| Gain (loss) on sale of capital assets | - | - | - | 87,348 |
| **Total nonoperating revenues (expenses)** | **12,051** | **112,863** | **191,186** | **829,110** |
| **Income (loss) before capital contributions and transfers** | **20,141** | **47,924** | **(76,339)** | **1,111,522** |
| Transfers In | - | - | - | 183,180 |
| **Change in net position** | **20,141** | **47,924** | **(76,339)** | **1,294,702** |
| Net position-beginning | (1,459,745) | 2,101,415 | 4,398,488 | 17,317,454 |
| **Net position-ending** | **$ (1,439,604)** | **$ 2,149,339** | **$ 4,322,149** | **$ 18,612,156** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Cash Flows**
**Internal Service Funds**
**For the Year Ended June 30, 2025**

| | Employee Benefits Fund | Central Services | Information Technology Fund | Fleet Maintenance |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers | $ (7,494) | $ 436,378 | $ 2,490,050 | $ 2,146,381 |
| Payments to suppliers and service providers | - | (395,524) | (950,135) | (1,290,238) |
| Payments to employees for salaries and benefits | (26,720) | (6,150) | (813,916) | - |
| **Net cash provided by (used for) operating activities** | **(34,214)** | **34,704** | **725,999** | **856,143** |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Transfers from other funds | - | - | - | 183,180 |
| **Net cash provided by (used for) noncapital financing activities** | **-** | **-** | **-** | **183,180** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from capital debt | - | - | 1,109,926 | - |
| Acquisition and construction of capital assets | - | - | (1,074,054) | (2,033,103) |
| Principal paid on capital debt | - | (26,085) | (603,609) | - |
| Interest paid on capital debt | - | (8,642) | (12,827) | - |
| **Net cash (used for) capital and related financing activities** | **-** | **(34,727)** | **(580,564)** | **(2,033,103)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Interest on investments | 3,135 | 23,100 | 74,704 | 388,130 |
| **Net cash provided by investing activities** | **3,135** | **23,100** | **74,704** | **388,130** |
| **Net increase (decrease) in cash and cash equivalents** | **(31,079)** | **23,077** | **220,139** | **(605,650)** |
| Cash and cash equivalents-beginning | 419,426 | 452,566 | 1,373,949 | 7,911,558 |
| **Cash and cash equivalents-ending** | **$ 388,347** | **$ 475,643** | **$ 1,594,088** | **$ 7,305,908** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Cash Flows (Continued)**
**Internal Service Funds**
**For the Year Ended June 30, 2025**

| | Employee Medical Self-Insurance Fund | Workers' Compensation Self-Insurance Fund | General Liability Self-Insurance Fund | Totals |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers | $ 3,914,613 | $ 565,317 | $ 2,672,107 | $ 12,217,352 |
| Payments to suppliers and service providers | (3,468) | (53) | (2,555,230) | (5,194,648) |
| Payments to employees for salaries and benefits | (3,888,364) | (460,034) | (160,801) | (5,355,985) |
| **Net cash provided by (used for) operating activities** | **22,781** | **105,230** | **(43,924)** | **1,666,719** |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Transfers from other funds | - | - | - | 183,180 |
| **Net cash provided by (used for) noncapital financing activities** | **-** | **-** | **-** | **183,180** |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from capital debt | - | - | - | 1,109,926 |
| Acquisition and construction of capital assets | - | - | - | (3,107,157) |
| Principal paid on capital debt | - | - | - | (629,694) |
| Interest paid on capital debt | - | - | - | (21,469) |
| **Net cash (used for) capital and related financing activities** | **-** | **-** | **-** | **(2,648,394)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Interest on investments | 12,477 | 115,564 | 197,870 | 814,980 |
| **Net cash provided by investing activities** | **12,477** | **115,564** | **197,870** | **814,980** |
| **Net increase (decrease) in cash and cash equivalents** | **35,258** | **220,794** | **153,946** | **16,485** |
| Cash and cash equivalents-beginning | 355,348 | 2,246,164 | 4,445,647 | 17,204,658 |
| **Cash and cash equivalents-ending** | **$ 390,606** | **$ 2,466,958** | **$ 4,599,593** | **$ 17,221,143** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Cash Flows (Continued)**
**Internal Service Funds**
**For the Year Ended June 30, 2025**

| | Employee Benefits Fund | Central Services | Information Technology Fund | Fleet Maintenance |
|---|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES** | | | | |
| Operating income (loss) | $ (57,313) | $ 8,957 | $ 397,365 | $ 257,777 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation/amortization expense | - | 29,138 | 386,140 | 598,695 |
| (Increase) decrease in accounts receivable | (8,373) | - | - | 7,431 |
| (Increase) decrease in prepaid items | - | - | (26,901) | - |
| Increase (decrease) in accounts payable | - | (3,391) | (49,324) | (7,760) |
| Increase (decrease) in accrued liabilities | 31,472 | - | 1,748 | - |
| Increase (decrease) in compensated absences | - | - | 16,971 | - |
| Increase (decrease) in claims and judgments | - | - | - | - |
| Increase (decrease) in OPEB and related items | - | - | - | - |
| Total adjustments | 23,099 | 25,747 | 328,634 | 598,366 |
| **Net cash provided by (used for) operating activities** | $ (34,214) | $ 34,704 | $ 725,999 | $ 856,143 |
| **SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES** | | | | |
| Purchase of capital assets on account | $ - | $ - | $ 92,559 | $ - |

**CITY OF SAN CLEMENTE**
**Combining Statement of Cash Flows (Continued)**
**Internal Service Funds**
**For the Year Ended June 30, 2025**

| | Employee Medical Self-Insurance Fund | Workers' Compensation Self-Insurance Fund | General Liability Self-Insurance Fund | Totals |
|---|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES** | | | | |
| Operating income (loss) | $ 8,090 | $ (64,939) | $ (267,525) | $ 282,412 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | |
| Depreciation/amortization expense | - | - | - | 1,013,973 |
| (Increase) decrease in accounts receivable | (1,935) | - | (48,807) | (51,684) |
| (Increase) decrease in prepaid items | - | - | - | (26,901) |
| Increase (decrease) in accounts payable | (3,468) | (53) | 2,984 | (61,012) |
| Increase (decrease) in accrued liabilities | - | - | 688 | 33,908 |
| Increase (decrease) in compensated absences | - | - | 1,998 | 18,969 |
| Increase (decrease) in claims and judgments | - | 170,222 | 266,738 | 436,960 |
| Increase (decrease) in OPEB and related items | 20,094 | - | - | 20,094 |
| Total adjustments | 14,691 | 170,169 | 223,601 | 1,384,307 |
| **Net cash provided by (used for) operating activities** | $ 22,781 | $ 105,230 | $ (43,924) | $ 1,666,719 |
| **SCHEDULE OF NON-CASH NONCAPITAL, CAPITAL, AND INVESTING ACTIVITIES** | | | | |
| Purchase of capital assets on account | $ - | $ - | $ - | $ 92,559 |

**Combining Fiduciary 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, 2025**

| | 99-1 CFD Collection Fund | 2006-1 CFD Marblehead Collection Fund | Reassessment District No 2016-1 Limited Ob Refunding Bonds Collection Fund | Coastal Animal Services Autority |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and investments | $ 375,222 | $ 632,266 | $ 992,305 | $ 1,455,410 |
| Cash and investments with fiscal agents | 289,262 | 55,862,865 | 547,273 | - |
| Receivables: | | | | |
| Taxes receivable | 12,229 | 77,458 | 15,376 | - |
| Accounts receivable | - | - | - | 33,202 |
| Accrued interest receivable | 1,777 | 2,994 | 4,698 | - |
| Prepaid expenses | - | - | - | 195 |
| **Total assets** | **678,490** | **56,575,583** | **1,559,652** | **1,488,807** |
| **LIABILITIES** | | | | |
| Accounts payable | 438 | 18,885 | 375 | 50,556 |
| Accrued wages | - | - | - | 20,710 |
| Payable to other entities | - | - | - | 327,939 |
| Due to bondholders | 678,052 | 56,556,698 | 1,559,277 | - |
| **Total liabilities** | **678,490** | **56,575,583** | **1,559,652** | **399,205** |
| **NET POSITION** | | | | |
| Restricted - others | - | - | - | 1,089,602 |
| **Total net position** | **$ -** | **$ -** | **$ -** | **$ 1,089,602** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Fiduciary Net Position**
**Fiduciary Funds - Other Custodial Funds (Continued)**
**June 30, 2025**

| | Total Custodial Funds |
|---|---|
| **ASSETS** | |
| Cash and investments | $ 3,455,203 |
| Cash and investments with fiscal agents | 56,699,400 |
| Receivables: | |
| Taxes receivable | 105,063 |
| Accounts receivable | 33,202 |
| Accrued interest receivable | 9,469 |
| Prepaid expenses | 195 |
| **Total assets** | **60,302,532** |
| **LIABILITIES** | |
| Accounts payable | 70,254 |
| Accrued wages | 20,710 |
| Payable to other entities | 327,939 |
| Due to bondholders | 58,794,027 |
| **Total liabilities** | **59,212,930** |
| **NET POSITION** | |
| Restricted - others | 1,089,602 |
| **Total net position** | **$ 1,089,602** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Changes in Fiduciary Net Position**
**Fiduciary Funds - Private Purpose Trust Funds**
**For the Year Ended June 30, 2025**

| | 99-1 CFD Collection Fund | 2006-1 CFD Marblehead Collection Fund | Reassessment District No 2016-1 Limited Ob Refunding Bonds Collection Fund | Coastal Animal Services Autority |
|---|---|---|---|---|
| **ADDITIONS** | | | | |
| Property tax collections | 356,384 | 3,089,901 | 927,554 | - |
| Investment income | 25,757 | 478,938 | 59,581 | - |
| Contribution from governments | - | - | - | 1,362,260 |
| License and fees collected | - | - | - | 455,476 |
| Donations | - | - | - | 231,888 |
| Miscellaneous | - | - | - | 14,317 |
| **Total additions** | **382,141** | **3,568,839** | **987,135** | **2,063,941** |
| **DEDUCTIONS** | | | | |
| Payments to bondholders | 382,141 | 3,313,539 | 987,135 | - |
| Salaries and benefits | - | - | - | 1,055,945 |
| Materials and supplies | - | - | - | 41,913 |
| Other contractual costs | - | 255,300 | - | 270,072 |
| Payments to other entities | - | - | - | 335,967 |
| Other expenses | - | - | - | 3,271 |
| **Total deductions** | **382,141** | **3,568,839** | **987,135** | **1,707,168** |
| **Net increase (decrease) in fiduciary net position** | **-** | **-** | **-** | **356,773** |
| Net position-beginning | - | - | - | 732,829 |
| **Net position-ending** | **$ -** | **$ -** | **$ -** | **$ 1,089,602** |

**CITY OF SAN CLEMENTE**
**Combining Statement of Changes in Fiduciary Net Position (Continued)**
**Fiduciary Funds - Private Purpose Trust Funds**
**For the Year Ended June 30, 2025**

| | Total Custodial Funds |
|---|---|
| **ADDITIONS** | |
| Property tax collections | 4,373,839 |
| Investment income | 564,276 |
| Contribution from governments | 1,362,260 |
| License and fees collected | 455,476 |
| Donations | 231,888 |
| Miscellaneous | 14,317 |
| **Total additions** | **7,002,056** |
| **DEDUCTIONS** | |
| Payments to bondholders | 4,682,815 |
| Salaries and benefits | 1,055,945 |
| Materials and supplies | 41,913 |
| Other contractual costs | 525,372 |
| Payments to other entities | 335,967 |
| Other expenses | 3,271 |
| **Total deductions** | **6,645,283** |
| **Net increase (decrease) in fiduciary net position** | **356,773** |
| Net position-beginning | 732,829 |
| **Net position-ending** | **$ 1,089,602** |

# STATISTICAL SECTION

**CITY OF SAN CLEMENTE**
**DESCRIPTION OF STATISTICAL SECTION CONTENTS**
**June 30, 2025**

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

**Contents:** **Pages:**

## Financial Trends

CITY OF SAN CLEMENTE

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| Governmental Activities | | | | |
| Net investment in capital assets | $ 205,339,450 | $ 223,978,174 | $ 222,799,987 | $ 219,771,204 |
| Restricted | 47,600,483 | 47,171,145 | 47,048,005 | 47,294,020 |
| Unrestricted | 21,772,655 | 23,088,837 | 23,633,735 | 29,391,740 |
| Total governmental activities net position | $ 274,712,588 | $ 294,238,156 | $ 293,481,727 | $ 296,456,964 |
| Business-type activities | | | | |
| Net investment in capital assets | $ 153,436,537 | $ 156,462,970 | $ 156,608,320 | $ 154,657,313 |
| Restricted | 10,180,595 | 9,762,504 | 10,177,637 | 10,439,505 |
| Unrestricted | 41,377,385 | 35,642,252 | 34,219,326 | 37,427,488 |
| Total business-type activities net position | $ 204,994,517 | $ 201,867,726 | $ 201,005,283 | $ 202,524,306 |
| Primary Government | | | | |
| Net investment in capital assets | $ 358,775,987 | $ 380,441,144 | $ 379,408,307 | $ 374,428,517 |
| Restricted | 57,781,078 | 56,933,649 | 57,225,642 | 57,733,525 |
| Unrestricted | 63,150,040 | 58,731,089 | 57,853,061 | 66,819,228 |
| Total primary government net position | $ 479,707,105 | $ 496,105,882 | $ 494,487,010 | $ 498,981,270 |

Source: City of San Clemente

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| $ 220,087,709 | $ 218,669,873 | $ 217,194,366 | $ 212,659,357 | $ 216,013,312 | $ 219,505,463 |
| 47,685,507 | 42,602,327 | 39,814,572 | 41,108,869 | 40,899,374 | 39,306,620 |
| 22,812,106 | 26,007,004 | 31,746,402 | 35,085,461 | 30,164,802 | 28,719,024 |
| $ 290,585,322 | $ 287,279,204 | $ 288,755,340 | $ 288,853,687 | $ 287,077,488 | $ 287,531,107 |
| $ 152,775,813 | $ 150,986,146 | $ 149,279,997 | $ 150,502,118 | $ 148,002,340 | $ 155,904,834 |
| 11,841,484 | 11,577,417 | 11,205,591 | 6,205,657 | 4,011,424 | 4,295,159 |
| 40,500,331 | 40,562,849 | 42,865,961 | 47,377,136 | 50,812,768 | 40,766,673 |
| $ 205,117,628 | $ 203,126,412 | $ 203,351,549 | $ 204,084,911 | $ 202,826,532 | $ 200,966,666 |
| $ 372,863,522 | $ 369,656,019 | $ 366,474,363 | $ 363,161,475 | $ 364,015,652 | $ 375,410,297 |
| 59,526,991 | 54,179,744 | 51,020,163 | 47,314,526 | 44,910,798 | 43,601,779 |
| 63,312,437 | 66,569,853 | 74,612,363 | 82,462,597 | 80,977,570 | 69,485,697 |
| $ 495,702,950 | $ 490,405,616 | $ 492,106,889 | $ 492,938,598 | $ 489,904,020 | $ 488,497,773 |

CITY OF SAN CLEMENTE

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| **Expenses** | | | | |
| Governmental activities: | | | | |
| General government | $ 6,121,431 | $ 7,158,985 | $ 8,602,034 | $ 8,638,794 |
| Police | 12,366,392 | 14,722,453 | 15,026,061 | 15,816,595 |
| Fire | 8,914,593 | 10,098,953 | 9,385,402 | 10,294,194 |
| Public works | 16,568,456 | 18,795,135 | 20,680,433 | 21,390,909 |
| Community development | 5,802,124 | 6,120,224 | 6,247,084 | 5,891,062 |
| Beaches, parks & recreation | 9,295,623 | 9,299,173 | 10,708,326 | 10,179,695 |
| Interest and fiscal charges | 118,421 | 392,285 | 4,959 | 3,663 |
| Total governmental activities expenses | 59,187,040 | 66,587,208 | 70,654,299 | 72,214,912 |
| Business-type activities: | | | | |
| Water | 18,092,980 | 17,944,864 | 20,571,400 | 19,430,379 |
| Sewer | 11,727,190 | 16,124,175 | 13,297,015 | 14,070,190 |
| Golf | 2,113,187 | 2,058,702 | 2,407,448 | 2,104,304 |
| Non-major activities | 1,797,162 | 1,787,867 | 2,395,488 | 2,061,718 |
| Total business-type activities expenses | 33,730,519 | 37,915,608 | 38,671,351 | 37,666,591 |
| Total primary government expenses | 92,917,559 | 104,502,816 | 109,325,650 | 109,881,503 |
| **Program Revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 944,933 | 430,676 | 459,817 | 459,192 |
| Police | 641,074 | 601,355 | 492,692 | 531,818 |
| Fire | 1,266,510 | 1,467,867 | 1,339,525 | 1,462,039 |
| Public works | 1,067,956 | 1,261,103 | 1,379,539 | 1,498,848 |
| Community development | 2,891,114 | 2,426,953 | 3,203,357 | 2,785,652 |
| Beaches, parks & recreation | 3,832,390 | 4,205,277 | 5,057,789 | 4,749,332 |
| Operating grants and contributions | 5,058,133 | 3,187,026 | 2,115,847 | 4,257,867 |
| Capital grants and contributions | 7,119,635 | 23,318,080 | 6,611,844 | 4,121,736 |
| Total governmental activities program revenues | 22,821,745 | 36,898,337 | 20,660,410 | 19,866,484 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 18,231,654 | 18,207,039 | 21,333,272 | 21,257,248 |
| Sewer | 10,686,769 | 9,976,298 | 10,333,756 | 10,984,033 |
| Golf | 2,236,018 | 2,162,780 | 2,325,817 | 2,300,476 |
| Other | 2,821,254 | 2,767,285 | 2,849,666 | 2,814,852 |
| Operating grants and contributions | 17,298 | 16,798 | 16,777 | 32,973 |
| Capital grants and contributions | 1,156,583 | 1,677,633 | 702,674 | 283,230 |
| Total business-type activities program revenues | 35,149,576 | 34,807,833 | 37,561,962 | 37,672,812 |
| Total primary government program revenues | 57,971,321 | 71,706,170 | 58,222,372 | 57,539,296 |
| Net (expense)/revenue: | | | | |
| Governmental activities | (36,365,295) | (29,688,871) | (49,993,889) | (52,348,428) |
| Business-type activities | 1,419,057 | (3,107,775) | (1,109,389) | 6,221 |
| Total primary government net expense | $ (34,946,238) | $ (32,796,646) | $ (51,103,278) | $ (52,342,207) |

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| | | | | | |
| $ 7,831,304 | $ 7,451,563 | $ 8,484,672 | $ 9,155,337 | $ 9,022,290 | $ 8,329,211 |
| 17,882,872 | 17,593,540 | 19,352,760 | 19,183,129 | 22,306,450 | 23,712,764 |
| 11,658,767 | 12,195,715 | 12,730,215 | 12,713,458 | 14,690,773 | 15,041,607 |
| 24,715,042 | 22,810,969 | 23,416,298 | 28,518,102 | 28,011,911 | 26,033,526 |
| 6,951,570 | 7,018,388 | 5,928,432 | 6,915,744 | 7,121,650 | 7,429,621 |
| 10,641,892 | 9,710,744 | 10,856,180 | 10,867,814 | 11,494,830 | 11,840,103 |
| 2,371 | 1,125 | 90 | 15,353 | 13,727 | 44,841 |
| 79,683,818 | 76,782,044 | 80,768,647 | 87,368,937 | 92,661,631 | 92,431,673 |
| | | | | | |
| 20,193,508 | 23,374,090 | 21,838,911 | 21,256,922 | 25,583,314 | 26,008,123 |
| 13,915,885 | 13,963,910 | 14,303,104 | 18,333,276 | 14,932,401 | 17,644,566 |
| 2,357,453 | 2,278,475 | 2,520,693 | 2,816,260 | 2,871,206 | 3,149,877 |
| 1,993,488 | 2,364,013 | 2,013,130 | 1,536,945 | 1,695,343 | 2,044,568 |
| 38,460,334 | 41,980,488 | 40,675,838 | 43,943,403 | 45,082,264 | 48,847,134 |
| 118,144,152 | 118,762,532 | 121,444,485 | 131,312,340 | 137,743,895 | 141,278,807 |
| | | | | | |
| 452,257 | 422,410 | 519,316 | 510,873 | 496,211 | 1,297,432 |
| 431,382 | 373,917 | 561,380 | 559,912 | 727,146 | 628,197 |
| 1,296,731 | 1,779,627 | 2,061,839 | 2,048,280 | 2,657,396 | 2,868,902 |
| 1,296,930 | 1,512,410 | 1,633,471 | 1,680,700 | 1,549,042 | 1,694,004 |
| 2,441,996 | 2,311,433 | 2,772,417 | 2,711,497 | 2,221,288 | 2,513,936 |
| 3,571,226 | 3,082,213 | 4,759,314 | 5,012,615 | 5,094,410 | 5,532,593 |
| 7,442,928 | 6,684,937 | 8,537,155 | 11,521,378 | 9,011,663 | 7,683,187 |
| 2,082,076 | 301,329 | 442,481 | 756,594 | 517,409 | 1,093,204 |
| 19,015,526 | 16,468,276 | 21,287,373 | 24,801,849 | 22,274,565 | 23,311,455 |
| | | | | | |
| 23,472,031 | 25,827,905 | 26,409,506 | 24,188,285 | 23,643,379 | 25,065,810 |
| 10,823,688 | 10,923,878 | 11,120,923 | 11,104,825 | 12,341,277 | 13,336,232 |
| 1,962,160 | 2,682,490 | 3,446,198 | 3,483,977 | 3,831,941 | 4,053,540 |
| 2,766,477 | 433,446 | 577,863 | 311,883 | 530,499 | 464,165 |
| 16,296 | 16,145 | 458,398 | 350,195 | 820,610 | 82,094 |
| 464,594 | 307 | 445,780 | 3,744,117 | 836,273 | 12,350 |
| 39,505,246 | 39,884,171 | 42,458,668 | 43,183,282 | 42,003,979 | 43,014,191 |
| 58,520,772 | 56,352,447 | 63,746,041 | 67,985,131 | 64,278,544 | 66,325,646 |
| | | | | | |
| (60,668,292) | (60,313,768) | (59,481,274) | (62,567,088) | (70,387,066) | (69,120,218) |
| 1,044,912 | (2,096,317) | 1,782,830 | (760,121) | (3,078,285) | (5,832,943) |
| $ (59,623,380) | $ (62,410,085) | $ (57,698,444) | $ (63,327,209) | $ (73,465,351) | $ (74,953,161) |

(Continued)

CITY OF SAN CLEMENTE

CHANGES IN NET POSTION

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

| | Fiscal Year 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| **General Revenues and Other Changes in Net Position** | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | $ 29,588,442 | $ 31,038,475 | $ 32,766,143 | $ 34,522,402 |
| Sales taxes | 8,471,708 | 9,526,134 | 9,637,366 | 10,582,298 |
| Sales taxes - in lieu | 593,774 | - | - | - |
| Transient occupancy taxes | 2,332,712 | 2,798,585 | 2,805,716 | 2,630,519 |
| Franchise taxes | 2,420,553 | 2,559,189 | 2,612,101 | 2,675,367 |
| Other taxes | 1,297,956 | 1,284,469 | 1,356,260 | 1,450,353 |
| Investment earnings | 915,646 | 1,119,283 | 292,346 | 1,915,078 |
| Miscellaneous | 132,510 | 709,834 | 37,584 | 127,908 |
| Gain (Loss) on sale of capital assets | - | - | - | - |
| Transfers | 223,110 | 178,470 | 307,893 | 266,740 |
| Total governmental activities | 45,976,411 | 49,214,439 | 49,815,409 | 54,170,665 |
| Business-type activities: | | | | |
| Investment earnings | 611,323 | 159,454 | 296,909 | 1,779,542 |
| Gain (Loss) on sale of capital assets | - | - | 546,558 | - |
| Miscellaneous | - | - | - | - |
| Transfers | (223,110) | (178,470) | (307,893) | (266,740) |
| Total business-type activities | 388,213 | (19,016) | 535,574 | 1,512,802 |
| Total primary government | $ 46,364,624 | $ 49,195,423 | $ 50,350,983 | $ 55,683,467 |
| **Change in Net Position** | | | | |
| Governmental acivities | 9,611,116 | 19,525,568 | (178,480) | 1,822,237 |
| Business-type activities | 1,807,270 | (3,126,791) | (573,815) | 1,519,023 |
| Total primary government | $ 11,418,386 | $ 16,398,777 | $ (752,295) | $ 3,341,260 |

Source: City of San Clemente

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| $ 35,975,019 | $ 38,043,798 | $ 39,881,644 | $ 42,353,489 | $ 44,417,134 | $ 46,916,048 |
| 9,951,359 | 12,101,085 | 13,373,313 | 12,608,182 | 12,936,153 | 12,771,872 |
| - | - | - | - | - | - |
| 2,162,560 | 2,306,752 | 3,491,826 | 3,342,858 | 3,237,529 | 3,142,121 |
| 2,666,585 | 2,595,173 | 2,611,778 | 2,686,877 | 2,806,274 | 2,556,441 |
| 1,365,759 | 1,314,230 | 1,340,037 | 1,436,753 | 1,145,019 | 1,346,303 |
| 2,231,220 | 460,119 | (1,921,743) | 866,204 | 3,092,177 | 3,572,630 |
| 33,030 | 130,733 | 1,717,989 | 134,423 | 62,864 | 217,890 |
| - | - | - | - | - | 87,348 |
| 411,118 | 55,760 | 67,637 | (872,743) | 913,717 | (1,036,820) |
| 54,796,650 | 57,007,650 | 60,562,481 | 62,556,043 | 68,610,867 | 69,573,833 |
| 1,959,528 | 156,245 | (1,495,491) | 585,057 | 2,733,623 | 2,936,257 |
| - | - | - | - | - | - |
| - | 4,616 | - | - | - | - |
| (411,118) | (55,760) | (67,637) | 872,743 | (913,717) | 1,036,820 |
| 1,548,410 | 105,101 | (1,563,128) | 1,457,800 | 1,819,906 | 3,973,077 |
| $ 56,345,060 | $ 57,112,751 | $ 58,999,353 | $ 64,013,843 | $ 70,430,773 | $ 73,546,910 |
| (5,871,642) | (3,306,118) | 1,081,207 | (11,045) | (1,776,199) | 453,615 |
| 2,593,322 | (1,991,216) | 219,702 | 697,679 | (1,258,379) | (1,859,866) |
| $ (3,278,320) | $ (5,297,334) | $ 1,300,909 | $ 686,634 | $ (3,034,578) | $ (1,406,251) |

(Concluded)

CITY OF SAN CLEMENTE

GOVERNMENTAL FUND TAX REVENUES BY SOURCE

Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year | Property Tax | Sales Tax | Transient Occupancy Tax | Franchise Tax | Other Taxes | Total |
|---|---|---|---|---|---|---|
| 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 |
| 2021-2022 | 39,830,557 | 13,373,313 | 3,491,826 | 2,420,871 | 1,134,907 | 60,251,474 |
| 2022-2023 | 42,365,502 | 12,608,182 | 3,342,858 | 2,686,882 | 1,236,503 | 62,239,927 |
| 2023-2024 | 44,484,797 | 12,936,153 | 3,237,529 | 2,806,274 | 1,014,099 | 64,478,852 |
| 2024-2025 | 46,916,048 | 12,771,872 | 3,142,121 | 2,556,441 | 1,346,303 | 66,732,785 |

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

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 |
|---|---|---|---|---|---|---|---|
| 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 |
| 2021-2022 | 39,881,644 | 13,373,313 | 3,491,826 | 2,611,778 | 1,266,026 | 74,011 | 60,698,598 |
| 2022-2023 | 42,353,489 | 12,608,182 | 3,342,858 | 2,686,877 | 1,371,000 | 65,753 | 62,428,159 |
| 2023-2024 | 44,417,134 | 12,936,153 | 3,237,529 | 2,806,274 | 1,145,019 | - | 64,542,109 |
| 2024-2025 | 46,916,048 | 12,771,872 | 3,142,121 | 2,556,441 | 1,245,231 | 101,072 | 66,732,785 |

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

Source: City of San Clemente

CITY OF SAN CLEMENTE

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|---|---|---|---|
| General fund | 2016 | 2017 | 2018 | 2019 |
| Nonspendable | $ 1,653,502 | $ 2,509,597 | $ 2,233,368 | $ 1,957,463 |
| Committed | 16,263,527 | 14,016,387 | 14,420,443 | 14,752,106 |
| Assigned | 9,070,803 | 9,418,192 | 10,083,367 | 7,453,364 |
| Unassigned | 1,648,449 | 4,421,779 | 3,189,426 | 6,342,563 |
| Total general fund | $ 28,636,281 | $ 30,365,955 | $ 29,926,604 | $ 30,505,496 |
| All other governmental funds | | | | |
| Nonspendable | $ - | $ - | $ - | $ - |
| Restricted | 49,053,639 | 47,062,622 | 46,893,147 | 47,087,058 |
| Committed | 23,705 | 96,053 | 91,580 | 26,751 |
| Assigned | 4,374,003 | 7,214,689 | 10,149,083 | 13,797,271 |
| Unassigned | - | - | - | (162,402) |
| Total all other governmental funds | $ 53,451,347 | $ 54,373,364 | $ 57,133,810 | $ 60,748,678 |

Source: City of San Clemente

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| $ 1,652,286 | $ 1,603,801 | $ 1,266,678 | $ 921,302 | $ 569,019 | $ 339,068 |
| 15,120,471 | 14,352,782 | 15,743,300 | 16,627,497 | 20,119,048 | 18,041,914 |
| 5,070,539 | 5,425,208 | 9,696,530 | 10,593,733 | 9,543,062 | 7,266,258 |
| 4,347,631 | 6,750,683 | 4,860,083 | 3,496,324 | 4,700,191 | 7,864,677 |
| $ 26,190,927 | $ 28,132,474 | $ 31,566,591 | $ 31,638,856 | $ 34,931,320 | $ 33,511,917 |
| | | | | | |
| $ - | $ - | $ - | $ - | $ - | $ - |
| 47,502,901 | 42,334,984 | 39,309,332 | 40,200,940 | 39,250,046 | 39,306,620 |
| 99,190 | 291,272 | 227,354 | 558,246 | 46,873 | 5,547,070 |
| 13,809,566 | 15,089,787 | 15,391,248 | 15,582,000 | 12,809,941 | 7,250,981 |
| (44,100) | - | (363,144) | (924,667) | (1,486,614) | (2,554,489) |
| | | | | | |
| $ 61,367,557 | $ 57,716,043 | $ 54,564,790 | $ 55,416,519 | $ 50,620,246 | $ 49,550,182 |

CITY OF SAN CLEMENTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| **Revenues** | | | | |
| Taxes | $ 44,171,716 | $ 47,499,452 | $ 49,166,053 | $ 51,712,409 |
| Licenses and permits | 1,945,118 | 1,679,051 | 2,050,638 | 1,838,700 |
| Fines and forfeits | 596,246 | 533,413 | 537,137 | 499,151 |
| Interest and rentals | 3,091,081 | 3,083,044 | 3,583,220 | 5,625,317 |
| Intergovernmental | 4,436,712 | 4,312,721 | 4,996,307 | 6,253,060 |
| Charges for services | 7,434,014 | 6,812,143 | 7,302,530 | 7,113,418 |
| Developers fees | 1,150,197 | 917,738 | 1,292,719 | 533,088 |
| Other | 1,495,784 | 1,903,481 | 177,870 | 232,310 |
| Total revenues | 64,320,868 | 66,741,043 | 69,106,474 | 73,807,453 |
| **Expenditures** | | | | |
| General government | 7,400,704 | 7,390,332 | 8,568,506 | 9,169,504 |
| Police | 12,282,853 | 13,969,172 | 14,820,377 | 15,819,412 |
| Fire | 8,687,558 | 8,974,200 | 9,293,075 | 10,094,718 |
| Public works | 10,761,232 | 11,137,408 | 12,571,097 | 13,926,621 |
| Community development | 5,390,017 | 5,745,947 | 5,169,651 | 5,623,819 |
| Beaches, parks and recreation | 6,214,570 | 6,093,381 | 6,606,598 | 6,682,913 |
| Capital outlay | 9,411,552 | 8,767,026 | 9,763,968 | 8,563,446 |
| Debt service: | | | | |
| Principal retirements | 125,000 | 1,215,000 | - | - |
| Interest and fiscal charges | 116,400 | 388,028 | - | - |
| Total expenditures | 60,389,886 | 63,680,494 | 66,793,272 | 69,880,433 |
| Excess of revenues over (under) expenditures | 3,930,982 | 3,060,549 | 2,313,202 | 3,927,020 |
| **Other financing sources (uses)** | | | | |
| Proceeds from debt issue | - | - | - | - |
| Transfers in | 3,841,952 | 6,277,187 | 5,881,091 | 6,728,848 |
| Transfers out | (4,602,842) | (6,686,045) | (5,873,198) | (6,462,108) |
| Total other financing sources (uses) | (760,890) | (408,858) | 7,893 | 266,740 |
| Net change in fund balances | $ 3,170,092 | $ 2,651,691 | $ 2,321,095 | $ 4,193,760 |
| Debt service as a percentage of noncapital expenditures | 0% | 3% | 0% | 0% |

Source: City of San Clemente

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| $ 52,007,189 | $ 56,189,132 | $ 60,251,474 | $ 62,239,927 | $ 64,478,852 | $ 66,501,137 |
| 1,490,050 | 1,424,420 | 1,750,205 | 1,783,903 | 1,519,620 | 1,771,883 |
| 368,221 | 347,142 | 676,470 | 521,002 | 681,956 | 616,742 |
| 5,247,225 | 2,440,552 | 564,193 | 3,812,974 | 6,456,326 | 6,989,395 |
| 6,385,292 | 6,439,583 | 9,003,330 | 10,657,369 | 7,890,666 | 7,359,142 |
| 6,042,013 | 6,514,812 | 7,994,321 | 8,062,444 | 8,326,322 | 8,795,650 |
| 765,529 | 232,525 | 691,606 | 554,739 | 171,773 | 246,274 |
| 531,784 | 244,429 | 1,814,839 | 435,044 | 166,560 | 706,469 |
| 72,837,303 | 73,832,595 | 82,746,438 | 88,067,402 | 89,692,075 | 92,986,692 |
| | | | | | |
| 7,692,317 | 7,315,232 | 8,075,644 | 8,661,083 | 7,245,504 | 7,747,395 |
| 17,730,311 | 17,702,785 | 20,429,130 | 21,180,144 | 21,566,018 | 22,767,056 |
| 11,338,546 | | 13,380,161 | 14,207,277 | 13,843,570 | 14,797,356 |
| 15,851,923 | 15,173,258 | 15,923,413 | 17,071,378 | 24,422,026 | 20,813,657 |
| 5,943,889 | 6,508,849 | 6,030,963 | 6,558,062 | 6,333,849 | 7,334,163 |
| 6,773,454 | 6,006,094 | 7,219,471 | 7,424,095 | 7,969,852 | 8,468,428 |
| 11,863,671 | 10,839,795 | 11,867,358 | 11,168,626 | 10,826,793 | 12,479,168 |
| | | | | | |
| - | - | - | - | - | 92,820 |
| - | - | - | - | - | - |
| 77,194,111 | 63,546,013 | 82,926,140 | 86,270,665 | 92,207,612 | 94,500,043 |
| | | | | | |
| (4,356,808) | 10,286,582 | (179,702) | 1,796,737 | (2,515,537) | (1,513,351) |
| | | | | | |
| - | - | - | - | - | 243,884 |
| 3,912,936 | 3,159,678 | 13,486,983 | 3,542,776 | 9,230,365 | 4,547,385 |
| (3,251,818) | (3,103,918) | (13,419,346) | (4,415,519) | (8,218,637) | (5,767,385) |
| 661,118 | 55,760 | 67,637 | (872,743) | 1,011,728 | (976,116) |
| | | | | | |
| $ (3,695,690) | $ 10,342,342 | $ (112,065) | $ 923,994 | $ (1,503,809) | $ (2,489,467) |
| | | | | | |
| 0% | 0% | 0% | 0% | 0% | 0% |

**Revenue Capacity Information**

CITY OF SAN CLEMENTE

ASSESSED VALUE AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

| Fiscal Year | City Secured Value | City Unsecured Value | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Estimated Taxable Actual Value |
|---|---|---|---|---|---|---|
| 2015 - 2016 | 14,245,614,867 | 201,818,644 | 14,447,433,511 | 1.00% | 21,671,150,267 | 150% |
| 2016 - 2017 | 15,045,607,490 | 224,270,282 | 15,269,877,772 | 1.00% | 23,362,912,991 | 153% |
| 2017 - 2018 | 15,857,802,031 | 221,162,837 | 16,078,964,868 | 1.00% | 25,243,974,843 | 157% |
| 2018 - 2019 | 16,674,273,500 | 230,062,545 | 16,904,336,045 | 1.00% | 26,370,764,230 | 156% |
| 2019 - 2020 | 17,548,953,258 | 234,956,652 | 17,783,909,910 | 1.00% | 27,742,899,460 | 156% |
| 2020 - 2021 | 18,317,760,382 | 242,138,009 | 18,559,898,391 | 1.00% | 28,953,441,490 | 156% |
| 2021 - 2022 | 19,086,061,309 | 245,213,111 | 19,331,274,420 | 1.00% | 30,156,788,095 | 156% |
| 2022 - 2023 | 20,330,118,944 | 290,160,035 | 20,620,278,979 | 1.00% | 32,373,837,997 | 157% |
| 2023 - 2024 | 21,487,785,909 | 317,220,755 | 21,805,006,664 | 1.00% | 34,233,860,462 | 157% |
| 2024 - 2025 | 22,680,402,209 | 343,672,002 | 23,024,074,211 | 1.00% | 36,147,796,511 | 157% |

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

CITY OF SAN CLEMENTE

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

Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| Metropolitan Water District | $ 0.0035 | $ 0.0035 | $ 0.0035 | $ 0.0035 |
| Capistrano Unified School District (various issues) | 0.0085 | 0.0084 | 0.0080 | 0.0079 |
| Total Basic Tax Levy per Article 13A of California State Constitution | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| | $ 1.0120 | $ 1.0119 | $ 1.0115 | $ 1.0114 |

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 | | | | | |
|---|---|---|---|---|---|
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| $ 0.0035 | $ 0.0035 | $ 0.0035 | $ 0.0035 | $ 0.0035 | $ 0.0070 |
| 0.0075 | 0.0076 | 0.0073 | 0.0069 | 0.0063 | 0.0045 |
| 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| $ 1.0110 | $ 1.0111 | $ 1.0108 | $ 1.0104 | $ 1.0098 | $ 1.0115 |

# CITY OF SAN CLEMENTE

## PRINCIPAL PROPERTY TAXPAYERS

## CURRENT AND NINE YEARS AGO

| | | 2025 | | | 2016 | | |
|---|---|---|---|---|---|---|---|
| Taxpayer | Type of Business | Taxable Assessed Value | Rank | Percent of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percent of Total Taxable Assessed Value |
| Outlets at San Clemente | Real Estate | $ 191,753,948 | 1 | 0.83% | | | |
| TA Seacrest Apartments LLC | Real Estate | 151,118,909 | 2 | 0.66% | | | |
| Trea Calle Del Cerro LLC | Real Estate | 101,646,854 | 3 | 0.44% | | | |
| Bre-FMCA LLC | Real Estate | 72,297,404 | 4 | 0.31% | 60,688,810 | 3 | 0.42% |
| Centro Watt Operating Owner I LLC | Real Estate | 58,004,048 | 5 | 0.25% | 49,716,121 | 5 | 0.34% |
| Talega Village Center LLC | Retail | 48,237,156 | 6 | 0.21% | 29,981,268 | 8 | 0.21% |
| Glaukos Corporation | Medical | 44,145,705 | 7 | 0.19% | | | |
| 660 Villas I LLC | Real Estate | 38,180,000 | 8 | 0.17% | | | |
| BEX Portfolio Inc. | Real Estate | 36,896,089 | 9 | 0.16% | 31,313,386 | 7 | 0.22% |
| Christopher R Redlich Jr Trust | Real Estate | 35,236,765 | 10 | 0.15% | | | |
| Marblehead Development Partners LLC | Real Estate | | | | 193,252,155 | 1 | 1.34% |
| WNG San Clemente 368 LLC | Real Estate | | | | 99,641,727 | 2 | 0.69% |
| BRE Silver MF | Real Estate | | | | $ 57,480,660 | 4 | 0.40% |
| Villa San Clemente LLC | Real Estate | | | | 34,284,976 | 6 | 0.24% |
| Target Corporation | Retail | | | | 29,310,933 | 9 | 0.20% |
| Olen Properties Corporation | Real Estate | | | | 25,457,555 | 10 | 0.18% |
| | | $ 777,516,878 | | 3.38% | $ 611,127,591 | | 4.23% |

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 |
| 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% |
| 2021 - 2022 | 43,704,651 | 43,068,658 | 98.54% | 325,105 | 43,393,763 | 99.29% | 207,626 | 0.48% |
| 2022 - 2023 | 46,688,948 | 46,389,076 | 99.36% | 260,008 | 46,649,084 | 99.91% | 263,778 | 0.56% |
| 2023 - 2024 | 48,372,911 | 48,463,685 | 100.19% | 289,590 | 48,753,275 | 100.79% | 633,877 | 1.31% |
| 2024 - 2025 | 50,598,121 | 50,586,978 | 99.98% | 285,067 | 50,872,045 | 100.54% | 432,123 | 0.85% |

Source: Orange County Auditor Controller's Office

**Debt Capacity Information**

CITY OF SAN CLEMENTE

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| | Governmental Activities | | | Business-Type Activities | |
|---|---|---|---|---|---|
| Fiscal Year | Certificates of Participation | Leases | Subscription Based IT Payable | State Revolving Fund Loan | Subscription Based IT Payable |
| 2015 - 2016 | 1,215,000 | 17,703 | - | 13,863,037 | - |
| 2016 - 2017 | - | 148,979 | - | 13,267,421 | - |
| 2017 - 2018 | - | 115,826 | - | 12,658,702 | - |
| 2018 - 2019 | - | 81,377 | - | 12,036,591 | - |
| 2019 - 2020 | - | 47,306 | - | 11,400,794 | - |
| 2020 - 2021 | - | 12,040 | - | 10,751,008 | - |
| 2021 - 2022 | - | - | - | 10,086,928 | - |
| 2022 - 2023 | - | - | 611,816 | 9,408,238 | - |
| 2023 - 2024 | - | 134,414 | 242,184 | 8,714,616 | 171,639 |
| 2024 - 2025 | - | 108,329 | 1,107,945 | 8,005,735 | - |

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

| Total Primary Government | Percentage of Personal Income | Per Capita (1) |
|---|---|---|
| 15,095,740 | 0.47% | 228 |
| 13,416,400 | 0.40% | 203 |
| 12,774,528 | 0.36% | 195 |
| 12,117,968 | 0.32% | 185 |
| 11,448,100 | 0.30% | 177 |
| 10,763,048 | 0.26% | 168 |
| 10,086,928 | 0.22% | 159 |
| 10,020,054 | 0.18% | 158 |
| 9,262,853 | 0.15% | 149 |
| 9,222,009 | 0.14% | 147 |

CITY OF SAN CLEMENTE

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

| | | | | State Revolving Fund Loan | | |
|---|---|---|---|---|---|---|
| Fiscal Year | Gross Revenue | Operations and Maintenance, Exclusive of Depreciation (2) | Net Revenue Available for Debt Service (1) | Debt Service Requirements Principal | Interest | Totals |
| 2015 - 2016 | $ 18,505,017 | $ 16,637,346 | $ 1,867,671 | $ 631,358 | $ 269,244 | $ 900,602 |
| 2016 - 2017 | 18,982,260 | 16,274,681 | 2,707,579 | 595,616 | 304,987 | 900,603 |
| 2017 - 2018 | 20,931,603 | 18,414,487 | 2,517,116 | 608,719 | 291,883 | 900,602 |
| 2018 - 2019 | 22,167,721 | 17,799,427 | 4,368,294 | 622,111 | 278,491 | 900,602 |
| 2019 - 2020 | 22,356,425 | 18,422,372 | 3,934,053 | 635,797 | 264,805 | 900,602 |
| 2020 - 2021 | 25,957,903 | 21,435,840 | 4,522,063 | 649,785 | 250,817 | 900,602 |
| 2021 - 2022 | 25,683,546 | 19,602,768 | 6,080,778 | 664,080 | 236,522 | 900,602 |
| 2022 - 2023 | 28,164,127 | 19,163,941 | 9,000,186 | 678,690 | 221,912 | 900,602 |
| 2023 - 2024 | 25,639,529 | 23,373,373 | 2,266,156 | 693,621 | 206,981 | 900,602 |
| 2024 - 2025 | $ 26,949,061 | $ 23,881,616 | $ 3,067,445 | $ 708,881 | $ 191,722 | $ 900,603 |

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 expen necessary to maintain and preserve the System, but exclude depreciation replacement and obsolescense charges or rese and amortization of intangibles.

(3) The City Net Revenues shall equal the debt service on the Oligations. Furture debt may be issued if it is not senior the State Revolving Fund debt and at least 1.2 times the highest years debt service and other additonal conditions are m

Source: City of San Clemente

CITY OF SAN CLEMENTE

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2025

| Assessed valuation was $23,024,074,211 in FY 2024-25 | % Applicable | Debt June 30, 2025 |
|---|---|---|
| OVERLAPPING TAX AND ASSESSMENT DEBT: | | |
| Metropolitan Water District | 0.565% | $ 96,926 |
| Capistrano Unified School District School Facilities Improvement District No. 1 | 22.53% | 749,509 |
| Santa Margarita Water District CFD No. 99-1 | 100% | 38,300,000 |
| Capistrano Unified School District Community Facilities District No. 90-2 | 100% | 41,945,000 |
| City of San Clemente Communtiy Facilities District No. 99-1 | 100% | 1,790,000 |
| City of San Clemente Communtiy Facilities District No. 2006-1 | 100% | 43,330,000 |
| City of San Clemente 1915 Act Bonds | 100% | 3,460,000 |
| TOTAL OVERLAPPING TAX AND ASSESSED DEBT | | $ 129,671,435 |
| OVERLAPPING GENERAL FUND DEBT: | | |
| Overlapping: | | |
| Orange County General Fund Obligations | 2.840% | 12,185,446 |
| Orange County Board of Education Certificates of Participation | 2.840% | 259,008 |
| Capistrano Unified School District Certificates of Participation | 19.025% | 3,289,423 |
| Direct (1): | | |
| City of San Clemente Leases | 100% | 108,329 |
| City of San Clemente Subscription Based IT Payable | 100% | 1,107,945 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $ 16,950,151 |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | $ 146,621,586 |
| TOTAL CITY DIRECT DEBT (1) | | $ 1,216,274 |
| TOTAL OVERLAPPING DEBT | | $ 145,405,312 |
| COMBINED DIRECT AND OVERLAPPING DEBT | | $ 146,621,586 |

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 assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

| Ratios to 2024-25 Assessed Valuation: | |
|---|---|
| Total Overlapping Tax and Assessment Debt | 0.56% |
| Total Direct Debt | 0.01% |
| Combined Total Debt | 0.64% |

Source: California Municipal Statistics

CITY OF SAN CLEMENTE

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

| | Fiscal Year 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|
| Assessed valuation | $ 13,666,850,501 | $ 14,447,433,531 | $ 14,761,937,790 | $ 15,269,877,772 |
| Conversion percentage | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 3,416,712,625 | 3,611,858,383 | 3,690,484,448 | 3,817,469,443 |
| Debt limit percentage | 15% | 15% | 15% | 15% |
| Debt limit | 512,506,894 | 541,778,757 | 553,572,667 | 572,620,416 |
| Total net debt applicable to limit | | | | |
| Legal debt margin | $ 512,506,894 | $ 541,778,757 | $ 553,572,667 | $ 572,620,416 |
| 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 fair 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 | | | | | |
| --- | --- | --- | --- | --- | --- |
| 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| $ 17,247,120,887 | $ 18,150,006,382 | $ 18,559,898,391 | $ 19,328,327,834 | $ 20,620,278,979 | $ 21,731,416,106 |
| 25% | 25% | 25% | 25% | 25% | 25% |
| 4,311,780,222 | 4,537,501,596 | 4,639,974,598 | 4,832,081,959 | 5,155,069,745 | 5,432,854,027 |
| 15% | 15% | 15% | 15% | 15% | 15% |
| 646,767,033 | 680,625,239 | 695,996,190 | 724,812,294 | 773,260,462 | 814,928,104 |
| $ 646,767,033 | $ 680,625,239 | $ 695,996,190 | $ 724,812,294 | $ 773,260,462 | $ 814,928,104 |
| 0% | 0% | 0% | 0% | 0% | 0% |

**Demographic and Economic Information**

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) |
|---|---|---|---|---|---|---|---|
| 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% |
| 2021 - 2022 | 63,380 | 4,677,958 | 73,808 | 44 | 95% | 8,284 | 2.40% |
| 2022 - 2023 | 63,237 | 5,444,055 | 86,090 | 39 | 90% | 8,169 | 3.00% |
| 2023 - 2024 | 62,297 | 6,000,131 | 96,315 | 44 | 93% | 7,940 | 3.10% |
| 2024 - 2025 | 62,865 | 6,528,244 | 103,845 | 45 | 94% | 7,283 | 3.40% |

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

| | 2025 | | | 2016 | | |
|---|---|---|---|---|---|---|
| Employer | Number of Employees | Rank | Percent of Total City Employment | Number of Employees | Rank | Percent of Total City Employment |
| Capistrano Unified School District (CUSD) | 507 | 1 | 1.63% | 814 | 1 | 2.55% |
| Glaukos Corp | 240 | 2 | 0.77% | | | |
| Albertsons | 222 | 3 | 0.71% | | | |
| ICU Medical | 203 | 4 | 0.65% | 115 | 9 | 0.36% |
| Target Retail Store | 198 | 5 | 0.64% | 150 | 6 | 0.47% |
| Ralphs Grocery Stores | 195 | 6 | 0.63% | 243 | 3 | 0.76% |
| Walmart Superstore | 191 | 7 | 0.61% | 200 | 4 | 0.63% |
| City of San Clemente | 187 | 8 | 0.60% | 197 | 5 | 0.62% |
| Lowe's Home Improvement | 154 | 9 | 0.50% | 147 | 8 | 0.46% |
| Fisherman's Restaurant | 149 | 10 | 0.48% | 260 | 2 | 0.82% |
| US Post Office | | | | 150 | 7 | 0.47% |

"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

**Operating Information**

CITY OF SAN CLEMENTE

FULL-TIME EQUIVALENT CITY
GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function** | | | | | | | | | | |
| General government | 31 | 26 | 26 | 34 | 33 | 34 | 34 | 34 | 35 | 35 |
| Public safety | | | | | | | | | | |
| Police (contract) | 50 | 50 | 50 | 52 | 53 | 53 | 54 | 54 | 58 | 58 |
| Fire (contract) | 50 | 42 | 45 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| Marine Safety | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 |
| Community Development | | | | | | | | | | |
| Engineering | 21 | 21 | 19 | 17 | 16 | 15 | 15 | 15 | 15 | 17 |
| Building | 13 | 13 | 13 | 13 | 11 | 11 | 11 | 11 | 11 | 11 |
| Code Compliance | 5 | 5 | 6 | 6 | 6 | 7 | 9 | 10 | 12 | 14 |
| Planning | 10 | 9 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 10 |
| Administration | 3 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 4 |
| Public Works | 3 | 2 | 3 | 6 | 6 | 7 | 6 | 6 | 6 | 5 |
| Maintenance | 25 | 25 | 25 | 25 | 23 | 23 | 23 | 23 | 23 | 23 |
| Beaches, Parks, and Recreation | 18 | 18 | 19 | 19 | 19 | 18 | 18 | 18 | 19 | 19 |
| Water | 26 | 26 | 27 | 27 | 25 | 25 | 25 | 25 | 25 | 26 |
| Sewer | 19 | 20 | 21 | 21 | 20 | 19 | 20 | 20 | 20 | 19 |
| Clean Ocean | 3 | 3 | 3 | 3 | 3 | 3 | 1 | 1 | 1 | 1 |
| 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 | 10 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 |
| Total | 297 | 286 | 291 | 294 | 288 | 288 | 289 | 291 | 298 | 300 |

Source: City of San Clemente Budget

CITY OF SAN CLEMENTE

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| Function | 2016 | 2017 | 2018 | 2019 | 2020 |
| Public safety | | | | | |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Fire stations | 3 | 3 | 3 | 3 | 3 |
| Highways and streets | | | | | |
| Streets (miles) | 137.00 | 138.00 | 138.00 | 138.00 | 138.00 |
| Streetlights | 3,615 | 3,654 | 3,705 | 3,712 | 3,712 |
| Traffic signals | 80 | 81 | 81 | 81 | 81 |
| Beaches, parks and recreation | | | | | |
| Parks | 25 | 22 | 23 | 23 | 23 |
| Swimming pools | 4 | 4 | 4 | 4 | 4 |
| Libraries | - | - | - | - | - |
| Community centers | 1 | 1 | 1 | 1 | 1 |
| Municipal golf courses | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | |
| Water mains (miles) | 213.10 | 212.80 | 230.00 | 230.00 | 230.00 |
| Fire hydrants | 2,302 | 2,362 | 2,376 | 2,391 | 2,397 |
| Maximum daily capacity (Acre Feet)* | 263.92 | 263.92 | 263.92 | 263.92 | 263.92 |
| Sewer | | | | | |
| Sanitary sewers (miles) | 163.70 | 171.80 | 180.00 | 180.00 | 180.00 |
| Storm sewers (miles) | 62.50 | 77.00 | 77.00 | 78.00 | 77.00 |
| 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 | | | | |
|---|---|---|---|---|
| 2021 | 2022 | 2023 | 2024 | 2025 |
| | | | | |
| 1 | 1 | 1 | 1 | 1 |
| 3 | 3 | 3 | 3 | 3 |
| | | | | |
| 138.00 | 138.00 | 138.00 | 138.00 | 138.00 |
| 3,712 | 3,712 | 3,712 | 3,712 | 3,712 |
| 81 | 81 | 82 | 82 | 82 |
| | | | | |
| 23 | 23 | 23 | 23 | 23 |
| 4 | 4 | 4 | 4 | 4 |
| - | - | - | - | - |
| 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 |
| | | | | |
| 230.00 | 230.00 | 230.00 | 230.00 | 230.00 |
| 2,419 | 2,419 | 2,449 | 2,453 | 2,453 |
| 263.92 | 263.92 | 263.92 | 263.92 | 263.92 |
| | | | | |
| 180.00 | 180.00 | 162.00 | 162.00 | 162.00 |
| 77.00 | 81.00 | 79.00 | 79.00 | 79.00 |
| 6,976 | 6,976 | 6,976 | 6,976 | 6,976 |

CITY OF SAN CLEMENTE

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| Function | 2016 | 2017 | 2018 | 2019 | 2020 |
| Police | | | | | |
| Number of calls for service | 28,089 | 31,632 | 30,515 | 31,081 | 28,207 |
| Number of traffic collision reports | 354 | 321 | 472 | 809 | 243 |
| Parking citations issued | 14,012 | 7,735 | 12,250 | 11,384 | 8,854 |
| Fire | | | | | |
| Number of fire calls | 83 | 69 | 78 | 53 | 78 |
| Number of emergency medical calls | 3,559 | 3,846 | 3,825 | 3,246 | 3,559 |
| Inspections | 1,702 | 1,332 | 1,782 | 1,386 | 842 |
| Highways and streets | | | | | |
| Street resurfacing (miles) | 3.87 | 3.48 | 9.02 | 7.20 | 17.49 |
| Beaches, parks and recreation | | | | | |
| Number of recreation classes, activities, and clinics | 522 | 609 | 2,320 | 3,446 | 6,110 |
| Total experiences in classes, activities, and clinics | 146,196 | 144,206 | 17,259 | 25,553 | 21,913 |
| Total number of facility rentals | 1,051 | 1,159 | 7,971 | 11,246 | 19,219 |
| Golf rounds played | 78,768 | 77,974 | 82,514 | 80,567 | 70,410 |
| Water | | | | | |
| New customers | 206 | 82 | 107 | 38 | 37 |
| Average daily consumption (Acre Feet) *** | 21.08 | 22.59 | 24.59 | 19.37 | 19.67 |
| Sewer | | | | | |
| New customers | 179 | 81 | 104 | 37 | 37 |
| Average daily sewage treatment (thousands of gallons) | 3,192 | 3,063 | 3,284 | 3,693 | 3,785 |

*** 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 | | |
|---|---|---|---|---|
| 2021 | 2022 | 2023 | 2024 | 2025 |
| 11,003 | 23,844 | 25,964 | 18,205 | 25,330 |
| 123 | 324 | 354 | 237 | 305 |
| 6,944 | 9,586 | 7,239 | 12,159 | 11,033 |
| 153 | 168 | 156 | 167 | 187 |
| 4,446 | 4,921 | 5,001 | 4,990 | 4,429 |
| 1,610 | 1,459 | 1,443 | 1,803 | 1,451 |
| 10.81 | 31.16 | 24.83 | 11.72 | 4.46 |
| 4,145 | 3,289 | 2,811 | 2,857 | 2,863 |
| 23,566 | 30,441 | 23,586 | 24,164 | 24,180 |
| 7,959 | 15,977 | 20,384 | 19,469 | 19,964 **** |
| 44,286 | 97,847 | 94,585 | 106,255 | 114,312 |
| 22 | 7 | 23 | 14 | 22 |
| 20.40 | 20.36 | 17.90 | 18.21 | 17.93 |
| 17 | 7 | 23 | 11 | 20 |
| 3,780 | 3,550 | 3,566 | 3,578 | 3,397 |